

Section 1: 10-K (10-K)

[Table of Contents](#)

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

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2019

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)

Delaware (AIMCO Properties, L.P.)

(State or other jurisdiction of
incorporation or organization)

84-1259577

84-1275621

(I.R.S. Employer
Identification No.)

4582 South Ulster Street, Suite 1700

Denver, Colorado

(Address of principal executive offices)

80237

(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Class A Common Stock (Apartment Investment and Management Company)	AIV	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None (Apartment Investment and Management Company)

Partnership Common Units (AIMCO Properties, L.P.)

(title of each class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act.

Apartment Investment and Management Company: Yes No

AIMCO Properties, L.P.: Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Apartment Investment and Management Company: Yes No

AIMCO Properties, L.P.: Yes No

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 every Interactive Data File required to be submitted 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 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.

[Table of Contents](#)

Apartment Investment and Management Company:

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

AIMCO Properties, L.P.:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

Apartment Investment and Management Company: *AIMCO Properties, L.P.:*

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 aggregate market value of the voting and non-voting common stock of Apartment Investment and Management Company held by non-affiliates of Apartment Investment and Management Company was approximately \$7.4 billion based upon the closing price of \$50.12 on June 30, 2019.

As of February 21, 2020, there were 148,930,402 shares of Class A Common Stock outstanding.

Documents Incorporated by Reference

Portions of Apartment Investment and Management Company's definitive proxy statement to be issued in conjunction with Apartment Investment and Management Company's annual meeting of stockholders to be held April 28, 2020, are incorporated by reference into Part III of this Annual Report.

EXPLANATORY NOTE

This filing combines the Annual Reports on Form 10-K for the fiscal year ended December 31, 2019, 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 December 31, 2019, owned a 94.0% ownership interest in the common partnership units of the Aimco Operating Partnership. The remaining 6.0% 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 all proceeds from the offerings of its securities. In exchange for the contribution of such proceeds, 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’s general partner.

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 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 consolidated financial statements for Aimco and the Aimco Operating Partnership; a single set of consolidated notes to such financial statements that includes separate discussions of each entity’s stockholders’ equity or partners’ capital, and earnings per share or earnings per unit, 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.

This report also includes separate Part II, Item 9A. 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

ANNUAL REPORT ON FORM 10-K
For the Fiscal Year Ended December 31, 2019

Item		Page
<u>PART I</u>		
1.	Business	2
1A.	Risk Factors	7
1B.	Unresolved Staff Comments	14
2.	Properties	15
3.	Legal Proceedings	15
4.	Mine Safety Disclosures	15
<u>PART II</u>		
5.	Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	16
6.	Selected Financial Data	19
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	20
7A.	Quantitative and Qualitative Disclosures About Market Risk	41
8.	Financial Statements and Supplementary Data	42
9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	42
9A.	Controls and Procedures	42
9B.	Other Information	47
<u>PART III</u>		
10.	Directors, Executive Officers and Corporate Governance	48
11.	Executive Compensation	48
12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	48
13.	Certain Relationships and Related Transactions, and Director Independence	48
14.	Principal Accounting Fees and Services	48
<u>PART IV</u>		
15.	Exhibits and Financial Statement Schedules	49
16.	Form 10-K Summary	51

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 Annual 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 this Annual Report 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: Nareit Funds From Operations, Pro forma Funds From Operations, Adjusted Funds From Operations, Free Cash Flow, Net Asset Value, Economic Income, and the measures used to compute our leverage ratios.

PART I

ITEM 1. BUSINESS

The Company

Aimco is a Maryland corporation incorporated on January 10, 1994. Aimco is a self-administered and self-managed real estate investment trust, or REIT, focused on the ownership, management, redevelopment, and some development of quality apartment communities located in several of the largest markets in the United States. Those markets include: Atlanta; the San Francisco Bay Area; Boston; Chicago; Denver; Greater New York City; Greater Washington, D.C.; Los Angeles; Miami/Dade County; Philadelphia; San Diego; and Seattle.

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, a Delaware limited partnership formed on May 16, 1994. Aimco conducts all of its business and owns all of its assets through the Aimco Operating Partnership.

Please refer to Note 13 to the consolidated financial statements in Item 8 for discussion regarding our segments.

Business Overview

Our business activities are defined by a commitment to our core values of integrity, respect, collaboration, performance, and a focus on our customers. These values and our corporate mission, “to consistently provide quality apartment homes in a respectful environment delivered by a team of people who care,” shape our culture. In all of our interactions with residents, team members, business partners, lenders, and equity holders, we aim to be the best owner and operator of apartment communities and an outstanding corporate citizen.

Our principal financial objective is to provide predictable and attractive returns to our equity holders. We measure our long-term total return using Economic Income, defined as Net Asset Value, or NAV, growth plus dividends. NAV is used by many investors because the value of company assets can be readily estimated, even for non-earning assets such as land or properties under development. NAV has the advantage of incorporating the investment decisions of thousands of real estate investors, enhancing comparability among companies that have differences in their accounting and avoiding disparity that can result from application of GAAP to investment properties and various ownership structures. Over the past five years as of December 31, 2019, we have generated Economic Income at a compounded annual return of 10%. Some investors focus on multiples of Adjusted Funds From Operations, or AFFO, and Funds From Operations as defined by Nareit, or Nareit FFO. Our disclosure of AFFO, a measure of current return, complements our focus on Economic Income. We also use Pro forma Funds From Operations, or Pro forma FFO, as a secondary measure of operational performance.

Our business plan to achieve our 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, or FCF;
- improve our portfolio of apartment communities, which is diversified both by geography and price point, by selling communities with lower projected FCF internal rates of return and investing the proceeds from such sales through capital enhancements, redevelopment, some development, and acquisitions with greater land value, higher expected rent growth, and projected FCF internal rates of return in excess of those expected from the 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 that reduces our refunding and re-pricing risk and 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.

The results from the execution of our business plan are discussed in the Executive Overview in Item 7.

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

Operational Excellence

We own and operate a portfolio of apartment communities, diversified by both geography and price point. As of December 31, 2019, our portfolio included 124 apartment communities with 32,839 apartment homes in which we held an average ownership of approximately 99%, and approximately 80% of the value of our portfolio, measured by gross asset value (the estimated fair value of our communities), was attributable to Same Store communities.

To manage our property operations efficiently and to increase the benefits from our local management expertise, we give direct responsibility for operations within each area to area operations leaders with regular oversight by senior management. To enable the area operations leaders to focus on sales and service, as well as to improve financial control and budgeting, we have dedicated area financial officers who support the operations leaders. Additionally, with the exception of routine maintenance and purchases and installation of equipment, we have specialized teams that manage capital spending related to larger and more complicated construction.

We seek to improve our property operations by: employing service-oriented, well-trained team members; taking advantage of advances in technology; increasing automation; centralizing operational tasks where efficient to do so; standardizing business processes, operational measurements, and internal reporting; and enhancing financial controls over field operations. We focus on the following areas:

- *Customer Satisfaction.* Our operating culture is focused on our residents and providing them with a high level of service in a clean, safe, and respectful living environment. We regularly monitor and evaluate our performance by providing customers with numerous opportunities to grade our work. In 2019, we received 75,000 customer grades averaging 4.3 on a five-point scale. We use this customer feedback as a daily management tool. We also publish these customer evaluations online as important and credible information for prospective customers. We have automated certain aspects of our on-site operations to enable current and future residents to interact with us using methods that are efficient and effective for them, such as making online requests for service work, and executing leases and lease renewals. In addition, we emphasize the quality of our on-site team members through recruiting, training, and retention programs, which, with continuous and real-time customer feedback, contributes to improved customer service. We believe that greater customer satisfaction leads to higher resident retention and increased occupancy rates, which in turn leads to increased revenue and reduced costs.
- *Resident Selection and Retention.* In our apartment communities, we believe that one's neighbors are a meaningful part of the customer experience, together with the location of the community and the physical quality of the apartment homes. Part of our property operations strategy is to focus on attracting and retaining stable, credit-worthy residents who are also good neighbors and are likely to live with us longer. We have explicit criteria for resident selection, which we apply to new and renewal leases, including creditworthiness and behavior in accordance with our apartment community standards and our written "Good Neighbor Commitment." Our focus on resident selection and retention led to 43% of our apartment homes turning over, an improvement (reduction) of approximately 150 basis points from 2018.
- *Revenue Management and Ancillary Services.* We have a centralized revenue management system that leverages people, processes, and technology to work in partnership with our local property management teams to develop rental rate pricing. We seek to increase FCF, which we define as net operating income less Capital Replacements, by optimizing the balance between rental and occupancy rates, as well as taking into consideration costs such as preparing an apartment home for a new resident. We are focused on careful measurements of on-site operations, as we believe that timely and accurate collection of apartment community performance and resident profile data allows us to maximize FCF through better property management and leasing decisions. We seek to maximize profit by performing timely data analysis of new and renewal pricing for each apartment home, thereby enabling us to adjust rents quickly in response to changes in supply and demand and minimize vacancy time. We also generate incremental revenue by providing or facilitating the provision of services to our residents, including, at certain apartment communities, telecommunications services, parking options, package lockers, and storage space rental.
- *Controlling Expenses.* Innovation is the foundation of our cost control efforts. Innovative activities we have undertaken include: moving administrative tasks to our shared service center, which reduces costs and allows site teams to focus on sales and service; taking advantage of economies of scale at the corporate level through electronic procurement, which reduces complexity and increases purchasing volume discounts; focusing on life cycle costs by investing in more durable, longer-lived materials, which reduce turn times and costs; and leveraging technology through such items as smart home capabilities, website design, and package lockers, which meet today's customer preference for self-service. Additionally, our efforts to maximize resident retention through our resident selection process described above has resulted in reduced turn costs. These and other innovations contributed to a growth rate in controllable operating expense, which we define as property expenses less taxes, insurance, and utility expenses, compounding for the past 12 years at an annual rate of negative 0.2%.

- *Improving and Maintaining Apartment Community Quality.* We believe that the physical condition and amenities of our apartment communities are important factors in our ability to maintain and increase rental rates. We invest in the maintenance and improvement of our communities primarily through: Capital Replacements, which are capital additions made to replace the portion of an apartment community consumed during our ownership; Capital Improvements, which extend the useful life of a community from its condition at our date of purchase; Capital Enhancements, which may include kitchen and bath remodeling, energy conservation projects, and investments in longer-lived materials as described above, all of which are generally lesser in scope than is a redevelopment and do not significantly disrupt property operations; and Initial Capital Expenditures, which are capital additions contemplated in the underwriting of an acquired asset. During 2019, we invested \$1,109 per apartment home in Capital Replacements, \$374 per apartment home in Capital Improvements, and \$2,686 per apartment home in Capital Enhancements. We also invested a total of \$22.9 million in Initial Capital Expenditures, which were planned as part of our initial investment in communities acquired in 2019 and 2018.

Redevelopment and Development

Our second line of business is the redevelopment and some development of apartment communities. Through redevelopment activities, we expect to create value by repositioning apartment communities within our portfolio. We undertake ground-up development when warranted by risk-adjusted investment returns, either directly or in connection with the redevelopment of an existing apartment community. 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. Over the past five years, we have spent approximately \$1.0 billion on redevelopment and development, targeting FCF internal rates of return of approximately 9% to 11% on these investments.

We undertake a range of redevelopments, including: those in which buildings or exteriors are renovated without the need to vacate a significant percentage of apartment homes, or short-cycle redevelopments; those in which significant renovation of apartment homes may be accomplished upon lease expiration and turnover; and those in which an entire building or community is vacated, or long-cycle redevelopments. We often execute redevelopment using a phased approach, in which we renovate an apartment community in stages. Redevelopment work may include seeking entitlements from local governments, which enhance the value of our existing portfolio by increasing density; that is, the right to add apartment homes to a site.

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

Portfolio Management

Our portfolio management strategy involves the allocation of investment capital to enhance rent growth and increase long-term capital values through portfolio design, emphasizing land value as well as location and submarket. We target geographic diversification in our portfolio in order to reduce the volatility of our rental revenue and to reduce the risk of undue concentration in any particular market. Similarly, we seek price point diversification by owning apartment communities that offer apartment homes at rents below those asked by competitive new building supply.

Our portfolio of apartment communities is diversified across “A,” “B,” and “C+” price points, averaging “B/B+” in quality and is also diversified across several of the largest markets in the United States. Please refer to the Executive Overview section in Item 7 for a description of our portfolio quality ratings. As of December 31, 2019, our portfolio was allocated about one-half to “A” rated properties, and about one-half to “B” and “C+” rated properties.

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, some developments, and selective acquisitions with projected FCF internal rates of return higher than expected from the communities being sold. Through this disciplined approach to capital recycling, we increase the quality and expected growth rate of our portfolio.

Balance Sheet

Our leverage strategy seeks to increase financial returns by using leverage with appropriate caution. We limit risk through our 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.

Our leverage includes our share of long-term, non-recourse, property debt encumbering apartment communities, outstanding borrowings under our revolving credit facility, outstanding preferred equity, and redeemable noncontrolling interests in a consolidated real estate partnership.

[Table of Contents](#)

We target a ratio of Proportionate Debt and Preferred Equity to adjusted earnings before interest, taxes, depreciation, and amortization for real estate, or Adjusted EBITDAre, as defined by Nareit, below 7.0x and we target a ratio of Adjusted EBITDAre to Adjusted Interest Expense and Preferred Dividends greater than 2.5x.

Our ratios as of December 31, 2019, were 7.6x and 3.5x, respectively. We delayed approximately \$300 million of sales originally planned for fourth quarter 2019 and January 2020, which increased Proportionate Debt to Adjusted EBITDAre and Proportionate Debt and Preferred Equity to Adjusted EBITDAre by 0.3x as of December 31, 2019. We expect a gradual decline in leverage to EBITDAre ratios throughout 2020, reaching approximately 6.4x and 6.5x, respectively, at year end. In future years, we expect earnings growth from completed redevelopments will increase EBITDAre and further reduce our leverage ratios.

Please refer to the Leverage Ratios subsection to the Non-GAAP Measures section in Item 7 for additional information regarding our leverage ratios.

Our liquidity consists of cash balances and available capacity on our revolving credit facility. As of December 31, 2019, we had cash and restricted cash of \$177.7 million and had capacity to borrow \$517.8 million under our revolving credit facility.

We manage our financial flexibility by maintaining an investment grade rating and holding apartment communities that are unencumbered by property debt. As of December 31, 2019, we held unencumbered communities with an estimated fair market value of approximately \$2.4 billion.

Please refer to the Executive Overview and Liquidity and Capital Resources sections in Item 7 for additional information regarding our balance sheet and liquidity.

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. We offer benefits reinforcing our value of caring for each other, including paid time for parental leave, paid time annually to volunteer in local communities, college scholarships for the children of team members, an emergency fund to help team members in crisis, financial support for our team members who are becoming United States citizens, and a bonus structure at all levels of the organization. We also pay full compensation and benefits for team members who are actively deployed by the United States military. Out of hundreds of participating companies in 2019, Aimco was one of only seven recognized as a “Top Workplace” in Colorado for each of the past seven years. Aimco was also recognized as a Top Workplace in the Bay Area in 2019. Also in 2019, Aimco was the only real estate company to receive a BEST award from the Association for Talent Development in recognition of our company-wide success in talent development, marking our second consecutive year receiving this award.

Competition

In attracting and retaining residents to occupy our apartment communities we compete with numerous other housing providers. Our apartment communities compete directly with other rental apartments, as well as condominiums and single-family homes that are available for rent or purchase in the markets in which our apartment communities are located. Principal factors of competition include rent or price charged, attractiveness of the location and apartment community, and the quality and breadth of services. The number of competitive apartment communities relative to demand in a particular area has a material effect on our ability to lease apartment homes at our apartment communities and on the rents we charge. In certain markets, there exists an oversupply of newly-constructed apartment homes, single-family homes, and condominiums relative to consumer demand, which affects the pricing and occupancy of our rental apartments.

We also compete with other real estate investors, including other apartment REITs, pension and investment funds, partnerships, and investment companies in acquiring, redeveloping, managing, obtaining financing for, and disposing of apartment communities. This competition affects our ability to acquire apartment communities we want to add to our portfolio and the price that we pay in such acquisitions; our ability to finance or refinance communities in our portfolio and the cost of such financing; and our ability to dispose of communities we no longer desire to retain in our portfolio and the timing and price available to us when we seek to dispose of such communities.

Taxation

Aimco

Aimco has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, which we refer to as the Code, commencing with our taxable year ended December 31, 1994, and intends to continue to operate in such a manner. The Code imposes various requirements related to organizational structure, distribution levels, diversity of stock ownership, and

certain restrictions with regard to owned assets and categories of income that must be met in order to continue to qualify as a REIT. If Aimco continues to qualify for taxation as a REIT, Aimco will generally not be subject to United States federal corporate income tax on its taxable income that is currently distributed to stockholders. This treatment substantially eliminates the “double taxation” (at the corporate and stockholder levels) that generally results from an investment in a corporation.

Certain of Aimco’s operations, or a portion thereof, including property management and risk management are conducted through taxable REIT subsidiaries, each of which we refer to as a TRS. A TRS is a subsidiary C-corporation that has not elected REIT status and, as such, is subject to United States federal corporate income tax. We use TRS entities to facilitate our ability to offer certain services and activities to our residents and investment partners that cannot be offered directly by a REIT. We also use TRS entities to hold investments in certain apartment communities.

The Aimco Operating Partnership

The Aimco Operating Partnership is treated as a “pass-through” entity for United States federal income tax purposes and is not subject to United States federal income taxation. Partners in the Aimco Operating Partnership, however, are subject to tax on their allocable share of partnership income, gains, losses, deductions, and credits, regardless of whether the partners receive any actual distributions of cash or other property from the Aimco Operating Partnership during the taxable year. Generally, the characterization of any particular item is determined by the Aimco Operating Partnership, rather than at the partner level, and the amount of a partner’s allocable share of such item is governed by the terms of the Aimco Operating Partnership’s Partnership Agreement. The Aimco Operating Partnership is subject to tax in certain states.

Regulation

General

Apartment communities and their owners are subject to various laws, ordinances, and regulations, including those related to real estate broker licensing and regulations relating to recreational facilities such as swimming pools, activity centers, and other common areas. Changes in laws increasing the potential liability for environmental conditions existing on communities or increasing the restrictions on discharges or other conditions, as well as changes in laws affecting development, construction, and safety requirements, may result in significant unanticipated expenditures, which would adversely affect our net income and cash flows from operating activities. In addition, existing rent control laws, as well as future enactment of rent control or rent stabilization laws, or other laws regulating multifamily housing, may reduce rental revenue or increase operating costs in particular markets.

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 at an apartment community. These materials may include lead-based paint, asbestos, polychlorinated biphenyls, and petroleum-based fuels. Such laws often impose liability without regard to fault or whether the owner or operator knew of, or was responsible for, the release or presence of such materials. In connection with the ownership, operation, and management of apartment communities, we could potentially be liable for environmental liabilities or costs associated with our current communities, communities we acquire or manage in the future, or communities we previously owned or operated in the past. These and other risks related to environmental matters are described in more detail in Item 1A. Risk Factors.

Corporate Responsibility

At Aimco, corporate responsibility is an important part of our business. As with all other aspects of our business, our corporate responsibility program focuses on continuous improvement, to the benefit of our stockholders, our residents, our team members, our communities, and the environment. Highlights of our corporate responsibility program can be found in our proxy statement for Aimco’s 2020 annual meeting of stockholders and is incorporated herein by reference.

Insurance

Our primary lines of insurance coverage are property, general liability, and workers’ compensation. We believe that our insurance coverages adequately insure our apartment communities against the risk of loss attributable to fire, earthquake, hurricane, tornado, flood, terrorism, and other perils, and adequately insure us against other risk. Our coverage includes deductibles, retentions, and limits that are customary in the industry. We have established loss prevention, loss mitigation, claims handling, and litigation management procedures to manage our exposure.

Employees

As of December 31, 2019, we had approximately 950 team members, of whom about 600 were at the apartment community level performing on-site functions or at our shared service center performing tasks that have been centralized there, with the balance managing corporate and area functions, including investment and debt transactions, legal, finance and accounting, information systems, human resources, and other support functions. As of December 31, 2019, unions represented approximately 50 of our team members. We have never experienced a work stoppage and believe we maintain satisfactory relations with our team members.

Available Information

Our combined Annual Report on Form 10-K, our combined Quarterly Reports on Form 10-Q, Current Reports on Form 8-K filed by Aimco or the Aimco Operating Partnership, and any amendments to any of those reports that we file with the Securities and Exchange Commission are available free of charge as soon as reasonably practicable through Aimco's website at www.aimco.com. The information contained on Aimco's website is not incorporated into this Annual Report.

ITEM 1A. RISK FACTORS

The risk factors noted in this section, and other factors noted throughout this Annual Report, describe certain risks and uncertainties that could cause our actual results to differ materially from those contained in any forward-looking statement.

Risks Related to Our Real Estate Investments and Our Operations

Redevelopment, development, and construction risks could affect our profitability.

We are currently redeveloping and developing certain of our apartment communities. During 2020, we expect to invest \$250 million to \$300 million in redevelopment and development activities. Redevelopment and development are subject to numerous risks, including the following:

- we may be unable to obtain, or experience delays in obtaining, necessary zoning, occupancy, or other required governmental or third-party permits and authorizations, which could result in increased costs or the delay or abandonment of opportunities;
- we may incur costs that exceed our original estimates due to increased material, labor, or other costs, such as litigation;
- we may be unable to complete construction and lease-up of an apartment community on schedule, resulting in increased construction and financing costs and a decrease in expected rental revenues;
- occupancy rates and rents at an apartment community may fail to meet our expectations for a number of reasons, including changes in market and economic conditions beyond our control and the development of competing communities;
- we may be unable to obtain financing with favorable terms, or at all, which may cause us to delay or abandon an opportunity;
- we may abandon opportunities that we have already begun to explore, or stop projects we have already commenced, for a number of reasons, including changes in local market conditions or increases in construction or financing costs, and, as a result, we may fail to recover costs already incurred in exploring those opportunities;
- we may incur liabilities to third parties during the redevelopment or development process;
- unexpected events or circumstances may arise during the redevelopment or development process that affect the timing of completion and the cost and profitability of the redevelopment or development; and
- loss of a key member of a redevelopment or development team could adversely affect our ability to deliver redevelopments and developments on time and within our budget.

Failure to generate sufficient net operating income may adversely affect our liquidity, limit our ability to fund necessary capital expenditures, or adversely affect our ability to pay dividends or distributions.

Our ability to fund necessary capital expenditures on our communities depends on, among other things, our ability to generate net operating income in excess of required debt payments. If we are unable to fund capital expenditures on our communities, we may not be able to preserve the competitiveness of our communities, which could adversely affect their net operating income and long-term value.

[Table of Contents](#)

Our ability to make payments to our investors depends on our ability to generate net operating income in excess of required debt payments and capital expenditure requirements. Our net operating income and liquidity may be adversely affected by events or conditions beyond our control, including:

- the general economic climate;
- an inflationary environment in which the costs to operate and maintain our communities increase at a rate greater than our ability to increase rents, which we can only do upon renewal of existing leases or at the inception of new leases;
- competition from other apartment communities and other housing options;
- local conditions, such as loss of jobs, unemployment rates, or an increase in the supply of apartments, that might adversely affect apartment occupancy or rental rates;
- changes in governmental regulations and the related cost of compliance;
- changes in tax laws and housing laws, including the enactment of rent control laws or other laws regulating multifamily housing; and
- changes in interest rates and the availability of financing.

Competition could limit our ability to lease apartment homes or increase or maintain rents.

Our apartment communities compete for residents with other housing alternatives, including other rental apartments and condominiums, and, to a lesser degree, single-family homes that are available for rent, as well as new and existing condominiums and single-family homes for sale. Competitive residential housing, as well as household formation and job creation in a particular area, could adversely affect our ability to lease apartment homes and to increase or maintain rental rates.

Because real estate investments are relatively illiquid, we may not be able to sell apartment communities when appropriate.

Real estate investments are relatively illiquid and generally cannot be sold quickly. REIT tax rules also restrict our ability to sell apartment communities. Thus, we may not be able to change our portfolio promptly in response to changes in economic or other market conditions. Our ability to dispose of apartment communities in the future will depend on prevailing economic and market conditions, including the cost and availability of financing. This could have a material adverse effect on our financial condition or results of operations.

If we are not successful in our acquisition of apartment communities, our results of operations could be adversely affected.

The selective acquisition of apartment communities is a component of our strategy. However, we may not be able to complete transactions successfully in the future. Although we seek to acquire apartment communities when such acquisitions increase our FCF internal rates of return and are accretive to NAV, such transactions may fail to perform in accordance with our expectations. In particular, following acquisition, the value and operational performance of an apartment community may be diminished if obsolescence or neighborhood changes occur before we are able to redevelop or sell the apartment community. This could have an adverse effect on our financial condition or results of operations.

Potential liability or other expenditures associated with potential environmental contamination may be costly.

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. Potentially hazardous materials may include polychlorinated biphenyls, petroleum-based fuels, lead-based paint, or asbestos, among other materials. 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, damages to natural resources and for potential fines or penalties in connection with such damage or with respect to the improper management of hazardous materials. Moreover, private plaintiffs may potentially make claims for investigation and remediation costs they incur or personal injury, disease, disability, or other infirmities related to the alleged presence of hazardous materials at an apartment community. 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.

Laws benefiting disabled persons may result in our incurrence of unanticipated expenses.

Under the Americans with Disabilities Act of 1990, or ADA, all places intended to be used by the public are required to meet certain federal requirements related to access and use by disabled persons. The Fair Housing Amendments Act of 1988, or FHAA, requires apartment communities first occupied after March 13, 1991, to comply with design and construction

requirements for disabled access. For those apartment communities receiving federal funds, the Rehabilitation Act of 1973 also has requirements regarding disabled access. These and other federal, state, and local laws may require structural modifications to our apartment communities or changes in policy/practice, or affect renovations of the communities. Noncompliance with these laws could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, which could result in substantial capital expenditures. Although we believe that our apartment communities are substantially in compliance with present requirements, we may incur unanticipated expenses to comply with the ADA, the FHAA, and the Rehabilitation Act of 1973 in connection with the ongoing operation or redevelopment of our apartment communities.

Moisture infiltration and resulting mold remediation may be costly.

Although we are proactively engaged in managing moisture intrusion and preventing the presence of mold at our apartment communities, it is not unusual for periodic moisture intrusion to cause mold in isolated locations within an apartment community. We have implemented policies, procedures, and training, and include a detailed moisture intrusion and mold assessment during acquisition due diligence. We believe these measures will manage mold exposure at our apartment communities and will minimize the effects that mold may have on our residents. To date, we have not incurred any material costs or liabilities relating to claims of mold exposure or to abate mold conditions. We have only limited insurance coverage for property damage claims arising from the presence of mold and for personal injury claims related to mold exposure.

Although we are insured for certain risks, the cost of insurance, increased claims activity, or losses resulting from casualty events may affect our operating results and financial condition.

We are insured for a portion of our consolidated apartment communities' exposure to casualty losses resulting from fire, earthquake, hurricane, tornado, flood, and other perils, which insurance is subject to deductibles and self-insurance retention. We recognize casualty losses or gains based on the net book value of the affected apartment community and the amount of any related insurance proceeds. In many instances, the actual cost to repair or replace the apartment community may exceed its net book value and any insurance proceeds. We recognize the uninsured portion of losses as casualty losses in the periods in which they are incurred. In addition, we are self-insured for a portion of our exposure to third-party claims related to our employee health insurance plans, workers' compensation coverage, and general liability exposure. With respect to our exposure to claims of third parties, we establish reserves at levels that reflect our known and estimated losses. The ultimate cost of losses and the impact of unforeseen events may vary materially from recorded reserves, and variances may adversely affect our operating results and financial condition. We purchase insurance to reduce our exposure to losses and limit our financial losses on large individual risks. The availability and cost of insurance are determined by market conditions outside our control. No assurance can be made that we will be able to obtain and maintain insurance at the same levels and on the same terms as we do today. If we are not able to obtain or maintain insurance in amounts we consider appropriate for our business, or if the cost of obtaining such insurance increases materially, we may have to retain a larger portion of the potential loss associated with our exposures to risks.

Natural disasters and severe weather may affect our operating results and financial condition.

Natural disasters such as earthquakes and severe weather such as hurricanes may result in significant damage to our apartment communities. The extent of our casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. When we have geographic concentration of exposures, a single catastrophe (such as an earthquake) or destructive weather event (such as a hurricane) affecting a region may have a significant adverse effect on our financial condition and results of operations. We cannot accurately predict natural disasters or severe weather, or the number and type of such events that will affect us. As a result, our operating and financial results may vary significantly from one period to the next. Although we anticipate and plan for losses, there can be no assurance that our financial results will not be adversely affected by our exposure to losses arising from natural disasters or severe weather in the future that exceed our previous experience and assumptions.

We depend on our senior management.

Our success depends upon the retention of our senior management, including Terry Considine, our chief executive officer. We have a succession planning and talent development process that is designed to identify potential replacements and develop our team members to provide depth in the organization and a bench of talent on which to draw. However, there are no assurances that we would be able to find qualified replacements for the individuals who make up our senior management if their services were no longer available. The loss of services of one or more members of our senior management team could have a material adverse effect on our business, financial condition and results of operations. We do not currently maintain key-man life insurance for any of our employees.

Our business and operations would suffer in the event of significant disruptions or cyber attacks of our information technology systems or our failure to comply with laws, rules and regulations related to privacy and data protection.

Information technology, communication networks, and related systems are essential to the operation of our business. We use these systems to manage our resident and vendor relationships, internal communications, accounting and record-keeping systems, and many other key aspects of our business. Our operations rely on the secure processing, storage, and transmission of confidential and other information in our computer systems and networks, which also depend on the strength of our procedures and the effectiveness of our internal controls. Information security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of perpetrators of cyber attacks.

Despite system redundancy, risk transfer, insurance, indemnification, the implementation of security measures, required employee awareness training, and the existence of a disaster recovery plan for our internal information technology systems, our systems and systems maintained by third party vendors with which we do business are vulnerable to damage from any number of sources. We face risks associated with energy blackouts, natural disasters, terrorism, war, telecommunication failures, and cyber attacks and intrusions, such as computer viruses, malware, attachments to e-mails, intrusion, and unauthorized access, including from persons inside our organization or from persons outside our organization with access to our systems. We may also incur additional costs to remedy damages caused by such disruptions. Although we make efforts to maintain the security and integrity of our systems and have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Any compromise of our security could also result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to our reputation, loss or misuse of the information (which may be confidential, proprietary, and/or commercially sensitive in nature), and a loss of confidence in our security measures, which could harm our business.

We also are subject to laws, rules, and regulations in the United States, such as the California Consumer Protection Act, or CCPA (which will become effective on January 1, 2020), relating to the collection, use, and security of employee and other data. Evolving compliance and operational requirements under the CCPA and the privacy laws of other jurisdictions in which we operate impose significant costs that are likely to increase over time. Our failure to comply with laws, rules, and regulations related to privacy and data protection could harm our business or reputation.

Risks Related to Our Indebtedness and Financing

Our existing and future debt financing could result in foreclosure of our apartment communities, prevent us from making distributions on our equity, or otherwise adversely affect our liquidity.

We are subject to the risk that our cash flow from operations will be insufficient to make required payments of principal and interest, and the risk that existing indebtedness may not be refinanced or that the terms of any refinancing will not be as favorable as the terms of existing indebtedness. If we fail to make required payments of principal and interest on our non-recourse debt, our lenders could foreclose on the apartment communities and other collateral securing such debt, which would result in the loss to us of income and asset value. As of December 31, 2019, the majority of our apartment communities were encumbered by debt. Our organizational documents do not limit the amount of debt that we may incur, and we have significant amounts of debt outstanding. Payments of principal and interest may leave us with insufficient cash resources to operate our communities or pay distributions required to be paid in order to maintain Aimco's qualification as a REIT.

Disruptions in the financial markets could affect our ability to obtain financing and the cost of available financing and could adversely affect our liquidity.

Our ability to obtain financing and the cost of such financing depends on the overall condition of the United States credit markets. During periods of economic uncertainty the United States credit markets may experience significant liquidity disruptions, which may cause the spreads on debt financings to widen considerably and make obtaining financing, both non-recourse property debt and corporate borrowings such as those under our revolving credit agreement, more difficult. In particular, apartment borrowers have benefited from the historic willingness of Federal National Mortgage Association, or Fannie Mae, and the Federal Home Loan Mortgage Corporation, or Freddie Mac, to make substantial amounts of loans secured by multi-family properties, even in times of economic distress. These two lenders are federally chartered and subject to federal regulation, which is subject to change, making uncertain their prospects and ability to provide liquidity in a future downturn.

If our ability to obtain financing is adversely affected, we may be unable to satisfy scheduled maturities on existing financing through other sources of liquidity, which could result in lender foreclosure on the apartment communities securing such debt and loss of income and asset value, both of which would adversely affect our liquidity.

Increases in interest rates would increase our interest expense and reduce our profitability.

As of December 31, 2019, we had approximately \$445.1 million of variable-rate indebtedness outstanding. We estimate that an increase or decrease in 30-day LIBOR of 100 basis points with constant credit risk spreads would increase or reduce interest expense by approximately \$4.5 million on an annual basis.

As of December 31, 2019, we had approximately \$177.7 million in cash and cash equivalents and restricted cash, a portion of which bear interest at variable rates indexed to LIBOR-based rates, which may partially mitigate the effect of an increase in variable rates on our variable-rate indebtedness discussed above.

The potential phasing out of LIBOR after 2021 may affect our financial results.

In July 2017, the Financial Conduct Authority, which regulates LIBOR, announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. In 2018, the Alternative Reference Rates Committee identified the Secured Overnight Financing Rate, or SOFR, as the alternative to LIBOR. Whether or not SOFR attains market traction as a LIBOR replacement remains a question, and the future of LIBOR at this time is uncertain. At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or any other reforms to LIBOR that may be enacted in the United Kingdom or elsewhere. Due to the broad use of LIBOR as a reference rate, all financial market participants, including us, are impacted by the risks associated with this transition. Any of these proposals or consequences could have a material adverse effect on our financing costs, and as a result, our financial condition, operating results, and cash flows.

Covenant restrictions may limit our ability to make payments to our investors.

Some of our debt and other securities contain covenants that restrict our ability to make distributions or other payments to our investors unless certain financial tests or other criteria are satisfied. Our revolving credit agreement provides, among other things, that we may not make distributions to our investors during any four consecutive fiscal quarters in an aggregate amount greater than 95% of our Nareit FFO for such period, subject to certain non-cash adjustments, or such amount as may be necessary to maintain Aimco's REIT status. Our outstanding preferred units prohibit the payment of dividends on our Common Stock or common partnership units if we fail to pay the dividends to which the holders of the preferred units are entitled.

Risks Related to Aimco's Corporate Structure

The Aimco Operating Partnership and its subsidiaries may be prohibited from making distributions and other payments.

All of Aimco's apartment communities are owned, and all of Aimco's operations are conducted, by the Aimco Operating Partnership. Further, many of the Aimco Operating Partnership's apartment communities are owned by subsidiaries of the Aimco Operating Partnership. As a result, Aimco depends on distributions and other payments from the Aimco Operating Partnership, and the Aimco Operating Partnership depends on distributions and payments from its subsidiaries in order to satisfy our financial obligations and make payments to our investors. The ability of the Aimco Operating Partnership and its subsidiaries to make such distributions and other payments depends on their earnings and cash flows and may be subject to statutory or contractual limitations. As an equity investor in the Aimco Operating Partnership and its subsidiaries, our right to receive assets upon their liquidation or reorganization will be effectively subordinated to the claims of their creditors. To the extent that we are recognized as a creditor of such subsidiaries, our claims may still be subordinate to any security interest in or other lien on their assets and to any of their debt or other obligations that are senior to our claims.

Limits on ownership of shares specified in Aimco's charter may result in the loss of economic and voting rights by purchasers that violate those limits.

Aimco's charter limits ownership of Common Stock by any single stockholder (applying certain "beneficial ownership" rules under the federal securities laws) to 8.7% (or up to 12.0% upon a waiver from Aimco's Board of Directors) of outstanding shares of Common Stock, or 15% in the case of certain pension trusts, registered investment companies and Mr. Considine (or up to 20.0% for such pension trusts or registered investment companies upon a waiver from Aimco's Board of Directors). Aimco's charter also limits ownership of Aimco's Common Stock and preferred stock by any single stockholder to 8.7% of the value of the outstanding Common Stock and preferred stock, or 15% in the case of certain pension trusts, registered investment companies, and Mr. Considine. The charter also prohibits anyone from buying shares of Aimco's capital stock if the purchase would result in Aimco losing its REIT status. This could happen if a transaction results in fewer than 100 persons owning all of Aimco's shares of capital stock or results in five or fewer persons (applying certain attribution rules of the Code) owning 50% or more of the value of all of Aimco's shares of capital stock. If anyone acquires shares in excess of the ownership limit or in violation of the ownership requirements of the Code for REITs:

- the transfer will be considered null and void;
- we will not reflect the transaction on Aimco's books;

Table of Contents

- we may institute legal action to enjoin the transaction;
- we may demand repayment of any dividends received by the affected person on those shares;
- we may redeem the shares;
- the affected person will not have any voting rights for those shares; and
- the shares (and all voting and dividend rights of the shares) will be held in trust for the benefit of one or more charitable organizations designated by Aimco.

Aimco may purchase the shares of capital stock held in trust at a price equal to the lesser of the price paid by the transferee of the shares or the then current market price. If the trust transfers any of the shares of capital stock, the affected person will receive the lesser of the price paid for the shares or the then current market price. An individual who acquires shares of capital stock that violate the above rules bears the risk that the individual:

- may lose control over the power to dispose of such shares;
- may not recognize profit from the sale of such shares if the market price of the shares increases;
- may be required to recognize a loss from the sale of such shares if the market price decreases; and
- may be required to repay to us any dividends received from us as a result of his or her ownership of the shares.

Aimco's charter may limit the ability of a third-party to acquire control of Aimco.

The 8.7% and other ownership limits discussed above may have the effect of delaying or precluding acquisition by a third-party of control of Aimco without the consent of Aimco's Board of Directors. Aimco's charter authorizes its Board of Directors to issue up to 510,587,500 shares of capital stock. As of December 31, 2019, 500,787,260 shares were classified as Common Stock, of which 148,885,197 were outstanding, and 9,800,240 shares were classified as preferred stock of which no shares were outstanding. Under Aimco's charter, its Board of Directors has the authority to classify and reclassify any of Aimco's unissued shares of capital stock into shares of capital stock with such preferences, conversion or other rights, voting power restrictions, limitations as to dividends, qualifications, or terms or conditions of redemptions as the Board of Directors may determine. The authorization and issuance of a new class of capital stock could have the effect of delaying or preventing someone from taking control of Aimco, where there is a difference of opinion between the Aimco Board of Directors and others as to what is in Aimco's stockholders' best interests.

