APARTMENT INVESTMENT & MANAGEMENT CO
Form S-4/A
December 19, 2011

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As filed with the Securities and Exchange Commission on December 19, 2011

Registration No. 333-175847

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1
to
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
(Exact name of registrant as specified in its charter)

Maryland	**6798**	**84-1259577**
(State of other jurisdiction of incorporation or organization)	*(Primary standard industrial classification code number)*	*(IRS Employer Identification Number)*

AIMCO PROPERTIES, L.P.
(Exact name of registrant as specified in its charter)

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

4582 South Ulster Street, Suite 1100
Denver, Colorado 80237
(303) 757-8101
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

John Bezzant
Executive Vice President
Apartment Investment and Management Company
4582 South Ulster Street, Suite 1100
Denver, Colorado 80237
(303) 757-8101
(Name, address, including zip code and telephone number, including area code of agent for service)

Copy to:
Robert Mintz, Esq.

Hogan Lovells US LLP
One Tabor Center
1200 Seventeenth St., Suite 1500
Denver, Colorado 80202
(303) 899-7300

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

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

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

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

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

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

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

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

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

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

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

SUBJECT TO COMPLETION, DATED DECEMBER 19, 2011

INFORMATION STATEMENT/PROSPECTUS

NATIONAL PROPERTY INVESTORS 4

National Property Investors 4, or NPI, has entered into an amended and restated agreement and plan of conversion and merger, or merger agreement, with AIMCO Properties, L.P., or Aimco OP, and a wholly-owned subsidiary of Aimco OP. Under the merger agreement:

(i) First, NPI will be converted from a California limited partnership to a Delaware limited partnership named National Property Investors 4, LP, or New NPI. In the conversion, each unit of limited partnership interest in NPI, or NPI Unit, will be converted into an identical unit of limited partnership interest in New NPI, also referred to herein as an NPI Unit, and the general partnership interest in NPI now held by NPI s general partner will be converted into a general partnership interest in New NPI; and

(ii) Second, Aimco OP s subsidiary, AIMCO NPI 4 Merger Sub LLC, a Delaware limited liability company, or the Aimco Subsidiary, will be merged with and into New NPI, with New NPI as the surviving entity. Aimco Subsidiary was formed for the purpose of effecting this merger and does not have any assets or operations. In this merger, each NPI Unit will be converted into the right to receive, at the election of the holder of such unit, either:

$167.15 in cash, or

$167.15 in partnership common units of Aimco OP, or OP Units.

The merger consideration of $167.15 per NPI Unit was based on an independent third party appraisal of NPI s property by KTR Real Estate Advisors LLC, or KTR, an independent valuation firm.

The number of OP Units offered for each NPI Unit in the merger will be calculated by dividing $167.15 by the average closing price of common stock of Apartment Investment and Management Company, or Aimco, as reported on the New York Stock Exchange, or the NYSE, over the ten consecutive trading days ending on the second trading day immediately prior to the consummation of the merger. For example, as of December 14, 2011, the average closing price of Aimco common stock over the preceding ten consecutive trading days was $21.62, which would have resulted in 7.73 OP Units offered for each NPI Unit. However, if Aimco OP determines that the law of the state or other jurisdiction in which a limited partner resides would prohibit the issuance of OP Units in that state or other jurisdiction (or that registration or qualification in that state or jurisdiction would be prohibitively costly), then such limited partner will not be entitled to elect OP Units, and will receive cash.

The OP Units are not listed on any securities exchange nor do they trade in an active secondary market. However, after a one-year holding period, OP Units are redeemable for shares of Aimco common stock (on a one-for-one basis) or cash equal to the value of such shares, as Aimco elects. As a result, the trading price of Aimco common stock is considered a reasonable estimate of the fair market value of an OP Unit. Aimco s common stock