The Maryland General Corporation Law may limit the ability of a third-party to acquire control of Aimco.

As a Maryland corporation, Aimco is subject to various Maryland laws that may have the effect of discouraging offers to acquire Aimco and increasing the difficulty of consummating any such offers, where there is a difference of opinion between the Aimco Board of Directors and others as to what is in Aimco's stockholders' best interests. The Maryland General Corporation Law, specifically the Maryland Business Combination Act, restricts mergers and other business combination transactions between Aimco and any person who acquires, directly or indirectly, beneficial ownership of shares of Aimco's stock representing 10% or more of the voting power without Aimco's Board of Directors' prior approval. Any such business combination transaction could not be completed until five years after the person acquired such voting power, and generally only with the approval of stockholders representing 80% of all votes entitled to be cast and 66-2/3% of the votes entitled to be cast, excluding the interested stockholder, or upon payment of a fair price. The Maryland General Corporation Law, specifically the Maryland Control Share Acquisition Act, provides generally that a person who acquires shares of Aimco's capital stock representing 10% or more of the voting power in electing directors will have no voting rights unless approved by a vote of two-thirds of the shares eligible to vote. Additionally, the Maryland General Corporation Law provides, among other things, that the Board of Directors has broad discretion in adopting stockholders' rights plans and has the sole power to fix the record date, time, and place for special meetings of the stockholders. To date, Aimco has not adopted a stockholders' rights plan. In addition, the Maryland General Corporation Law provides that a corporation that:

- has at least three directors who are not officers or employees of the entity or related to an acquiring person; and
- has a class of equity securities registered under the Securities Exchange Act of 1934, as amended, may elect in its charter or bylaws or by resolution of the board of directors to be subject to all or part of a special subtitle that provides that:
- the corporation will have a staggered board of directors;
- any director may be removed only for cause and by the vote of two-thirds of the votes entitled to be cast in the election of directors generally, even if a lesser proportion is provided in the charter or bylaws;

- the number of directors may only be set by the board of directors, even if the procedure is contrary to the charter or bylaws;
- vacancies may only be filled by the remaining directors, even if the procedure is contrary to the charter or bylaws; and
- the secretary of the corporation may call a special meeting of stockholders at the request of stockholders only on the written request of the stockholders entitled to cast at least a majority of all the votes entitled to be cast at the meeting, even if the procedure is contrary to the charter or bylaws.

To date, Aimco has not made any of the elections described above.

Risks Related to Tax Laws and Regulations

Aimco may fail to qualify as a REIT.

If Aimco fails to qualify as a REIT, Aimco will not be allowed a deduction for dividends paid to its stockholders in computing its taxable income, and will be subject to United States federal income tax at regular corporate rates. This would substantially reduce our funds available for distribution to our investors. Unless entitled to relief under certain provisions of the Code, Aimco also would be disqualified from taxation as a REIT for the four taxable years following the year during which it ceased to qualify as a REIT. In addition, Aimco's failure to qualify as a REIT would place us in default under our revolving credit agreement.

We believe that Aimco operates, and has since its taxable year ended December 31, 1994, operated, in a manner that enables it to meet the requirements for qualification as a REIT for United States federal income tax purposes. However, qualification as a REIT involves the application of highly technical and complex Code provisions for which only limited judicial and administrative authorities exist. Moreover, even a technical or inadvertent mistake could jeopardize our REIT status. Aimco's continued qualification as a REIT will depend on its satisfaction of certain asset, income, investment, organizational, distribution, stockholder ownership, and other requirements on a continuing basis. Aimco's ability to satisfy the asset tests depends upon our analysis of the fair market values of our assets, some of which are not susceptible to a precise determination, and for which we do not obtain independent appraisals. Aimco's compliance with the REIT annual income and quarterly asset requirements also depends upon our ability to manage successfully the composition of our income and assets on an ongoing basis. Moreover, the proper classification of an instrument as debt or equity for United States federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT qualification requirements. Accordingly, there can be no assurance that the Internal Revenue Service, or the IRS, will not contend that our interests in subsidiaries or other issuers constitutes a violation of the REIT requirements. Moreover, future economic, market, legal, tax, or other considerations may cause Aimco to fail to qualify as a REIT, or Aimco's Board of Directors may determine to revoke its REIT status.

REIT distribution requirements limit our available cash.

As a REIT, Aimco is subject to annual distribution requirements. The Aimco Operating Partnership pays distributions intended to enable Aimco to satisfy its distribution requirements. This limits the amount of cash available for other business purposes, including amounts to fund our growth. Aimco generally must distribute annually at least 90% of its REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, in order for its distributed earnings not to be subject to United States federal corporate income tax. We intend to make distributions to Aimco's stockholders to comply with the requirements of the Code. However, differences in timing between the recognition of taxable income and the actual receipt of cash could require us to sell apartment communities or borrow funds on a short-term or long-term basis to meet the 90% distribution requirement of the Code.

Aimco may be subject to federal and state income taxes, in certain circumstances.

Even if Aimco qualifies as a REIT, Aimco may be subject to United States federal income and excise taxes in various situations, such as on its undistributed income. Aimco could also be required to pay a 100% tax on any net income on non-arm's length transactions between Aimco and a taxable REIT subsidiary and on any net income from sales of apartment communities that were held for sale primarily in the ordinary course. State and local tax laws may not conform to the United States federal income tax treatment, and Aimco may be subject to state or local taxation in various state or local jurisdictions in which Aimco transacts business. Any taxes imposed on Aimco would reduce our operating cash flow and net income and could negatively impact our ability to pay dividends and distributions.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

REITs are entitled to a United States federal tax deduction for dividends paid to their stockholders. As compared to other taxable corporations, this ability to reduce or eliminate the REIT's taxable income by paying dividends to stockholders is a principal benefit of maintaining REIT status, generally resulting in a lower combined tax liability of the REIT and its

stockholders as compared to that of the combined tax liability of other taxable corporations and their stockholders. Notwithstanding this combined benefit, dividends payable by REITs may result in marginally higher taxes to the stockholder.

C-corporations are generally required to pay United States federal income tax on earnings. After tax earnings are then available for stockholder dividends. The maximum United States federal tax rate applicable to income from “qualified dividends” payable to United States stockholders that are individuals, trusts, and estates is currently 20%, plus the 3.8% investment tax surcharge. While dividends payable by REITs are generally not eligible for the qualified dividend reduced rates, stockholders that are individuals, trusts, or estates may deduct 20% of the aggregate amount of ordinary dividends from REITs. This deduction is available for taxable years beginning after December 31, 2017, and before January 1, 2026, and will generally cause the maximum tax rate for ordinary dividends from REITs to be 29.6%, plus the 3.8% investment tax surcharge. The more favorable tax rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts, and estates to perceive investments in REITs to be relatively less attractive than investments in the shares of non-REIT corporates that pay dividends, which could adversely affect the value of the shares of REITs, including Aimco Common Stock.

Complying with the REIT requirements may cause Aimco to forgo otherwise attractive business opportunities.

To qualify as a REIT for United States federal income tax purposes, Aimco must continually satisfy tests concerning, among other things, the sources of its income, the nature and diversification of its assets, the amounts distributed to Aimco stockholders, and the ownership of Aimco stock. As a result of these tests, Aimco may be required to make distributions to stockholders at disadvantageous times or when Aimco does not have funds readily available for distribution, forgo otherwise attractive investment opportunities, liquidate assets in adverse market conditions, or contribute assets to a TRS that is subject to regular corporate federal income tax.

Changes to United States federal income tax laws could materially and adversely affect Aimco and Aimco’s stockholders.

The present United States federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial, or administrative action at any time, which could affect the United States federal income tax treatment of an investment in Aimco Common Stock. The United States federal income tax rules dealing with REITs constantly are under review by persons involved in the legislative process, the IRS, and the United States Treasury Department, which results in statutory changes as well as frequent revisions to regulations and interpretations. We cannot predict how changes in the tax laws might affect Aimco or Aimco’s stockholders. Revisions in federal tax laws and interpretations thereof could significantly and negatively affect Aimco’s ability to qualify as a REIT and the tax considerations relevant to an investment in Aimco Common Stock, or could cause Aimco to change its investments and commitments.

Government housing regulations may limit the opportunities at some of our apartment communities and failure to comply with resident qualification requirements may result in financial penalties and/or loss of benefits, such as rental revenues paid by government agencies. Additionally, the government may cease to operate or reduce funding for government housing programs which would result in a loss of benefits from those programs.

We own equity interests in entities that own certain apartment communities that benefit from governmental programs intended to provide housing to people with low or moderate incomes. These programs, which are usually administered by the United States Department of Housing and Urban Development, or HUD, or state housing finance agencies, typically provide one or more of the following: mortgage insurance; favorable financing terms; tax-exempt interest; historic or low-income housing tax credits; or rental assistance payments to the apartment community owners. As a condition of the receipt of assistance under these programs, the apartment communities must comply with various requirements, which typically limit rents to pre-approved amounts and limit our choice of residents to those with incomes at or below certain levels. Failure to comply with these requirements may result in financial penalties or loss of benefits. We are usually required to obtain the approval of HUD in order to acquire or dispose of a significant interest in or manage a HUD-assisted apartment community. We may not always receive such approval.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Additional information about our consolidated real estate, including property debt, is contained in “Schedule III - Real Estate and Accumulated Depreciation” in this Annual Report on Form 10-K.

Our portfolio is diversified by both price point and geography and consists of market rate apartment communities in which we own a substantial interest. Our portfolio includes garden style, mid-rise, and high-rise apartment communities located in 17 states and the District of Columbia. Our portfolio strategy seeks predictable rent growth from a portfolio of apartment communities diversified among some of the largest markets in the United States, and that is diversified across “A,” “B,” and “C+” price points, averaging “B/B+” in quality. As of December 31, 2019, our portfolio consisted of roughly one-half “A” quality communities and one-half “B” and “C+” quality communities. Please refer to the Executive Overview section in Item 7 for a description of our portfolio quality ratings. The following table sets forth information on the apartment communities in our portfolio as of December 31, 2019:

	Number of Apartment Communities	Number of Apartment Homes	Average Economic Ownership	Average Quality Rating (1)
Atlanta	4	505	100%	A
Bay Area	12	2,632	100%	B
Boston	15	4,689	100%	C+
Chicago	7	1,671	100%	B
Denver	8	2,151	98%	B
Greater New York	18	1,039	100%	B
Greater Washington, D.C.	12	5,457	100%	C+
Los Angeles	13	4,347	100%	A
Miami	5	2,448	100%	A
Philadelphia	9	2,748	97%	A
San Diego	12	2,423	97%	B
Seattle	2	239	100%	B
Other markets	7	2,490	99%	B
Total portfolio (2)	124	32,839	99%	B/B+

(1) Average quality rating is based on REIS market data as of September 30, 2019.

(2) Total portfolio represents the number of apartment communities we owned an equity interest in. Of our total portfolio, we consolidate 120 apartment communities with 32,697 apartment homes.

Our consolidated apartment communities contained, on average, 272 apartment homes, with the largest community containing 2,113 apartment homes. These apartment communities offer residents a range of amenities, including resort pools with cabanas, grills, clubhouses, spas, fitness centers, package lockers, dog parks, and large open spaces. Many of the apartment homes offer features such as granite countertops, wood flooring, stainless steel appliances, fireplaces, spacious closets, washer and dryer connections, balconies, and patios.

The majority of our consolidated apartment communities are encumbered by property debt. As of December 31, 2019, apartment communities in our portfolio were encumbered by, in aggregate, \$4.3 billion of property debt with a weighted-average interest rate of 3.89% and a weighted-average maturity of 7.5 years. The apartment communities collateralizing this non-recourse property debt have an estimated aggregate fair value of \$10.9 billion. As of December 31, 2019, we held unencumbered apartment communities with an estimated fair value of approximately \$2.4 billion.

On July 2, 2019, we acquired a 95% interest in 1001 Brickell Bay Drive, a 1.8-acre waterfront parcel in Miami, Florida, currently improved with an office building. 1001 Brickell Bay Drive is excluded from our apartment communities table above.

ITEM 3. LEGAL PROCEEDINGS

As further discussed in Note 6 to the consolidated financial statements in Item 8, we are engaged in discussions with regulatory agencies regarding environmental matters at two apartment communities we, or other entities, previously owned. Although the outcome of these matters is uncertain, we do not expect the resolution to have a material adverse effect on our consolidated financial condition, results of operations, or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Aimco

Aimco's Common Stock has been listed and traded on the NYSE under the symbol "AIV" since July 22, 1994.

On February 21, 2020, there were 148,930,402 shares of Common Stock outstanding, held by 815 stockholders of record. The number of holders does not include individuals or entities who beneficially own shares but whose shares are held of record by a broker or clearing agency, but does include each such broker or clearing agency as one record holder.

Unregistered Sales of Equity Securities

From time to time, Aimco may issue shares of Common Stock in exchange for OP Units, defined under The Aimco Operating Partnership heading below. Such shares are issued based on an exchange ratio of one share for each common OP Unit. Please refer to Note 8 to the consolidated financial statements in Item 8 for further discussion of such exchanges. Aimco may also issue shares of Common Stock in exchange for limited partnership interests in consolidated real estate partnerships. During the three months ended December 31, 2019, Aimco did not issue any shares of Common Stock in exchange for OP Units or limited partnership interests in consolidated real estate partnerships.

Repurchases of Equity Securities

There were no repurchases by Aimco of its common equity securities during the three months ended December 31, 2019. Aimco's Board of Directors has, from time to time, authorized Aimco to repurchase shares of its outstanding Common Stock. As of December 31, 2019, Aimco was authorized to repurchase approximately 10.6 million 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

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, or preferred OP Units. There is no public market for the Aimco Operating Partnership's common partnership units, including common OP Units, and we have no intention of listing the common partnership units on any securities exchange. In addition, the Aimco Operating Partnership's Partnership Agreement restricts the transferability of common partnership units, including common OP Units.

On February 21, 2020, there were 159,442,294 common partnership units and equivalents outstanding (148,930,402 of which were held by Aimco) that were held by 2,394 unitholders of record.

Unregistered Sales of Equity Securities

The Aimco Operating Partnership did not issue any unregistered OP units during the three months ended December 31, 2019.

Repurchases of Equity Securities

The Aimco Operating Partnership's Partnership Agreement generally provides that after holding common OP Units for one year, limited partners other than Aimco have the right to redeem their common OP Units for cash or, at our election, shares of Aimco Common Stock on a one-for-one basis (subject to customary antidilution adjustments). No common OP Units or preferred OP Units held by Limited Partners were redeemed for shares of Aimco Common Stock during the three months ended December 31, 2019.

The following table summarizes the Aimco Operating Partnership’s repurchases, or redemptions in exchange for cash, of common OP Units for the three months ended December 31, 2019:

Fiscal period	Total Number of Units Purchased	Average Price Paid per Unit	Total Number of Units Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Units that May Yet Be Purchased Under Plans or Programs
October 1 - October 31, 2019	13,676	\$ 51.46	N/A	N/A
November 1 - November 30, 2019	9,575	54.32	N/A	N/A
December 1 - December 31, 2019	5,484	53.62	N/A	N/A
Total	28,735	\$ 52.83		

Dividend and Distribution Payments

As a REIT, Aimco is required to distribute annually to holders of its Common Stock at least 90% of its “real estate investment trust taxable income,” which, as defined by the Code and United States Department of Treasury regulations, is generally equivalent to net taxable ordinary income. Aimco’s Board of Directors determines and declares its dividends. In making a dividend determination, Aimco’s Board of Directors considers a variety of factors, including: REIT distribution requirements; current market conditions; liquidity needs; and other uses of cash, such as for deleveraging and accretive investment activities. Aimco’s Board of Directors targets a dividend payout ratio between 65% and 70% of Adjusted Funds From Operations.

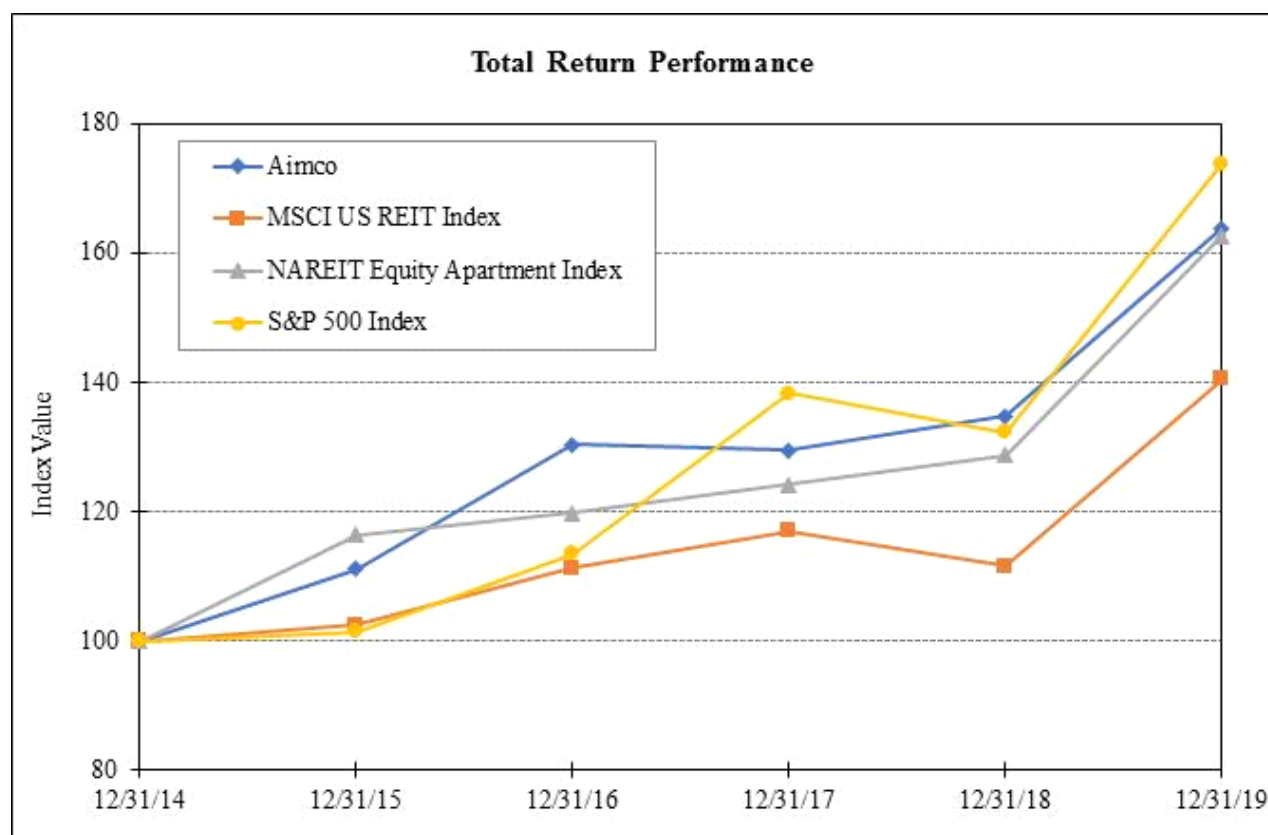
Stockholders receiving such dividend and any future dividend payable in cash and shares of Aimco Common Stock will be required to include the full amount of such dividends as ordinary income to the extent of Aimco’s current and accumulated earnings and profits, as determined for United States federal income tax purposes for the year of such dividends, and may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. With respect to certain non-United States stockholders, Aimco may be required to withhold United States tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in Common Stock.

The Board of Directors of the Aimco Operating Partnership’s general partner determines and declares distributions on OP Units. Aimco, through wholly-owned subsidiaries, is the general and special limited partner of and, as of December 31, 2019, owned a 94.0% ownership interest in the common partnership units of the Aimco Operating Partnership. The Aimco Operating Partnership holds all of Aimco’s assets and manages the daily operations of Aimco’s business. The distributions paid by the Aimco Operating Partnership to Aimco are used by Aimco to fund the dividends paid to its stockholders. Accordingly, the per share dividends Aimco pays to its stockholders generally equal the per unit distributions paid by the Aimco Operating Partnership to holders of its common partnership units.

Our revolving credit agreement includes customary covenants, including a restriction on dividends and other restricted payments, but permits dividends and distributions during any four consecutive fiscal quarters in an aggregate amount of up to 95% of Aimco’s Funds From Operations for such period, subject to certain non-cash adjustments, or such amount as may be necessary to maintain Aimco’s REIT status.

Performance Graph

The following graph compares cumulative total returns for Aimco’s Common Stock, the MSCI US REIT Index, the Nareit Equity Apartment Index, and the Standard & Poor’s 500 Total Return Index, or S&P 500 Index. The MSCI US REIT Index is published by Morgan Stanley Capital International Inc., a provider of equity indices. The Nareit Equity Apartment Index is published by The National Association of Real Estate Investment Trusts, or Nareit, a representative of real estate investment trusts and publicly traded real estate companies with interests in United States real estate and capital markets. The MSCI US REIT Index reflects total shareholder return for a broad range of REITs and the Nareit Equity Apartment Index provides a more direct multifamily peer comparison of total shareholder return. The indices are weighted for all companies that fit the definitional criteria of the particular index and are calculated to exclude companies as they are acquired and to add companies to the index calculation as they become publicly traded companies. All companies that fit the definitional criteria and existed at the point in time presented are included in the index calculations. The graph assumes the investment of \$100 in Aimco’s Common Stock and in each index on December 31, 2014, and that all dividends paid have been reinvested. The historical information set forth below is not necessarily indicative of future performance.



Index (1)	For the years ended December 31,					
	2014	2015	2016	2017	2018	2019
Aimco	100.00	111.15	130.36	129.48	134.83	163.89
MSCI US REIT Index	100.00	102.52	111.34	116.98	111.64	140.48
Nareit Equity Apartment Index	100.00	116.45	119.78	124.24	128.83	162.74
S&P 500 Index	100.00	101.38	113.51	138.29	132.23	173.86

(1) Source: S&P Global Market Intelligence © 2020

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

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data is based on audited historical financial statements of Aimco and the Aimco Operating Partnership, unless otherwise noted. This information should be read in conjunction with such financial statements, including the notes thereto, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included herein or in previous filings with the Securities and Exchange Commission.

(dollar amounts in thousands, except per share data)

	Years Ended December 31,				
	2019	2018 (1)	2017	2016	2015
OPERATING DATA:					
Total revenues	\$ 914,294	\$ 972,410	\$ 1,005,437	\$ 995,854	\$ 981,310
Net income	508,027	716,603	347,079	483,273	271,983
Net income attributable to Aimco/the Aimco Operating Partnership per common share/unit – diluted (2)	\$ 3.15	\$ 4.34	\$ 2.02	\$ 2.75	\$ 1.56
BALANCE SHEET INFORMATION:					
Total assets	\$ 6,828,739	\$ 6,190,004	\$ 6,079,040	\$ 6,232,818	\$ 6,118,681
Total indebtedness	4,505,590	4,075,665	3,861,770	3,648,206	3,599,648
Non-recourse property debt of partnerships served by Asset Management business	—	—	227,141	236,426	249,493
OTHER INFORMATION:					
Cash dividends/distributions declared per common share/unit	\$ 1.56	\$ 1.52	\$ 1.44	\$ 1.32	\$ 1.18

(1) In July 2018, we sold our Asset Management business and our four affordable apartment communities located in the Hunters Point area of San Francisco.

(2) On February 20, 2019, we completed a reverse stock split whereby every 1.03119 Aimco common share and Aimco Operating Partnership common partnership unit was combined into one Aimco common share and Aimco Operating Partnership common partnership unit, respectively. We have revised the outstanding share and unit counts, presentation of share and unit activity, and earnings per share and unit, as if the reverse split occurred on December 31, 2014.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Overview

We are focused on the ownership, management, redevelopment, and some development of quality apartment communities located in several 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 long-term total return using Economic Income, defined as NAV growth plus dividends. NAV is used by many investors because the value of company assets can be readily estimated, even for non-earning assets such as land or properties under development. NAV has the advantage of incorporating the investment decisions of thousands of real estate investors, enhancing comparability among companies that have differences in their accounting, avoiding disparity that can result from application of GAAP to investment properties and various ownership structures. Some investors focus on multiples of AFFO and Nareit FFO. Our disclosure of AFFO, a measure of current return, complements our focus on Economic Income. We also use Pro forma FFO as a secondary measure of operational performance. Over the last five years as of December 31, 2019, our Economic Income grew at a compounded annual return of 10%, comprised of a 6.9% compounded annual growth in NAV per share and \$7.08 in cash dividends per share paid over the period. In 2019, AFFO per share grew \$0.04, to \$2.20 per share.

Year-over-year as of December 31, 2019, our NAV per share increased by about 3.9%, which, with our cash dividend, provided Economic Income of 6.8%.

Financial Highlights

Net income attributable to common stockholders per common share, on a dilutive basis, decreased by \$1.19 during the year ended December 31, 2019 compared to 2018, primarily due to lower gains from dispositions.

We sold our Asset Management business in July 2018, accepting near-term earnings dilution as the price of an increased long-term growth rate. In 2019, we overcame these earnings headwinds and Pro forma FFO per share increased by \$0.05, or 2.0%, for the year ended December 31, 2019 compared to 2018. For the three months ended December 31, 2019 compared to 2018, the first comparative period without the Asset Management business, our Pro forma FFO and AFFO per share increased 5% and 12%, respectively.

The year-over-year increase in Pro Forma FFO was due primarily to contribution from Same Store property net operating income growth of 4.3%, driven by a 3.8% increase in revenue, partially offset by a 2.4% increase in expenses. The increase in Same Store net operating income was offset partially by earnings dilution from the sale of the Asset Management business and lower tax benefit. AFFO per share also increased by \$0.04, or 1.9%, for the year ended December 31, 2019 compared to 2018 due to the \$0.05 increase in Pro forma FFO per share, partially offset by a \$0.01 per share increase in capital replacement spending.

Our business is organized around five areas of strategic focus: operational excellence; redevelopment and development; portfolio management; balance sheet; and team and culture. The results from the execution of our business plan in 2019 are further described in the sections that follow.

Operational Excellence

We own and operate a portfolio of apartment communities, diversified by both geography and price point. As of December 31, 2019, our portfolio included 124 apartment communities with 32,839 apartment homes in which we held an average ownership of approximately 99%, and approximately 80% of the value of our portfolio, measured by gross asset value (the estimated fair value of our communities), was attributable to Same Store communities.

Our property operations team produced solid results for our portfolio for the year ended December 31, 2019. Same Store highlights include:

- Average daily occupancy of 97.1%, 60 basis points higher than the year ended 2018;
- Net operating income increased 4.3% with a 73.7% net operating income margin, 40 basis points higher than the margin for the year ended 2018; and
- Rent increases on renewals and new leases averaged 4.9% and 1.9%, respectively, for a weighted-average increase of 3.4%, 40 basis points higher than the year ended 2018.

Our focus on efficient operations through productivity initiatives such as centralization of administrative tasks, optimization of economies of scale at the corporate level, increased automation, and investment in more durable, longer-lived materials has

helped us control operating expenses. These and other innovations contributed to limiting growth in Same Store controllable operating expense, defined as property expenses less taxes, insurance, and utility expenses, compounding for the past 12 years at an annual rate of negative 0.2%. Our 2019 controllable operating expenses were flat compared to 2018.

Redevelopment and Development

Our second line of business is the redevelopment and some development of apartment communities. Through redevelopment activities, we expect to create value by repositioning communities within our portfolio. We undertake ground-up development when warranted by risk-adjusted investment returns, either directly or in connection with the redevelopment of an existing community. 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. Over the past five years, we have spent approximately \$1.0 billion on redevelopment and development, targeting FCF internal rates of return of approximately 9% to 11% on these investments.

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 generally favor redevelopment because it permits adjustment to the scope and timing of spending to align with changing market conditions and customer preferences.

During the year ended December 31, 2019, we invested \$229.8 million in redevelopment and development, an increase of approximately 30% compared to 2018. We continued redevelopment activities at Bay Parc and the ground-up construction at Parc Mosaic and The Fremont on the Anschutz Medical Campus. We also began the redevelopment of the North Tower at Flamingo Point and 707 Leahy, and ground-up construction at Eldridge Townhomes adjacent to our Elm Creek apartment community.

The following table summarizes our significant redevelopment and development communities (dollars in millions):

	Location	Apartment Homes Approved for Redevelopment	Apartment Homes Completed	Percentage of Completed Homes Leased	Estimated Net Redevelopment Investment	Expected Initial Occupancy
Short-cycle redevelopments:						
Bay Parc	Miami, FL	105	60	97%	\$ 28.3	N/A
Long-cycle redevelopments:						
707 Leahy (1)	Redwood City, CA	110	—	—%	23.7	1Q 2020
Eldridge (formerly Elm Creek) Townhomes	Elmhurst, IL	58	—	—%	35.1	2Q 2020
Flamingo Point (2)	Miami Beach, FL	886	—	—%	280.0	3Q 2021
The Fremont	Denver, CO (MSA)	253	—	—%	87.0	3Q 2020
Parc Mosaic (3)	Boulder, CO	226	185	59%	123.4	3Q 2019
Total		1,638	245		\$ 577.5	

(1) At 707 Leahy, we completed construction on the first building, containing 12 apartment homes, in January. Construction on the remaining homes is on schedule to be complete during the three months ending June 30, 2020.

(2) At Flamingo Point, we completed construction on the entryway, retail, and amenities during the three months ended December 31, 2019, and continued the full renovation of the North Tower.

(3) At Parc Mosaic, we completed three buildings in 2019, the first in August, the second in October, and the third in late December. As of December 31, 2019, the first two buildings were 81% leased and in January, we welcomed the first residents of the third building. The fourth, and final, building was delayed slightly and is now expected to be finished during the three months ending March 31, 2020. Notwithstanding this delay, we expect to achieve stabilized occupancy during the three months ending December 31, 2020, consistent with prior projections.

As of December 31, 2019, our total estimated net investment at redevelopment and development communities is \$577.5 million, with a projected weighted-average net operating income yield on these investments of 5.3%, assuming untrended rents. As of December 31, 2019, \$309.2 million of this total has been funded. The remaining estimated net investment of \$268.3 million on these communities is expected to be funded in 2020 and future years, on a leverage-neutral basis, with proceeds from sales of apartment communities with lower forecasted FCF internal rates of return.

When possible, we prefer redevelopments that can be completed one apartment home at a time, when that home is vacated and available for renovation, or one floor at a time, thereby limiting the number of down homes and lease-up risk. We currently have six short-cycle projects, including Bay Parc, ongoing in our portfolio. During the year ended December 31, 2019, we completed 150 apartment homes, with another 21 homes under construction as of December 31, 2019.

During the year ended December 31, 2019, we leased 251 redeveloped or newly developed apartment homes. As of December 31, 2019, our exposure to lease-up at active redevelopment and developments was 866 apartment homes, or less than 3% of our homes.

Table of Contents

Please refer to the Redevelopment and Development subsection to the Liquidity and Capital Resources section for additional information regarding our redevelopment and development investment during the year ended December 31, 2019.

Portfolio Management

Our portfolio of apartment communities is diversified across “A,” “B,” and “C+” price points, averaging “B/B+” in quality, and is also diversified across several of the largest markets in the United States. We measure the quality of apartment communities in our 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 local market average; as “B” quality apartment communities those earning rents between 90% and 125% of local market average; as “C+” quality apartment communities those earning rents greater than \$1,100 per month, but lower than 90% of local market average; and as “C” quality apartment communities those earning rents less than \$1,100 per month and lower than 90% of local market average. We classify as “B/B+” quality a portfolio that on average earns rents between 100% and 125% of local market average rents. 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 local market rent averages, the metrics used to classify apartment community quality as well as the period for which 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.

The following table summarizes information about our portfolio relative to the market for the three months ended December 31, 2019:

Average revenue per Aimco apartment home (1)	\$	2,272
Portfolio average rents as a percentage of local market average rents		113%
Percentage A (4Q 2019 average revenue per Aimco apartment home \$2,943)		54%
Percentage B (4Q 2019 average revenue per Aimco apartment home \$2,006)		29%
Percentage C+ (4Q 2019 average revenue per Aimco apartment home \$1,782)		17%

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

Our average revenue per apartment home was \$2,272 for the three months ended December 31, 2019, representing an increase of 7% compared to the same period in 2018, and a 7.2% compounded annual growth rate over the past five years. This increase is due to growth in Same Store revenue as well as our acquisition activities, lease-up of redevelopment and acquisition communities, and the sale of communities with average monthly revenues per apartment home lower than those of the retained portfolio.

During the year ended December 31, 2019, we reallocated capital from slower-growth markets such as Chicago and reinvested the proceeds in higher-growth markets such as Miami, Denver, and Boston.

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, some developments, and selective acquisitions with projected FCF internal rates of return higher than expected from the communities being sold. Through this disciplined approach to capital recycling, we increase the quality and expected growth rate of our 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 FCF margins, and maintain sufficient geographic and price point diversification to limit volatility and concentration risk.

Acquisitions

We follow a disciplined paired trade policy in making investments. We evaluate potential acquisitions seeking FCF internal rates of returns higher than those of the communities being sold. We prefer well-located real estate where land is a significant percentage of total value and provides potential upside from development or redevelopment.

During the year ended December 31, 2019, we acquired three properties: One Ardmore in Ardmore, Pennsylvania; Prism (50 Rogers), a community under construction in Cambridge, Massachusetts; and 1001 Brickell Bay Drive in Miami, Florida. Together, these acquisitions have an expected weighted-average FCF internal rate of return of 9%, approximately 300 basis points better than expected from the properties being sold, or to be sold, in paired trades to fund the acquisitions.

Mezzanine Investment

On November 26, 2019, we made a five-year, \$275.0 million mezzanine loan at a 10% annual rate to the partnership owning Parkmerced Apartments. The loan is secured by a second-priority deed of trust. We simultaneously received a ten-year

Table of Contents

option to acquire a 30% interest in the partnership at an exercise price of \$1.0 million, increased by 30% of future capital spending to progress development and redevelopment of Parkmerced Apartments.

Parkmerced Apartments is a 152-acre site in the southwest corner of San Francisco, currently improved with 3,221 apartment homes completed shortly before and after World War II. These apartment homes are subject to City of San Francisco rent control. The development of the site is governed by a development agreement that allows for 8,900 total residential units, with the new units exempt from City of San Francisco rent control. The partnership, which is the borrower and in which we have the option to acquire 30% ownership, owns 3,165 of the existing rent-controlled apartment homes, which excludes apartment homes transferred as part of an earlier phase of development to which we are not a party, as well as the vested right to develop 4,093 of the new market-rate homes.

The mezzanine loan provides us with current income with minimal expected downside risk. The option is expected to provide us with an opportunity to participate in substantial value creation from the vested development rights.

Dispositions

During the year ended December 31, 2019, we sold 12 apartment communities, generating net proceeds of \$619.4 million used to fund acquisitions, redevelopment, development, the repurchase of Aimco shares in the fourth quarter of 2018, and other capital investments. We delayed approximately \$300 million of planned fourth quarter 2019 and January 2020 sales. While this delay temporarily increased leverage, we expect a better execution as the transaction market remains deep, liquid, and attractively priced.

Balance Sheet

Leverage

Our leverage strategy seeks to increase financial returns by using leverage with appropriate caution. We limit risk through our 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.

Our leverage includes our share of long-term, non-recourse property debt encumbering apartment communities, outstanding borrowings on the revolving credit facility, outstanding preferred equity and redeemable noncontrolling interests in a consolidated real estate partnership. Please refer to the Liquidity and Capital Resources section for additional information regarding our leverage.

Our target leverage ratios are Proportionate Debt and Preferred Equity to Adjusted EBITDAre below 7.0x and Adjusted EBITDAre to Adjusted Interest Expense and Preferred Dividends greater than 2.5x. Our leverage ratios for the three months ended December 31, 2019, are presented below:

Proportionate Debt to Adjusted EBITDAre	7.4x
Proportionate Debt and Preferred Equity to Adjusted EBITDAre	7.6x
Adjusted EBITDAre to Adjusted Interest Expense	3.7x
Adjusted EBITDAre to Adjusted Interest Expense and Preferred Dividends	3.5x

We calculate Adjusted EBITDAre and Adjusted Interest Expense used in our leverage ratios based on the most recent three month amounts, annualized. The sales delay mentioned above increased Proportionate Debt to Adjusted EBITDAre and Proportionate Debt and Preferred Equity to Adjusted EBITDAre by 0.3x as of December 31, 2019. We expect a gradual decline in leverage to EBITDAre ratios throughout 2020, reaching approximately 6.4x and 6.5x, respectively, at year end. In future years, we expect earnings growth from completed redevelopments will increase EBITDAre and further reduce our leverage ratios.

Please refer to the Leverage Ratios subsection of the Non-GAAP Measures section for further information about the calculation of our leverage ratios.

Refinancing Activity

During the year ended December 31, 2019, we financed \$772.6 million of new non-recourse, fixed-rate property debt. These loans have a weighted-average interest rate of 3.32%, a weighted-average term to maturity of 11.4 years, and contributed an approximately 29 basis point decrease in our annual cost of leverage compared to 2018.

Liquidity

Our liquidity consists of cash balances and available capacity on our revolving credit facility. As of December 31, 2019, we had cash and restricted cash of \$177.7 million and had the capacity to borrow up to \$517.8 million on our revolving credit facility, after consideration of \$7.2 million letters of credit backed by the facility. We use our credit facility primarily for working capital and other short-term purposes and to secure letters of credit.

We manage our financial flexibility by maintaining an investment grade rating and holding apartment communities that are unencumbered by property debt. As of December 31, 2019, we held unencumbered apartment communities with an estimated fair market value of approximately \$2.4 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 are not indicative of the ratios that may be calculated by these agencies.

Equity Capital Activities

On February 3, 2019, Aimco's Board of Directors declared a special dividend on the common stock that consisted of \$67.1 million in cash and 4.5 million shares of Common Stock. The special dividend also included the regular quarterly cash dividend of \$0.39 per share. Simultaneously, Aimco's Board of Directors authorized a reverse stock split, effective on February 20, 2019, in which every 1.03119 Aimco common share was combined into one Aimco common share, which was effective at the close of business on February 20, 2019. Taken together, the total number of shares outstanding after the stock dividend and reverse split was unchanged from the number of shares outstanding immediately prior to the two actions. Please refer to Notes 7 and 8 to the consolidated financial statements in Item 8 for further information regarding these transactions and the corresponding impact to the Aimco Operating Partnership's common unitholders.

On January 28, 2020, our Board of Directors declared a quarterly cash dividend of \$0.41 per share of Common Stock, representing an increase of 5% compared to the regular quarterly dividends paid in 2019. This amount is payable on February 28, 2020, to stockholders of record on February 14, 2020.

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. We offer benefits reinforcing our value of caring for each other, including paid time for parental leave, paid time annually to volunteer in local communities, college scholarships for the children of team members, an emergency fund to help team members in crisis, financial support for our team members who are becoming United States citizens, and a bonus structure at all levels of the organization. We also pay full compensation and benefits for team members who are actively deployed by the United States military. Out of hundreds of participating companies in 2019, Aimco was one of only seven recognized as a "Top Workplace" in Colorado for each of the past seven years. Aimco was also recognized as a Top Workplace in the Bay Area in 2019. Also in 2019, Aimco was the only real estate company to receive a BEST award from the Association for Talent Development in recognition of our company-wide success in talent development, marking our second consecutive year receiving this award.

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 consolidated financial statements in Item 8. █

Year Ended December 31, 2019, Compared to December 31, 2018

Net income attributable to Aimco and net income attributable to the Aimco Operating Partnership decreased by \$192.1 million and \$200.5 million, respectively, for the year ended December 31, 2019 compared to 2018, as described more fully below.

Property Operations

We have four segments: Same Store, Redevelopment and Development, Acquisition, and Other Real Estate. Our Same Store segment includes communities 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 year, and are not expected to be sold within 12 months. Our Redevelopment and Development segment includes communities that are 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. Our Acquisition segment includes those communities that we have acquired since the beginning of a two-year comparable period. Our Other Real Estate segment primarily includes apartment communities that are subject to limitations on rent increases, apartment communities that we expect to sell within 12 months but do not yet meet the criteria to be classified as held for sale, certain retail spaces, and 1001 Brickell Bay Drive.

As of December 31, 2019, our Same Store segment included 91 apartment communities with 26,649 apartment homes.

From December 31, 2018 to December 31, 2019, on a net basis, our Same Store segment decreased by two apartment communities and increased by 744 apartment homes. These changes consisted of:

- the addition of eight redeveloped and developed apartment communities with 3,008 apartment homes previously classified in the Redevelopment and Development segment, now classified as Same Store upon maintaining stabilized operations for the entirety of the periods presented;
- the addition of one apartment community with 463 apartment homes, previously classified in the Acquisition segment, now classified as Same Store because we have now owned it for the entirety of both periods presented;
- the addition of one apartment community with 246 apartment homes, previously classified in the Other Real Estate segment, which maintained stabilized operations for the entirety of the periods presented following a casualty event;
- the addition of one apartment community with 72 apartment homes that we separated into a newly branded stand-alone community from an existing community that was previously classified in the Redevelopment and Development segment, resulting in an increase of one community with no change in the total number of apartment homes;
- the reduction of two apartment communities with 153 apartment homes for which we commenced redevelopment during the period and were reclassified to the Redevelopment and Development segment;
- the reduction of one apartment community with 78 apartment homes that we expect to sell within 12 months that is now classified in the Other Real Estate segment; and
- the reduction of 10 apartment communities with 2,814 apartment homes that were sold as of December 31, 2019.

As of December 31, 2019: our Redevelopment and Development segment included seven apartment communities with 3,143 apartment homes; our Acquisition segment included seven apartment communities with 1,590 apartment homes; and our Other Real Estate segment included 15 apartment communities with 1,315 apartment homes and one office building.

We use proportionate property net operating income to assess the operating performance of our communities. Proportionate property net operating income reflects our share of rental and other property revenues, excluding resident utility reimbursement, less direct property operating expenses, net of resident utility reimbursement, for consolidated communities. Accordingly, the results of operations of our segments discussed below are presented on a proportionate basis and exclude the results of four apartment communities with 142 apartment homes that we do not consolidate.

We do not include offsite costs associated with property management, casualty losses, or the results of apartment communities sold or held for sale, reported in consolidated amounts, in our assessment of segment performance. Accordingly, these items are not allocated to our segment results discussed below.

Please refer to Note 13 to the consolidated financial statements in Item 8 for further discussion regarding our segments, including a reconciliation of these proportionate amounts to consolidated rental and other property revenues attributable to real estate and property operating expenses attributable to real estate.

Proportionate Property Net Operating Income

The results of our segments for the years ended December 31, 2019 and 2018, as presented below, are based on the apartment community classifications as of December 31, 2019.

(in thousands)	Year Ended December 31,		\$ Change	% Change
	2019	2018		
Rental and other property revenues, before utility reimbursements:				
Same Store	\$ 691,379	\$ 665,835	\$ 25,544	3.8%
Redevelopment and Development	75,522	76,687	(1,165)	(1.5%)
Acquisition	42,038	27,923	14,115	50.5%
Other Real Estate	45,105	37,647	7,458	19.8%
Total	854,044	808,092	45,952	5.7%
Property operating expenses, net of utility reimbursements:				
Same Store	181,802	177,466	4,336	2.4%
Redevelopment and Development	27,919	27,836	83	0.3%
Acquisition	11,715	7,689	4,026	52.4%
Other Real Estate	17,717	14,910	2,807	18.8%
Total	239,153	227,901	11,252	4.9%
Proportionate property net operating income:				
Same Store	509,577	488,369	21,208	4.3%
Redevelopment and Development	47,603	48,851	(1,248)	(2.6%)
Acquisition	30,323	20,234	10,089	49.9%
Other Real Estate	27,388	22,737	4,651	20.5%
Total	\$ 614,891	\$ 580,191	\$ 34,700	6.0%

For the year ended December 31, 2019, compared to 2018, our Same Store proportionate property net operating income increased by \$21.2 million, or 4.3%. This increase was attributable primarily to a \$25.5 million, or 3.8%, increase in rental and other property revenues due to higher average revenues of \$69 per apartment home comprised of increases in rental rates and a 60 basis point increase in average daily occupancy. Renewal rents increased by 4.9% and new lease rents increased by 1.9%, resulting in a weighted-average increase of 3.4%. The increase in Same Store rental and other property revenues was offset partially by a \$4.3 million, or 2.4%, increase in property operating expenses due primarily to higher real estate taxes. Controllable operating expenses, which exclude utility costs, real estate taxes, and insurance, were flat for the year ended December 31, 2019, compared to 2018.

Redevelopment and Development proportionate property net operating income decreased by \$1.2 million, or 2.6%, for the year ended December 31, 2019, compared to 2018. This decrease was attributable primarily to de-leasing at Flamingo Point and 707 Leahy in preparation for redevelopment, offset partially by increased occupancy driven by the lease-up of Park Towne Place.

Acquisition proportionate property net operating income increased by \$10.1 million, or 49.9%, for the year ended December 31, 2019, compared to 2018. This increase was attributable primarily to the 2019 acquisition of One Ardmore and a full period of operating activity at the four Philadelphia communities acquired in 2018, compared to eight months of operations during the year ended December 31, 2018.

Other Real Estate proportionate property net operating income increased by \$4.7 million, or 20.5%, for the year ended December 31, 2019, compared to 2018 due primarily to the acquisition of 1001 Brickell Bay Drive in 2019.

Year Ended December 31, 2018, Compared to December 31, 2017

Net income attributable to Aimco and net income attributable to the Aimco Operating Partnership increased by \$350.5 million and \$370.4 million, respectively, for the year ended December 31, 2018, as compared to 2017, as described more fully below.

Proportionate Property Net Operating Income

As of December 31, 2018, excluding apartment communities sold during 2019: our Same Store segment consisted of 83 Same Store apartment communities with 23,091 apartment homes; our Redevelopment and Development segment included 13 apartment communities with 6,294 apartment homes; our Acquisition segment included seven apartment communities with 1,943 apartment homes; and our Other Real Estate segment included 15 apartment communities with 1,483 apartment homes.

The results of our segments for the years ended December 31, 2018 and 2017, as presented below, are based on the apartment community classifications as of December 31, 2018, and exclude amounts related to apartment communities sold

during 2019. Based on the nature of our apartment community classifications, there is no comparison of the years ended December 31, 2018 and 2017. The results of operations for these communities are reflected in the table below.

(in thousands)	Year Ended December 31,		\$ Change	% Change
	2018	2017		
Rental and other property revenues, before utility reimbursements:				
Same Store	\$ 534,389	\$ 517,429	\$ 16,960	3.3%
Redevelopment and Development	182,662	160,045	22,617	14.1%
Acquisition	48,474	17,475	30,999	177.4%
Other Real Estate	42,567	41,226	1,341	3.3%
Total	808,092	736,175	71,917	9.8%
Property operating expenses, net of utility reimbursements:				
Same Store	138,187	133,517	4,670	3.5%
Redevelopment and Development	60,277	56,475	3,802	6.7%
Acquisition	14,031	7,040	6,991	99.3%
Other Real Estate	15,406	14,727	679	4.6%
Total	227,901	211,759	16,142	7.6%
Proportionate property net operating income:				
Same Store	396,202	383,912	12,290	3.2%
Redevelopment and Development	122,385	103,570	18,815	18.2%
Acquisition	34,443	10,435	24,008	230.1%
Other Real Estate	27,161	26,499	662	2.5%
Total	\$ 580,191	\$ 524,416	\$ 55,775	10.6%

For the year ended December 31, 2018, compared to 2017, Same Store proportionate property net operating income increased by \$12.3 million, or 3.2%. This increase was attributable primarily to a \$17.0 million, or 3.3%, increase in rental and other property revenues due to higher average revenues of \$53 per apartment home comprised of increases in rental rates and a 60 basis point increase in average daily occupancy. Renewal rents increased by 4.9% and new lease rents increased by 1.9%, resulting in a weighted-average increase of 3.4%. The increase in Same Store and other property revenues was offset partially by a \$4.7 million, or 3.5%, increase in property operating expenses due primarily to increases in real estate taxes and repairs and maintenance costs. During the year ended December 31, 2018, compared to 2017, controllable operating expenses increased by \$1.0 million, or 1.5%.

Redevelopment and Development proportionate property net operating income increased by \$18.8 million, or 18.2%, for the year ended December 31, 2018, compared to 2017 due to leasing activities at communities, offset partially by decreases due to apartment homes taken out of service for redevelopment.

Acquisition proportionate property net operating income increased by \$24.0 million, or 230.1%, for the year ended December 31, 2018, compared to 2017 due to the 2018 acquisitions of Bent Tree Apartments, Avery Row, and four apartment communities in Philadelphia.

Non-Segment Real Estate Operations

Operating income amounts not attributed to our segments include offsite costs associated with property management, casualty losses, and the results of apartment communities sold or held for sale, reported in consolidated amounts, which we do not allocate to our segments for purposes of evaluating segment performance.

For the years ended December 31, 2019, 2018, and 2017, casualty losses totaled \$9.0 million, \$4.0 million, and \$8.2 million, respectively. Casualty losses during the year ended December 31, 2019, included one major claim due to storm-related flooding at our One Canal apartment community and several other claims due to fire damage. Casualty losses for the year ended December 31, 2018, included several claims due primarily to storm and fire damage, offset partially by recovery from insurance carriers for insured losses in excess of policy limits. Casualty losses were elevated during the year ended December 31, 2017, due primarily to hurricane damage.

For the years ended December 31, 2019, 2018, and 2017, apartment communities that were sold or classified as held for sale generated net operating income of \$16.6 million, \$54.6 million, and \$91.1 million, respectively.

Asset Management Results

For the year ended December 31, 2019, there was no net operating income attributable to the Asset Management business, which we sold in July 2018.

For the years ended December 31, 2018 and 2017, net operating income attributable to the Asset Management business was \$28.9 million and \$51.8 million, respectively.

Depreciation and Amortization

For the year ended December 31, 2019, compared to 2018 and the year ended December 31, 2018, compared to 2017, depreciation and amortization expense increased by \$2.4 million and \$11.6 million, respectively, due primarily to apartment communities acquired in 2019 and 2018 and renovated apartment homes placed in service after their completion. This increase was offset partially by decreases in depreciation associated with apartment communities sold and with communities owned by partnerships served by our Asset Management business, which we sold in 2018.

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2019, were relatively flat compared to the year ended December 31, 2018.

For the year ended December 31, 2018, compared to 2017, general and administrative expenses increased \$2.6 million, due primarily to higher variable incentive compensation cost.

Other Expenses, Net

Other expenses, net, includes costs associated with our risk management activities, partnership administration expenses, and certain non-recurring items.

For the year ended December 31, 2019, compared to 2018, other expenses, net, increased by \$15.3 million, related primarily to the resolution of our litigation against Airbnb in 2018 and an increase in rent expense associated with our ground leases.

For the year ended December 31, 2018, compared to 2017, other expenses, net, decreased by \$7.4 million, due primarily to the resolution of our litigation against Airbnb and settlement of litigation related to the challenge to the title of the La Jolla Cove property, which we acquired in 2014.

Provision for Real Estate Impairment Loss

We recognized no provisions for impairment losses during the years ended December 31, 2019 or 2018.

In January 2018, we agreed to sell 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. As a result of the settlement, we recognized in our 2017 results a gross impairment loss of \$35.8 million, \$25.6 million of which related to the establishment of a deferred tax liability assumed in connection with our acquisition of the business entities. The tax liability was assumed by the buyer, resulting in no economic loss to us. The remaining \$10.2 million loss was offset by cash distributions paid to us during our ownership and avoided legal costs for continued litigation. On an economic basis, we agreed to sell these entities at roughly our purchase price, adjusted for retained cash distributions and avoided legal costs.

Interest Income

Interest income for the year ended December 31, 2019, was relatively flat compared to the year ended December 31, 2018.

For the year ended December 31, 2018, compared to 2017, interest income increased \$2.6 million, due primarily to interest earned on the seller financing notes received as consideration in the sale of the La Jolla Cove property.

Interest Expense

For the year ended December 31, 2019, compared to 2018, interest expense, which includes the amortization of debt issuance costs, decreased by \$31.8 million due primarily to lower interest on property-level debt following refinancing and debt payoff activity, including the 2018 repayment of our term loan, a decrease in property-level debt attributable to sold communities and an increase in capitalized interest attributable to redevelopment and development communities. This decrease was offset partially by interest on property-level debt assumed in connection with our acquisitions and a \$9.9 million decrease in prepayment penalties.

For the year ended December 31, 2018, compared to 2017, interest expense increased by \$6.0 million. The increase was due primarily to debt prepayment penalties of \$14.9 million incurred in connection with 2018 refinancing of property-level debt that was scheduled to mature in 2019, 2020, and 2021, offset partially by a decrease in mortgage interest expense for communities sold and the sale of the Asset Management business in July 2018, and lower corporate-level interest.

Gain on Dispositions of Real Estate and the Asset Management Business

The table below summarizes dispositions of apartment communities from our portfolio during the years ended December 31, 2019, 2018, and 2017 (dollars in millions):

	Year Ended December 31,		
	2019	2018 (1)	2017
Number of apartment communities sold	12	4	5
Gross proceeds	\$ 696.2	\$ 242.3	\$ 397.0
Net proceeds (2)	\$ 619.4	\$ 235.7	\$ 385.3
Gain on dispositions	\$ 503.2	\$ 175.2	\$ 297.9

(1) During the year ended December 31, 2018, we sold for \$590 million our Asset Management business and our four Hunters Point communities, which are excluded from the table above.

(2) Net proceeds are after repayment of debt, if any, net working capital settlements, payment of transaction costs, and debt prepayment penalties, if applicable.

The apartment communities sold from our portfolio during 2019, 2018, and 2017 were primarily located outside of our primary markets or in lower-rated locations within our primary markets and had average revenues per apartment home significantly below those of our retained portfolio.

Income from Unconsolidated Real Estate Partnerships

Income from unconsolidated real estate partnerships for the year ended December 31, 2019, was relatively flat compared to the year ended December 31, 2018.

For the year ended December 31, 2018, compared to 2017, income from unconsolidated real estate partnerships decreased by \$7.6 million, due primarily to the derecognition of the final NAPICO property in 2017, which resulted in a gain.

Income Tax Benefit

Certain of our operations, including property management and risk management, are conducted through taxable REIT subsidiaries, or TRS entities. Additionally, some of our apartment communities and 1001 Brickell Bay Drive 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 including tax on gains on dispositions, for which the tax consequences have been realized or will be realized in future periods; (b) low income housing tax credits generated prior to the sale of our Asset Management business 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, as well as changes in valuation allowance and the establishment of incremental deferred tax items in conjunction with intercompany asset transfers (if applicable), are included in income tax benefit in our consolidated statements of operations.

For the year ended December 31, 2019, compared to 2018, income tax benefit decreased \$9.9 million. The decrease is due primarily to lower tax benefit recognized in connection with the intercompany transfer of assets and release of a valuation allowance in 2018 related to sale of our Asset Management business, as well as lower tax benefit from historic tax credits. This decrease is offset partially by a lower tax provision on gains on dispositions.

For the year ended December 31, 2018, compared to 2017, income tax benefit decreased by \$17.8 million. The decrease is due primarily to the reversal of a \$19.3 million net tax benefit we recognized as a result of the December 2017 tax reform legislation in 2017 and higher tax expense related to gains on sale of real estate for communities held through TRS entities.

Non-GAAP Measures

Various 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 annual report, we provide reconciliations of the non-GAAP measures to the most comparable financial measure computed in accordance with GAAP.

Free Cash Flow, as calculated for our retained portfolio, represents an apartment community's property net operating income, 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 Nareit Funds From Operations, Pro forma Funds From Operations, and Adjusted Funds From Operations heading). FCF margin as calculated for apartment communities sold represents the sold apartment community's net operating income 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 capital asset usage during the period; therefore, we believe that FCF 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

Economic Income represents stockholder value creation as measured by the change in estimated NAV 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. NAV, as used in our calculation of Economic Income, is a non-GAAP measure and represents the estimated fair value of assets net of liabilities attributable to Aimco's common stockholders and the Aimco Operating Partnership's common unitholders on a diluted basis. We believe NAV is considered useful by some investors in real estate companies because the value of company assets can be readily estimated, even for non-earning assets such as land or properties under development. NAV has the advantage of incorporating the investment decisions of thousands of real estate investors. We believe it enhances comparability among companies that have differences in their accounting. Although, NAV is not identical to liquidation value in that some costs and benefits are disregarded, it is often considered a floor with upside for value ascribed to the operating platform. NAV also provides an objective basis for the perceived quality and predictability of future cash flows as well as their expected growth as these are factors considered by real estate investors.

Our estimated NAV per share and the quoted share price of Aimco Common Stock are not necessarily equal. Although we use Economic Income and NAV for comparability in assessing our value creation compared to other REITs, not all REITs publish these measures and those who do may not compute them in the same manner. Accordingly, there can be no assurance that our basis for computing these measures is comparable with that of other REITs.

We report NAV on a semiannual basis, as of the end of the first and third quarters. Economic Income for 2019 was calculated using the change in NAV per share between September 30, 2018 and 2019. NAV will fluctuate over time. This NAV information should not be relied upon as representative of the amount a stockholder could expect to receive in a liquidation event, now or in the future. Certain assets are excluded as are certain liabilities, such as taxes and transaction costs associated with a liquidation. In addition, NAV is based on management's subjective judgments, assumptions and opinions as of the date of determination. We assume no obligation to revise or update NAV to reflect subsequent or future events or circumstances. Our NAV estimate is subject to a variety of risks and uncertainties, many of which are beyond our control, including, without limitation, those described in Item 1A. Risk Factors.

Economic Income does not represent the change in stockholder's equity in accordance with GAAP. Additionally, NAV does not represent stockholder's equity in accordance with GAAP and should not be considered an alternative to Aimco's total equity, which we believe is the most directly comparable GAAP measure. A reconciliation of NAV to Aimco's total equity, as of September 30, 2019, is provided below (in millions, except per share data):

Total equity	\$	1,786
Fair value adjustment for portfolio		
Consolidated real estate, at depreciated cost		(6,051)
Fair value of real estate (1)		
Stabilized portfolio fair value (2)		11,592
Non-stabilized portfolio fair value (3)		1,706
Fair value adjustment for non-recourse property debt		
Non-recourse property debt, net		4,255
Fair value of non-recourse property debt (4)		(4,329)
Adjustments to present other tangible assets, liabilities and preferred equity at fair value (5)		91
Estimated NAV	\$	9,050
Total shares, units and dilutive share equivalents (6)		157
Estimated NAV per weighted-average common share and unit – diluted	\$	58

Table of Contents

- (1) We compute NAV by estimating the value of our communities, using methods we believe are appropriate based on the characteristics of the communities. For purposes of estimating NAV, real estate at fair value disclosed above includes wholly owned apartment communities and 1001 Brickell Bay Drive, plus our proportionate share of communities held by non-wholly owned entities (both consolidated and unconsolidated). A reconciliation of our consolidated apartment communities to those communities included in total real estate at fair value in the table above is as follows:

Consolidated apartment communities as of September 30, 2019	128
Plus: Unconsolidated apartment communities	4
Apartment communities in total real estate at fair value for NAV	132

For valuation purposes at September 30, 2019, we segregated these 132 properties into the following categories: stabilized portfolio and non-stabilized portfolio.

- (2) As of September 30, 2019, our stabilized portfolio includes 121 communities that had reached stabilized operations and were not expected to be sold within 12 months. We value this portfolio using a direct capitalization rate method based on the annualized proportionate property net operating income, for the three months ended September 30, 2019, less a 2% management fee. Market property management fees range between 2.0% and 3.0% with larger, higher quality portfolios at the lower end of that range. The weighted-average estimated capitalization rate as applied to the annualized proportionate property net operating income was 4.9%, which we calculate on a property-by-property basis, based primarily on information published by a third party. Community characteristics that we use to determine comparable market capitalization rates include: the market in which the community is located; infill or suburban location within the market; property quality grade; and whether the community is stabilized or value-add. We used this valuation method for approximately 87% of real estate fair value at September 30, 2019.
- (3) The non-stabilized portfolio includes three communities under development and four communities under redevelopment as of September 30, 2019. We valued these communities by discounting projected future cash flows. Key assumptions used to estimate the value of these communities include: revenues, which are based on in-place rents, projected submarket rent growth to community stabilization based on projections published by third parties and adjusted for the impacts of redevelopment; expenses, which are based on estimated operating costs adjusted for inflation and a management fee equal to 2% of projected revenue; estimated remaining costs to complete construction; and a terminal value based on current market capitalization rates plus five basis points per year from September 30, 2019, to community stabilization. Discount rates applied to estimated future cash flows of these communities ranged between 5.10% and 6.30%, depending on construction and lease-up progress as of September 30, 2019. We used this valuation method for approximately 11% of the real estate fair value at September 30, 2019. The non-stabilized portfolio also included three recently acquired apartment communities, 1001 Brickell Bay Drive, and certain land investments valued at our cost plus incremental investment subsequent to acquisition. We used this valuation method for approximately 2% of real estate fair value at September 30, 2019. Our calculation of NAV does not include such future values as air rights, the potential for increased density, nor the potential for completion of future phases of redevelopments.
- (4) We calculate the fair value of indebtedness related to real estate as the carrying value of our non-recourse property debt adjusted for the mark-to-market asset on our fixed-rate property debt as of September 30, 2019, plus the outstanding balance on the revolving credit facility, which approximates its fair value as of September 30, 2019. The fair value of debt takes into account the duration of the existing property debt, as well as the quality of property pledged as its security, its loan to value ratio, and debt service coverage. For purposes of estimating NAV, the fair value of debt includes our proportionate share of debt related to non-wholly owned entities (both consolidated and unconsolidated).
- (5) Other tangible assets consist of cash, restricted cash, accounts receivable, and other assets for which we reasonably expect to receive cash through the normal course of operations or another future event. Other tangible liabilities consist of accounts payable, accrued liabilities, and other tangible liabilities we reasonably expect to settle in cash through the normal course of operations or another future event. Other tangible assets and liabilities were generally valued at their carrying amounts and reduced by the noncontrolling interests' portion of these amounts and exclude intangible assets and liabilities reflected on our consolidated balance sheet. For purposes of this NAV calculation, we have assigned no realizable value to right of use assets, goodwill, or other intangible assets. We also exclude deferred income and right of use related lease liabilities from the NAV calculation. We exclude from this NAV calculation deferred income, which includes below market lease liabilities, recognized in accordance with GAAP in connection with the purchase of the related apartment communities, and cash received in prior periods and required to be deferred under GAAP. We also adjust other tangible liabilities to reflect removal of the deferred tax liability associated with 1001 Brickell Bay Drive, which is not expected to be paid during our ownership of the property. We include the value of our deferred tax asset, as the value of the asset is expected to be realized in the normal course of business.
- (6) Total shares, units, and dilutive share equivalents represents Common Stock, OP Units, participating invested restricted shares, and the dilutive effect of common stock equivalents outstanding as of September 30, 2019.

Nareit Funds From Operations, Pro forma Funds From Operations, and Adjusted Funds From Operations

Nareit 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. Nareit defines FFO as net income computed in accordance with GAAP, excluding: depreciation and amortization related to real estate; gains and losses from sales and impairment of depreciable assets and land used in our primary business; and income taxes directly associated with a gain or loss on the sale of real estate, and including our share of the FFO of unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated on the same basis to determine Nareit

FFO. We calculate Nareit FFO attributable to Aimco common stockholders (diluted) by subtracting dividends on preferred stock and amounts allocated from Nareit FFO to participating securities.

In addition to Nareit 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 short-term performance. Pro forma FFO represents Nareit FFO attributable to Aimco common stockholders (diluted), excluding certain amounts that are unique or occur infrequently.

In computing 2019 Pro forma FFO, we made the following adjustments to Nareit FFO:

- Prepayment penalties: as a result of refinancing activity in 2019, we incurred debt extinguishment costs. We excluded such costs from Pro forma FFO because we believe these costs are not representative of ongoing operating performance.
- Straight-line rent: in 2018, we assumed a 99-year ground lease with scheduled rent increases. Due to the terms of the lease, GAAP rent expense will exceed cash rent payments until 2076. We include the cash rent payments for this ground lease in Pro forma FFO but exclude the incremental straight-line non-cash rent expense. We include the rent expense for this lease in other expenses, net, in our consolidated statements of operations.
- Preferred equity redemption-related amounts: on May 16, 2019, we redeemed our Class A Perpetual Preferred Stock. We excluded the redemption-related costs from Pro forma FFO because we believe these costs are not representative of operating performance.
- Casualty losses: in 2019, we incurred casualty losses due to storm-related flooding in downtown Boston that caused damage to our One Canal apartment community. We excluded these costs from Pro forma FFO because of the unusual nature of the weather event that caused the loss.
- Severance and restructuring costs: in 2019, we incurred severance and restructuring costs in connection with the closure and relocation of administrative functions from our Greenville and Indianapolis offices to our Denver office. We excluded such costs from Pro forma FFO because we believe these costs are not representative of operating performance.

In computing 2018 Pro forma FFO, we made the following adjustments to Nareit FFO:

- Prepayment penalties: in 2018, we addressed approximately half of our property loans maturing in 2019, 2020, and 2021. In connection with this activity, we incurred debt extinguishment costs, which we have excluded from Pro forma FFO because we believe these costs are not representative of operating performance.
- Severance and restructuring costs: in connection with the sale of our Asset Management business in 2018, we incurred severance and restructuring costs. We excluded such costs from Pro forma FFO because we believe these costs are not representative of operating performance.
- Litigation: during 2018, we were engaged in litigation with Airbnb, which was resolved in December 2018. Due to the unpredictable nature of these proceedings, we excluded from Pro Forma FFO related amounts recognized, net of income tax effect. We include these costs in other expenses, net, in our consolidated statements of operations.
- Tax benefit due to valuation allowance release: due to the sale of the Asset Management business in 2018, we determined that a valuation allowance was no longer necessary. We excluded the effect of the establishment of the valuation allowance from Pro forma FFO and, as such, excluded the benefit from its release.
- Change in lease accounting: effective January 1, 2019, we adopted accounting guidance that changed how we recognize costs incurred to obtain resident leases. For comparability of Pro forma FFO between periods, we have recast 2018 as if the new standard was effective as of January 1, 2018. AFFO is unchanged by the new standard.
- Tax provision related to tax reform legislation: in connection with the Tax Cuts and Jobs Act signed into law in December 2017, we recognized income tax benefit in 2017 and adjusted the estimated impact of tax reform upon the conclusion of our analysis of the effects during 2018. We excluded such amounts from Pro forma FFO as we believe these costs are not representative of operating performance.

AFFO represents Pro forma FFO reduced by Capital Replacements, which represent our estimation of the actual 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 this criterion, and we classify as Capital Replacements those that do not. AFFO is a key financial indicator we use to evaluate our short-term operational performance and is one of the factors that we use to determine the amounts of our dividend payments.

Nareit FFO, Pro forma FFO, and AFFO should not be considered alternatives to net income 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, 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 years ended December 31, 2019 and 2018, Aimco's Nareit FFO, Pro forma FFO, and AFFO are calculated as follows (in thousands, except per share data):

	2019	2018
Net income attributable to Aimco common stockholders (1)	\$ 466,144	\$ 656,597
Adjustments:		
Real estate depreciation and amortization, net of noncontrolling partners' interest	370,746	368,961
Gain on dispositions and other, net of noncontrolling partners' interest	(503,168)	(669,450)
Income tax adjustments related to gain on dispositions and other tax-related items (2)	10,107	27,310
Common noncontrolling interests in Aimco Operating Partnership's share of above adjustments	6,448	14,063
Amounts allocable to participating securities	163	402
Nareit FFO attributable to Aimco common stockholders	\$ 350,440	\$ 397,883
Adjustments, all net of common noncontrolling interests in Aimco Operating Partnership, participating securities and tax effect:		
Prepayment penalties, net	6,367	14,089
Straight-line rent	4,472	—
Preferred equity redemption-related amounts	3,864	—
Casualty losses	2,913	—
Severance and restructuring costs	2,499	1,282
Litigation, net	147	(8,558)
Tax benefit due to valuation allowance release	—	(19,349)
Change in lease accounting	—	(2,922)
Tax provision (benefit) related to tax reform legislation	—	273
Pro forma FFO attributable to Aimco common stockholders	\$ 370,702	\$ 382,698
Capital Replacements, net of common noncontrolling interests in Aimco Operating Partnership and participating securities	(43,837)	(45,560)
AFFO attributable to Aimco common stockholders	\$ 326,865	\$ 337,138
Total share and dilutive share equivalents used to calculate Net income and Nareit FFO per share (3)	147,944	151,334
Adjustment to weight reverse stock split (4)	621	4,719
Pro forma shares and dilutive share equivalents used to calculate Pro forma FFO and AFFO per share	148,565	156,053
Net income attributable to Aimco per common share – diluted	\$ 3.15	\$ 4.34
Nareit FFO per share – diluted	\$ 2.37	\$ 2.63
Pro Forma FFO per share – diluted	\$ 2.50	\$ 2.45
AFFO per share – diluted	\$ 2.20	\$ 2.16

(1) Represents the numerator for calculating Aimco's earnings per common share in accordance with GAAP (please refer to Note 11 to the consolidated financial statements in Item 8).

(2) For the year ended December 31, 2019, income taxes related to gain on dispositions and other items primarily included tax on the gain on sale of apartment communities. For the year ended December 31, 2018, income taxes related to gain on dispositions and other items includes tax on the gain on the sale of the Asset Management business, as well as tax on the gain on the sale of apartment communities during the year ended December 31, 2018.

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

(4) During the three months ended March 31, 2019, we completed a reverse stock split and a special dividend paid primarily in stock. For stock splits, GAAP requires the restatement of weighted-average shares as if the reverse stock split occurred at the beginning of the period presented; while shares issued in the special dividend are included in weighted-average shares outstanding from the date issued. To minimize confusion and facilitate comparison of period-over-period Pro forma FFO and AFFO, we calculated pro forma weighted-average shares for the years ended December 31, 2019 and 2018, based on the effective date of the reverse stock split and ex-dividend date for the shares issued in the special dividend, thereby eliminating the per-share impact of the GAAP treatment to Aimco's reported Pro forma FFO and AFFO.

Please refer to the Results of Operations section for discussion of our Pro forma FFO and AFFO results for 2019, as compared to 2018.

The Aimco Operating Partnership does not separately compute or report Nareit 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, Nareit 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

As discussed under the Balance Sheet heading, our leverage strategy targets the ratio of Proportionate Debt and Preferred Equity to Adjusted EBITDAre to be below 7.0x and the ratio of Adjusted EBITDAre to Adjusted Interest Expense and Preferred Dividends to be greater than 2.5x. We believe these ratios, which are based in part on non-GAAP financial information, are commonly used by investors and analysts to assess the relative financial risk associated with companies within the same industry, and they are believed to be similar to measures used by rating agencies to assess entity credit quality.

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 and outstanding borrowings under our revolving credit facility. Proportionate Debt excludes unamortized debt issuance costs because these amounts represent cash expended in earlier periods and do not reduce our contractual obligations. We reduce our recorded debt by the amounts of cash and restricted cash on-hand, which are 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 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 the Aimco Operating Partnership's preferred OP Units. Preferred Equity, although perpetual in nature, is another component of our overall leverage.

The reconciliation of total indebtedness to Proportionate Debt and Preferred Equity, as used in our leverage ratios as of December 31, 2019, is as follows (in thousands):

	December 31, 2019
Total indebtedness	\$ 4,505,590
Adjustments:	
Debt issuance costs related to non-recourse property debt	20,749
Proportionate share adjustments related to debt obligations of consolidated and unconsolidated partnerships	(7,722)
Cash and restricted cash	(177,702)
Proportionate share adjustments related to cash and restricted cash held by consolidated and unconsolidated partnerships	1,107
Securitization trust investment and other	(94,251)
Proportionate Debt	\$ 4,247,771
Preferred Equity	97,064
Redeemable noncontrolling interests in consolidated real estate partnership	4,716
Proportionate Debt and Preferred Equity	\$ 4,349,551

We calculated Adjusted EBITDAre used in our leverage ratios based on the most recent three month amounts, annualized. EBITDAre and Adjusted EBITDAre are non-GAAP measures, which we believe are useful to investors, creditors, and rating agencies as a supplemental measure of our ability to incur and service debt because they are recognized measures of performance by the real estate industry and allow for comparison of our credit strength to different companies. EBITDAre and Adjusted EBITDAre should not be considered alternatives to net income (loss) as determined in accordance with GAAP as indicators of liquidity. There can be no assurance that our method of calculating EBITDAre and Adjusted EBITDAre is comparable with that of other real estate investment trusts. Nareit defines EBITDAre as net income computed in accordance with GAAP, before interest expense, income taxes, depreciation, and amortization expense, further adjusted for:

- gains and losses on the dispositions of depreciated property;
- impairment write-downs of depreciated property;
- impairment write-downs of investments in unconsolidated partnerships caused by a decrease in the value of the depreciated property in such partnerships; and

- adjustments to reflect Aimco’s share of EBITDAre of investments in unconsolidated entities.

We define Adjusted EBITDAre as EBITDAre adjusted to exclude the effect of the following items for the reasons set forth below:

- net income attributable to noncontrolling interests in consolidated real estate partnerships and EBITDAre adjustments attributable to noncontrolling interests, to allow investors to compare a measure of our earnings before the effects of our capital structure and indebtedness with that of other companies in the real estate industry;
- the amount of interest income related to our investment in the subordinated tranches in a securitization trust holding primarily Aimco property debt, as we view our interest cost on this debt to be net of any interest income received from the investment; and
- the amount by which GAAP rent expense exceeds cash rents for a long-term ground lease for which expense exceeds cash payments until 2076. The excess of GAAP rent expense over the cash payments for this lease does not reflect a current obligation that affects our ability to service debt.

EBITDAre is defined by Nareit and provides for an additional performance measure independent of capital structure for greater comparability between real estate investment trusts. The reconciliation of net income to EBITDAre and Adjusted EBITDAre for the three months ended December 31, 2019, as used in our leverage ratios, is as follows (in thousands):

	Three Months Ended December 31, 2019
Net income	\$ 142,766
Adjustments:	
Interest expense	45,846
Income tax benefit	(1,193)
Depreciation and amortization	97,144
Gain on dispositions of real estate	(146,239)
Adjustment related to EBITDAre of unconsolidated partnerships	211
EBITDAre	\$ 138,535
Net income attributable to noncontrolling interests in Aimco Operating Partnership	(84)
EBITDAre adjustments attributable to noncontrolling interests	(615)
Interest income received on securitization investment	(2,127)
Straight-line rent	657
Severance and restructuring costs (1)	800
Casualty losses (2)	2,913
Pro forma adjustment, net (3)	2,656
Adjusted EBITDAre	\$ 142,735
Annualized Adjusted EBITDAre	\$ 570,940

(1) In 2019, we incurred severance and restructuring costs in connection with office closures and relocation of administrative functions from our Greenville and Indianapolis offices to our Denver office. We excluded such costs from Adjusted EBITDAre because we believe these costs are not representative of operating performance.

(2) We incurred casualty losses due to storm-related flooding in downtown Boston that caused damage to our One Canal apartment community. We excluded such costs from Adjusted EBITDAre because of the unusual nature of the weather event that caused the loss.

(3) We calculated Adjusted EBITDAre on a pro forma basis to reflect the dispositions of four apartment communities during the period and the Parkmerced mezzanine loan investment, including related transaction costs, as if the transactions had closed on October 1, 2019.

We calculate Adjusted Interest Expense, as used in our leverage ratios, based on the most recent three months, annualized. Adjusted Interest Expense 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 and interest expense on our 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 interest expense, but are not representative of our scheduled interest obligations; 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 distributions paid on the Aimco Operating Partnership's preferred OP Units. We add Preferred Dividends to Adjusted Interest Expense for a more complete picture of the interest and dividend requirements of our leverage.

The reconciliation of interest expense to Adjusted Interest Expense and Preferred Dividends for the three months ended December 31, 2019, as used in our leverage ratios, is as follows (in thousands):

	Three Months Ended December 31, 2019
Interest expense	\$ 45,846
Adjustments:	
Proportionate share adjustments related to interest of consolidated and unconsolidated partnerships	(77)
Debt prepayment penalties and other non-interest items	(5,034)
Interest income earned on securitization trust investment	(2,127)
Adjusted Interest Expense	\$ 38,608
Preferred dividends	1,908
Adjusted Interest Expense and Preferred Dividends	\$ 40,516
Annualized Adjusted Interest Expense	\$ 154,432
Annualized Adjusted Interest Expense and Preferred Dividends	\$ 162,064

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 operations. Additional sources are proceeds from dispositions of apartment communities, proceeds from refinancing existing property debt, borrowings under new property debt, borrowings under our revolving credit facility, and proceeds from equity offerings.

As of December 31, 2019, our primary sources of liquidity were as follows:

- \$142.9 million in cash and cash equivalents;
- \$34.8 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
- \$517.8 million of available capacity to borrow under our revolving credit facility after consideration of \$7.2 million of letters of credit backed by the facility.

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 primarily non-recourse, long-term borrowings, the issuance of equity securities (including OP Units), the sale of apartment communities, and cash generated from operations.

As of December 31, 2019, we also held unencumbered apartment communities with an estimated fair market value of approximately \$2.4 billion.

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 future 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 December 31, 2019, approximately 91.8% of our leverage consisted of property-level, non-recourse, long-dated, amortizing debt. Approximately 96.0% of our property-level debt is fixed-rate, which provides a hedge against increases in interest rates, capitalization rates, and inflation. The weighted-average remaining term to maturity of our property-level debt was 7.5 years. On average, 7.4% of our unpaid principal balances will mature each year from 2020 through 2022.

During 2019, we financed \$772.6 million of new non-recourse, fixed-rate property debt. These loans have a weighted-average interest rate of 3.32%, a weighted-average remaining term to maturity of 11.4 years, and contributed to an approximately 29 basis point decrease in our annual cost of leverage compared to 2018.

While our primary source of leverage is property-level, non-recourse, long-dated, fixed-rate, amortizing debt, we also have a revolving credit facility with a syndicate of financial institutions. As of December 31, 2019, we had \$275.0 million of outstanding borrowings under our revolving credit facility, which represented 6.0% of our total leverage.

As of December 31, 2019, our outstanding preferred OP units represented approximately 2.1% of our total leverage. Preferred OP units are redeemable at the holder's option; however, for illustrative purposes, we compute the weighted-average maturity of our total leverage assuming a 10-year maturity on the units.

The combination of non-recourse property-level debt, borrowings under our revolving credit facility, preferred OP units, and redeemable noncontrolling interests in a consolidated real estate partnership comprise our total leverage. The weighted-average remaining term to maturity for our total leverage described above was 7.3 years as of December 31, 2019.

Under the revolving credit facility, we have agreed to maintain a Fixed Charge Coverage ratio of 1.40x, as well as other covenants customary for similar revolving credit arrangements. For the year ended December 31, 2019, our Fixed Charge Coverage ratio was 2.06x, compared to ratio of 2.05x for the year ended December 31, 2018. We expect to remain in compliance with this covenant during the next 12 months.

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.

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 consolidated statements of cash flows in Item 8 of this report.

Operating Activities

For the year ended December 31, 2019, our net cash provided by operating activities was \$374.5 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 year ended December 31, 2019, decreased by \$21.9 million compared to 2018, due to lower net operating income associated with communities sold and the Asset Management business sold in 2018, offset partially by improved operating results of our Same Store communities and increased contribution from our Acquisition and Other Real Estate communities.

Investing Activities

For the year ended December 31, 2019, net cash used in investing activities of \$205.4 million consisted primarily of the cash payment for the mezzanine loan and related transaction costs, the acquisitions of 1001 Brickell Bay Drive, One Ardmore, and Prism, and capital expenditures, offset partially by proceeds from the disposition of 12 apartment communities.

Capital additions for our segments totaled \$396.0 million, \$329.3 million, and \$310.5 million during the years ended December 31, 2019, 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 portfolio broadly into seven primary categories:

- capital replacements, which do not increase the useful life of an asset from its original purchase condition. Capital replacements represent capital additions made to replace the portion of our investment in 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 more durable, longer-lived materials designed to reduce costs, all of which differ from redevelopment additions in that they are generally lesser in scope and do not significantly disrupt property operations;
- initial capital expenditures, which represent capital additions contemplated in the underwriting of our recently acquired communities;
- 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 the ground-up development of apartment communities; and
- casualty capital additions, which represent capitalized costs incurred in connection with the restoration of an apartment community after a casualty event.

We exclude the amounts of capital spending related to commercial spaces and to apartment communities sold or classified as held for sale at the end of the period from the foregoing measures. We have also excluded from these measures indirect capitalized costs, which are not yet allocated to 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 consolidated statements of cash flows for the years ended December 31, 2019, 2018, and 2017, are presented below (dollars in thousands):

	Year Ended December 31,		
	2019	2018	2017
Capital replacements	\$ 36,245	\$ 33,613	\$ 30,714
Capital improvements	12,240	13,722	16,392
Capital enhancements	87,824	95,595	86,405
Redevelopment	110,996	112,630	154,724
Development	118,781	61,185	14,249
Initial capital expenditures	22,913	6,406	—
Casualty	7,017	6,118	7,974
Total capital additions	\$ 396,016	\$ 329,269	\$ 310,458
Plus: additions related to commercial spaces	5,559	1,245	1,428
Plus: additions related to apartment communities sold or held for sale and Asset Management business	3,321	18,203	42,343
Consolidated capital additions	\$ 404,896	\$ 348,717	\$ 354,229
Plus: net change in accrued capital spending	(11,435)	(8,228)	3,875
Capital expenditures per consolidated statement of cash flows	\$ 393,461	\$ 340,489	\$ 358,104

For the years ended December 31, 2019, 2018, and 2017, we capitalized \$11.8 million, \$7.6 million, and \$7.6 million of interest costs, respectively, and \$37.8 million, \$36.8 million, and \$36.0 million of other direct and indirect costs, respectively.

Redevelopment and Development

As of December 31, 2019, our total estimated net investment in approved and active redevelopment and development is \$577.5 million, with a projected weighted-average net operating income yield on these investments of 5.3%, assuming untrended rents. Of this total, we have funded \$309.2 million as of December 31, 2019. We expect to fund the remaining estimated net investment of \$268.3 million on these communities in 2020 and future years, on a leverage-neutral basis, with proceeds from sales of apartment communities with lower forecasted FCF internal rates of return.

Table of Contents

We execute redevelopments using a range of approaches. We prefer to limit risk by executing redevelopments using a short-cycle approach, in which we renovate an apartment community in stages. Shorter cycles provide us the flexibility to maintain current earnings while aligning the timing of the completed apartment homes with market demand. We currently have six short-cycle projects, including Bay Parc, ongoing in our portfolio. During 2019, we completed 150 apartment homes, with another 21 homes under construction as of December 31, 2019.

When short-cycle redevelopments are not possible, we may engage in redevelopment activities where an entire building or community is vacated. Additionally, we undertake some ground-up development when warranted by risk-adjusted investment returns, either directly or in connection with the redevelopment of an existing apartment community. The following table summarizes our investments related to these long-cycle developments and redevelopments as of December 31, 2019 (dollars in millions):

	<u>Location</u>	<u>Apartment Homes Approved for Redevelopment or Development</u>	<u>Estimated Net Redevelopment Investment (1)</u>	<u>Inception-to- Date Net Investment</u>	<u>Expected Stabilized Occupancy (2)</u>	<u>Expected NOI Stabilization (3)</u>
707 Leahy	Redwood City, CA	110	\$ 23.7	\$ 10.7	3Q 2020	4Q 2021
Eldridge (formerly Elm Creek) Townhomes	Elmhurst, IL	58	35.1	15.8	2Q 2021	3Q 2022
Flamingo Point	Miami Beach, FL	886	280.0	74.4	4Q 2022	1Q 2024
The Fremont	Denver, CO (MSA)	253	87.0	61.4	3Q 2021	4Q 2022
Parc Mosaic	Boulder, CO	226	123.4	122.3	4Q 2020	1Q 2022
Total		1,533	\$ 549.2	\$ 284.6		

(1) Estimated net redevelopment 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.

(2) Expected stabilized occupancy represents the period in which we expect to achieve stabilized occupancy, generally greater than 90%.

(3) Expected net operating income, 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 year ended December 31, 2019, we invested \$229.8 million in redevelopment and development. Further details regarding our redevelopment and development activities, including apartment communities constructed and delivered during the year ended December 31, 2019, is discussed in the Executive Overview section above.

We expect our total development and redevelopment spending to range from \$250 million to \$300 million for the year ending December 31, 2020.

Financing Activities

For the year ended December 31, 2019, our net cash used in financing activities of \$64.0 million was attributed to the items discussed below.

Net borrowings on our revolving credit facility of \$114.6 million primarily relate to the timing of short-term working capital needs.

Principal payments on property loans during the period totaled \$520.0 million, consisting of scheduled principal amortization of \$79.7 million and repayments of \$440.3 million.

Proceeds from non-recourse property debt borrowings during the period consisted of the closing of 10 fixed-rate, amortizing, non-recourse property loans totaling \$774.6 million.

Repurchases of Preferred Stock of \$125.0 million represents the cash paid upon redemption of our Class A Perpetual Preferred Stock during the 2019.

Net cash used in financing activities also includes \$266.2 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 year ended December 31, 2019 (in thousands):

Cash distributions paid by the Aimco Operating Partnership to preferred unitholders (1)	\$ 10,954
Cash distributions paid by the Aimco Operating Partnership to common unitholders (2)	254,687
Cash distributions paid to holders of noncontrolling interests in consolidated real estate partnerships	513
Total cash distributions paid by the Aimco Operating Partnership	\$ 266,154

(1) \$3.2 million represented distributions to Aimco, and \$7.7 million represented distributions paid to holders of OP Units.

(2) \$241.3 million represented distributions to Aimco, and \$13.4 million represented distributions paid to holders of OP Units.

The following table presents Aimco's dividend activity during the year ended December 31, 2019 (in thousands):

Cash distributions paid to holders of OP Units	\$ 21,107
Cash distributions paid to holders of noncontrolling interests in consolidated real estate partnerships	513
Cash dividends paid by Aimco to preferred stockholders	3,246
Cash dividends paid by Aimco to common stockholders	241,288
Total cash dividends and distributions paid by Aimco	\$ 266,154

Contractual Obligations

This table summarizes information contained elsewhere in this Annual Report on Form 10-K regarding payments due under contractual obligations and commitments as of December 31, 2019 (in thousands):

	Total	Less than One Year (2020)	2-3 Years (2021-2022)	4-5 Years (2023-2024)	More than Five Years (2025 and Thereafter)
Non-recourse property debt (1)	\$ 4,251,339	\$ 171,107	\$ 1,021,270	\$ 673,661	\$ 2,385,301
Revolving credit facility borrowings (2)	275,000	—	275,000	—	—
Interest related to debt (3)	1,021,589	174,275	269,600	200,503	377,211
Operating lease obligations (4)	452,042	5,156	10,196	8,755	427,935
Construction obligations (5)	254,462	187,546	66,916	—	—
Total	\$ 6,254,432	\$ 538,084	\$ 1,642,982	\$ 882,919	\$ 3,190,447

(1) Includes scheduled principal amortization and maturity payments.

(2) Includes outstanding borrowings on our revolving credit facility assuming repayment at the contractual maturity date. Our revolving credit facility is subject to an annual commitment fee (0.25% of aggregate commitments), which is not included in the amounts above.

(3) Includes interest related to both fixed-rate and variable-rate non-recourse property debt, and our variable-rate revolving credit facility borrowings. Interest related to variable-rate debt is estimated based on the rate effective as of December 31, 2019. Please refer to Note 5 to the consolidated financial statements in Item 8 for a description of average interest rates associated with our debt.

(4) Operating lease obligations include both ground and office leases. Our ground leases expire in years ranging from 2070 to 2117.

(5) Represents estimated obligations pursuant to construction contracts related to our redevelopment, development and other capital spending. Please refer to Note 6 to the consolidated financial statements in Item 8 for additional information regarding these obligations.

In addition to the amounts presented in the table above, as of December 31, 2019, we had \$97.1 million (liquidation value) of redeemable preferred OP Units of the Aimco Operating Partnership outstanding with annual distribution yields ranging from 1.92% to 8.75%. The distributions that accrue on the redeemable preferred OP Units are cumulative and are paid quarterly.

Additionally, we may enter into commitments to purchase 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.

Future Capital Needs

In addition to the items set forth in "Contractual Obligations" above, 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.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with GAAP, which requires us to make estimates and assumptions. We believe that the following critical accounting policies involve our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Capitalized Costs

We capitalize costs, including certain indirect costs, incurred in connection with our capital additions activities, including redevelopments and developments, other tangible apartment community improvements, and replacements of existing community components. Included in these capitalized costs are payroll costs associated with time spent by employees in connection with the planning, execution, and control of all capital addition activities at the community level. We characterize as “indirect costs” an allocation of certain department costs, including payroll, at the area operations and corporate levels that clearly relate to capital addition activities. We also capitalize interest, property taxes, and insurance during periods in which redevelopments and developments are in progress. We commence capitalization of costs, including certain indirect costs, incurred in connection with our capital addition activities, at the point in time when activities necessary to get communities ready for their intended use begin. These activities include when communities or apartment homes are undergoing physical construction, as well as when homes are held vacant in advance of planned construction, provided that other activities such as permitting, planning, and design are in progress. We cease the capitalization of costs when the communities or components thereof are substantially complete and ready for their intended use, which is typically when construction has been completed and homes are available for occupancy. We charge costs including ordinary repairs, maintenance and resident turnover costs to property operating expense, as incurred. Please refer to the Investing Activities subsection to the Liquidity and Capital Resources section for a summary of costs capitalized during the periods presented.

Impairment of Long-Lived Assets

Real estate and other long-lived assets to be held and used are stated at cost, less accumulated depreciation and amortization, unless the carrying amount of the asset is not recoverable. If events or circumstances indicate that the carrying amount of an apartment community may not be recoverable, we make an assessment of its recoverability by comparing the carrying amount to our estimate of the undiscounted future cash flows, excluding interest charges, of the community. If the carrying amount exceeds the estimated aggregate undiscounted future cash flows, we recognize an impairment loss to the extent the carrying amount exceeds the estimated fair value of the community.

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 developments, and selective acquisitions with projected FCF internal rates of return higher than expected from the communities being sold. As we execute this strategy, we evaluate alternatives to sell or reduce our interest in apartment communities that do not align with our long-term investment strategy, although there is no assurance that we will sell or reduce our investment in such communities during the desired time frame. For any communities that are sold or meet the criteria to be classified as held for sale during the next 12 months, the reduction in the estimated holding period for these communities may result in impairment losses.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our chief market risks are refunding risk, that is the availability of property debt or other cash sources to refund maturing property debt, and repricing risk, that is the possibility of increases in base interest rates and credit risk spreads. We use predominantly long-dated, fixed-rate, amortizing, non-recourse property debt in order to avoid the refunding and repricing risks of short-term borrowings. We use short-term debt financing and working capital primarily to fund short-term uses and generally expect to refinance such borrowings with cash from operating activities, proceeds from apartment community sales, long-term debt, or equity financings. We make limited use of derivative financial instruments and we do not use them for trading or other speculative purposes.

Market Risk Associated with Loans Secured by Our Portfolio

As of December 31, 2019, on a consolidated basis, we had approximately \$170.1 million of variable-rate property-level debt outstanding and \$275.0 million of variable-rate borrowings under our revolving credit facility. We estimate that a change in 30-day LIBOR of 100 basis points with constant credit risk spreads would reduce or increase interest expense by approximately \$4.5 million on an annual basis.

As of December 31, 2019, we had approximately \$177.7 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 of debt instruments as described in Note 12 to the consolidated financial statements in Item 8. The estimated fair value of total indebtedness, including our revolving credit facility, was approximately \$4.6 billion as of December 31, 2019, inclusive of a \$47.3 million mark-to-market liability. The mark-to-market liability as of December 31, 2018 was approximately \$43.8 million.

If market rates for consolidated fixed-rate debt in our portfolio were higher by 100 basis points with constant credit risk spreads, the estimated fair value of consolidated debt discussed above would decrease from \$4.6 billion in the aggregate to \$4.4 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 \$4.6 billion in the aggregate to \$4.8 billion.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The independent registered public accounting firm's reports, consolidated financial statements and schedule listed in the "Index to Financial Statements" on page F-1 of this Annual Report are filed as part of this report and incorporated herein by this reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 its 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.

Management's Report on Internal Control Over Financial Reporting

Aimco's management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board of Directors, management and other personnel 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 and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Aimco's internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013 Framework).

Based on their assessment, management concluded that, as of December 31, 2019, Aimco's internal control over financial reporting is effective.

Aimco's independent registered public accounting firm has issued an attestation report on Aimco's internal control over financial reporting.

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 fourth quarter of 2019 that has materially affected, or is reasonably likely to materially affect, Aimco's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
Apartment Investment and Management Company

Opinion on Internal Control over Financial Reporting

We have audited Apartment Investment and Management Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, Apartment Investment and Management Company (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in the index at Item 15(a) and our report dated February 24, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ ERNST & YOUNG LLP

Denver, Colorado
February 24, 2020

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 Aimco, who are the equivalent of the Aimco Operating Partnership's chief executive officer and chief financial officer, respectively, 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 Act) 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 have concluded that, as of the end of such period, the Aimco Operating Partnership's disclosure controls and procedures are effective.

Management's Report on Internal Control Over Financial Reporting

Management of the Aimco Operating Partnership is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board of Directors, management and other personnel 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 and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Aimco Operating Partnership's internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013 Framework)*.

Based on their assessment, management concluded that, as of December 31, 2019, the Aimco Operating Partnership's internal control over financial reporting is effective.

The Aimco Operating Partnership's independent registered public accounting firm has issued an attestation report on the Aimco Operating Partnership's internal control over financial reporting.

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 fourth quarter of 2019 that has materially affected, or is reasonably likely to materially affect, the Aimco Operating Partnership's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Partners and the Board of Directors of
AIMCO Properties, L.P.

Opinion on Internal Control over Financial Reporting

We have audited AIMCO Properties, L.P.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, AIMCO Properties, L.P. (the Partnership) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Partnership as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, partners' capital and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in the index at Item 15(a) and our report dated February 24, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ ERNST & YOUNG LLP

Denver, Colorado
February 24, 2020

ITEM 9B. OTHER INFORMATION

Reclassification of Unissued Preferred Stock

On February 24, 2020, pursuant to Maryland law and our Charter, our Board of Directors reclassified into Common Stock, all of the authorized and unissued shares of each of the following classes of preferred stock: Class Z Cumulative Preferred Stock, Class A Cumulative Preferred Stock, and Series A Community Reinvestment Act Preferred Stock. The reclassification increases the number of authorized shares classified as Common Stock by 9,800,240 shares, from 500,787,260 shares immediately prior to the reclassification to 510,587,500 shares immediately after the reclassification. The reclassification does not impact any of our issued and outstanding shares of preferred stock.

Restatement of Charter

On February 24, 2020, pursuant to Maryland law and our Charter, we restated our Charter to reflect the reclassification of the preferred stock and the currently operative provisions of the Charter. A copy of the Charter as restated is attached to this Annual Report on Form 10-K as Exhibit 3.1.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Each member of the Board of Directors of Aimco also is a director of the general partner of the Aimco Operating Partnership. The officers of Aimco are also the officers of the general partner of the Aimco Operating Partnership and hold the same titles. The information required by this item for both Aimco and the Aimco Operating Partnership is presented jointly under the captions “Board of Directors and Executive Officers,” “Corporate Governance Matters - Code of Ethics,” “Other Matters - Section 16(a) Beneficial Ownership Reporting Compliance,” “Corporate Governance Matters - Meetings and Committees: Nominating and Corporate Governance Committee,” “Corporate Governance Matters - Meetings and Committees: Audit Committee” and “Corporate Governance Matters - Meetings and Committees: Audit Committee Financial Expert” in the proxy statement for Aimco’s 2020 annual meeting of stockholders and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is presented under the captions “Compensation Discussion & Analysis,” “Compensation and Human Resources Committee Report to Stockholders,” “Summary Compensation Table,” “Grants of Plan-Based Awards in 2019,” “Outstanding Equity Awards at Fiscal Year-End 2019,” “Option Exercises and Stock Vested in 2019,” “Potential Payments Upon Termination or Change in Control” and “Corporate Governance Matters - Director Compensation” in the proxy statement for Aimco’s 2020 annual meeting of stockholders and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item, for both Aimco and the Aimco Operating Partnership, is presented under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Securities Authorized for Issuance Under Equity Compensation Plans” in the proxy statement for Aimco’s 2020 annual meeting of stockholders and is incorporated herein by reference. In addition, as of February 21, 2020, Aimco, through its consolidated subsidiaries, held 93.4% of the Aimco Operating Partnership’s common partnership units outstanding.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is presented under the caption “Certain Relationships and Related Transactions” and “Corporate Governance Matters - Independence of Directors” in the proxy statement for Aimco’s 2020 annual meeting of stockholders and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is presented under the caption “Principal Accountant Fees and Services” in the proxy statement for Aimco’s 2020 annual meeting of stockholders and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- (a)(1)The financial statements listed in the Index to Financial Statements on Page F-1 of this report are filed as part of this report and incorporated herein by reference.
- (a)(2)The financial statement schedule listed in the Index to Financial Statements on Page F-1 of this report is filed as part of this report and incorporated herein by reference.
- (a)(3)The Exhibit Index is incorporated herein by reference.

INDEX TO EXHIBITS (1) (2)

EXHIBIT NO. DESCRIPTION

3.1	Charter – Articles of Restatement
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)
4.1	Description of Aimco’s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
10.1	Fifth Amended and Restated Agreement of Limited Partnership of the Aimco Operating Partnership, dated as of July 29, 1994, as amended and restated as of April 8, 2019 (Exhibit 10.1 to Aimco’s Current Report on Form 8-K dated April 5, 2019, is incorporated herein by this reference)
10.2	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, KeyBank N.A., as administrative agent, swing line lender and a 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)
10.3	Master Indemnification Agreement, dated December 3, 2001, by and among Aimco, the Aimco Operating Partnership., XYZ Holdings LLC, and the other parties signatory thereto (Exhibit 10.2 to Aimco’s Current Report on Form 8-K, dated December 6, 2001, is incorporated herein by this reference)
10.4	Tax Indemnification and Contest Agreement, dated December 3, 2001, by and among Aimco, National Partnership Investments, Corp., and XYZ Holdings LLC and the other parties signatory thereto (Exhibit 10.3 to Aimco’s Current Report on Form 8-K, dated December 6, 2001, is incorporated herein by this reference)
10.5	Employment Contract renewed on December 19, 2019, by and between the Aimco Operating Partnership and Terry Considine (Exhibit 10.1 to Aimco’s Current Report on Form 8-K, dated December 21, 2017, is incorporated herein by this reference)*
10.6	Aimco Severance Policy (Exhibit 99.1 to Aimco’s Current Report on Form 8-K dated February 22, 2018, is incorporated herein by reference)*
10.7	2007 Stock Award and Incentive Plan (Appendix A to Aimco’s Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on March 20, 2007 is incorporated herein by this reference)*
10.8	Form of Restricted Stock Agreement (2007 Stock Award and Incentive Plan) (Exhibit 10.2 to Aimco’s Current Report on Form 8-K, dated April 30, 2007, is incorporated herein by this reference)*
10.9	Form of Non-Qualified Stock Option Agreement (2007 Stock Award and Incentive Plan) (Exhibit 10.3 to Aimco’s Current Report on Form 8-K, dated April 30, 2007, is incorporated herein by this reference)*
10.10	2007 Employee Stock Purchase Plan (Appendix B to Aimco’s Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on March 20, 2007, is incorporated herein by this reference)*
10.11	Aimco 2015 Stock Award and Incentive Plan (as amended and restated January 31, 2017) (Exhibit 10.2 to Aimco’s Current Report on Form 8-K, dated January 31, 2017, is incorporated herein by this reference)*
10.12	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 reference)*
10.13	Form of Performance Restricted Stock Agreement (2015 Stock Award and Incentive Plan) (Exhibit 10.24 to Aimco’s Annual Report on Form 10-K for the year ended December 31, 2015, is incorporated herein by this reference)*
10.14	Form of Restricted Stock Agreement (2015 Stock Award and Incentive Plan) (Exhibit 10.25 to Aimco’s Annual Report on Form 10-K for the year ended December 31, 2015, is incorporated herein by this reference)*
10.15	Form of Non-Qualified Stock Option Agreement (2015 Stock Award and Incentive Plan) (Exhibit 10.26 to Aimco’s Annual Report on Form 10-K for the year ended December 31, 2015, is incorporated herein by this reference)*
10.16	Form of LTIP Unit Agreement (2015 Stock Award and Incentive Plan) (Exhibit 10.3 to Aimco’s Current Report on Form 8-K, dated January 31, 2017, is incorporated herein by this reference)*

[Table of Contents](#)

10.17	Form of Performance Vesting LTIP Unit Agreement (2015 Stock Award and Incentive Plan) (Exhibit 10.4 to Aimco's Current Report on Form 8-K, dated January 31, 2017, is incorporated herein by this reference)*
10.18	Form of Non-Qualified Stock Option Agreement (2015 Stock Award and Incentive Plan) (Exhibit 10.26 to Aimco's Annual Report on Form 10-K for the year ended December 31, 2016, is incorporated herein by this reference)*
10.19	Form of Performance Vesting LTIP II Unit Agreement (2015 Stock Award and Incentive Plan) (Exhibit 10.15 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018, is incorporated herein by this reference)*
21.1	List of Subsidiaries
23.1	Consent of Independent Registered Public Accounting Firm - Aimco
23.2	Consent of Independent Registered Public Accounting Firm - Aimco Operating Partnership
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 - 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 - Aimco Operating Partnership
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Aimco
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Aimco
32.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Aimco Operating Partnership
32.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Aimco Operating Partnership
99.1	Agreement regarding disclosure of long-term debt instruments - Aimco
99.2	Agreement regarding disclosure of long-term debt instruments - Aimco Operating Partnership
101	The following materials from Aimco's and the Aimco Operating Partnership's combined Annual Report on Form 10-K for the year ended December 31, 2019, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) consolidated balance sheets; (ii) consolidated statements of operations; (iii) consolidated statements of comprehensive income; (iv) consolidated statements of equity and consolidated statements of partners' capital; (v) consolidated statements of cash flows; (vi) notes to the consolidated financial statements; and (vii) financial statement schedule (3)
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

- (1) Schedule and supplemental materials to the exhibits have been omitted but will be provided to the Securities and Exchange Commission upon request.
- (2) The Commission file numbers for exhibits is 001-13232 (Aimco) and 0-24497 (the Aimco Operating Partnership), and all such exhibits remain available pursuant to the Records Control Schedule of the Securities and Exchange Commission.
- (3) As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

* Management contract or compensatory plan or arrangement

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, each 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/ TERRY CONSIDINE
Terry Considine
Chairman of the Board and Chief Executive Officer
Date: February 24, 2020

AIMCO PROPERTIES, L.P.

By: AIMCO-GP, Inc., its General Partner
By: /s/ TERRY CONSIDINE
Terry Considine
Chairman of the Board and Chief Executive Officer
Date: February 24, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of each registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
APARTMENT INVESTMENT AND MANAGEMENT COMPANY		
AIMCO PROPERTIES, L.P.		
By: AIMCO-GP, Inc., its General Partner		
<u>/s/ TERRY CONSIDINE</u> Terry Considine	Chairman of the Board and Chief Executive Officer (principal executive officer)	February 24, 2020
<u>/s/ PAUL BELDIN</u> Paul Beldin	Executive Vice President and Chief Financial Officer (principal financial officer)	February 24, 2020
<u>/s/ THOMAS L. KELTNER</u> Thomas L. Keltner	Director	February 24, 2020
<u>/s/ J. LANDIS MARTIN</u> J. Landis Martin	Director	February 24, 2020
<u>/s/ ROBERT A. MILLER</u> Robert A. Miller	Director	February 24, 2020
<u>/s/ KATHLEEN M. NELSON</u> Kathleen M. Nelson	Director	February 24, 2020
<u>/s/ ANN SPERLING</u> Ann Sperling	Director	February 24, 2020
<u>/s/ MICHAEL A. STEIN</u> Michael A. Stein	Director	February 24, 2020
<u>/s/ NINA A. TRAN</u> Nina A. Tran	Director	February 24, 2020

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

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
Financial Statements:	
Apartment Investment and Management Company:	
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets	F-4
Consolidated Statements of Operations	F-5
Consolidated Statements of Comprehensive Income	F-6
Consolidated Statements of Equity	F-7
Consolidated Statements of Cash Flows	F-8
AIMCO Properties, L.P.:	
Report of Independent Registered Public Accounting Firm	F-10
Consolidated Balance Sheets	F-11
Consolidated Statements of Operations	F-12
Consolidated Statements of Comprehensive Income	F-13
Consolidated Statements of Partners' Capital	F-14
Consolidated Statements of Cash Flows	F-15
Notes to the Consolidated Financial Statements of Apartment Investment and Management Company and AIMCO Properties, L.P.	F-17
Financial Statement Schedule:	
Schedule III - Real Estate and Accumulated Depreciation	F-39

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
Apartment Investment and Management Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Apartment Investment and Management Company (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in the index at Item 15(a) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2020 expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Note 10 to the consolidated financial statements, the Company changed its accounting for the income tax consequences of intercompany transfers of assets effective January 1, 2017.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for Acquisitions of Real Estate

Description of the Matter

During 2019 the Company acquired real estate for total consideration of \$242 million, (including assumption of liabilities). As more fully described in Note 2 and summarized in Note 3 to the consolidated financial statements, the total consideration for these asset acquisitions was allocated to land, buildings and improvements, intangible assets, and intangible liabilities, based upon their relative fair values.

Auditing management’s accounting for acquisitions involves a higher degree of judgment due to the subjective nature of the assumptions that are inherent in the determination of the relative fair values of the assets acquired and liabilities assumed. The significant assumptions used to estimate the fair value of these acquired tangible and intangible assets includes market comparable prices for similar land parcels, estimated replacement costs for buildings and improvements, market rental rates, and assumptions regarding the time it would take to lease commercial space assuming it were vacant at acquisition.

[Table of Contents](#)

*How We Addressed
the Matter in Our
Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's accounting for acquisitions of real estate and the allocation of consideration on a relative fair value basis. This included testing controls over management's identification of the assets acquired and liabilities assumed and evaluating the methods and significant assumptions used by the Company and its valuation specialists, where applicable, to develop such estimates.

To test the significant assumptions discussed above, our audit procedures included, among others, comparing the significant assumptions to observable market data and published industry resources. For example, we compared management's land value assumptions and estimated building replacement costs to observable market transactions for similar properties. For lease intangibles we compared management's assumptions regarding market rental rates and the amount of time it would take to lease a commercial space if the building were vacant at acquisition to published market data for comparable leases. Our internal valuation specialists assisted with the identification of observable market data used in evaluating the aforementioned assumptions.

/s/ ERNST & YOUNG LLP

We have served as the Company's auditor since 1994.

Denver, Colorado
February 24, 2020

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
CONSOLIDATED BALANCE SHEETS
As of December 31, 2019 and 2018
(In thousands, except share data)

	2019	2018
ASSETS		
Buildings and improvements	\$ 6,868,543	\$ 6,552,065
Land	1,869,048	1,756,525
Total real estate	8,737,591	8,308,590
Accumulated depreciation	(2,718,284)	(2,585,115)
Net real estate	6,019,307	5,723,475
Cash and cash equivalents	142,902	36,858
Restricted cash	34,800	35,737
Mezzanine investment	280,258	—
Other assets	351,472	351,541
Assets held for sale	—	42,393
Total assets	\$ 6,828,739	\$ 6,190,004
LIABILITIES AND EQUITY		
Non-recourse property debt, net	\$ 4,230,590	\$ 3,915,305
Revolving credit facility borrowings	275,000	160,360
Total indebtedness	4,505,590	4,075,665
Accrued liabilities and other	360,574	226,230
Liabilities related to assets held for sale	—	23,177
Total liabilities	4,866,164	4,325,072
Preferred noncontrolling interests in Aimco Operating Partnership (Note 8)	97,064	101,291
Redeemable noncontrolling interests in consolidated real estate partnership	4,716	—
Commitments and contingencies (Note 6)		
Equity:		
Perpetual preferred stock (Note 7)	—	125,000
Common Stock, \$0.01 par value, 500,787,260 shares authorized, 148,885,197 and 144,623,034 shares issued/outstanding at December 31, 2019 and 2018, respectively	1,489	1,446
Additional paid-in capital	3,497,367	3,515,686
Accumulated other comprehensive income	4,195	4,794
Distributions in excess of earnings	(1,722,402)	(1,947,507)
Total Aimco equity	1,780,649	1,699,419
Noncontrolling interests in consolidated real estate partnerships	(3,296)	(2,967)
Common noncontrolling interests in Aimco Operating Partnership	83,442	67,189
Total equity	1,860,795	1,763,641
Total liabilities and equity	\$ 6,828,739	\$ 6,190,004

See notes to the consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2019, 2018, and 2017
(In thousands, except per share data)

	2019	2018	2017
REVENUES:			
Rental and other property revenues attributable to real estate	\$ 914,294	\$ 922,593	\$ 918,148
Asset Management business rental and tax credit revenues	—	49,817	87,289
Total revenues	<u>914,294</u>	<u>972,410</u>	<u>1,005,437</u>
OPERATING EXPENSES:			
Property operating expenses attributable to real estate	311,221	307,901	319,126
Property operating expenses of partnerships served by Asset Management business	—	20,921	35,458
Depreciation and amortization	380,171	377,786	366,184
General and administrative expenses	47,037	46,268	43,657
Other expenses, net	19,092	3,778	11,148
Provision for real estate impairment loss	—	—	35,881
Total operating expenses	<u>757,521</u>	<u>756,654</u>	<u>811,454</u>
Interest income	11,424	10,914	8,332
Interest expense	(168,807)	(200,634)	(194,615)
Gain on dispositions of real estate and the Asset Management business	503,168	677,463	300,849
Mezzanine investment income, net	1,531	—	—
Income from unconsolidated real estate partnerships	803	77	7,694
Income before income tax benefit	504,892	703,576	316,243
Income tax benefit (Note 10)	3,135	13,027	30,836
Net income	<u>508,027</u>	<u>716,603</u>	<u>347,079</u>
Noncontrolling interests:			
Net income attributable to noncontrolling interests in consolidated real estate partnerships	(187)	(8,220)	(9,084)
Net income attributable to preferred noncontrolling interests in Aimco Operating Partnership	(7,708)	(7,739)	(7,764)
Net income attributable to common noncontrolling interests in Aimco Operating Partnership	(26,049)	(34,417)	(14,457)
Net income attributable to noncontrolling interests	<u>(33,944)</u>	<u>(50,376)</u>	<u>(31,305)</u>
Net income attributable to Aimco	474,083	666,227	315,774
Net income attributable to Aimco preferred stockholders	(7,335)	(8,593)	(8,594)
Net income attributable to participating securities	(604)	(1,037)	(319)
Net income attributable to Aimco common stockholders	<u>\$ 466,144</u>	<u>\$ 656,597</u>	<u>\$ 306,861</u>
Net income attributable to Aimco per common share – basic	<u>\$ 3.16</u>	<u>\$ 4.34</u>	<u>\$ 2.02</u>
Net income attributable to Aimco per common share – diluted	<u>\$ 3.15</u>	<u>\$ 4.34</u>	<u>\$ 2.02</u>
Weighted-average common shares outstanding – basic	<u>147,718</u>	<u>151,152</u>	<u>151,595</u>
Weighted-average common shares outstanding – diluted	<u>147,944</u>	<u>151,334</u>	<u>152,060</u>

See notes to the consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2019, 2018, and 2017
(In thousands)

	2019	2018	2017
Net income	\$ 508,027	\$ 716,603	\$ 347,079
Other comprehensive (loss) gain:			
Unrealized (losses) gains on available for sale debt securities	(637)	(131)	1,507
Realized and unrealized losses on interest rate swaps	—	—	(173)
Losses on interest rate swaps reclassified into earnings from accumulated other comprehensive loss	—	1,391	1,480
Other comprehensive (loss) gain	(637)	1,260	2,814
Comprehensive income	507,390	717,863	349,893
Comprehensive income attributable to noncontrolling interests	(33,906)	(50,445)	(31,527)
Comprehensive income attributable to Aimco	\$ 473,484	\$ 667,418	\$ 318,366

See notes to the consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
CONSOLIDATED STATEMENTS OF EQUITY
For the Years Ended December 31, 2019, 2018, and 2017
(In thousands)

	Preferred Stock		Common Stock		Additional Paid- in Capital	Accumulated Other Comprehensive Income (Loss)	Distributions in Excess of Earnings	Total Aimco Equity	Noncontrolling Interests in Consolidated Real Estate Partnerships	Common Noncontrolling Interests in Aimco Operating Partnerships	Total Equity
	Shares Issued	Amount	Shares Issued	Amount							
Balances at December 31, 2016	5,000	\$ 125,000	152,143	\$ 1,521	\$4,051,770	\$ 1,011	\$ (2,385,399)	\$ 1,793,903	\$ 151,121	\$ (58)	\$ 1,944,966
Redemption of Aimco Operating Partnership units	—	—	—	—	—	—	—	—	—	(11,882)	(11,882)
Amortization of share-based compensation cost	—	—	17	—	8,638	—	—	8,638	—	613	9,251
Contributions from noncontrolling interests	—	—	—	—	—	—	—	—	3,401	—	3,401
Effect of changes in ownership for consolidated entities	—	—	—	—	(160,586)	—	—	(160,586)	(157,056)	4,867	(312,775)
Cumulative effect of a change in accounting principle	—	—	—	—	—	—	(62,682)	(62,682)	—	(3,028)	(65,710)
Change in accumulated other comprehensive income	—	—	—	—	—	2,592	—	2,592	101	121	2,814
Net income	—	—	—	—	—	—	315,774	315,774	9,084	14,457	339,315
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(8,367)	(10,765)	(19,132)
Common Stock dividends	—	—	—	—	—	—	(226,172)	(226,172)	—	—	(226,172)
Preferred Stock dividends	—	—	—	—	—	—	(8,594)	(8,594)	—	—	(8,594)
Other, net	—	—	275	3	268	—	—	271	—	—	271
Balances at December 31, 2017	5,000	125,000	152,435	1,524	3,900,090	3,603	(2,367,073)	1,663,144	(1,716)	(5,675)	1,655,753
Repurchases of Common Stock	—	—	(7,970)	(80)	(373,513)	—	—	(373,593)	—	—	(373,593)
Issuance of Aimco Operating Partnership units	—	—	—	—	—	—	—	—	—	50,151	50,151
Redemption of Aimco Operating Partnership units	—	—	—	—	—	—	—	—	—	(9,639)	(9,639)
Amortization of share-based compensation cost	—	—	21	—	8,074	—	—	8,074	—	1,691	9,765
Effect of changes in ownership for consolidated entities	—	—	—	—	(19,115)	—	—	(19,115)	—	9,014	(10,101)
Change in accumulated other comprehensive income	—	—	—	—	—	1,191	—	1,191	—	69	1,260
Net income	—	—	—	—	—	—	666,227	666,227	8,220	34,417	708,864
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(9,471)	(12,839)	(22,310)
Common Stock dividends	—	—	—	—	—	—	(238,067)	(238,067)	—	—	(238,067)
Preferred Stock dividends	—	—	—	—	—	—	(8,594)	(8,594)	—	—	(8,594)
Other, net	—	—	137	2	150	—	—	152	—	—	152
Balances at December 31, 2018	5,000	125,000	144,623	1,446	3,515,686	4,794	(1,947,507)	1,699,419	(2,967)	67,189	1,763,641
Repurchases of Common Stock	—	—	(461)	(5)	(20,677)	—	—	(20,682)	—	—	(20,682)
Redemption of Preferred Stock	(5,000)	(125,000)	—	—	4,089	—	(4,089)	(125,000)	—	—	(125,000)
Issuance of Aimco Operating Partnership units	—	—	—	—	—	—	—	—	—	3,034	3,034
Redemption of Aimco Operating Partnership units	—	—	127	2	6,242	—	—	6,244	—	(12,710)	(6,466)
Amortization of share-based compensation cost	—	—	22	—	5,924	—	—	5,924	—	3,184	9,108
Effect of changes in ownership of consolidated entities	—	—	—	—	(13,243)	—	—	(13,243)	3,422	9,821	—
Purchase of noncontrolling interest in consolidated real estate partnerships	—	—	—	—	—	—	—	—	(3,844)	—	(3,844)
Change in accumulated other comprehensive income	—	—	—	—	—	(599)	—	(599)	—	(38)	(637)
Net income	—	—	—	—	—	—	474,083	474,083	382	26,049	500,514
Common Stock dividends	—	—	—	—	—	—	(241,643)	(241,643)	—	—	(241,643)
Common Stock issued to Common Stockholders in special dividend	—	—	4,492	45	(786)	—	—	(741)	—	—	(741)
Preferred Stock dividends	—	—	—	—	—	—	(3,246)	(3,246)	—	—	(3,246)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(308)	(13,087)	(13,395)
Other, net	—	—	82	1	132	—	—	133	19	—	152
Balances at December 31, 2019	—	\$ —	148,885	\$ 1,489	\$3,497,367	\$ 4,195	\$ (1,722,402)	\$ 1,780,649	\$ (3,296)	\$ 83,442	\$ 1,860,795

See notes to the consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019, 2018, and 2017
(In thousands)

	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 508,027	\$ 716,603	\$ 347,079
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	380,171	377,786	366,184
Provision for real estate impairment loss	—	—	35,881
Gain on dispositions of real estate and the Asset Management business	(503,168)	(677,463)	(300,849)
Income tax benefit	(3,135)	(13,027)	(30,836)
Share-based compensation expense	8,146	8,550	7,877
Amortization of debt issuance costs and other	7,629	9,023	5,666
Other, net	25	1,065	(7,694)
Changes in operating assets and operating liabilities:			
Accounts receivable and other assets	(26,021)	(27,830)	(15,841)
Accounts payable, accrued liabilities and other	2,798	1,681	(15,395)
Total adjustments	(133,555)	(320,215)	44,993
Net cash provided by operating activities	374,472	396,388	392,072
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of real estate and deposits related to purchases of real estate	(138,311)	(242,297)	(20,372)
Capital expenditures	(393,461)	(340,489)	(358,104)
Proceeds from dispositions of real estate and the Asset Management Business	628,771	708,848	401,983
Payment for mezzanine investment and related transaction costs	(277,627)	—	—
Purchases of corporate assets	(17,584)	(7,718)	(8,899)
Proceeds from repayments on notes receivable	147	5,010	430
Other investing activities	(7,348)	(1,508)	(2,019)
Net cash (used in) provided by investing activities	(205,413)	121,846	13,019
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from non-recourse property debt	774,623	1,228,027	312,434
Principal repayments on non-recourse property debt	(520,027)	(976,087)	(409,167)
(Repayment of) proceeds from term loan	—	(250,000)	250,000
Net borrowings on revolving credit facility	114,640	93,200	49,230
Payment of debt issuance costs	(4,861)	(11,961)	(4,751)
Payment of debt extinguishment costs	(4,491)	(14,241)	(399)
Repurchases of Common Stock	(20,682)	(373,593)	—
Repurchases of Preferred Stock	(125,000)	—	—
Payment of dividends to holders of Preferred Stock	(3,246)	(8,594)	(8,594)
Payment of dividends to holders of Common Stock	(241,288)	(237,504)	(225,377)
Payment of distributions to noncontrolling interests	(21,620)	(29,196)	(26,799)
Redemptions of noncontrolling interests in the Aimco Operating Partnership	(10,694)	(9,885)	(13,546)
Contribution from noncontrolling interests in consolidated real estate partnerships	4,911	—	—
Purchases of noncontrolling interests in consolidated real estate partnerships	(3,780)	(3,579)	(314,269)
Other financing activities	(2,437)	5,233	(2,462)
Net cash used in financing activities	(63,952)	(588,180)	(393,700)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	105,107	(69,946)	11,391
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	72,595	142,541	131,150
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	\$ 177,702	\$ 72,595	\$ 142,541

See notes to the consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019, 2018, and 2017
(In thousands)

	2019	2018	2017
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	\$ 160,961	\$ 199,996	\$ 196,438
Cash paid for income taxes	12,238	11,522	7,401
Non-cash transactions associated with the acquisition or disposition of real estate:			
Non-recourse property debt assumed in connection with the acquisition of real estate	97,565	208,885	—
Deferred tax liability assumed in connection with the acquisition of real estate	148,809	—	—
Issuance of common OP Units in connection with acquisition of real estate	3,034	50,151	—
Non-recourse property debt assumed by buyer in connection with the disposition of the Asset Management business	—	227,708	—
Other non-cash transactions:			
Recognition of right of use lease assets	54,626	—	—
Recognition of lease liabilities	59,251	—	—
Accrued capital expenditures (at end of period)	54,358	40,185	31,719
Accrued dividends on TSR restricted stock and LTIP awards (at end of period) (Note 9)	1,420	1,266	1,720

See notes to the consolidated financial statements.

Report of Independent Registered Public Accounting Firm

To the Partners and the Board of Directors of
AIMCO Properties, L.P.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of AIMCO Properties, L.P. (the Partnership) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in the index at Item 15(a) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Partnership’s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2020 expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Note 10 to the consolidated financial statements, the Partnership changed its accounting for the income tax consequences of intercompany transfers of assets effective January 1, 2017.

Basis for Opinion

These financial statements are the responsibility of the Partnership’s management. Our responsibility is to express an opinion on the Partnership’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ ERNST & YOUNG LLP

We have served as the Partnership’s auditor since 1994.

Denver, Colorado
February 24, 2020

AIMCO PROPERTIES, L.P.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2019 and 2018
(In thousands)

	2019	2018
ASSETS		
Buildings and improvements	\$ 6,868,543	\$ 6,552,065
Land	1,869,048	1,756,525
Total real estate	8,737,591	8,308,590
Accumulated depreciation	(2,718,284)	(2,585,115)
Net real estate	6,019,307	5,723,475
Cash and cash equivalents	142,902	36,858
Restricted cash	34,800	35,737
Mezzanine investment	280,258	—
Other assets	351,472	351,541
Assets held for sale	—	42,393
Total assets	\$ 6,828,739	\$ 6,190,004
LIABILITIES AND EQUITY		
Non-recourse property debt, net	\$ 4,230,590	\$ 3,915,305
Revolving credit facility borrowings	275,000	160,360
Total indebtedness	4,505,590	4,075,665
Accrued liabilities and other	360,574	226,230
Liabilities related to assets held for sale	—	23,177
Total liabilities	4,866,164	4,325,072
Redeemable preferred units (Note 8)	97,064	101,291
Redeemable noncontrolling interests in consolidated real estate partnership	4,716	—
Commitments and contingencies (Note 6)		
Partners' capital:		
Preferred units (Note 7)	—	125,000
General Partner and Special Limited Partner	1,780,649	1,574,419
Limited Partners	83,442	67,189
Partners' capital attributable to the Aimco Operating Partnership	1,864,091	1,766,608
Noncontrolling interests in consolidated real estate partnerships	(3,296)	(2,967)
Total partners' capital	1,860,795	1,763,641
Total liabilities and partners' capital	\$ 6,828,739	\$ 6,190,004

See notes to the consolidated financial statements.

AIMCO PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2019, 2018, and 2017
(In thousands, except per unit data)

	2019	2018	2017
REVENUES:			
Rental and other property revenues attributable to real estate	\$ 914,294	\$ 922,593	\$ 918,148
Asset Management business rental and tax credit revenues	—	49,817	87,289
Total revenues	914,294	972,410	1,005,437
OPERATING EXPENSES:			
Property operating expenses attributable to real estate	311,221	307,901	319,126
Property operating expenses of partnerships served by Asset Management business	—	20,921	35,458
Depreciation and amortization	380,171	377,786	366,184
General and administrative expenses	47,037	46,268	43,657
Other expenses, net	19,092	3,778	11,148
Provision for real estate impairment loss	—	—	35,881
Total operating expenses	757,521	756,654	811,454
Interest income	11,424	10,914	8,332
Interest expense	(168,807)	(200,634)	(194,615)
Gain on dispositions of real estate and the Asset Management business	503,168	677,463	300,849
Mezzanine investment income, net	1,531	—	—
Income from unconsolidated real estate partnerships	803	77	7,694
Income before income tax benefit	504,892	703,576	316,243
Income tax benefit (Note 10)	3,135	13,027	30,836
Net income	508,027	716,603	347,079
Net income attributable to noncontrolling interests in consolidated real estate partnerships	(187)	(8,220)	(9,084)
Net income attributable to the Aimco Operating Partnership	507,840	708,383	337,995
Net income attributable to the Aimco Operating Partnership's preferred unitholders	(15,043)	(16,332)	(16,358)
Net income attributable to participating securities	(620)	(1,177)	(337)
Net income attributable to the Aimco Operating Partnership's common unitholders	\$ 492,177	\$ 690,874	\$ 321,300
Net income attributable to the Aimco Operating Partnership per common unit – basic	\$ 3.16	\$ 4.35	\$ 2.02
Net income attributable to the Aimco Operating Partnership per common unit – diluted	\$ 3.15	\$ 4.34	\$ 2.02
Weighted-average common units outstanding – basic	155,882	158,890	158,793
Weighted-average common units outstanding – diluted	156,217	159,073	159,257

See notes to the consolidated financial statements.

AIMCO PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2019, 2018, and 2017
(In thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net income	\$ 508,027	\$ 716,603	\$ 347,079
Other comprehensive (loss) gain:			
Unrealized (losses) gains on available for sale debt securities	(637)	(131)	1,507
Realized and unrealized losses on interest rate swaps	—	—	(173)
Losses on interest rate swaps reclassified into earnings from accumulated other comprehensive loss	—	1,391	1,480
Other comprehensive (loss) gain	(637)	1,260	2,814
Comprehensive income	<u>507,390</u>	<u>717,863</u>	<u>349,893</u>
Comprehensive income attributable to noncontrolling interests	<u>(187)</u>	<u>(8,220)</u>	<u>(9,185)</u>
Comprehensive income attributable to the Aimco Operating Partnership	<u>\$ 507,203</u>	<u>\$ 709,643</u>	<u>\$ 340,708</u>

See notes to the consolidated financial statements.

AIMCO PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
For the Years Ended December 31, 2019, 2018, and 2017
(In thousands)

	Preferred Units	General Partner and Special Limited Partner	Limited Partners	Partners' Capital Attributable to the Aimco Operating Partnership	Noncontrolling Interests in Consolidated Real Estate Partnerships	Total Partners' Capital
Balances at December 31, 2016	\$ 125,000	\$ 1,668,903	\$ (58)	\$ 1,793,845	\$ 151,121	\$ 1,944,966
Redemption of partnership units held by non-Aimco partners	—	—	(11,882)	(11,882)	—	(11,882)
Amortization of Aimco share-based compensation cost	—	8,638	613	9,251	—	9,251
Contributions from noncontrolling interests	—	—	—	—	3,401	3,401
Effect of changes in ownership for consolidated entities	—	(160,586)	4,867	(155,719)	(157,056)	(312,775)
Cumulative effect of a change in accounting principle	—	(62,682)	(3,028)	(65,710)	—	(65,710)
Change in accumulated other comprehensive income	—	2,592	121	2,713	101	2,814
Net income	—	315,774	14,457	330,231	9,084	339,315
Distributions to noncontrolling interests	—	—	—	—	(8,367)	(8,367)
Distributions to common unitholders	—	(226,172)	(10,765)	(236,937)	—	(236,937)
Distributions to preferred unitholders	—	(8,594)	—	(8,594)	—	(8,594)
Other, net	—	271	—	271	—	271
Balances at December 31, 2017	125,000	1,538,144	(5,675)	1,657,469	(1,716)	1,655,753
Repurchases of common partnership units	—	(373,593)	—	(373,593)	—	(373,593)
Issuance of common partnership units	—	—	50,151	50,151	—	50,151
Redemption of partnership units held by non-Aimco partners	—	—	(9,639)	(9,639)	—	(9,639)
Amortization of Aimco share-based compensation cost	—	8,074	1,691	9,765	—	9,765
Effect of changes in ownership for consolidated entities	—	(19,115)	9,014	(10,101)	—	(10,101)
Change in accumulated other comprehensive income	—	1,191	69	1,260	—	1,260
Net income	—	666,227	34,417	700,644	8,220	708,864
Distributions to noncontrolling interests	—	—	(12,839)	(12,839)	(9,471)	(22,310)
Distributions to common unitholders	—	(238,067)	—	(238,067)	—	(238,067)
Distributions to preferred unitholders	—	(8,594)	—	(8,594)	—	(8,594)
Other, net	—	152	—	152	—	152
Balances at December 31, 2018	125,000	1,574,419	67,189	1,766,608	(2,967)	1,763,641
Repurchases of common partnership units held by Aimco	—	(20,682)	—	(20,682)	—	(20,682)
Redemption of preferred units held by Aimco	(125,000)	—	—	(125,000)	—	(125,000)
Issuance of Aimco Operating Partnership units	—	—	3,034	3,034	—	3,034
Redemption of Aimco Operating Partnership Units	—	6,244	(12,710)	(6,466)	—	(6,466)
Amortization of share-based compensation cost	—	5,924	3,184	9,108	—	9,108
Effect of changes in ownership of consolidated entities	—	(13,243)	9,821	(3,422)	3,422	—
Purchase of noncontrolling interest in consolidated real estate partnerships	—	—	—	—	(3,844)	(3,844)
Change in accumulated other comprehensive income	—	(599)	(38)	(637)	—	(637)
Net income	—	474,083	26,049	500,132	382	500,514
Distributions to common unitholders	—	(241,643)	—	(241,643)	—	(241,643)
Common partnership units issued to common unitholders in special distribution	—	(741)	—	(741)	—	(741)
Distributions to preferred unitholders	—	(3,246)	—	(3,246)	—	(3,246)
Distributions to noncontrolling interests	—	—	(13,087)	(13,087)	(308)	(13,395)
Other, net	—	133	—	133	19	152
Balances at December 31, 2019	\$ —	\$ 1,780,649	\$ 83,442	\$ 1,864,091	\$ (3,296)	\$ 1,860,795

See notes to the consolidated financial statements.

AIMCO PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019, 2018, and 2017
(In thousands)

	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 508,027	\$ 716,603	\$ 347,079
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	380,171	377,786	366,184
Provision for real estate impairment loss	—	—	35,881
Gain on dispositions of real estate and the Asset Management business	(503,168)	(677,463)	(300,849)
Income tax benefit	(3,135)	(13,027)	(30,836)
Share-based compensation expense	8,146	8,550	7,877
Amortization of debt issuance costs and other	7,629	9,023	5,666
Other, net	25	1,065	(7,694)
Changes in operating assets and operating liabilities:			
Accounts receivable and other assets	(26,021)	(27,830)	(15,841)
Accounts payable, accrued liabilities and other	2,798	1,681	(15,395)
Total adjustments	(133,555)	(320,215)	44,993
Net cash provided by operating activities	374,472	396,388	392,072
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of real estate and deposits related to purchases of real estate	(138,311)	(242,297)	(20,372)
Capital expenditures	(393,461)	(340,489)	(358,104)
Proceeds from dispositions of real estate and the Asset Management Business	628,771	708,848	401,983
Payment for mezzanine investment and related transaction costs	(277,627)	—	—
Purchases of corporate assets	(17,584)	(7,718)	(8,899)
Proceeds from repayments on notes receivable	147	5,010	430
Other investing activities	(7,348)	(1,508)	(2,019)
Net cash (used in) provided by investing activities	(205,413)	121,846	13,019
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from non-recourse property debt	774,623	1,228,027	312,434
Principal repayments on non-recourse property debt	(520,027)	(976,087)	(409,167)
(Repayment of) proceeds from term loan	—	(250,000)	250,000
Net borrowings on revolving credit facility	114,640	93,200	49,230
Payment of debt issuance costs	(4,861)	(11,961)	(4,751)
Payment of debt extinguishment costs	(4,491)	(14,241)	(399)
Repurchases of common partnership units held by General Partner and Special Limited Partner	(20,682)	(373,593)	—
Redemption of preferred units from Aimco	(125,000)	—	—
Payment of distributions to preferred units	(10,954)	(16,334)	(16,358)
Payment of distributions General Partner and Special Limited Partner	(241,288)	(237,504)	(225,377)
Payment of distributions to Limited Partners	(13,399)	(11,987)	(10,668)
Payment of distributions to noncontrolling interests	(513)	(9,469)	(8,367)
Redemption of common and preferred units	(10,694)	(9,885)	(13,546)
Contribution from noncontrolling interests in consolidated real estate partnerships	4,911	—	—
Purchases of noncontrolling interests in consolidated real estate partnerships	(3,780)	(3,579)	(314,269)
Other financing activities	(2,437)	5,233	(2,462)
Net cash used in financing activities	(63,952)	(588,180)	(393,700)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	105,107	(69,946)	11,391
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	72,595	142,541	131,150
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	\$ 177,702	\$ 72,595	\$ 142,541

See notes to the consolidated financial statements.

AIMCO PROPERTIES, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019, 2018, and 2017
(In thousands)

	2019	2018	2017
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	\$ 160,961	\$ 199,996	\$ 196,438
Cash paid for income taxes	12,238	11,522	7,401
Non-cash transactions associated with the acquisition or disposition of real estate:			
Non-recourse property debt assumed in connection with the acquisition of real estate	97,565	208,885	—
Deferred tax liability assumed in connection with the acquisition of real estate	148,809	—	—
Issuance of common OP Units in connection with acquisition of real estate	3,034	50,151	—
Non-recourse property debt assumed by buyer in connection with the disposition of the Asset Management business	—	227,708	—
Other non-cash transactions:			
Recognition of right of use lease assets	54,626	—	—
Recognition of lease liabilities	59,251	—	—
Accrued capital expenditures (at end of period)	54,358	40,185	31,719
Accrued dividends on TSR restricted stock and LTIP awards (at end of period) (Note 9)	1,420	1,266	1,720

See notes to the consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
AIMCO PROPERTIES, L.P.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

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 some development of quality apartment communities located in several of the largest markets in the United States.

Aimco, through its wholly-owned subsidiaries, AIMCO-GP, Inc. and AIMCO-LP Trust, holds 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 preferred partnership units, which we refer to as preferred OP Units. As of December 31, 2019, after elimination of units held by consolidated subsidiaries, the Aimco Operating Partnership had 158,419,051 common OP Units outstanding. As of December 31, 2019, Aimco owned 148,885,197, or 94.0%, of the common OP Units of the Aimco Operating Partnership and Aimco had an equal number of shares of its Class A Common Stock outstanding, 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.

We own and operate a portfolio of apartment communities, diversified by both geography and price point, in 17 states and the District of Columbia. As of December 31, 2019, our portfolio included 124 apartment communities with 32,839 apartment homes in which we held an average ownership of approximately 99%. We consolidated 120 of these apartment communities with 32,697 apartment homes.

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

Principles of Consolidation

Aimco’s accompanying consolidated financial statements include the accounts of Aimco, the Aimco Operating Partnership and their consolidated subsidiaries. The Aimco Operating Partnership’s consolidated financial statements include the accounts of the Aimco Operating Partnership and its consolidated subsidiaries. All significant intercompany balances have been eliminated in consolidation.

We consolidate a variable interest entity, or VIE, in which we are considered the primary beneficiary. The primary beneficiary is the entity that has (i) the power to direct the activities that most significantly impact the entity’s economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. As of December 31, 2019 and 2018, Aimco consolidated six and nine VIEs, respectively, including the Aimco Operating Partnership.

As used herein, and except where the context otherwise requires, “partnership” refers to a limited partnership or a limited liability company and “partner” refers to a partner in a limited partnership or a member of a limited liability company.

Noncontrolling Interests in the Aimco Operating Partnership

Noncontrolling interests in Aimco Operating Partnership consist of common OP Units and preferred OP Units and are reflected in Aimco’s accompanying consolidated balance sheets as noncontrolling interests in Aimco Operating Partnership. Holders of preferred OP Units participate in the Aimco Operating Partnership’s income or loss only to the extent of their preferred distributions. Within Aimco’s consolidated financial statements, after provision for preferred OP Unit distributions, the Aimco Operating Partnership’s income or loss is allocated to the holders of common OP Units based on the weighted-average number of common OP Units (including those held by Aimco) outstanding during the period. During the years ended December 31, 2019, 2018, and 2017, the holders of common OP Units had a weighted-average ownership interest in the Aimco Operating Partnership of 6.0%, 4.9%, and 4.5%, respectively. Please refer to Note 8 for further information regarding the items comprising noncontrolling interests in the Aimco Operating Partnership. Substantially all of the assets and liabilities of Aimco are those of the Aimco Operating Partnership.

Noncontrolling Interests in Consolidated Real Estate Partnerships

We generally report the unaffiliated partners’ interests in the net assets of our consolidated real estate partnerships as noncontrolling interests in consolidated real estate partnerships within consolidated equity and partners’ capital. If a real estate partnership includes redemption rights that are not within Aimco and the Aimco Operating Partnership’s control, the

noncontrolling interest is included as temporary equity or temporary capital. If the redemption right is not currently redeemable but probable of being redeemable in the future, changes in redemption value are recognized each quarter with the change in value being reflected in additional paid-in-capital.

The assets of real estate partnerships consolidated by the Aimco Operating Partnership must first be used to settle the liabilities of such consolidated real estate partnerships. These consolidated real estate partnerships' creditors do not have recourse to the general credit of the Aimco Operating Partnership.

Noncontrolling interests in consolidated real estate partnerships consist primarily of equity interests held by limited partners in consolidated real estate partnerships that have finite lives. We generally attribute to noncontrolling interests their share of income or loss of consolidated partnerships based on their proportionate interest in the results of operations of the partnerships, including their share of losses even if such attribution results in a deficit noncontrolling interest balance within our equity and partners' capital accounts.

The terms of the related partnership agreements generally require the partnerships to be liquidated following the sale of the underlying real estate. As the general partner in these partnerships, we ordinarily control the execution of real estate sales and other events that could lead to the liquidation, redemption or other settlement of noncontrolling interests.

Changes in our ownership interest in consolidated real estate partnerships generally consist of our purchase of an additional interest in or the sale of our entire interest in a consolidated real estate partnership. The effect on our equity and partners' capital of our purchase of additional interests in consolidated real estate partnerships during the years ended December 31, 2019, 2018, and 2017, is shown in our consolidated statements of equity and partners' capital. The effect on our equity and partners' capital of sales of consolidated real estate or sales of our entire interest in consolidated real estate partnerships is reflected in our consolidated financial statements as gains or losses on dispositions of real estate and accordingly the effect on our equity and partners' capital is reflected within the amount of net income allocated to us and to noncontrolling interests. Upon our deconsolidation of a real estate partnership following the sale of our partnership interests or liquidation of the partnership following sale of the related apartment community, we derecognize any remaining noncontrolling interest of the associated partnership previously recorded in our consolidated balance sheets.

Investments in Unconsolidated Real Estate Partnerships

We own general and limited partner interests in partnerships that either directly, or through interests in other real estate partnerships, own apartment communities. We generally account for investments in real estate partnerships that we do not consolidate under the equity method. Under the equity method, we recognize our share of the earnings or losses of the entity for the periods presented, inclusive of our share of any impairments and disposition gains or losses recognized by and related to such entities, and we present such amounts within income from unconsolidated real estate partnerships in our consolidated statements of operations.

The excess of our cost of the acquired partnership interests over our share of the partners' equity or deficit is generally ascribed to the fair values of land and buildings owned by the partnerships. We amortize the excess cost ascribed to the buildings over the related estimated useful lives. Such amortization is recorded as an adjustment of the amounts of earnings or losses we recognize from such unconsolidated real estate partnerships.

We may also originate loans for real estate acquisitions or developments where we either expect, or have the opportunity, to participate in the residual profits from such projects. When the risks and rewards of these arrangements are similar to an equity investor or joint venture partner, we account for these arrangements as real estate investments using the equity method of accounting. We recognize as income changes in our share of net assets, adjusted for any basis differential, in mezzanine investment income, net, in our consolidated statements of operations.

Real Estate

Acquisitions

Upon the acquisition of real estate, we determine whether the purchase qualifies as an asset acquisition or, less frequently, meets the definition of an acquisition of a business. We generally recognize the acquisition of apartment communities or interests in partnerships that own communities at our cost, including the related transaction costs, as asset acquisitions.

We allocate the cost of apartment communities acquired based on the relative fair value of the assets acquired and liabilities assumed. The fair value of these assets and liabilities is determined using valuation techniques that rely on Level 2 and Level 3 inputs within the fair value framework. We determine the fair value of tangible assets, such as land, buildings, furniture, fixtures and equipment using valuation techniques that consider comparable market transactions, replacement costs and other available information. We determine the fair value of identified intangible assets or liabilities, which typically relate to in-place leases, using valuation techniques that consider the terms of the in-place leases, current market data for comparable leases and our experience in leasing similar communities.

The intangible assets or liabilities related to in-place leases are comprised of: (a) the value of the above- and below-market leases in-place, measured over the period, including probable lease renewals for below-market leases, that the leases are expected to remain in effect; (b) the estimated unamortized portion of avoided leasing commissions and other costs that ordinarily would be incurred to originate the in-place leases; and (c) the value associated with leased apartment homes during an estimated absorption period, which estimates rental revenue that would not have been earned had leased apartment homes been vacant at the time of acquisition, assuming lease-up periods based on market demand and stabilized occupancy levels. The above- and below-market lease intangibles are amortized to rental revenue over the expected remaining terms of the associated leases, which include reasonably assured renewal periods. Other intangible assets related to in-place leases are amortized to depreciation and amortization over the expected remaining terms of the associated leases.

Capital Additions

We capitalize costs, including certain indirect costs, incurred in connection with our capital additions activities, including redevelopments, developments, other tangible apartment community improvements, and replacements of existing apartment community components. Included in these capitalized costs are payroll costs associated with time spent by employees in connection with capital additions activities at the apartment community level. We characterize as “indirect costs” an allocation of certain department costs, including payroll, at the area operations and corporate levels that clearly relate to capital additions activities. We also capitalize interest, property taxes, and insurance during periods in which construction projects are in progress. We begin capitalization of costs, including certain indirect costs, incurred in connection with our capital addition activities, upon commencement of activities necessary to ready apartment communities for their intended use. These activities include when apartment communities or apartment homes are undergoing physical construction, as well as when homes are held vacant in advance of planned construction, provided that other activities such as permitting, planning and design are in progress. We cease the capitalization of costs when the apartment communities are substantially complete and ready for their intended use, which is typically when construction has been substantially completed and apartment homes are available for occupancy. Costs, including ordinary repairs, maintenance, and resident turnover costs, are charged to property operating expense as incurred.

For the years ended December 31, 2019, 2018, and 2017, we capitalized to buildings and improvements \$11.8 million, \$7.6 million, and \$7.6 million of interest costs, respectively, and \$37.8 million, \$36.8 million, and \$36.0 million of other direct and indirect costs, respectively.

Gain or Loss on Dispositions

Gain or loss on real estate dispositions are recognized when we no longer hold a controlling financial interest in the real estate and sufficient consideration has been received. Upon disposition, the related assets and liabilities are derecognized, and the gain or loss on disposition is recognized as the difference between the carrying amount of those assets and liabilities and the value of consideration received.

Impairment

Real estate and other long-lived assets to be held and used are stated at cost, less accumulated depreciation and amortization, unless the carrying amount of the asset is not recoverable. If events or circumstances indicate that the carrying amount of an apartment community may not be recoverable, we assess its recoverability by comparing the carrying amount to our estimate of the undiscounted future cash flows, excluding interest charges, of the community. If the carrying amount exceeds the aggregate undiscounted future cash flows, we recognize an impairment loss to the extent the carrying amount exceeds the estimated fair value of the community. As a result of our analysis, we did not recognize an impairment of our real estate and other long-lived assets to be held and used during the year ended December 31, 2019 and December 31, 2018. During the year ended December 31, 2017 we recognized an impairment related to our La Jolla Cove property, which we sold in 2018.

Cash Equivalents

We classify highly liquid investments with an original maturity of three months or less as cash equivalents. We maintain cash equivalents in financial institutions in excess of insured limits. We have not experienced any losses in these accounts in the past and believe that we are not exposed to significant credit risk because our accounts are deposited with major financial institutions.

Restricted Cash

Restricted cash includes capital replacement reserves, completion repair reserves, bond sinking fund amounts, real estate tax and insurance escrow accounts held by lenders and resident security deposits.

Other Assets

As of December 31, 2019 and 2018, other assets was comprised of the following amounts (in thousands):

	<u>2019</u>	<u>2018</u>
Investments in securitization trust that holds Aimco property debt	\$ 94,251	\$ 83,587
Right of use lease assets	61,911	—
Goodwill and other intangible assets, net	56,905	43,424
Notes receivable, net	41,300	39,254
Software, equipment and leasehold improvements	25,750	18,309
Accounts receivable, net	20,949	16,376
Prepaid expenses, real estate taxes and insurance	12,767	25,657
Investments in unconsolidated real estate partnerships	12,759	12,650
Deferred tax asset, net (Note 10)	—	67,060
Deferred costs, deposits and other	24,880	45,224
Total other assets	\$ 351,472	\$ 351,541

Investments in Securitization Trust that holds Aimco Property Debt

We hold investments in a securitization trust that primarily holds certain of our property debt. These investments were initially recognized at their purchase price and the discount to the face value is being accreted into interest income over the expected term of the securities. We have designated these investments as available for sale, or AFS, debt securities and we measure these investments at fair value with changes in their fair value, other than the changes attributed to the accretion described above, recognized as an adjustment of accumulated other comprehensive income or loss within equity and partners' capital. Please refer to Note 12 for further information regarding these debt securities.

Goodwill and Other Intangible Assets, net

As of December 31, 2019 and 2018, other assets included goodwill associated with our reportable segments of \$37.8 million. We perform an annual impairment test of goodwill by evaluating qualitative factors to determine the likelihood that goodwill may be impaired. As a result of the qualitative analysis, we do not believe our goodwill is impaired as of the date of our annual test.

Deferred Costs

We defer, as debt issuance costs, lender fees and other direct costs incurred in obtaining new financing and amortize the amounts over the terms of the related loan agreements. In connection with the modification of existing financing arrangements, we defer lender fees and amortize these costs and any unamortized debt issuance costs over the term of the modified loan agreement. Debt issuance costs associated with our revolving credit facility are included in other assets in our consolidated balance sheets. Debt issuance costs associated with non-recourse property debt are presented as a direct deduction from the related liabilities in our consolidated balance sheets. When financing arrangements are repaid or otherwise extinguished prior to maturity, unamortized debt issuance costs are written off, additionally, any lender fees or other costs incurred in connection with the extinguishment are recognized as expense. Amortization and write-off of debt issuance costs and other extinguishment costs are included in interest expense in our consolidated statements of operations.

We defer leasing costs incremental to a lease that we would not have incurred if the contract had not been obtained. Amortization of these costs is included in depreciation and amortization.

Revenue from Leases

We are a lessor primarily for residential leases. We also own approximately 1.1 million square feet of commercial space across our portfolio.

In 2019 we adopted ASC 842, *Leases*. The adoption of the standard did not affect the accounting for leases in our position as lessor, except for how we recognize costs incurred to obtain residential leases. Please refer to the Accounting Pronouncements Adopted in the Current Year heading below for further information about this standard.

Our operating leases with residents may also provide that the resident reimburse us for certain costs, primarily the resident's share of utilities expenses, incurred by the apartment community. These reimbursements represent revenue attributable to nonlease components for which the timing and pattern of recognition is the same as the revenue for the lease components. We adopted the practical expedient that allows us to account for the lease and nonlease components as a single component. Reimbursement and related expense are presented on a gross basis in our consolidated statements of operations, with the reimbursement included in rental and other property revenues attributable to real estate in our consolidated statements of operations. We recognize rental revenue attributed to lease components, net of any concessions, on a straight-line basis over the term of the lease.

Asset Management Business

Prior to the July 2018 sale of our Asset Management business, we provided asset management and other services to certain consolidated partnerships owning apartment communities that qualify for low-income housing tax credits and are structured to provide for the pass-through of tax credits and tax deductions to their partners. We consolidated those low-income housing tax credit partnerships in which we were the sole general partner and decision maker of the partnerships. We recognized income from asset management and other services when the related fees were earned and realized or realizable.

Depreciation and Amortization

Depreciation for all tangible assets is calculated using the straight-line method over their estimated useful lives. Acquired buildings and improvements are depreciated over a useful life based on the age, condition, and other physical characteristics of the asset. Furniture, fixtures, and equipment are generally depreciated over five years.

We depreciate capitalized costs using the straight-line method over the estimated useful life of the related improvement, which is generally 5, 15, or 30 years. We also capitalize payroll and other indirect costs incurred in connection with preparing an asset for its intended use. These costs include corporate-level costs that clearly relate to the capital addition activities, which we allocate to the applicable assets. All capitalized payroll costs and indirect costs are allocated to capital additions proportionately based on direct costs and depreciated over the estimated useful lives of such capital additions.

Purchased software and other costs related to software purchased or developed for internal use are capitalized during the application development stage and are amortized using the straight-line method over the estimated useful life of the software, generally three to five years. Purchased equipment is recognized at cost and depreciated using the straight-line method over the estimated useful life of the asset, which is generally five years. Leasehold improvements are also recorded at cost and depreciated on a straight-line basis over the shorter of the asset's estimated useful life or the term of the related lease.

Certain homogeneous items that are purchased in bulk on a recurring basis, such as appliances, are depreciated using group methods that reflect the average estimated useful life of the items in each group. Except in the case of apartment community casualties, where the net book value of the lost asset is written off in the determination of casualty gains or losses, we generally do not recognize any loss in connection with the replacement of an existing apartment community component because normal replacements are considered in determining the estimated useful lives used in connection with our composite and group depreciation methods.

Insurance

We believe our insurance coverages insure our apartment communities adequately against the risk of loss attributable to fire, earthquake, hurricane, tornado, flood, and other perils. In addition, we have third-party insurance coverage (after self-insured retentions) that defray the costs of large workers' compensation, health, and general liability exposures. We accrue losses based upon our estimates of the aggregate liability for uninsured losses incurred using certain actuarial assumptions followed in the insurance industry and based on our experience.

Share-Based Compensation

We issue various forms of share-based compensation, including stock options and restricted stock awards with service conditions and/or market conditions. We recognize share-based employee compensation based on the fair value on the grant date and recognize compensation cost over the awards' requisite service periods. We reduce compensation cost related to forfeited awards in the period of forfeiture. Please refer to Note 9 for further discussion of our share-based compensation.

Income Taxes

Aimco has elected to be taxed as a REIT under the Internal Revenue Code commencing with its taxable year ended December 31, 1994, and it intends to continue to operate in such a manner. Aimco's current and continuing qualification as a REIT depends on its ability to meet the various requirements imposed by the Internal Revenue Code, which are related to organizational structure, distribution levels, diversity of stock ownership and certain restrictions with regard to owned assets and categories of income. If Aimco qualifies for taxation as a REIT, it will generally not be subject to United States federal corporate income tax on its taxable income that is currently distributed to stockholders. This treatment substantially eliminates the "double taxation" (at the corporate and stockholder levels) that generally results from an investment in a corporation.

Even if Aimco qualifies as a REIT, it may be subject to United States federal income and excise taxes in various situations, such as on undistributed income. Aimco also will be required to pay a 100% tax on any net income on non-arm's length transactions between it and a TRS (described below) and on any net income from sales of apartment communities that were held for sale in the ordinary course. The state and local tax laws may not conform to the United States federal income tax treatment, and Aimco may be subject to state or local taxation in various state or local jurisdictions, including those in which we transact business. Any taxes imposed on us reduce our operating cash flow and net income.

Certain of our operations or a portion thereof, including property management and risk management, are conducted through taxable REIT subsidiaries, which are subsidiaries of the Aimco Operating Partnership, and each of which we refer to as a TRS. A TRS is a subsidiary C-corporation that has not elected REIT status and, as such, is subject to United States federal corporate income tax. We use TRS entities to facilitate our ability to offer certain services and activities to our residents and investment partners that cannot be offered directly by a REIT. We also use TRS entities to hold investments in certain apartment communities.

For our TRS entities, deferred income taxes result from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for United States federal income tax purposes, and are measured using the enacted tax rates and laws that are expected to be in effect when the differences reverse. We reduce deferred tax assets by recording a valuation allowance when we determine, based on available evidence, that it is more likely than not that the assets will not be realized. We recognize the tax consequences associated with intercompany transfers between the Aimco Operating Partnership and TRS entities when such transactions occur. Please refer to Note 10 for further information about our income taxes.

Earnings per Share and Unit

Aimco and the Aimco Operating Partnership calculate earnings per share and unit based on the weighted-average number of shares of Common Stock or common partnership units, participating securities, common stock or common unit equivalents and dilutive convertible securities outstanding during the period. The Aimco Operating Partnership considers both common partnership units and equivalents, which have identical rights to distributions and undistributed earnings, to be common units for purposes of the earnings per unit computations. Please refer to Note 11 for further information regarding earnings per share and unit computations.

Use of Estimates

The preparation of our 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.

Reclassifications and Revisions

On February 20, 2019, Aimco and the Aimco Operating Partnership effected a reverse split of Common Stock and common partnership units, respectively, at a ratio of one share or unit for every 1.03119 shares or units outstanding on the date of effectiveness. The accounting guidance for recapitalization events requires that we revise Aimco's equity and the Aimco Operating Partnership's partners' capital as if the reverse split had occurred at the beginning of the earliest period presented. As such, we have revised the outstanding share and unit counts, presentation of share and unit activity, and earnings per share and unit, as if the reverse split had occurred on December 31, 2016.

Accounting Pronouncements Adopted in the Current Year

Effective January 1, 2019, we adopted ASC 842 issued by the Financial Accounting Standards Board, or FASB. We elected to adopt the new standard using practical expedients that do not require a look back to expired or existing contracts for embedded leases, allow us to retain the classification of existing leases, and allow us to retain the previous accounting for the initial direct costs of existing leases. As both a lessee and a lessor, we also elected to use the practical expedient that allows us to combine revenue attributable to nonlease components with associated lease components where the timing and pattern of transfer of the components are the same. Under the new standard, a contract is or contains a lease when it provides the right to control the use of an asset for a period of time in exchange for consideration.

Lessor accounting remains largely unchanged other than how we recognize costs incurred to obtain leases. Under ASC 842, we defer leasing costs incremental to a lease that we would not have incurred if the contract had not been obtained. As a result of the practical expedient related to the combination of revenue from nonlease and lease components described above, we will combine rent payments with payments for other services we provide to our residents, including residents' reimbursement of utility expenses. We have adopted the standard using the optional transition method that allows for prior reporting periods to remain as originally presented. Please refer to Note 4.

In 2018, the Securities Exchange Commission, or SEC, amended its rules to eliminate, modify, or integrate into other SEC requirements certain disclosure rules. The amendments are intended to simplify compliance without significantly changing the total mix of information provided to investors. The amendments created a requirement to report dividends per share or unit and changes in equity in interim periods on a comparative basis for both quarter-to-date and year-to-date periods presented.

Recent Accounting Pronouncements

In 2016, the FASB issued ASC 326, *Financial Instruments-Credit Losses*, which changes the method and timing of the recognition of credit losses on financial assets. The standard will require us to estimate and record credit losses over the life of a

financial instrument, including receivables, at its inception. Our notes receivable and AFS debt securities are subject to the new standard. For AFS debt securities, the new standard would require us to estimate a credit loss if the fair value of the instruments are less than their carrying value of the instruments. This credit loss standard is required to be applied using a modified-retrospective approach and requires a cumulative-effect adjustment to retained earnings be recorded as of the date of adoption. We adopted the new standard on January 1, 2020. The adoption of the standard is not expected to have a material impact on our financial position or results of operations.

Note 3 — Significant Transactions

Parkmerced Mezzanine Investment

On November 26, 2019, we loaned \$275 million to the partnership that owns Parkmerced Apartments. The loan accrues interest at 10% per annum with a five-year term and the right to extend for a second five-year term. Along with our mezzanine loan, we received a ten-year option to acquire a 30% interest in the partnership at a \$1.0 million exercise price, increased by 30% of future capital spending to progress development and redevelopment of the partnership’s apartment homes. The existence of the option provides us with the opportunity to participate in residual profits of the partnership and in accordance with the acquisition, development, and construction guidance within ASC 310, *Receivables*, we account for this transaction under the equity method. Our investment balance, which represents our maximum exposure, is reflected in mezzanine investment in our consolidated balance sheets. Parkmerced Apartments is a 152-acre site in southwest San Francisco, currently improved with 3,221 rent-control apartment homes and the vested right to develop 4,093 new market-rate homes.

Acquisitions

During the year ended December 31, 2019, we acquired a 95% interest in 1001 Brickell Bay Drive, a 1.8-acre waterfront parcel in Miami, Florida, currently improved with an office building. The remaining 5% is held by an outside partner and is redeemable at the holder’s option for cash during a three-month exercise period, which begins on July 2, 2022. As the redemption of this put is not within Aimco and the Aimco Operating Partnership’s control, the noncontrolling interest is reflected in temporary equity in Aimco’s consolidated balance sheets and within temporary capital in the Aimco Operating Partnership’s consolidated balance sheets.

We also acquired One Ardmore, an apartment community located in Ardmore, Pennsylvania, a suburb of Philadelphia, and Prism, an apartment community under development in Cambridge, Massachusetts. Summarized information regarding these acquisitions is set forth in the table below (in thousands):

Purchase price	\$	229,711
Capitalized transaction costs		4,057
Noncontrolling interests in consolidated real estate partnership		8,250
Total consideration (1)	\$	242,018
Consideration allocated to building and improvements		218,752
Consideration allocated to land		162,094
Consideration allocated to intangible assets		16,500
Consideration allocated to intangible liabilities		(6,519)
Deferred tax liability assumed (2)		(148,809)
Total consideration	\$	242,018

(1) Total consideration includes \$97.6 million of debt assumed and issuance of 59,761 common OP Units. In accordance with GAAP, the common OP Units were valued at \$50.77 per unit, the Aimco Common Stock closing price on the purchase date.

(2) The deferred tax liability of \$148.8 million resulted from the corporate structure used to complete the acquisition of 1001 Brickell Bay Drive and is due to the difference between the purchase price determined in accordance with GAAP and the tax basis of the property.

Dispositions of Apartment Communities

During the years ended December 31, 2019, 2018, and 2017, we sold apartment communities as summarized below (dollars in thousands):

	2019	2018	2017
Number of apartment communities sold	12	4	5
Number of apartment homes sold	3,596	1,334	2,291
Gain on dispositions of real estate (1)	\$ 503,168	\$ 175,213	\$ 297,730

(1) During the year ended December 31, 2019, gain on dispositions of real estate includes the expiration of indemnification liabilities related to the sale of our Asset Management business.

The apartment communities sold were predominantly located outside of our primary markets or in lower-rated locations within our primary markets and had average revenues per apartment home significantly below those of our retained portfolio.

During the year ended December 31, 2018, we also sold for \$590.0 million our Asset Management business and our four affordable apartment communities located in the Hunters Point area of San Francisco. The sale resulted in a gain of \$500.3 million and net cash proceeds of \$512.2 million, after payment of transaction costs and repayment of property-level debt. Additionally, we sold our interest in the entities owning the La Jolla Cove property. We provided seller financing with a stated value of \$48.6 million and received net cash proceeds of approximately \$5.0 million.

In addition to the apartment communities we sold during the current period, from time to time we may be marketing for sale certain 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 December 31, 2019, no communities were classified as held for sale.

Note 4 — Leases

Lessor Arrangements

The majority of payments we receive for our residential and commercial leases are fixed. We receive variable payments from our residents and commercial tenants primarily for utility reimbursements. Our total lease income was comprised of the following amounts for all operating leases for the year ended December 31, 2019 (in thousands):

Fixed lease income	\$	855,326
Variable lease income		56,424
Total lease income	\$	911,750

In general, our commercial leases have options to extend for a certain period of time at the tenant's option. Future minimum annual rental payments we will receive under commercial leases, excluding such extension options, are as follows as of December 31, 2019 (in thousands):

2020	\$	26,770
2021		23,277
2022		19,766
2023		15,853
2024		13,512
Thereafter		52,040
Total	\$	151,218

Generally, our residential leases do not provide extension options and, as of December 31, 2019, have an average remaining term of 8.8 months.

Lessee Arrangements

Beginning in 2019, we recognize right of use assets and related lease liabilities, which are included in other assets and accrued liabilities and other, respectively, in our consolidated balance sheets. We estimated the value of the lease liabilities using a discount rate equivalent to the rate we would pay on a secured borrowing with similar terms to the lease. On October 1, 2019, we revised our estimate of the incremental borrowing rate, which resulted in a reduction of our right of use assets and related lease liabilities for ground leases. The adjustment recorded to our right of use assets and lease liabilities did not impact our consolidated statements of operations.

Substantially all of the payments under our ground and office leases are fixed. We exclude options to extend the lease in our minimum lease terms unless the option is reasonably certain to be exercised. Our total lease cost for ground and office leases for the years ended December 31, 2019, 2018, and 2017 was \$10.7 million, \$5.1 million, and \$4.8 million, respectively.

As of December 31, 2019, the ground and office leases have weighted-average remaining terms of 74.0 years and 8.4 years, respectively, and weighted-average discount rates of 6.55% and 3.22%, respectively. Minimum annual rental payments under these operating leases, reconciled to the lease liability included in accrued liabilities and other in our consolidated balance sheets, are as follows (in thousands):

	Operating Lease Future Minimum Rent
2020	\$ 5,156
2021	5,143
2022	5,053
2023	4,363
2024	4,392
Thereafter	427,935
Total	\$ 452,042
Less: Discount	(394,735)
Total lease liability	\$ 57,307

Of the total lease liability as of December 31, 2019, \$43.7 million of the balance relates to our ground leases, with the remainder relating to our office leases.

Note 5 — Non-Recourse Property Debt and Credit Agreement

Non-Recourse Property Debt

We finance apartment communities in our portfolio primarily using property-level, non-recourse, long-dated, fixed-rate, amortizing debt. The following table summarizes non-recourse property debt related to assets classified as held for use as of December 31, 2019 and 2018 (dollars in thousands):

	Latest Maturity Date	Interest Rate Range	Weighted-Average Interest Rate	2019	2018
Fixed-rate property debt	January 1, 2055	2.73% to 6.79%	3.93%	\$ 4,081,221	\$ 3,676,882
Variable-rate property debt	July 13, 2033	2.51% to 3.00%	2.88%	170,118	260,118
Debt issuance costs, net of accumulated amortization				(20,749)	(21,695)
Non-recourse property debt, net				\$ 4,230,590	\$ 3,915,305

Principal and interest on fixed-rate debt are generally payable monthly or in monthly interest-only payments with balloon payments due at maturity. As of December 31, 2019, our fixed-rate property debt was secured by 78 apartment communities that had an aggregate net book value of \$4.3 billion.

Principal and interest on variable-rate debt are generally payable in semi-annual installments with balloon payments due at maturity. As of December 31, 2019, our variable-rate property debt was secured by seven apartment communities that had an aggregate net book value of \$105.7 million.

These non-recourse property debt instruments contain covenants common to the type of borrowing, and as of December 31, 2019, we were in compliance with all such covenants.

As of December 31, 2019, the scheduled principal amortization and maturity payments for the non-recourse property debt were as follows (in thousands):

	Amortization	Maturities	Total
2020	\$ 92,177	\$ 78,930	\$ 171,107
2021 (1)	83,427	598,263	681,690
2022	78,909	260,671	339,580
2023	71,332	249,251	320,583
2024	67,561	285,517	353,078
Thereafter	391,512	1,993,789	2,385,301
Total	\$ 784,918	\$ 3,466,421	\$ 4,251,339

(1) Pursuant to the terms of our loan agreements, we may prepay in 2020 \$246.5 million of loans maturing in 2021, without penalty.

Revolving Credit Facility

We have a revolving credit facility with a syndicate of financial institutions. Our revolving credit facility provides for \$800.0 million of revolving loan commitments. As of December 31, 2019 and 2018, we had \$275.0 million and \$160.4 million, respectively, of outstanding borrowings under our revolving credit facility. The interest rate on our outstanding borrowings was 3.00% and 3.93% as of December 31, 2019 and 2018, respectively. As of December 31, 2019, after outstanding borrowings and \$7.2 million of undrawn letters of credit backed by the Credit Agreement, our available borrowing capacity was \$517.8 million.

Borrowings against the revolving loan commitments bear interest at a rate set forth on a pricing grid, which rate varies based on our credit rating as assigned by specified rating agencies (LIBOR plus 1.20%, or, at our option, a base rate plus 0.20% as of December 31, 2019). The revolving credit facility matures on January 22, 2022. The revolving credit facility provides that we may make distributions to our investors during any four consecutive quarters in an aggregate amount that does not exceed the greater of 95% of our funds from operations, as defined by Nareit, for such period, subject to certain non-cash adjustments, or such amount as may be necessary to maintain Aimco's REIT status.

Note 6 — Commitments and Contingencies

Commitments

In connection with our redevelopment, development, and other capital improvement activities, we have entered into various construction-related contracts and we have made commitments to complete redevelopment and development of certain apartment communities, pursuant to financing or other arrangements. As of December 31, 2019, our commitments related to active redevelopments and developments totaled approximately \$254.5 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.

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, regarding contaminated groundwater near 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 undertook a voluntary remediation of the dry cleaner contamination under state oversight. 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). In May 2018, we prevailed on our federal judicial appeal vacating the Superfund listing. We continue to work with EPA to identify options for clean-up of the site outside the Superfund 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 a contingent liability related to a property in Lake Tahoe, California, regarding environmental contamination 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 a laundromat with a self-service dry-cleaning machine. That entity and the current property owner have been remediating the 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 by 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 December 31, 2019, are immaterial to our consolidated financial condition, results of operations and cash flows.

Note 7 — Aimco Equity

Preferred Stock

During the year ended December 31, 2019, Aimco redeemed all of the outstanding shares of its 6.88% Class A Cumulative Preferred Stock. Aimco's Class A Preferred Stock had a \$0.01 per share par value, was senior to Aimco's Common Stock, had a liquidation preference per share of \$25.00.

In connection with the redemption of Aimco preferred stock, the Aimco Operating Partnership redeemed from Aimco a number of Preferred Partnership Units equal to the number of shares redeemed by Aimco.

Common Stock

During the years ended December 31, 2019, 2018, and 2017, Aimco declared dividends per common share of \$1.56, \$1.52 and \$1.44, respectively.

On February 3, 2019, Aimco's Board of Directors authorized a reverse stock split, in which every 1.03119 Aimco common share was combined into one Aimco common share, effective at the close of business on February 20, 2019. On the same date, the Board of Directors also declared a special dividend on the Aimco Common Stock that consisted of \$67.1 million in cash, 4.5 million shares of Aimco Common Stock, and \$0.4 million of cash paid in lieu of issuing fractional units. We paid the special dividend on March 22, 2019, to stockholders of record as of February 22, 2019. The special dividend amount included the regular quarterly cash dividend of \$0.39 per share.

Stockholders had the opportunity to elect to receive the special dividend in the form of all cash or all stock, subject to proration if either option was oversubscribed. Aimco's Board of Directors also authorized a reverse stock split intended to neutralize the dilutive impact of the stock issued in the special dividend. As a result, the total number of shares outstanding after the stock dividend and reverse split was unchanged from the number of shares outstanding immediately prior to the two actions. All equity and earnings per share data, including the number of shares outstanding, have been retroactively adjusted to reflect the reverse stock split for all periods presented in this Annual Report on Form 10-K.

Change to our charter

On February 24, 2020, pursuant to Maryland law and our charter, our Board of Directors reclassified into Common Stock, all of the authorized and unissued shares of each of the following classes of preferred stock: Class Z Cumulative Preferred Stock, Class A Cumulative Preferred Stock, and Series A Community Reinvestment Act Preferred Stock. The reclassification increases the number of authorized shares classified as Common Stock by 9,800,240 shares, from 500,787,260 shares immediately prior to the reclassification to 510,587,500 shares immediately after the reclassification. The reclassification does not impact any of our issued and outstanding shares of preferred stock.

Registration Statements

Aimco and the Aimco Operating Partnership have a shelf registration statement that provides for the issuance of equity and debt securities by Aimco and debt securities by the Aimco Operating Partnership.

Note 8 —Partners’ Capital

Redeemable Preferred OP Units

The Aimco Operating Partnership has outstanding various classes of redeemable preferred OP Units. As of December 31, 2019 and 2018, the Aimco Operating Partnership had the following classes of preferred OP Units (stated at their redemption values, in thousands, except unit and per unit data):

Class of Preferred Units	Distributions per Annum		Units Issued and Outstanding		Redemption Values	
	Percent	Per Unit	2019	2018	2019	2018
Class One	8.75%	\$ 8.00	90,000	90,000	\$ 8,229	\$ 8,229
Class Two	1.92%	\$ 0.48	11,122	14,240	278	356
Class Three	7.88%	\$ 1.97	1,338,524	1,338,524	33,463	33,463
Class Four	8.00%	\$ 2.00	644,954	644,954	16,124	16,124
Class Six	8.50%	\$ 2.13	773,693	773,693	19,342	19,342
Class Seven	7.87%	\$ 1.97	26,150	27,960	654	699
Class Nine	6.00%	\$ 1.50	78,956	243,112	1,974	6,078
Class Ten	6.00%	\$ 1.50	680,000	680,000	17,000	17,000
Total			3,643,399	3,812,483	\$ 97,064	\$ 101,291

Each class of preferred OP Units is currently redeemable at the holders’ option. The Aimco Operating Partnership, at its sole discretion, may settle such redemption requests in cash or cause Aimco to issue shares of its Common Stock with a value equal to the redemption price. In the event the Aimco Operating Partnership requires Aimco to issue shares of Common Stock to settle a redemption request, the Aimco Operating Partnership would issue to Aimco a corresponding number of common OP Units. The Aimco Operating Partnership has a redemption policy that requires cash settlement of redemption requests for the preferred OP Units, subject to limited exceptions. Subject to certain conditions, the Class Four and Class Six preferred OP Units may be converted into common OP Units.

These redeemable units are classified within temporary equity in Aimco’s consolidated balance sheets and within temporary capital in the Aimco Operating Partnership’s consolidated balance sheets.

During the years ended December 31, 2019, 2018, and 2017, approximately 169,000, 10,000 and 67,000 preferred OP Units, respectively, were redeemed in exchange for cash, and no preferred OP Units were redeemed in exchange for shares of Aimco Common Stock or common OP Units.

The following table presents a reconciliation of the Aimco Operating Partnership’s preferred OP Units during the year ended December 31, 2019 (in thousands):

	2019
Balance at January 1	\$ 101,291
Preferred distributions	(7,708)
Redemption of preferred units	(4,227)
Net income	7,708
Balance at December 31	\$ 97,064

Aimco Operating Partnership Partners’ Capital

Common Partnership Units

In the Aimco Operating Partnership’s consolidated balance sheets, the common partnership units held by Aimco are classified within Partners’ Capital as General Partner and Special Limited Partner capital and the common OP Units are classified within Limited Partners’ capital. In Aimco’s consolidated balance sheets, the common OP Units are classified within permanent equity as common noncontrolling interests in the Aimco Operating Partnership.

Common partnership units held by Aimco are not redeemable whereas common OP Units are redeemable at the holders’ option, subject to certain restrictions, on the basis of one common OP Unit for either one share of Common Stock or cash equal to the fair value of a share of Common Stock at the time of redemption. Aimco has the option to deliver shares of Common Stock in exchange for all or any portion of the common OP Units tendered for redemption. When a limited partner redeems a common OP Unit for Common Stock, Limited Partners’ capital is reduced and the General Partner and Special Limited Partners’ capital is increased.

During the years ended December 31, 2019, 2018, and 2017, approximately 129,000, 224,000 and 268,000 common OP Units, respectively, were redeemed in exchange for cash. During the year ended December 31, 2019, 127,000 common OP Units were

redeemed in exchange for shares of Common Stock. No common OP Units were redeemed in exchange for Aimco Common Stock during the years ended December 31, 2018 and 2017.

The holders of the common OP Units receive distributions, prorated from the date of issuance, in an amount equivalent to the dividends paid to holders of Common Stock. During the years ended December 31, 2019, 2018, and 2017, the Aimco Operating Partnership declared distributions per common unit of \$1.56, \$1.52 and \$1.44, respectively.

On February 3, 2019, the Board of Directors of the Aimco Operating Partnership’s general partner authorized a reverse unit split and special distribution in the same form and with the same timing as the reverse stock split and special dividend discussed in Note 7 above. The special distribution to the holders of Aimco Operating Partnership common partnership units that consisted of \$72.7 million in cash, 4.8 million common partnership units and \$0.4 million of cash paid in lieu of issuing fractional units. Total common partnership units outstanding prior to and following both transactions was unchanged.

Note 9 — Share-Based Compensation

We have a stock award and incentive program to attract and retain officers and independent directors. As of December 31, 2019, approximately 3.9 million shares were available for issuance under our Amended and Restated 2015 Stock Award and Incentive Plan, or the 2015 Plan. The total number of shares available for issuance under this plan may increase due to any forfeiture, cancellation, exchange, surrender, termination or expiration of an award outstanding under our 2007 Stock Award and Incentive Plan. Awards under the 2015 Plan may be in the form of incentive stock options, non-qualified stock options and restricted stock, or other types of awards as authorized under the plan.

Our plans are administered by the Compensation and Human Resources Committee of Aimco’s Board of Directors. In the case of stock options, the exercise price of the options granted may not be less than the fair market value of a share of Common Stock at the date of grant.

Total compensation cost recognized for share-based awards was as follows for the years ended December 31, 2019, 2018, and 2017 (in thousands):

	2019	2018	2017
Share-based compensation expense (1)	\$ 8,146	\$ 8,550	\$ 7,877
Capitalized share-based compensation (2)	962	1,215	1,374
Total share-based compensation (3)	\$ 9,108	\$ 9,765	\$ 9,251

- (1) Amounts are recorded in general and administrative expenses on the consolidated statements of operations.
- (2) Amounts are recorded in building and improvements on the consolidated balance sheets.
- (3) Amounts are recorded in additional paid-in capital and common noncontrolling interests in the Aimco Operating Partnership on the Aimco consolidated balance sheets, and in general partner and special limited partner and limited partners on the Aimco Operating Partnership consolidated balance sheets.

As of December 31, 2019, total unvested compensation cost not yet recognized was \$10.3 million. We expect to recognize this compensation over a weighted-average period of approximately 1.6 years.

We grant stock options and restricted stock awards that are subject to time-based vesting and require continuous employment, typically over a period of four years from the grant date, and we refer to these awards as Time-Based Stock Options and Time-Based Restricted Stock, respectively. We also grant stock options, restricted stock awards, and two forms of long-term incentive partnership units, or LTIP units, that vest conditioned on Aimco’s total shareholder return, or TSR, relative to the NAREIT Equity Apartment Index (60% weighting) and the MSCI US REIT Index (40% weighting) over a forward-looking performance period of three years. We refer to these awards as TSR Stock Options, TSR Restricted Stock, TSR LTIP I units, and TSR LTIP II units. Vested LTIP II units may be converted at the holders’ option to LTIP Units for a strike price over a term of 10 years. Earned TSR-based awards, if any, will vest 50% on each of the third anniversary and fourth anniversary of the grant date, based on continued employment. Our Time-Based Stock Options and TSR Stock Options expire generally 10 years from the date of grant.

We recognize compensation cost associated with Time-Based awards ratably over the requisite service periods, which are typically four years. We recognize compensation cost related to the TSR-based awards, which have graded vesting periods, over the requisite service period for each separate vesting tranche of the award, commencing on the grant date. The value of the TSR-based awards take into consideration the probability that the market condition will be achieved; therefore previously recorded compensation cost is not adjusted in the event that the market condition is not achieved and awards do not vest.

We had Time-Based Stock Options, Time-Based Restricted Stock, TSR Stock Options, TSR Restricted Stock, TSR LTIP I units and TSR LTIP II units outstanding as of December 31, 2019.

Stock Options

The following table summarizes activity for our outstanding stock options, for the years ended December 31, 2019, 2018, and 2017 (options in thousands):

	2019		2018		2017	
	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
Outstanding at beginning of year	646	\$ 40.12	648	\$ 40.08	675	\$ 29.55
Granted	—	—	—	—	184	44.07
Exercised	(5)	8.92	(2)	28.33	(211)	9.90
Forfeited	—	—	—	—	—	—
Outstanding at end of year	641	\$ 40.30	646	\$ 40.12	648	\$ 40.08
Exercisable at end of year	458	\$ 38.78	186	\$ 38.18	128	\$ 37.59

The intrinsic value of a stock option represents the amount by which the current price of the underlying stock exceeds the exercise price of the option. As of December 31, 2019, stock options outstanding had an aggregate intrinsic value of \$7.3 million and a weighted-average remaining contractual term of 6 years. Stock options exercisable as of December 31, 2019, had an aggregate intrinsic value of \$5.9 million and a weighted-average remaining contractual term of 5.5 years. The intrinsic value of stock options exercised during the years ended December 31, 2019, 2018, and 2017, was \$0.1 million, \$0.0 million and \$7.1 million, respectively.

During 2017, we granted TSR Stock Options. The weighted-average grant date fair value of stock options granted during the year ended 2017 was \$11.39 per option.

Time-Based Restricted Stock Awards

The following table summarizes activity for Time-Based Restricted Stock awards for the years ended December 31, 2019, 2018, and 2017 (shares in thousands):

	2019		2018		2017	
	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested at beginning of year	121	\$ 40.82	155	\$ 37.63	241	\$ 33.61
Granted	48	47.71	49	40.01	44	44.07
Vested	(75)	42.76	(83)	34.42	(130)	32.35
Forfeited	(2)	38.80	—	—	—	—
Unvested at end of year	92	\$ 42.86	121	\$ 40.82	155	\$ 37.63

The aggregate fair value of Time-Based Restricted Stock awards and TSR Restricted Stock awards that vested during the years ended December 31, 2019, 2018, and 2017 was \$13.7 million, \$8.4 million and \$6.0 million, respectively.

TSR Restricted Stock Awards

The following table summarizes activity for TSR Restricted Stock awards for the years ended December 31, 2019, 2018, and 2017 (shares in thousands):

	2019		2018		2017	
	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested at beginning of year	171	\$ 41.65	246	\$ 40.70	208	\$ 39.66
Granted (1)	39	54.73	44	41.71	38	46.39
Change in awards (2)	216	39.67	—	—	—	—
Vested	(213)	39.67	(119)	39.72	—	—
Unvested at end of year	213	\$ 43.99	171	\$ 41.65	246	\$ 40.70

[Table of Contents](#)

- (1) Based on target performance payout.
(2) Represents the change in the number of restricted stock awards earned at the end of the measurement period.

TSR LTIP I Units

The following table summarizes activity for TSR LTIP I units for the years ended December 31, 2019, 2018, and 2017 (units in thousands):

	2019		2018		2017	
	Number of Units	Weighted-Average Grant-Date Fair Value	Number of Units	Weighted-Average Grant-Date Fair Value	Number of Units	Weighted-Average Grant-Date Fair Value
Unvested at beginning of year	93	\$ 43.78	45	\$ 46.21	—	\$ —
Granted	6	55.17	48	41.48	45	46.21
Unvested at end of year	99	\$ 44.38	93	\$ 43.78	45	\$ 46.21

TSR LTIP II Units

The following table summarizes activity for TSR LTIP II units for the years ended December 31, 2019 and 2018 (units in thousands):

	2019		2018	
	Number of Units	Weighted-Average Grant-Date Fair Value	Number of Units	Weighted-Average Grant-Date Fair Value
Unvested at beginning of year	243	\$ 8.29	—	\$ —
Granted	356	12.03	243	8.29
Unvested at end of year	599	\$ 10.51	243	\$ 8.29

Determination of Grant-Date Fair Value of Awards

We estimated the fair value of TSR-based awards granted in 2019, 2018, and 2017 using a Monte Carlo model with the assumptions set forth in the table below.

The risk-free interest rate reflects the annualized yield of a zero coupon United States Treasury security with a term equal to the expected term of the awards. The expected dividend yield reflects expectations regarding cash dividend amounts per share paid on Aimco's Common Stock during the expected term of the awards. Expected volatility reflects an average of the historical volatility of Aimco's Common Stock during the historical period commensurate with the expected term of the award that ended on the date of grant, and the implied volatility is calculated from observed call option contracts closest to the expected term. The derived vesting period of TSR Restricted Stock and TSR LTIP I units was determined based on the graded vesting terms. The expected term of the TSR-options and TSR LTIP II units was based on historical exercises and post-vesting terminations. The valuation assumptions for the 2019, 2018, and 2017 grants were as follows:

	2019	2018	2017
Grant date market value of a common share	\$ 49.24	\$ 40.95	\$ 44.07
Risk-free interest rate	2.59% - 2.66%	2.32% - 2.68%	1.57% - 2.22%
Dividend yield	3.09%	3.52%	3.27%
Expected volatility	19.08% - 19.24%	17.64% - 18.02%	21.33% - 23.00%
Derived vesting period of TSR Restricted Stock and TSR LTIP I units	3.4 years	3.4 years	3.4 years
Weighted average expected term of TSR Stock Options and LTIP II units	5.8 years	5.6 years	5.8 years

The grant date fair value for the Time-Based Restricted Stock awards reflects the closing price of a share of Aimco Common Stock on the grant date.

Note 10 — Income Taxes

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities of the TRS entities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred tax liabilities and assets are as follows (in thousands):

	December 31,	
	2019	2018
Deferred tax liabilities:		
Real estate and real estate partnership basis differences	\$ 126,269	\$ 12,058
Deferred tax assets:		
Tax credit carryforwards	\$ 53,776	\$ 67,530
Net operating, capital and other loss carryforwards	6,147	7,022
Accruals and expenses	6,138	7,432
Management contracts and other	1,379	2,064
Total deferred tax assets	67,440	84,048
Valuation allowance	(4,766)	(4,930)
Net deferred tax (liabilities) assets	\$ (63,595)	\$ 67,060

As of December 31, 2019, deferred tax liabilities, net, were presented in accrued liabilities and other in our consolidated balance sheets. As of December 31, 2018, deferred tax assets, net, were presented in other assets in our consolidated balance sheets.

During the year ended December 31, 2019, we recognized a \$148.8 million deferred tax liability in connection with the acquisition of 1001 Brickell Bay Drive, as discussed in Note 3.

As of December 31, 2019, we had federal and state net operating loss carryforwards, or NOLs, for which the deferred tax asset was approximately \$6.1 million, before a valuation allowance of \$4.8 million. The NOLs expire in years 2020 to 2038. Subject to certain separate return limitations, we may use these NOLs to offset a portion of state taxable income generated by our TRS entities. As of December 31, 2019, we also had low-income housing and rehabilitation tax credit carryforwards and corresponding deferred tax assets of approximately \$53.8 million for income tax purposes that expire in years 2035 to 2039.

A reconciliation of the beginning and ending balance of our unrecognized tax benefits is presented below (in thousands):

	2019	2018	2017
Balance at January 1	\$ 2,618	\$ 2,476	\$ 2,286
Additions based on tax position taken in current year	2,758	—	—
Additions based on tax positions related to prior years	226	142	190
Reductions as a result of a lapse of the applicable statutes	(522)	—	—
Balance at December 31	\$ 5,080	\$ 2,618	\$ 2,476

Because the statute of limitations has not yet elapsed, our United States federal income tax returns for the year ended December 31, 2014, and subsequent years and certain of our State income tax returns for the year ended December 31, 2014, and subsequent years are currently subject to examination by the IRS or other taxing authorities. If recognized, the unrecognized benefit would affect the effective rate.

In 2014, the IRS initiated an audit of the Aimco Operating Partnership's 2011 and 2012 tax years. This audit was concluded during the year ended December 31, 2019, with no material effect on our tax benefits, financial condition or results of operations.

Our policy is to include any interest and penalties related to income taxes within the income tax line item in our consolidated statements of operations.

In accordance with the accounting requirements for stock-based compensation, we may recognize tax benefits in connection with the exercise of stock options by employees of our TRS entities and the vesting of restricted stock awards. We recognize the tax effects related to stock-based compensation through earnings in the period the compensation was recognized.

Significant components of the income tax benefit or expense are as follows and are classified within income tax benefit in our consolidated statements of operations for the years ended December 31, 2019, 2018, and 2017 (in thousands):

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current:			
Federal	\$ 6,115	\$ 11,269	\$ (938)
State	8,982	10,537	525
Total current	15,097	21,806	(413)
Deferred:			
Federal	(12,891)	(29,243)	(10,908)
State	(5,341)	(5,590)	(3,621)
Revaluation of deferred taxes due to change in tax rate	—	—	(15,894)
Total deferred	(18,232)	(34,833)	(30,423)
Total benefit	\$ (3,135)	\$ (13,027)	\$ (30,836)

Consolidated income or loss subject to tax consists of pretax income or loss of our TRS entities and income and gains retained by the REIT. For the years ended December 31, 2019, 2018, and 2017, we had consolidated net loss subject to tax of \$21.2 million, net income subject to tax of \$158.6 million, and net loss subject to tax of \$55.6 million, respectively. Net loss subject to tax for the year ended December 31, 2019 included a \$7.7 million net loss of a foreign subsidiary.

The reconciliation of income tax attributable to operations computed at the United States statutory rate to income tax benefit is shown below (dollars in thousands):

	<u>2019</u>		<u>2018</u>		<u>2017</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Tax (benefit) provision at United States statutory rates on consolidated income or loss subject to tax	\$ (4,442)	21.0%	\$ 33,296	21.0%	\$ (19,459)	35.0%
United States branch profits tax on losses of a foreign subsidiary	(1,813)	8.6%	—	—%	—	—%
State income tax expense, net of federal tax (benefit) expense	3,935	(18.6%)	12,252	7.7%	(1,769)	3.2%
Establishment of deferred tax asset related to partnership basis difference (1)	—	—%	—	—%	(3,501)	6.3%
Effect of permanent differences	(138)	0.7%	302	0.2%	(1,629)	2.9%
Tax effect of intercompany transactions (2)	—	—%	(33,250)	(21.0%)	—	—%
Tax credits	(667)	3.2%	(6,897)	(4.4%)	(9,607)	17.3%
Tax reform revaluation (3)	—	—%	288	0.2%	(15,894)	28.6%
(Decrease) increase in valuation allowance (4)	(164)	0.8%	(20,434)	(12.9%)	21,023	(37.8%)
Other	154	(0.7%)	1,416	0.9%	—	—%
Total income tax benefit	\$ (3,135)	15.0%	\$ (13,027)	(8.3%)	\$ (30,836)	55.5%

- (1) 2017 includes the establishment of a deferred tax asset related to partnership basis difference when it became apparent that it would reverse in the foreseeable future. This deferred tax asset was fully reserved in the valuation allowance described below as of December 31, 2017.
- (2) Effective January 1, 2017, we adopted a new accounting standard applicable to intercompany asset transfers. As a result, the accumulated unrecognized deferred tax expense associated with historical intercompany transfers was recognized as a cumulative effect adjustment through retained earnings at that time. 2018 includes the tax benefit to establish the initial deferred tax asset from the intercompany transfer of a portion of the Asset Management business between the Aimco Operating Partnership and TRS entities.
- (3) Reflects revaluation of deferred tax assets and liabilities using the TRS entities' lower effective tax rates resulting from the 2017 Act. Accounting for the tax effects of enactment of the 2017 Act was finalized during the year ended December 31, 2018.
- (4) 2019 includes a \$0.2 million release of a valuation allowance for expired state NOL carryforwards. 2017 includes a \$15.4 million valuation allowance against the deferred tax assets associated with rehabilitation tax credits due to the lower federal tax rate under the 2017 Act. This valuation allowance was reversed in 2018 as a result of the sale of our Asset Management business.

Income taxes paid totaled approximately \$12.2 million, \$11.5 million and \$7.4 million in the years ended December 31, 2019, 2018, and 2017, respectively.

For income tax purposes, dividends paid to holders of Common Stock primarily consist of ordinary income, capital gains, qualified dividends and unrecaptured Section 1250 gains, or a combination thereof. For the years ended December 31, 2019, 2018, and 2017, dividends per share held for the entire year were estimated to be taxable as follows:

	2019		2018		2017	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Ordinary income	\$ 0.66	20.7%	\$ 0.51	33.4%	\$ 0.75	51.5%
Capital gains	1.29	40.4%	0.93	61.2%	0.51	35.7%
Qualified dividends	0.66	20.7%	—	—%	0.02	1.6%
Unrecaptured Section 1250 gain	0.58	18.2%	0.08	5.4%	0.16	11.2%
Total	\$ 3.19	100.0%	\$ 1.52	100.0%	\$ 1.44	100.0%

Note 11 — Earnings per Share and per 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 outstanding. We 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 TSR Restricted Stock awards that do not meet the definition of participating securities, which would result in an increase in the number of shares of Common Stock and common partnership units outstanding equal to the number of the shares that vest. Common partnership unit equivalents also include unvested long-term incentive partnership units. We include in the denominator securities with dilutive effect in calculating diluted earnings per share and per unit during these periods.

Our Time-Based Restricted Stock awards receive non-forfeitable dividends similar to shares of Common Stock and common partnership units prior to vesting, and our TSR LTIP I units and TSR LTIP II units receive non-forfeitable distributions based on specified percentages of the distributions paid to common partnership units prior to vesting and conversion. The unvested restricted shares and units related to these awards are participating securities. We include the effect of participating securities 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 stock method.

Reconciliations of the numerator and denominator in the calculations of basic and diluted earnings per share and per unit for the years ended December 31, 2019, 2018, and 2017 are as follows (in thousands, except per share and per unit data):

	2019	2018	2017
Earnings per share			
Numerator:			
Basic and dilutive net income attributable to Aimco common stockholders	\$ 466,144	\$ 656,597	\$ 306,861
Denominator - shares:			
Basic weighted-average Common Stock outstanding	147,718	151,152	151,595
Dilutive share equivalents outstanding	226	182	465
Dilutive weighted-average Common Stock outstanding	147,944	151,334	152,060
Earnings per share – basic	\$ 3.16	\$ 4.34	\$ 2.02
Earnings per share – dilutive	\$ 3.15	\$ 4.34	\$ 2.02
Non-dilutive share equivalents outstanding	—	269	184
Earnings per unit			
Numerator:			
Basic and dilutive net income attributable to the Aimco Operating Partnership's common unitholders	\$ 492,177	\$ 690,874	\$ 321,300
Denominator - units			
Basic weighted-average common partnership units outstanding	155,882	158,890	158,793
Dilutive partnership unit equivalents outstanding	335	183	464
Dilutive weighted-average common partnership units outstanding	156,217	159,073	159,257
Earnings per unit – basic	\$ 3.16	\$ 4.35	\$ 2.02
Earnings per unit – dilutive	\$ 3.15	\$ 4.34	\$ 2.02
Non-dilutive partnership unit equivalents outstanding	—	269	184

As discussed in Note 7, 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 December 31, 2019, these preferred OP Units were potentially redeemable for approximately 1.9 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 for the periods presented above, and we expect to exclude them in future periods.

Note 12 — Fair Value Measurements

Recurring Fair Value Measurements

We measure at fair value on a recurring basis our investment in the securitization trust that holds certain of our property debt, which we classify as AFS debt securities. These investments are presented within other assets in the 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. These investments were acquired at a discount to face value and we are accreting the discount to the \$100.9 million face value of the investments through interest income using the effective interest method over the remaining expected term of the investments, which as of December 31, 2019, was approximately 1.6 years. Our amortized cost basis for these investments, which represents the original cost adjusted for interest accretion less interest payments received, was \$90.0 million and \$83.6 million at December 31, 2019 and 2018, respectively.

Our investments in AFS debt securities are classified within Level 2 of the GAAP fair value hierarchy. 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.

The following table summarizes fair value for our AFS debt securities as of December 31, 2019 and 2018 (in thousands):

	As of December 31,							
	2019				2018			
	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3
AFS debt securities	\$ 94,251	\$ —	\$ 94,251	\$ —	\$ 88,457	\$ —	\$ 88,457	\$ —

Non-Recurring Fair Value Measurements

We believe that the carrying value of the consolidated amounts of cash and cash equivalents, accounts receivables and payables approximated their fair value as of December 31, 2019 and 2018, due to their relatively short-term nature and high probability of realization. The carrying amounts of notes receivable and the revolving credit facility approximated their estimated fair value as of December 31, 2019. We estimate the fair value of our non-recourse property 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 our non-recourse property debt within Level 2 of the GAAP valuation hierarchy based on the significance of certain of the unobservable inputs used to estimate its fair value.

The following table summarizes carrying value and fair value of our non-recourse property debt as of December 31, 2019 and 2018 (in thousands):

	As of December 31,							
	2019				2018			
	Carrying Value		Fair Value		Carrying Value		Fair Value	
Non-recourse property debt	\$	4,251,339	\$	4,298,630	\$	3,937,000	\$	3,893,171

Note 13 — Business Segments

In 2019, as a result of the 2018 sale of the Asset Management business, we revised the information regularly reviewed by our chief executive officer, who is our chief operating decision maker, to assess our operating performance. We have determined we have four segments: Same Store, Redevelopment and Development, Acquisition, and Other Real Estate.

Our Same Store segment includes communities 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 year, and are not expected to be sold

within 12 months. Our Redevelopment and Development segment includes apartment communities that are 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. Our Acquisition segment includes communities that we have acquired since the beginning of a two-year comparable period. Our Other Real Estate segment primarily includes communities that are subject to limitations on rent increases, communities that we expect to sell within 12 months but do not yet meet the criteria to be classified as held for sale, certain retail spaces and 1001 Brickell Bay Drive.

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 revenues, excluding utility costs reimbursed by residents, less our share of property operating expenses, net of utility reimbursements, for consolidated communities. In our consolidated statements of operations, utility reimbursements are included in rental and other property revenues attributable to real estate, in accordance with GAAP.

As of December 31, 2019, our Same Store segment included 91 consolidated apartment communities with 26,649 apartment homes; our Redevelopment and Development segment included seven consolidated communities with 3,143 homes; our Acquisition segment included seven consolidated communities with 1,590 homes; and our Other Real Estate segment included 15 consolidated communities with 1,315 homes and one office building.

The following tables present the revenues, proportionate property net operating income and income before income tax benefit of our segments on a proportionate basis and excluding our proportionate share of four apartment communities with 142 apartment homes that we neither manage nor consolidate, and amounts related to communities sold as of December 31, 2019 for the years ended December 31, 2019, 2018, and 2017 (in thousands):

	Same Store	Redevelopment and Development	Acquisition	Other Real Estate	Proportionate and Other Adjustments (1)	Corporate and Amounts Not Allocated to Segments (2)	Consolidated
Year ended December 31, 2019:							
Total revenues	\$ 691,379	\$ 75,522	\$ 42,038	\$ 45,105	\$ 33,450	\$ 26,800	\$ 914,294
Property operating expenses attributable to real estate	181,802	27,919	11,715	17,717	31,140	40,928	311,221
Other operating expenses not allocated to segments (3)	—	—	—	—	—	446,300	446,300
Total operating expenses	181,802	27,919	11,715	17,717	31,140	487,228	757,521
Proportionate property net operating income	509,577	47,603	30,323	27,388	2,310	(460,428)	156,773
Other items included in income before income tax benefit (4)	—	—	—	—	—	348,119	348,119
Income before income tax benefit	\$ 509,577	\$ 47,603	\$ 30,323	\$ 27,388	\$ 2,310	\$ (112,309)	\$ 504,892

	Same Store	Redevelopment and Development	Acquisition	Other Real Estate	Proportionate and Other Adjustments (1)	Corporate and Amounts Not Allocated to Segments (2)	Consolidated
Year ended December 31, 2018:							
Total revenues	\$ 665,835	\$ 76,687	\$ 27,923	\$ 37,647	\$ 31,442	\$ 132,876	\$ 972,410
Property operating expenses attributable to real estate	177,466	27,836	7,689	14,910	29,323	50,677	307,901
Other operating expenses not allocated to segments (3)	—	—	—	—	—	448,753	448,753
Total operating expenses	177,466	27,836	7,689	14,910	29,323	499,430	756,654
Proportionate property net operating income	488,369	48,851	20,234	22,737	2,119	(366,554)	215,756
Other items included in income before income tax benefit (4)	—	—	—	—	—	487,820	487,820
Income before income tax benefit	\$ 488,369	\$ 48,851	\$ 20,234	\$ 22,737	\$ 2,119	\$ 121,266	\$ 703,576

	Same Store	Redevelopment and Development	Acquisition	Other Real Estate	Proportionate and Other Adjustments (1)	Corporate and Amounts Not Allocated to Segments (2)	Consolidated
Year ended December 31, 2017:							
Total revenues	\$ 626,311	\$ 72,995	\$ —	\$ 36,869	\$ 39,776	\$ 229,486	\$ 1,005,437
Property operating expenses attributable to real estate	171,167	26,471	—	14,121	29,782	77,585	319,126
Other operating expenses not allocated to segments (3)	—	—	—	—	—	492,328	492,328
Total operating expenses	171,167	26,471	—	14,121	29,782	569,913	811,454
Proportionate property net operating income	455,144	46,524	—	22,748	9,994	(340,427)	193,983
Other items included in income before income tax benefit (4)	—	—	—	—	—	122,260	122,260
Income before income tax benefit	\$ 455,144	\$ 46,524	\$ —	\$ 22,748	\$ 9,994	\$ (218,167)	\$ 316,243

(1) Represents adjustments for the noncontrolling interests in consolidated real estate partnerships' share of the results of consolidated apartment communities in our segments, 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 attributable to real estate in our 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 communities owned by consolidated partnerships served by our Asset Management business prior to its sale in July 2018. Corporate and Amounts Not Allocated to Segments also includes property management expenses and casualty gains and losses, which are included in consolidated property operating expenses and are not part of our segment performance measure.

(3) Other operating expenses not allocated to segments consists of property operating expenses of partnerships served by our Asset Management business prior to its sale in July 2018, depreciation and amortization, general and administrative expenses and other operating expenses including provision for real estate impairment loss, which are not included in our measure of segment performance.

(4) Other items included in income before income tax benefit primarily consists of gain on dispositions of real estate and the Asset Management business and interest expense.

The assets of our segments and the consolidated assets not allocated to our segments were as follows (in thousands):

	December 31, 2019		December 31, 2018	
Same Store	\$	3,982,586	\$	4,068,880
Redevelopment and Development		946,390		792,126
Acquisition		623,037		507,190
Other Real Estate		647,725		327,092
Corporate and other assets (1)		629,001		494,716
Total consolidated assets	\$	6,828,739	\$	6,190,004

(1) Includes the assets not allocated to our segments, primarily corporate assets, assets of apartment communities which were sold or classified as held for sale as of December 31, 2019, and the Asset Management business.

For the years ended December 31, 2019, 2018, and 2017, capital additions related to our segments were as follows (in thousands):

	2019		2018		2017	
Same Store	\$	153,944	\$	171,869	\$	215,130
Redevelopment and Development		194,498		138,103		84,712
Acquisition		33,122		14,228		—
Other Real Estate		20,011		6,314		12,044
Total capital additions	\$	401,575	\$	330,514	\$	311,886

Note 14 — Unaudited Summarized Consolidated Quarterly Information

Aimco

Aimco's summarized unaudited consolidated quarterly information for the years ended December 31, 2019 and 2018, is provided below (in thousands, except per share amounts):

2019	Quarter			
	First	Second	Third	Fourth
Total revenues	\$ 230,235	\$ 224,200	\$ 229,827	\$ 230,032
Net income	291,295	69,996	3,970	142,766
Net income attributable to Aimco common stockholders	271,568	59,234	2,003	133,339
Net income attributable to Aimco common stockholders per common share – basic	\$ 1.88	\$ 0.40	\$ 0.01	\$ 0.90
Net income attributable to Aimco common stockholders per common share – diluted	\$ 1.88	\$ 0.40	\$ 0.01	\$ 0.90

2018	Quarter			
	First	Second	Third	Fourth
Total revenues	\$ 247,720	\$ 250,187	\$ 242,481	\$ 232,022
Net income	95,690	7,156	603,917	9,840
Net income attributable to Aimco common stockholders	81,525	2,817	567,029	5,226
Net income attributable to Aimco common stockholders per common share – basic	\$ 0.54	\$ 0.02	\$ 3.73	\$ 0.04
Net income attributable to Aimco common stockholders per common share – diluted	\$ 0.54	\$ 0.02	\$ 3.73	\$ 0.04

The Aimco Operating Partnership

The Aimco Operating Partnership's summarized unaudited consolidated quarterly information for the years ended December 31, 2019 and 2018, is provided below (in thousands, except per unit amounts):

2019	Quarter			
	First	Second	Third	Fourth
Total revenues	\$ 230,235	\$ 224,200	\$ 229,827	\$ 230,032
Net income	291,295	69,996	3,970	142,766
Net income attributable to the Partnership's common unitholders	286,639	62,817	2,138	140,583
Net income attributable to the Partnership's common unitholders per common unit – basic	\$ 1.88	\$ 0.40	\$ 0.01	\$ 0.90
Net income attributable to the Partnership's common unitholders per common unit – diluted	\$ 1.88	\$ 0.40	\$ 0.01	\$ 0.90

2018	Quarter			
	First	Second	Third	Fourth
Total revenues	\$ 247,720	\$ 250,187	\$ 242,481	\$ 232,022
Net income	95,690	7,156	603,917	9,840
Net income attributable to the Partnership's common unitholders	85,274	2,949	597,100	5,551
Net income attributable to the Partnership's common unitholders per common unit – basic	\$ 0.54	\$ 0.02	\$ 3.73	\$ 0.04
Net income attributable to the Partnership's common unitholders per common unit – diluted	\$ 0.54	\$ 0.02	\$ 3.72	\$ 0.04

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
AIMCO PROPERTIES, L.P.
SCHEDULE III: REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2019
(In Thousands Except Apartment Home Data)

(1)							(2)		As of December 31, 2019					
	Apartment	Date	Year	Apartment	Buildings and	Subsequent to	Buildings and	(3)	Accumulated	Total	Cost	(5)		
Apartment Community Name	Type	Consolidated	Location	Built	Homes	Land	Improvements	Consolidation	Land	Improvements	Total	Depreciation (AD)	Net of AD	Encumbrances
Same Store Sales:														
100 Forest Place	High Rise	Dec 1997	Oak Park, IL	1987	234	\$ 2,664	\$ 18,815	\$ 11,145	\$ 2,664	\$ 29,960	\$ 32,624	\$ (16,676)	\$ 15,948	\$ 34,453
118-122 West 23rd Street	High Rise	Jun 2012	New York, NY	1987	42	14,985	23,459	6,914	14,985	30,373	45,358	(10,461)	34,897	16,999
1045 on the Park Apartment Homes	Mid Rise	Jul 2013	Atlanta, GA	2012	30	2,793	6,662	819	2,793	7,481	10,274	(1,739)	8,535	—
1582 First Avenue	High Rise	Mar 2005	New York, NY	1900	17	4,281	752	518	4,281	1,270	5,551	(650)	4,901	2,226
21 Fitzsimons	Mid Rise	Aug 2014	Aurora, CO	2008	600	12,864	104,720	27,677	12,864	132,397	145,261	(26,098)	119,163	89,413
2200 Grace	Mid Rise	Dec 1999	Lombard, IL	1971	72	642	7,788	294	642	8,082	8,724	(4,549)	4,175	7,448
2900 on First Apartments	Mid Rise	Oct 2008	Seattle, WA	1989	135	19,070	17,518	34,356	19,070	51,874	70,944	(29,578)	41,366	13,594
306 East 89th Street	High Rise	Jul 2004	New York, NY	1930	20	2,680	1,006	1,099	2,680	2,105	4,785	(1,046)	3,739	1,816
322-324 East 61st Street	High Rise	Mar 2005	New York, NY	1900	40	6,372	2,224	1,598	6,372	3,822	10,194	(2,009)	8,185	3,339
3400 Avenue of the Arts	Mid Rise	Mar 2002	Costa Mesa, CA	1987	770	57,241	65,506	88,112	57,241	153,618	210,859	(92,205)	118,654	142,476
452 East 78th Street	High Rise	Jan 2004	New York, NY	1900	12	1,982	608	600	1,982	1,208	3,190	(548)	2,642	—
510 East 88th Street	High Rise	Jan 2004	New York, NY	1900	20	3,163	1,002	653	3,163	1,655	4,818	(726)	4,092	—
514-516 East 88th Street	High Rise	Mar 2005	New York, NY	1900	36	6,282	2,168	1,617	6,282	3,785	10,067	(1,868)	8,199	3,620
Axiom	Mid Rise	Apr 2015	Cambridge, MA	2015	115	—	63,612	2,665	—	66,277	66,277	(11,504)	54,773	32,253
Bank Lofts	High Rise	Apr 2001	Denver, CO	1920	125	3,525	9,045	5,797	3,525	14,842	18,367	(8,109)	10,258	10,218
Bay Ridge at Nashua	Garden	Jan 2003	Nashua, NH	1984	412	3,262	40,713	17,995	3,262	58,708	61,970	(26,731)	35,239	50,638
Bayberry Hill Estates	Garden	Aug 2002	Framingham, MA	1971	424	19,944	35,945	25,151	19,944	61,096	81,040	(30,503)	50,537	44,197
Bluffs at Pacifica, The	Garden	Oct 2006	Pacific, CA	1963	64	8,108	4,132	17,349	8,108	21,481	29,589	(11,400)	18,189	—
Boston Lofts	High Rise	Apr 2001	Denver, CO	1890	158	3,446	20,589	6,715	3,446	27,304	30,750	(14,706)	16,044	14,927
Boulder Creek	Garden	Jul 1994	Boulder, CO	1973	221	754	7,730	20,791	754	28,521	29,275	(20,708)	8,567	37,861
Broadcast Center	Garden	Mar 2002	Los Angeles, CA	1990	279	29,407	41,244	31,856	29,407	73,100	102,507	(32,455)	70,052	96,880
Broadway Lofts	High Rise	Sep 2012	San Diego, CA	1909	84	5,367	14,442	7,647	5,367	22,089	27,456	(6,031)	21,425	11,298
Burke Shire Commons	Garden	Mar 2001	Burke, VA	1986	360	4,867	23,617	19,855	4,867	43,472	48,339	(27,328)	21,011	56,855
Calhoun Beach Club	High Rise	Dec 1998	Minneapolis, MN	1928	332	11,708	73,334	65,713	11,708	139,047	150,755	(85,259)	65,496	—
Canyon Terrace	Garden	Mar 2002	Saugus, CA	1984	130	7,508	6,601	7,008	7,508	13,609	21,117	(7,711)	13,406	—
Cedar Rim	Garden	Apr 2000	Newcastle, WA	1980	104	761	5,218	13,873	761	19,091	19,852	(14,179)	5,673	—
Charlesbank Apartment Homes	Mid Rise	Sep 2013	Watertown, MA	2012	44	3,399	11,726	1,018	3,399	12,744	16,143	(2,931)	13,212	—
Chestnut Hall	High Rise	Oct 2006	Philadelphia, PA	1923	315	12,338	14,299	13,223	12,338	27,522	39,860	(13,266)	26,594	35,834
Creekside	Garden	Jan 2000	Denver, CO	1974	328	3,189	12,698	7,404	3,189	20,102	23,291	(13,579)	9,712	11,066
Crescent at West Hollywood, The	Mid Rise	Mar 2002	West Hollywood, CA	1985	130	15,765	10,215	8,281	15,765	18,496	34,261	(12,337)	21,924	39,336
Elm Creek	Mid Rise	Dec 1997	Elmhurst, IL	1987	400	5,910	30,830	32,788	5,910	63,618	69,528	(35,969)	33,559	50,296
Evanston Place	High Rise	Dec 1997	Evanston, IL	1990	190	3,232	25,546	16,703	3,232	42,249	45,481	(20,982)	24,499	—
Four Quarters Habitat	Garden	Jan 2006	Miami, FL	1976	336	2,379	17,199	32,991	2,379	50,190	52,569	(30,456)	22,113	50,716
Foxchase	Garden	Dec 1997	Alexandria, VA	1940	2,113	15,496	96,062	64,213	15,496	160,275	175,771	(92,368)	83,403	218,337
Georgetown	Garden	Aug 2002	Framingham, MA	1964	207	12,351	13,168	4,896	12,351	18,064	30,415	(9,068)	21,347	14,355
Georgetown II	Mid Rise	Aug 2002	Framingham, MA	1958	72	4,577	4,057	2,316	4,577	6,373	10,950	(3,871)	7,079	—
Hidden Cove	Garden	Jul 1998	Escondido, CA	1983	334	3,043	17,616	11,447	3,043	29,063	32,106	(17,321)	14,785	51,840
Hidden Cove II	Garden	Jul 2007	Escondido, CA	1986	118	12,849	6,530	5,439	12,849	11,969	24,818	(5,881)	18,937	20,160
Hillcrest	Garden	Mar 2002	Century City, CA	1989	315	35,862	47,216	15,706	35,862	62,922	98,784	(29,709)	69,075	61,930
Hillmeade	Garden	Nov 1994	Nashville, TN	1986	288	2,872	16,070	22,103	2,872	38,173	41,045	(22,434)	18,611	26,756
Horizons West Apartments	Mid Rise	Dec 2006	Pacific, CA	1970	78	8,887	6,377	2,808	8,887	9,185	18,072	(4,155)	13,917	—
Hunt Club	Garden	Sep 2000	Gaithersburg, MD	1986	336	17,859	13,149	14,807	17,859	27,956	45,815	(17,241)	28,574	—
Hyde Park Tower	High Rise	Oct 2004	Chicago, IL	1990	155	4,731	14,927	16,765	4,731	31,692	36,423	(11,613)	24,810	12,301
Indian Oaks	Garden	Mar 2002	Simi Valley, CA	1986	254	24,523	15,801	12,124	24,523	27,925	52,448	(14,829)	37,619	26,944
Indigo	High Rise	Aug 2016	Redwood City, CA	2016	463	26,932	296,116	3,561	26,932	299,677	326,609	(35,408)	291,201	135,348
Island Club	Garden	Oct 2000	Oceanside, CA	1986	592	18,027	28,654	21,829	18,027	50,483	68,510	(32,842)	35,668	93,333
Latrobe	High Rise	Jan 2003	Washington, D.C.	1980	175	3,459	9,103	13,380	3,459	22,483	25,942	(13,313)	12,629	26,128
Laurel Crossing	Garden	Jan 2006	San Mateo, CA	1971	418	49,474	17,756	15,017	49,474	32,773	82,247	(17,078)	65,169	104,658
Lincoln Place (6)	Garden	Oct 2004	Venice, CA	1951	795	128,332	10,439	340,136	44,197	350,575	394,772	(143,166)	251,606	184,330
Malibu Canyon	Garden	Mar 2002	Calabasas, CA	1986	698	69,834	53,438	41,577	69,834	95,015	164,849	(51,078)	113,771	102,968
Mariners Cove	Garden	Mar 2002	San Diego, CA	1984	500	—	66,861	14,977	—	81,838	81,838	(42,171)	39,667	—
Meadow Creek	Garden	Jul 1994	Boulder, CO	1968	332	1,435	24,533	10,058	1,435	34,591	36,026	(21,082)	14,944	—
Merrill House	High Rise	Jan 2000	Falls Church, VA	1964	159	1,836	10,831	7,588	1,836	18,419	20,255	(10,923)	9,332	—
Monterey Grove	Garden	Jun 2008	San Jose, CA	1999	224	34,325	21,939	16,051	34,325	37,990	72,315	(13,236)	59,079	49,680
Ocean House on Prospect	Mid Rise	Apr 2013	La Jolla, CA	1970	53	12,528	18,805	15,336	12,528	34,141	46,669	(8,635)	38,034	12,281

Table of Contents

		(1)				(2)		As of December 31, 2019						
Apartment		Date	Year	Apartment	Initial Cost		Cost Capitalized			(4)		Total Cost	(5)	
Apartment Community Name	Type	Consolidated	Location	Build	Homes	Land	Improvements	Consolidation	Land	Improvements	Total	Depreciation (AD)	Net of AD	Encumbrances
One Canal	High Rise	Sep 2013	Boston, MA	2016	310	\$ —	\$ 15,873	\$ 178,772	\$ —	\$ 194,645	\$ 194,645	\$ (29,058)	\$ 165,587	\$ 108,491
Pacific Bay Vistas (6)	Garden	Mar 2001	San Bruno, CA	1987	308	28,694	62,460	40,698	23,354	103,158	126,512	(39,188)	87,324	104,664
Pacifica Park	Garden	Jul 2006	Pacifica, CA	1977	104	12,970	6,579	8,815	12,970	15,394	28,364	(7,517)	20,847	28,613
Palazzo at Park La Brea, The	Mid Rise	Feb 2004	Los Angeles, CA	2002	521	48,362	125,464	48,103	48,362	173,567	221,929	(87,785)	134,144	165,344
Palazzo East at Park La Brea, The	Mid Rise	Mar 2005	Los Angeles, CA	2005	611	72,578	136,503	28,065	72,578	164,568	237,146	(79,668)	157,478	192,083
Pathfinder Village	Garden	Jan 2006	Fremont, CA	1973	246	19,595	14,838	20,707	19,595	35,545	55,140	(17,480)	37,660	55,000
Peachtree Park	Garden	Jan 1996	Atlanta, GA	1969	303	4,684	11,713	14,244	4,684	25,957	30,641	(17,244)	13,397	27,316
Plantation Gardens	Garden	Oct 1999	Plantation, FL	1971	372	3,773	19,443	25,547	3,773	44,990	48,763	(28,766)	19,997	—
Preserve at Marin	Mid Rise	Aug 2011	Corte Madera, CA	1964	126	13,516	30,132	82,512	13,516	112,644	126,160	(32,015)	94,145	35,451
Ravenworth Towers	High Rise	Jun 2004	Annandale, VA	1974	219	3,455	17,157	4,575	3,455	21,732	25,187	(15,171)	10,016	19,870
River Club, The	Garden	Apr 2005	Edgewater, NJ	1998	266	30,579	30,638	8,468	30,579	39,106	69,685	(19,159)	50,526	59,070
Riverloft	High Rise	Oct 1999	Philadelphia, PA	1910	184	2,120	11,286	38,090	2,120	49,376	51,496	(25,765)	25,731	5,881
Rosewood	Garden	Mar 2002	Camarillo, CA	1976	152	12,430	8,060	6,983	12,430	15,043	27,473	(7,950)	19,523	—
Royal Crest Estates	Garden	Aug 2002	Warwick, RI	1972	492	22,433	24,095	6,736	22,433	30,831	53,264	(21,454)	31,810	—
Royal Crest Estates	Garden	Aug 2002	Nashua, NH	1970	902	68,230	45,562	16,865	68,230	62,427	130,657	(44,966)	85,691	70,299
Royal Crest Estates	Garden	Aug 2002	Marlborough, MA	1970	473	25,178	28,786	15,100	25,178	43,886	69,064	(29,314)	39,750	62,074
Royal Crest Estates	Garden	Aug 2002	North Andover, MA	1970	588	51,292	36,808	30,314	51,292	67,122	118,414	(39,455)	78,959	81,363
Saybrook Pointe	Garden	Dec 2014	San Jose, CA	1995	324	32,842	84,457	25,960	32,842	110,417	143,259	(19,010)	124,249	61,073
Shenandoah Crossing	Garden	Sep 2000	Fairfax, VA	1984	640	18,200	57,198	26,395	18,200	83,593	101,793	(62,964)	38,829	57,204
Springwoods at Lake Ridge	Garden	Jul 2002	Woodbridge, VA	1984	180	5,587	7,284	3,790	5,587	11,074	16,661	(5,064)	11,597	—
Sterling Apartment Homes, The	Garden	Oct 1999	Philadelphia, PA	1961	534	8,871	55,365	118,250	8,871	173,615	182,486	(91,452)	91,034	141,077
Stonycreek Club	Garden	Sep 2000	Germantown, MD	1984	240	13,593	9,347	8,450	13,593	17,797	31,390	(13,092)	18,298	—
Township At Highlands	Town Home	Nov 1996	Centennial, CO	1985	161	1,536	9,773	10,121	1,536	19,894	21,430	(13,167)	8,263	13,120
Vantage Pointe	Mid Rise	Aug 2002	Swampscott, MA	1987	96	4,748	10,089	2,661	4,748	12,750	17,498	(5,806)	11,692	—
Villa Del Sol	Garden	Mar 2002	Norwalk, CA	1972	120	7,476	4,861	5,050	7,476	9,911	17,387	(6,000)	11,387	10,338
Villas of Pasadena	Mid Rise	Jan 2006	Pasadena, CA	1973	92	9,693	6,818	4,696	9,693	11,514	21,207	(5,230)	15,977	—
Vivo	High Rise	Jun 2016	Cambridge, MA	2015	91	6,450	35,974	5,851	6,450	41,825	48,275	(11,588)	36,687	19,810
Waterford Village	Garden	Aug 2002	Bridgewater, MA	1971	588	29,110	28,101	11,636	29,110	39,737	68,847	(29,186)	39,661	34,464
Waterways Village	Garden	Jun 1997	Aventura, FL	1994	180	4,504	11,064	16,910	4,504	27,974	32,478	(13,996)	18,482	12,865
Waverly Apartments	Garden	Aug 2008	Brighton, MA	1970	103	7,920	11,347	6,844	7,920	18,191	26,111	(7,441)	18,670	11,245
Wexford Village	Garden	Aug 2002	Worcester, MA	1974	264	6,349	17,939	5,183	6,349	23,122	29,471	(14,281)	15,190	—
Willow Bend	Garden	May 1998	Rolling Meadows, IL	1969	328	2,717	15,437	20,130	2,717	35,567	38,284	(24,855)	13,429	32,489
Windrift	Garden	Mar 2001	Oceanside, CA	1987	404	24,960	17,590	22,254	24,960	39,844	64,804	(26,130)	38,674	72,646
Windsor Park	Garden	Mar 2001	Woodbridge, VA	1987	220	4,279	15,970	6,366	4,279	22,336	26,615	(14,287)	12,328	—
Yacht Club at Brickell	High Rise	Dec 2003	Miami, FL	1998	357	31,362	32,214	18,825	31,362	51,039	82,401	(19,678)	62,723	68,351
Yorktown Apartments	High Rise	Dec 1999	Lombard, IL	1971	292	2,413	10,374	53,236	2,413	63,610	66,023	(31,274)	34,749	30,167
Total Same Store Sales					26,649	\$ 1,411,619	\$ 2,597,010	\$ 2,149,561	\$ 1,322,144	\$ 4,746,571	\$ 6,068,715	\$ (2,188,175)	\$ 3,880,540	\$ 3,579,476
Redevelopment and Development:														
236-238 East 88th Street	High Rise	Jan 2004	New York, NY	1900	42	\$ 8,820	\$ 2,914	\$ 8,734	\$ 8,820	\$ 11,648	\$ 20,468	\$ (2,088)	\$ 18,380	\$ —
707 Leahy	Garden	Apr 2007	Redwood City, CA	1973	110	15,444	7,909	16,619	15,444	24,528	39,972	(6,731)	33,241	8,534
Bay Parc Plaza	High Rise	Sep 2004	Miami, FL	2000	474	22,680	41,847	38,851	22,680	80,698	103,378	(26,606)	76,772	76,631
Flamingo Point	High Rise	Sep 1997	Miami Beach, FL	1960	1,101	32,427	48,808	400,164	32,427	448,972	481,399	(188,572)	292,827	—
Parc Mosaic	Garden	Dec 2014	Boulder, CO	1970	226	15,300	—	107,179	15,300	107,179	122,479	(461)	122,018	—
Park Towne Place	High Rise	Apr 2000	Philadelphia, PA	1959	940	10,472	47,301	353,053	10,472	400,354	410,826	(152,223)	258,603	196,655
Villas at Park La Brea, The Other (7)	Garden	Mar 2002	Los Angeles, CA	2002	250	8,630	48,871	19,251	8,630	68,122	76,752	(33,834)	42,918	51,097
Total Redevelopment and Development					3,143	\$ 123,371	\$ 197,650	\$ 1,026,681	\$ 123,371	\$ 1,224,331	\$ 1,347,702	\$ (410,517)	\$ 937,185	\$ 332,917
Acquisition:														
777 South Broad Street	Mid Rise	May 2018	Philadelphia, PA	2010	146	\$ 6,986	\$ 67,512	\$ 2,596	\$ 6,986	\$ 70,108	\$ 77,094	\$ (4,115)	\$ 72,979	\$ 56,581
Avery Row	Mid Rise	Dec 2018	Arlington, VA	2013	67	8,165	21,348	1,812	8,165	23,160	31,325	(913)	30,412	—
Bent Tree Apartments	Garden	Feb 2018	Centreville, VA	1986	748	46,975	113,695	20,823	46,975	134,518	181,493	(9,679)	171,814	—
Locust on the Park	High Rise	May 2018	Philadelphia, PA	1911	152	5,292	53,823	4,228	5,292	58,051	63,343	(3,510)	59,833	34,891
One Ardmore	Mid Rise	Apr 2019	Ardmore, PA	2019	110	4,929	61,631	1,387	4,929	63,018	67,947	(1,560)	66,387	31,052

Southstar Lofts	High Rise	May 2018	PA	2014	85	1,780	37,428	683	1,780	38,111	39,891	(2,235)	37,656	29,624
			Philadelphia,											
The Left Bank	Mid Rise	May 2018	PA	1929	282	—	130,893	13,352	—	144,245	144,245	(8,092)	136,153	80,679
Other (7)					—	7,890	—	14,634	7,890	14,634	22,524	—	22,524	—
Total Acquisition					1,590	\$ 82,017	\$ 486,330	\$ 59,515	\$ 82,017	\$ 545,845	\$ 627,862	\$ (30,104)	\$ 597,758	\$ 232,827

[Table of Contents](#)

Apartment Community Name	Apartment Type	(1)		Year	Apartment	(2)		As of December 31, 2019							
		Date	Location			Initial Cost		Cost Capitalized Subsequent to	Buildings and		(3)	(4)		Total Cost	(5)
						Buildings and	Improvements		Land	Improvements		Total	Depreciation (AD)		
Other Real Estate:															
1001 Brickell	High Rise	Jul 2019	Miami, FL	1985	—	\$ 149,519	\$ 152,892	\$ 5,228	\$ 149,519	\$ 158,120	\$ 307,639	\$ (8,053)	\$ 299,586	\$ —	—
173 E. 90th Street	High Rise	May 2004	New York, NY	1910	72	12,066	4,535	8,827	12,066	13,362	25,428	(4,667)	20,761	—	—
182-188 Columbus Avenue	Mid Rise	Feb 2007	New York, NY	1910	32	19,123	3,300	5,769	19,123	9,069	28,192	(4,603)	23,589	13,635	—
234 East 88th Street	Mid Rise	Jan 2014	New York, NY	1900	20	2,448	4,449	828	2,448	5,277	7,725	(1,418)	6,307	—	—
237-239 Ninth Avenue	High Rise	Mar 2005	New York, NY	1900	36	8,495	1,866	3,132	8,495	4,998	13,493	(3,166)	10,327	5,438	—
240 West 73rd Street	High Rise	Sep 2004	New York, NY	1900	200	68,109	12,140	14,048	68,109	26,188	94,297	(10,715)	83,582	—	—
311 & 313 East 73rd Street	Mid Rise	Mar 2003	New York, NY	1904	34	5,678	1,609	598	5,678	2,207	7,885	(1,625)	6,260	—	—
464-466 Amsterdam & 200-210 W. 83rd Street	Mid Rise	Feb 2007	New York, NY	1910	71	25,553	7,101	9,153	25,553	16,254	41,807	(6,396)	35,411	20,094	—
518 East 88th Street	Mid Rise	Jan 2014	New York, NY	1900	20	2,233	4,315	625	2,233	4,940	7,173	(1,388)	5,785	—	—
Columbus Avenue	Mid Rise	Sep 2003	New York, NY	1880	59	35,527	9,450	9,327	35,527	18,777	54,304	(12,118)	42,186	24,608	—
Heritage Park Escondido	Garden	Oct 2000	Escondido, CA	1986	196	1,055	7,565	2,945	1,055	10,510	11,565	(7,188)	4,377	5,867	—
Heritage Park Livermore	Garden	Oct 2000	Livermore, CA	1988	167	—	10,209	2,111	—	12,320	12,320	(8,576)	3,744	6,090	—
Heritage Village Anaheim	Garden	Oct 2000	Anaheim, CA	1986	196	1,832	8,541	2,332	1,832	10,873	12,705	(7,339)	5,366	7,124	—
Mezzo	High Rise	Mar 2015	Atlanta, GA	2008	94	4,292	34,178	1,817	4,292	35,995	40,287	(6,918)	33,369	22,970	—
St. George Villas	Garden	Jan 2006	St. George, SC	1984	40	107	1,025	419	107	1,444	1,551	(1,290)	261	293	—
Tremont	Mid Rise	Dec 2014	Atlanta, GA	2009	78	5,274	18,011	3,069	5,274	21,080	26,354	(4,028)	22,326	—	—
Other (7)					—	205	—	382	205	382	587	—	587	—	—
Total Other Real Estate					1,315	\$ 341,516	\$ 281,186	\$ 70,610	\$ 341,516	\$ 351,796	\$ 693,312	\$ (89,488)	\$ 603,824	\$ 106,119	\$ —
Total Portfolio					32,697	\$ 1,958,523	\$ 3,562,176	\$ 3,306,367	\$ 1,869,048	\$ 6,868,543	\$ 8,737,591	\$ (2,718,284)	\$ 6,019,307	\$ 4,251,339	\$ —

(1) Date we acquired the apartment community or first consolidated the partnership that owns the community.

(2) Includes costs capitalized since acquisition or date of initial consolidation of the community.

(3) The aggregate cost of land and depreciable property for federal income tax purposes was approximately \$3.8 billion as of December 31, 2019.

(4) Depreciable life for buildings and improvements ranges from 5 to 30 years and is calculated on a straight-line basis.

(5) Encumbrances are presented before reduction for debt issuance costs.

(6) The current carrying value of the apartment community reflects an impairment loss recognized during prior periods.

(7) Other includes apartment communities under development, land parcels, and certain non-residential properties held for future development.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
AIMCO PROPERTIES, L.P.
SCHEDULE III: REAL ESTATE AND ACCUMULATED DEPRECIATION
For the Years Ended December 31, 2019, 2018, and 2017
(In Thousands)

	2019	2018	2017
Total real estate balance at beginning of year	\$ 8,308,590	\$ 8,478,877	\$ 8,486,166
Additions during the year:			
Acquisitions	383,557	501,009	16,687
Capital additions	404,896	348,727	354,229
Dispositions and other	(359,452)	(1,020,023)	(378,205)
Total real estate balance at end of year	\$ 8,737,591	\$ 8,308,590	\$ 8,478,877
Accumulated depreciation balance at beginning of year	\$ 2,585,115	\$ 2,848,609	\$ 2,730,758
Depreciation	358,661	354,208	344,960
Dispositions and other	(225,492)	(617,702)	(227,109)
Accumulated depreciation balance at end of year	\$ 2,718,284	\$ 2,585,115	\$ 2,848,609

F-42

[\(Back To Top\)](#)

Section 2: EX-3.1 (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 820, 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 820, Baltimore, Maryland 21202. The resident agent is a Maryland corporation located in the State of Maryland.

EAST\172249582.2

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 510,587,500 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*”), and zero (0) shares currently classified as Preferred Stock, par value \$.01 per share (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 **2/10**/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 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.

(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 eight directors in office whose names are as follows: Terry Considine, Thomas L. Keltner, J. Landis Martin, Robert A. Miller, Kathleen M. Nelson, Ann Sperling, Michael A. Stein and Nina A. Tran.

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 to 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 cast 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.

* * * * *

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 820, 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 820, 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 February 24, 2020.

WITNESS:

/s/ Lisa R. Cohn

Lisa R. Cohn

Executive Vice President, General Counsel and Secretary

APARTMENT
INVESTMENT AND
MANAGEMENT COMPANY

By: /s/ Paul Beldin

Paul Beldin

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/ Paul Beldin

Paul Beldin

Executive Vice President and Chief Financial Officer

17

EAST\172249582.2

[\(Back To Top\)](#)

Section 3: EX-4.1 (EX-4.1)

Exhibit 4.1

DESCRIPTION OF AIMCO CLASS A COMMON STOCK

General

Aimco's charter authorizes the issuance of up to 510,587,500 shares of capital stock with a par value of \$.01 per share, all of which are classified as Class A common stock. The Class A common stock is traded on the New York Stock Exchange, or NYSE, under the symbol "AIV." Computershare Trust Company, N.A. serves as transfer agent and registrar of the Class A common stock.

Holders of the Class A common stock are entitled to receive dividends, if, when and as declared by Aimco's Board of Directors, out of funds legally available therefor. The holders of shares of Class A common stock, upon any voluntary or involuntary liquidation, dissolution or winding up of or any distribution of the assets of Aimco, are entitled to receive ratably any assets remaining after payment in full of all liabilities of Aimco and any liquidation preferences of preferred stock. The shares of Class A common stock possess voting rights for the election of directors of Aimco and in respect of other corporate matters, each share entitling the holder thereof to one vote. Holders of shares of Class A common stock do not have cumulative voting rights in the election of directors, which means that holders of more than 50% of the shares of Class A common stock voting for the election of directors can elect all of the directors if they choose to do so and the holders of the remaining shares cannot elect any directors. Holders of shares of Class A common stock do not have preemptive rights, which means that they have no right to acquire any additional shares of Class A common stock that may be issued by Aimco at a subsequent date.

Restrictions on Ownership and Transfer

For Aimco to qualify as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, which we refer to as the Code, not more than 50% in value of its outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year, and the shares of capital stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. Because Aimco's Board of Directors believes that it is essential for Aimco to continue to qualify as a REIT and to provide additional protection for Aimco's stockholders in the event of

certain transactions, Aimco's Board of Directors has adopted provisions of the charter restricting the acquisition of shares of Class A common stock.

Subject to certain exceptions specified in the charter, no holder may own, or be deemed to own by virtue of various attribution and constructive ownership provisions of the Code and Rule 13d-3 under the Securities Exchange Act of 1934, or Exchange Act, more than 8.7% (or 15% in the case of certain pension trusts described in the Code, investment companies registered under the Investment Company Act of 1940 and Terry Considine) of the outstanding shares of Class A common stock. For purposes of calculating the amount of stock owned by a given individual, the individual's Class A common stock and interests in the Aimco Operating Partnership are aggregated. Under certain conditions, Aimco's Board of Directors may waive the ownership limit. However, in no event may such holder's direct or indirect ownership of Class A common stock exceed (i) 12% of the total outstanding shares of Class A common stock, in the case of a person subject to the general 8.7% ownership limit, or (ii) 20% of the total outstanding shares of Class A common stock, in the case of an entity subject to the 15% ownership limit (although the 15% ownership limitation applicable to Mr. Considine may not be waived). As a condition of such waiver, the Aimco Board of Directors may require opinions of counsel satisfactory to it and/or an undertaking from the applicant with respect to preserving the REIT status of Aimco. If shares of Class A common stock in excess of the ownership limit, or shares of Class A common stock that would cause the REIT to be beneficially owned by fewer than 100 persons, or that would result in Aimco being "closely held," within the meaning of Section 856(h) of the Code, or that would otherwise result in Aimco failing to qualify as a REIT, are issued or transferred to any person, such issuance or transfer shall be null and void to the intended transferee, and the intended transferee would acquire no rights to the stock. Shares of Class A common stock transferred in excess of the ownership limit or other applicable limitations will automatically be transferred to a trust for the exclusive benefit of one or more qualifying charitable organizations to be designated by Aimco. Shares transferred to such trust will remain outstanding, and the trustee of the trust will have all voting and dividend rights pertaining to such shares. The trustee of such trust may transfer such shares to a person whose ownership of such shares does not violate the ownership limit or other applicable limitation. Upon a sale of such shares by the trustee, the interest of the charitable beneficiary will

terminate, and the sales proceeds would be paid, first, to the original intended transferee, to the extent of the lesser of (1) such transferee's original purchase price (or the market value of such shares on the date of the violative transfer if purportedly acquired by gift or devise) and (2) the price received by the trustee, and, second, any remainder to the charitable beneficiary. In addition, shares of stock held in such trust are purchasable by Aimco for a 90-day period at a price equal to the lesser of the price paid for the stock by the original intended transferee (or the original market value of such shares if purportedly acquired by gift or devise) and the market price for the stock on the date that Aimco determines to purchase the stock. The 90-day period commences on the date of the violative transfer or the date that Aimco's Board of Directors determines in good faith that a violative transfer has occurred, whichever is later. All certificates representing shares of Class A common stock bear a legend referring to the restrictions described above.

All persons who own, directly or by virtue of the attribution provisions of the Code and Rule 13d-3 under the Exchange Act, more than a specified percentage of the outstanding shares of Class A common stock must file a written statement or an affidavit with Aimco containing the information specified in the Aimco charter within 30 days after January 1 of each year. In addition, each stockholder shall upon demand be required to disclose to Aimco in writing such information with respect to the direct, indirect and constructive ownership of shares as Aimco's Board of Directors deems appropriate or necessary to comply with the provisions of the Code applicable to a REIT or to comply with the requirements of any taxing authority or governmental agency.

These restrictions on ownership and transfer of Class A common stock will not apply if Aimco's Board of Directors determines that it is no longer in the best interests of Aimco to attempt to qualify, or to continue to qualify, as a REIT or that compliance is no longer required for Aimco to qualify as a REIT. The restrictions on ownership and transfer of Class A common stock described above could delay, defer or prevent a transaction or a change in control that might involve a premium price for Aimco's Class A common stock or otherwise be in the best interests of Aimco's stockholders.

DESCRIPTION OF AIMCO PREFERRED STOCK

General

Under its charter, Aimco may issue, from time to time, shares of one or more classes or series of preferred stock, par value \$0.01 per share. The following description sets forth certain general terms and provisions of the preferred stock. The particular terms of any class or series of preferred stock issued will be determined by Aimco's Board of Directors. The following summary of the material provisions of the preferred stock does not purport to be complete and is subject to, and is qualified in its entirety by express reference to, articles supplementary relating to a specific class or series of preferred stock.

Aimco's charter authorizes the issuance of up to 510,587,500 shares of capital stock with a par value of \$.01 per share, all of which are classified as Class A common stock. The Board of Directors of Aimco is authorized to classify and reclassify any unissued shares of capital stock into shares of preferred 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 limit with respect to each class or series of capital stock, and the number of shares constituting each class or series, and to increase or decrease the number of shares of any such class or series, to the extent permitted by the Maryland General Corporation Law, or MGCL, and Aimco's charter.

Aimco's Board of Directors is authorized to determine for each class or series of preferred stock:

- the designation of such shares and the number of shares that constitute such class or series;
- the dividend rate (or the method of calculation thereof), if any, on the shares of such class or series and the priority as to payment of dividends with respect to other classes or series of capital stock of Aimco;
- the dividend periods (or the method of calculation thereof);

- the voting rights of the shares;
- the liquidation preference and the priority as to payment of such liquidation preference with respect to other classes or series of capital stock of Aimco and any other rights of the shares of such class or series upon any liquidation or winding up of Aimco;
- whether and on what terms the shares of such class or series will be subject to redemption or repurchase at the option of Aimco;
- whether and on what terms the shares of such class or series will be convertible into or exchangeable for other debt or equity securities of Aimco;
- whether the shares of such class or series of preferred stock will be listed on a securities exchange;
- any special U.S. federal income tax considerations applicable to such class or series of preferred stock; and
- the other rights and privileges and any qualifications, limitations or restrictions of such rights or privileges of such class or series of preferred stock not inconsistent with Aimco's charter and Maryland law.

Convertibility

No class or series of preferred stock will be convertible into, or exchangeable for, other securities or property, except as may be determined by Aimco's Board of Directors. If applicable, Aimco's Board of Directors may determine the initial conversion or exchange rate and any adjustments thereto, the conversion or exchange period and any other conversion or exchange provisions.

Dividends

Holders of shares of preferred stock, are entitled to receive, when and as declared by Aimco's Board of Directors, out of funds legally available therefor, dividends payable at such dates and at such rates, if any, as may be determined by Aimco's Board of Directors.

Unless otherwise determined by Aimco's Board of Directors, each class or series of preferred stock will rank junior as to dividends to any class or series of preferred stock that may be issued in the future that is expressly made senior as to dividends. If at any time Aimco has failed to pay accrued dividends on any such senior preferred stock at the time such dividends are payable, Aimco may not pay any dividend on junior preferred stock or redeem or otherwise repurchase shares of junior preferred stock until such accumulated but unpaid dividends on such senior preferred stock have been paid or set aside for payment in full by Aimco.

Unless otherwise determined by Aimco's Board of Directors, no dividends (other than dividends payable in common stock, or other capital stock ranking junior to the preferred stock of any class or series as to dividends and upon liquidation) shall be declared or paid or set aside for payment, nor shall any other distribution be declared or made upon any common stock, or any other capital stock of Aimco ranking junior to or on a parity with the preferred stock of such class or series as to dividends, nor shall any common stock or any other capital stock of Aimco ranking junior to or on a parity with the preferred stock of such class or series as to dividends or upon liquidation be redeemed, purchased or otherwise acquired 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) by Aimco (except by conversion into or exchange for other capital stock of Aimco ranking junior to the preferred stock of such series as to dividends and upon liquidation) unless:

- if such class or series of preferred stock has a cumulative dividend, full cumulative dividends on the preferred stock of such class or series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for all past dividend periods and the then current dividend period; and

- if such class or series of preferred stock does not have a cumulative dividend, full dividends on the preferred stock of such class or series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for the then current dividend period;

provided, however, that any monies theretofore deposited in any sinking fund with respect to any preferred stock in compliance with the provisions of such sinking fund may thereafter be applied to the purchase or redemption of such preferred stock in accordance with the terms of such sinking fund, regardless of whether at the time of such application full cumulative dividends upon shares of the preferred stock outstanding on the last dividend payment date shall have been paid or declared and set apart for payment.

The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be computed on the basis of a 360-day year of twelve 30-day months. Accrued but unpaid dividends will not bear interest.

Redemption and Sinking Fund

No class or series of preferred stock will be redeemable or be entitled to receive the benefit of a sinking fund, except as may be determined by Aimco's Board of Directors. If applicable, Aimco's Board of Directors may determine the dates and redemption prices of any such redemption, any conditions thereto, and any other redemption or sinking fund provisions.

Liquidation Rights

Unless otherwise determined by Aimco's Board of Directors, in the event of any liquidation, dissolution or winding up of Aimco, the holders of shares of each class or series of preferred stock are entitled to receive out of assets of Aimco available for distribution to stockholders, before any distribution of assets is made to holders of any other shares of preferred stock ranking junior to such class or series of preferred stock as to rights upon liquidation, dissolution or winding up, or holders of common stock, liquidating distributions per share in the amount of the liquidation preference determined by Aimco's Board of Directors for such class or series of preferred stock *plus* any dividends accumulated and accrued but unpaid to the date of final distribution; but the holders of each class or series of preferred stock will not be entitled to receive the liquidating distribution of, or such dividends on, such shares until the liquidation preference of any shares of Aimco's capital stock ranking senior to such class or series of preferred stock as to the rights upon liquidation, dissolution or winding up shall have been paid (or a sum set aside therefor sufficient to provide for payment) in full. If upon any liquidation, dissolution or winding up of Aimco, the amounts payable with respect to any class or series of preferred stock, and any other preferred stock ranking as to any such distribution on a parity with the preferred stock are not paid in full, the holders of the preferred stock and such other parity preferred stock will share ratably in any such distribution of assets in proportion to the full respective preferential amount to which they are entitled. Unless otherwise determined by Aimco's Board of Directors, after payment of the full amount of the liquidating distribution to which they are entitled, the holders of shares of preferred stock will not be entitled to any further participation in any distribution of assets by Aimco. For these purposes, neither a consolidation or merger of Aimco with another corporation nor a sale of securities shall be considered a liquidation, dissolution or winding up of Aimco.

Voting Rights

Holders of preferred stock will not have any voting rights except as set forth below or as may be determined by Aimco's Board of Directors or as otherwise from time to time required by law. Whenever dividends on any applicable class or series of preferred stock or any other class or series of stock ranking on a parity with the applicable class or series of preferred stock with respect to the payment of dividends shall be in arrears for the equivalent of six quarterly dividend periods, whether or not consecutive, the holders of shares of such class or series of preferred stock (voting separately as a class with all other classes and series of preferred stock then entitled to such voting rights) will be entitled to vote for the election of two of the authorized number of directors of Aimco at the next annual meeting of stockholders and at each subsequent meeting until all dividends accumulated on such class or series of preferred stock shall have been fully paid or set apart for payment. The term of office of all directors elected by the holders of such preferred stock shall terminate immediately upon the termination of the right

of the holders of such preferred stock to vote for directors. Unless otherwise determined by Aimco’s Board of Directors, holders of shares of preferred stock will have one vote for each share held.

So long as any shares of any class or series of preferred stock remain outstanding, Aimco shall not, without the consent of holders of at least two-thirds of the shares of such class or series of preferred stock outstanding at the time, voting separately as a class with all other classes and series of preferred stock of Aimco upon which like voting rights have been conferred and are exercisable:

- issue or increase the authorized amount of any class or series of stock ranking prior to the outstanding preferred stock as to dividends or upon liquidation; or
- amend, alter or repeal the provisions of Aimco’s charter relating to such classes or series of preferred stock, whether by merger, consolidation or otherwise, so as to materially adversely affect any power, preference or special right of such series of preferred stock or the holders thereof;

provided, however, that any increase in the amount of the authorized common stock, or preferred stock or any increase or decrease in the number of shares of any class or series of preferred stock or the creation and issuance of other series of common stock, or preferred stock ranking on a parity with or junior to preferred stock as to dividends and upon liquidation, dissolution or winding up shall not be deemed to materially adversely affect such powers, preferences or special rights.

Restrictions on Ownership and Transfer

Preferred stock may have restrictions on its ownership and transfer.

Miscellaneous

The holders of preferred stock will have no preemptive rights. The preferred stock, upon issuance against full payment of the purchase price therefor, will be fully paid and nonassessable. Shares of preferred stock redeemed or otherwise reacquired by Aimco shall resume the status of authorized and unissued shares of preferred stock undesignated as to class or series except as may be determined by Aimco’s Board of Directors, and shall be available for subsequent issuance. There are no restrictions on repurchase or redemption of the preferred stock while there is any arrearage on sinking fund installments except as may be determined by Aimco’s Board of Directors. Payment of dividends on, and the redemption or repurchase of, any class or series of preferred stock may be restricted by loan agreements, indentures and other agreements entered into by Aimco.

No Other Rights

The shares of a class or series of preferred stock will not have any preferences, voting powers or relative, participating, optional or other special rights except as set forth above or as may be determined by Aimco’s Board of Directors or as set forth in Aimco’s charter or as otherwise required by law.

Transfer Agent and Registrar

The transfer agent and registrar for each class or series of preferred stock will be designated by Aimco’s Board of Directors.

Section 4: EX-21.1 (EX-21.1)

Exhibit 21.1

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

ENTITY NAME	STATE CODE
APARTMENT INVESTMENT AND MANAGEMENT COMPANY	
APARTMENT INVESTMENT AND MANAGEMENT COMPANY	MD
AIMCO-GP, INC.	DE
AIMCO-LP TRUST	DE
APARTMENT INVESTMENT AND MANAGEMENT COMPANY and AIMCO PROPERTIES, L.P.	
AIMCO PROPERTIES, L.P.	DE
AIMCO/BETHESDA HOLDINGS, INC.	DE
1001 BB DRIVE, LLC	DE
1001 BRICKELL BAY DRIVE, LLC	DE
AF HOTEL PARCEL LESSEE, LLC	DE

AF HOTEL PARCEL LESSOR, LLC	DE
AF HOTEL PARCEL OPPORTUNITY FUND, LP	DE
AF HOTEL PARCEL OPPORTUNITY ZONE BUSINESS, LP	DE
AIC REIT PROPERTIES LLC	DE
AIMCO 1582 FIRST AVENUE, LLC	DE
AIMCO 159 FIRST STREET, LLC	DE
AIMCO 173 EAST 90TH STREET, LLC	DE
AIMCO 182-188 COLUMBUS AVENUE, LLC	DE
AIMCO 21 FITZSIMONS LICENSE, LLC	DE
AIMCO 21 FITZSIMONS, LLC	DE
AIMCO 234 EAST 88TH ST, LLC	DE
AIMCO 237 NINTH AVENUE, LLC	DE
AIMCO 240 WEST 73RD STREET CO-OWNER, LLC	DE
AIMCO 240 WEST 73RD STREET, LLC	DE
AIMCO 270 THIRD STREET, LLC	DE
AIMCO 306 EAST 89TH STREET, LLC	DE
AIMCO 311/313 EAST 73RD STREET, LLC	DE
AIMCO 3131 WALNUT STREET MEMBER I, LLC	DE
AIMCO 3131 WALNUT STREET MEMBER II, LLC	DE
AIMCO 3131 WALNUT STREET, LLC	DE
AIMCO 322 EAST 61ST STREET, LLC	DE
AIMCO 452 EAST 78TH STREET PROPERTY, LLC	DE
AIMCO 464-466 AMSTERDAM 200-210 WEST 83RD STREET, LLC	DE
AIMCO 50 ROGERS STREET, LLC	DE
AIMCO 510 EAST 88TH STREET PROPERTY, LLC	DE
AIMCO 514 EAST 88TH STREET, LLC	DE
AIMCO 518 EAST 88TH ST, LLC	DE
AIMCO 777 SOUTH BROAD MEMBER, LLC	DE
AIMCO 777 SOUTH BROAD, LLC	DE
AIMCO 88TH STREET/SECOND AVENUE PROPERTIES, LLC	DE
AIMCO AVERY ROW, LLC	DE
AIMCO BALAYE APARTMENTS I, LLC	DE
AIMCO BENT TREE, LLC	DE
AIMCO BOSTON LOFTS, L.P.	DE
AIMCO BRIAR RIDGE GP, LLC	DE
AIMCO BRIAR RIDGE, L.P.	DE
AIMCO BROADWAY LOFTS GP, LLC	DE
AIMCO BROADWAY LOFTS, L.P.	DE

ENTITY NAME	STATE CODE
AIMCO BUENA VISTA APARTMENTS GP, LLC	DE
AIMCO BUENA VISTA APARTMENTS, L.P.	DE
AIMCO BURKSHIRE COMMONS GP, LLC	DE
AIMCO CALHOUN CLUB, L.L.C.	DE
AIMCO CALHOUN, INC.	DE
AIMCO CALHOUN, L.L.C.	DE
AIMCO CANYON TERRACE GP, LLC	DE
AIMCO CANYON TERRACE, L.P.	DE
AIMCO CHANTILLY GP, LLC	DE
AIMCO CHESTNUT HALL GP, LLC	DE
AIMCO CHESTNUT HALL LIMITED PARTNERSHIP	DE
AIMCO CLEARING ACCOUNT, LLC	DE
AIMCO COLUMBUS AVE., LLC	DE
AIMCO EASTPOINTE, LLC	DE
AIMCO ELM CREEK TOWNHOMES TWO, LLC	DE
AIMCO ELM CREEK, L.P.	DE
AIMCO ESPLANADE AVENUE APARTMENTS, LLC	DE
AIMCO FITZSIMONS 3A LESSEE, LLC	DE
AIMCO FITZSIMONS 3A LESSOR, LLC	DE
AIMCO FITZSIMONS 3A, LLC	DE
AIMCO FLAMINGO HEALTH CLUB, LLC	DE
AIMCO FOXCHASE GP, LLC	DE
AIMCO FOXCHASE, L.P.	DE
AIMCO FRAMINGHAM, LLC	DE
AIMCO GARDENS GP LLC	DE
AIMCO GP LA, L.P.	DE

AIMCO GRANADA, L.L.C.	DE
AIMCO HILLMEADE, LLC	DE
AIMCO HOLDINGS I, LLC	DE
AIMCO HOLDINGS II, LLC	DE
AIMCO HOLDINGS QRS, INC.	DE
AIMCO HOLDINGS, L.P.	DE
AIMCO HORIZONS WEST APARTMENTS, LLC	DE
AIMCO HYDE PARK TOWER, L.L.C.	DE
AIMCO INDIGO GP, LLC	DE
AIMCO INDIGO, L.P.	DE
AIMCO IPLP, L.P.	DE
AIMCO LA QRS, INC.	DE
AIMCO LEAHY SQUARE APARTMENTS, LLC	DE
AIMCO LOCUST ON THE PARK MEMBER I, LLC	DE
AIMCO LOCUST ON THE PARK MEMBER II, LLC	DE
AIMCO LOCUST ON THE PARK, LLC	DE
AIMCO LP LA, LP	DE
AIMCO MADERA VISTA, LLC	DE
AIMCO MALIBU CANYON, LLC	DE
AIMCO MERRILL HOUSE, L.L.C.	DE
AIMCO MEZZO, LLC	DE
AIMCO MILAN, LLC	DE
AIMCO MONTEREY GROVE APARTMENTS TIC 2, LLC	DE

ENTITY NAME	STATE CODE
AIMCO MONTEREY GROVE APARTMENTS, LLC	DE
AIMCO N.P. LOFTS, L.P.	DE
AIMCO NORTH ANDOVER, L.L.C.	DE
AIMCO ONE ARDMORE PLACE MEMBER I, LLC	DE
AIMCO ONE ARDMORE PLACE MEMBER II, LLC	DE
AIMCO ONE ARDMORE PLACE, LLC	DE
AIMCO ONE CANAL, LLC	DE
AIMCO OPPORTUNITY FUND 3A, LP	DE
AIMCO OPPORTUNITY ZONE 3A BUSINESS, LP	DE
AIMCO PACIFICA GP, LLC	DE
AIMCO PACIFICA PARK, L.P.	DE
AIMCO PALAZZO ACQUISITION, LLC	DE
AIMCO PARK AND 12TH, LLC	DE
AIMCO PARK LA BREA HOLDINGS, LLC	DE
AIMCO PARK LA BREA SERVICES, LLC	DE
AIMCO PARK LA BREA, INC.	MD
AIMCO PATHFINDER VILLAGE APARTMENTS GP, LLC	DE
AIMCO PATHFINDER VILLAGE APARTMENTS, L.P.	DE
AIMCO PLEASANT STREET, LLC	DE
AIMCO PROPERTIES FINANCE CORP.	DE
AIMCO PROPERTIES FINANCE PARTNERSHIP, L.P.	DE
AIMCO PROPERTIES, LLC	DE
AIMCO PROSPECT 400 GP, LLC	DE
AIMCO PROSPECT 400, L.P.	DE
AIMCO QRS GP, LLC	DE
AIMCO RIVER CLUB, LLC	DE
AIMCO ROBIN DRIVE GP, LLC	DE
AIMCO ROBIN DRIVE, L.P.	DE
AIMCO ROYAL CREST - NASHUA, L.L.C.	DE
AIMCO SAN BRUNO APARTMENTS PARTNERS, L.P.	DE
AIMCO SCOTCHOLLOW APARTMENTS GP, LLC	DE
AIMCO SCOTCHOLLOW APARTMENTS, L.P.	DE
AIMCO SELECT PROPERTIES, L.P.	DE
AIMCO SERVICE COMPANY, LLC	DE
AIMCO SOUTHSTAR LOFTS MEMBER I, LLC	DE
AIMCO SOUTHSTAR LOFTS MEMBER II, LLC	DE
AIMCO SOUTHSTAR LOFTS, LLC	DE
AIMCO SUBSIDIARY REIT I, LLC	DE
AIMCO SUNSET ESCONDIDO, L.L.C.	DE
AIMCO TOWNSHIP AT HIGHLANDS APARTMENTS, LLC	DE
AIMCO TREMONT, LLC	DE

AIMCO VANTAGE POINTE, L.L.C.	DE
AIMCO VENEZIA, LLC	DE
AIMCO VILLA DEL SOL, L.P.	DE
AIMCO WARWICK, L.L.C.	DE
AIMCO WATERWAYS VILLAGE, LLC	DE
AIMCO WAVERLY, LLC	DE
AIMCO WEXFORD VILLAGE II, L.L.C.	DE

ENTITY NAME	STATE CODE
AIMCO WEXFORD VILLAGE, L.L.C.	DE
AIMCO YACHT CLUB AT BRICKELL, LLC	DE
AIMCO YORKTOWN, L.P.	DE
AIMCO/BETHESDA EMPLOYEE, L.L.C.	DE
AIMCO/BLUFFS, L.L.C.	DE
AIMCO/BRANDYWINE, L.P.	DE
AIMCO/IPT, INC.	DE
AIMCO/LAKE RIDGE, L.L.C.	DE
AIMCO/LEXINGTON, L.L.C.	DE
AIMCO/NASHUA, L.L.C.	DE
AIMCO/NHP PROPERTIES, INC.	DE
AIMCO/PARK TOWNE PLACE ASSOCIATES GP, LLC	DE
AIMCO/RAVENSWORTH ASSOCIATES GP, LLC	DE
AIMCO/SOUTHRIDGE, L.L.C.	DE
AIMCO/SWAP, L.L.C.	DE
AIMCO/WESTRIDGE, L.L.C.	DE
AMBASSADOR APARTMENTS, L.P.	DE
AMBASSADOR IX, INC.	DE
AMBASSADOR IX, L.P.	DE
BAY PARC PLAZA APARTMENTS, L.P.	DE
BAYBERRY HILL, L.L.C.	DE
BRIARCLIFFE-OXFORD ASSOCIATES LIMITED PARTNERSHIP	MI
BRICKELL BAY TOWER LTD	BS
BRICKELL BAY TOWER SPE, LLC	DE
BRICKELL BAY TOWER, INC.	DE
BROAD RIVER PROPERTIES, L.L.C.	DE
BROOKWOOD LIMITED PARTNERSHIP	IL
BURKSHIRE COMMONS APARTMENTS PARTNERS, L.P.	DE
CALMARK HERITAGE PARK II LIMITED PARTNERSHIP	CA
CAMARILLO-ROSEWOOD ASSOCIATES LIMITED PARTNERSHIP	CA
CCIP PLANTATION GARDENS, L.L.C.	DE
CCIP STERLING, L.L.C.	DE
CCIP STERLING, L.P.	PA
CEDAR RIM APARTMENTS, LLC	DE
CENTURY PROPERTIES FUND XVII, LP SERIES A	DE
CHANTILLY PARTNERS LIMITED PARTNERSHIP	VA
CHURCH STREET ASSOCIATES LIMITED PARTNERSHIP	IL
CONCAP EQUITIES, INC.	DE
CONGRESS REALTY COMPANIES LIMITED PARTNERSHIP	MA
CONGRESS REALTY CORP.	MA
CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP SERIES A	DE
CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES/3, LP SERIES A	DE
COOPER RIVER PROPERTIES, L.L.C.	DE
CPF CREEKSIDE, LLC	DE
CRC CONGRESS REALTY CORP.	MA
FLAMINGO SOUTH ACQUISITIONS, LLC	DE
FOUR QUARTERS HABITAT APARTMENTS ASSOCIATES, LTD.	FL
FOX CAPITAL MANAGEMENT CORPORATION	CA
FOX PARTNERS	CA

ENTITY NAME	STATE CODE
FOX REALTY INVESTORS	CA
GEORGETOWN 20Y APARTMENTS, L.L.C.	DE
GP-OP PROPERTY MANAGEMENT, LLC	DE
HC/OAC, L.L.C.	MD
HERITAGE PARK INVESTORS, INC.	CA
HUNT CLUB PARTNERS, L.L.C.	MD
IPLP ACQUISITION I LLC	DE
ISTC CORPORATION	DE
JAMES-OXFORD LIMITED PARTNERSHIP	MD
LA BROADCAST CENTER GP LLC	DE
LA BROADCAST CENTER QRS INC.	DE
LA CRESCENT GARDENS GP LLC	DE
LA CRESCENT GARDENS LP	DE
LA CRESCENT GARDENS QRS INC.	DE
LA HILLCRESTE APARTMENTS LLC	DE
LA INDIAN OAKS GP LLC	DE
LA INDIAN OAKS LP	DE
LA LAKES GP LLC	DE
LA LAKES LP	DE
LA LAKES QRS INC.	DE
LA MALIBU CANYON GP LLC	DE
LA MALIBU CANYON LP	DE
LA MALIBU CANYON QRS INC.	DE
LA PARK LA BREA A LLC	DE
LA PARK LA BREA B LLC	DE
LA PARK LA BREA C LLC	DE
LA PARK LA BREA LLC	DE
LAC PROPERTIES GP II LIMITED PARTNERSHIP	DE
LAC PROPERTIES GP III LIMITED PARTNERSHIP	DE
LAC PROPERTIES OPERATING PARTNERSHIP, L.P.	DE
LAC PROPERTIES QRS II INC.	DE
LAC PROPERTIES QRS III INC.	DE
LAKE RIDGE-OXFORD ASSOCIATES LIMITED PARTNERSHIP	MD
LAKERIDGE-ISLAND CLUB APARTMENTS PARTNERS, L.P.	DE
LEXINGTON-OXFORD ASSOCIATES L.P.	IN
LINCOLN MARINERS ASSOCIATES LIMITED	CA
LINCOLN PROPERTY COMPANY NO. 409, LTD.	CA
MADISON RIVER PROPERTIES, L.L.C.	DE
MAERIL, INC.	DE
MAYER BEVERLY PARK LIMITED PARTNERSHIP	CA
MCZ/CENTRUM FLAMINGO II, L.L.C.	DE
MCZ/CENTRUM FLAMINGO III, L.L.C.	DE
MONROE CORPORATION	MD
MONROE-OXFORD ASSOCIATES LIMITED PARTNERSHIP	MD
MORTON TOWERS APARTMENTS, L.P.	DE
MORTON TOWERS HEALTH CLUB, LLC	DE
NASHUA-OXFORD-BAY ASSOCIATES LIMITED PARTNERSHIP	MD
NATIONAL BOSTON LOFTS ASSOCIATES, LLLP	CO
NATIONAL CORPORATION FOR HOUSING PARTNERSHIPS	DC

ENTITY NAME	STATE CODE
NHP A&R SERVICES, LLC	VA
NHP PARTNERS TWO LIMITED PARTNERSHIP	DE
NHP-HG FOUR, INC.	VA
NHPMN MANAGEMENT, L.P.	DE
NHPMN MANAGEMENT, LLC	DE
NHPMN-GP, INC.	DE
NP BANK LOFTS ASSOCIATES, L.P.	CO
NPI EQUITY INVESTMENTS II, INC.	FL
OAC INVESTMENT, INC.	MD
OAC L.L.C.	MD
OAC LIMITED PARTNERSHIP	MD
OAMCO VII, L.L.C.	DE
OAMCO XI, L.L.C.	DE
OAMCO XIX, L.L.C.	DE
OAMCO XIX, L.P.	DE
OAMCO XXIII, L.L.C.	DE
OP PROPERTY MANAGEMENT, L.P.	DE
OP PROPERTY MANAGEMENT, LLC	DE
OXFORD APARTMENT COMPANY, INC.	MD
OXFORD ASSOCIATES '84 LIMITED PARTNERSHIP	MD
OXFORD ASSOCIATES '85 LIMITED PARTNERSHIP	MD
OXFORD EQUITIES CORPORATION	IN
OXFORD EQUITIES CORPORATION III	DE
OXFORD HOLDING CORPORATION	MD
OXFORD INVESTMENT CORPORATION	MD
OXFORD INVESTMENT II CORPORATION	MD
OXFORD MANAGERS I LIMITED PARTNERSHIP	MD
OXFORD PARTNERS X, L.L.C.	MD
OXFORD REALTY FINANCIAL GROUP, INC.	MD
PARK LA BREA ACQUISITION, LLC	DE
PARK TOWNE PLACE ASSOCIATES LIMITED PARTNERSHIP	DE
RAVENSWORTH ASSOCIATES LIMITED PARTNERSHIP	DE
RAVENSWORTH ASSOCIATES, LLC	DE
REEDY RIVER PROPERTIES, L.L.C.	DE
RESCORP DEVELOPMENT, INC.	IL
RI-15 GP, LLC	DE
RI-15 LIMITED PARTNERSHIP	DC
RIVER LOFT APARTMENTS LIMITED PARTNERSHIP	PA
RIVER LOFT ASSOCIATES LIMITED PARTNERSHIP	MA
ROYAL CREST ESTATES (MARLBORO), L.L.C.	DE
SOUTHRIDGE-OXFORD LIMITED PARTNERSHIP	MD
ST. GEORGE VILLAS LIMITED PARTNERSHIP	SC
THE NATIONAL HOUSING PARTNERSHIP	DC
THE OAK PARK PARTNERSHIP LIMITED PARTNERSHIP	IL
TUJUNGA GARDENS LIMITED PARTNERSHIP	CA
WATERFORD VILLAGE, L.L.C.	DE
WATERS LANDING PARTNERS, L.L.C.	MD
WESTRIDGE-OXFORD LIMITED PARTNERSHIP	MD
WILLIAMSBURG LIMITED PARTNERSHIP	IL

ENTITY NAME	STATE CODE
WL/OAC, L.L.C.	MD
ZIMCO XI L.L.C.	MD
ZIMCO XVIII L.L.C.	MD
ZIMCO/CHANTILLY CORPORATION	MD
ZIMCO/MONROE CORPORATION XI	MD

[\(Back To Top\)](#)

Section 5: EX-23.1 (EX-23.1)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements listed below and in the related Prospectuses of our reports dated February 24, 2020, with respect to the consolidated financial statements and the financial statement schedule of Apartment Investment and Management Company, and the effectiveness of internal control over financial reporting of Apartment Investment and Management Company, included in this Annual Report (Form 10-K) of Apartment Investment and Management Company for the year ended December 31, 2019.

Form S-3ASR (No. 333-217456)	Form S-3 (No. 333-08997)	Form S-3 (No. 333-36531)
Form S-3 (No. 333-828)	Form S-3 (No. 333-4546)	Form S-8 (No. 333-4550)
Form S-3 (No. 333-20755)	Form S-8 (No. 333-14481)	Form S-8 (No. 333-36803)
Form S-3 (No. 333-36537)	Form S-4 (No. 333-49075)	Form S-3 (No. 333-47201)
Form S-8 (No. 333-4548)	Form S-4 (No. 333-60663)	Form S-8 (No. 333-70409)
Form S-8 (No. 333-41719)	Form S-3 (No. 333-75109)	Form S-4 (No. 333-60355)
Form S-8 (No. 333-57617)	Form S-3 (No. 333-77257)	Form S-3 (No. 333-77067)
Form S-3 (No. 333-69121)	Form S-3 (No. 333-92743)	Form S-3 (No. 333-31718)
Form S-8 (No. 333-75349)	Form S-4 (No. 333-51154)	Form S-3 (No. 333-52808)
Form S-3 (No. 333-81689)	Form S-3 (No. 333-71002)	Form S-3 (No. 333-73162)
Form S-3 (No. 333-50742)	Form S-3 (No. 333-101735)	Form S-4 (No. 333-39357)
Form S-3 (No. 333-64460)	Form S-4 (No. 333-90588)	Form S-3 (No. 333-130735)
Form S-3 (No. 333-85844)	Form S-8 (No. 333-142467)	Form S-4 (No. 333-136801)
Form S-3 (No. 333-86200)	Form S-4 (No. 333-169353)	Form S-3 (No. 333-150342)
Form S-4 (No. 333-90590)	Form S-4 (No. 333-169871)	Form S-4 (No. 333-169869)
Form S-8 (No. 333-142466)	Form S-4 (No. 333-175842)	Form S-4 (No. 333-169872)
Form S-4 (No. 333-169870)	Form S-4 (No. 333-175846)	Form S-4 (No. 333-175843)
Form S-4 (No. 333-169873)	Form S-4 (No. 333-175850)	Form S-4 (No. 333-175847)
Form S-4 (No. 333-175848)	Form S-4 (No. 333-66207)	Form S-4 (No. 333-186965)
Form S-4 (No. 333-175853)	Form S-8 (No. 333-207828)	Form S-8 (No. 333-225037)
Form S-8 (No. 333-207826)	Form S-3 (No. 333-17431)	

/s/ ERNST & YOUNG LLP

Denver, Colorado
February 24, 2020
[\(Back To Top\)](#)

Section 6: EX-23.2 (EX-23.2)

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements listed below and in the related Prospectuses of our reports dated

February 24, 2020, with respect to the consolidated financial statements and the financial statement schedule of AIMCO Properties, L.P., and the effectiveness of internal control over financial reporting of AIMCO Properties, L.P., included in this Annual Report (Form 10-K) of AIMCO Properties, L.P. for the year ended December 31, 2019.

Form S-3ASR No. 333-217456-01
Form S-4 No. 333-60355-01
Form S-4 No. 333-90588-01
Form S-4 No. 333-90590-01
Form S-4 No. 333-136801-01
Form S-4 No. 333-169353-01
Form S-4 No. 333-169869-01
Form S-4 No. 333-169870-01
Form S-4 No. 333-169871-01
Form S-4 No. 333-169872-01
Form S-4 No. 333-169873-01
Form S-4 No. 333-175842-01
Form S-4 No. 333-175843-01
Form S-4 No. 333-175846-01
Form S-4 No. 333-175847-01
Form S-4 No. 333-175848-01
Form S-4 No. 333-175850-01
Form S-4 No. 333-175853-01
Form S-4 No. 333-186965-01

/s/ ERNST & YOUNG LLP

Denver, Colorado
February 24, 2020

[\(Back To Top\)](#)

Section 7: EX-31.1 (EX-31.1)

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Terry Considine, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 24, 2020

/s/ Terry Considine

Terry Considine

Chairman and Chief Executive Officer

[\(Back To Top\)](#)

Section 8: EX-31.2 (EX-31.2)

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Paul Beldin, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 24, 2020

/s/ Paul Beldin

Paul Beldin

Executive Vice President and Chief Financial
Officer

[\(Back To Top\)](#)

Section 9: EX-31.3 (EX-31.3)

Exhibit 31.3

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Terry Considine, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 24, 2020

/s/ Terry Considine

Terry Considine

Chairman and Chief Executive Officer

[\(Back To Top\)](#)

Section 10: EX-31.4 (EX-31.4)

Exhibit 31.4

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Paul Beldin, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 24, 2020

/s/ Paul Beldin

Paul Beldin

Executive Vice President and Chief Financial Officer

[\(Back To Top\)](#)

Section 11: EX-32.1 (EX-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 annual report of Apartment Investment and Management Company (the “Company”) on Form 10-K for the period ended December 31, 2019 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

February 24, 2020

[\(Back To Top\)](#)

Section 12: EX-32.2 (EX-32.2)

Exhibit 32.2

**Certification of CFO 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 annual report of Apartment Investment and Management Company (the “Company”) on Form 10-K for the period ended December 31, 2019 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/ Paul Beldin

Paul Beldin

Executive Vice President and Chief Financial Officer

February 24, 2020

[\(Back To Top\)](#)

Section 13: EX-32.3 (EX-32.3)

Exhibit 32.3

**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 annual report of AIMCO Properties, L.P. (the “Partnership”) on Form 10-K for the period ended December 31, 2019 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

February 24, 2020

[\(Back To Top\)](#)

Section 14: EX-32.4 (EX-32.4)

Exhibit 32.4

**Certification of CFO 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 annual report of AIMCO Properties, L.P. (the "Partnership") on Form 10-K for the period ended December 31, 2019 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/ Paul Beldin

Paul Beldin

Executive Vice President and Chief Financial Officer

February 24, 2020

[\(Back To Top\)](#)

Section 15: EX-99.1 (EX-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 annual report on Form 10-K for the annual period ended December 31, 2019, 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

[\(Back To Top\)](#)

Section 16: EX-99.2 (EX-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 annual report on Form 10-K for the annual period ended December 31, 2019, 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

February 24, 2020

[\(Back To Top\)](#)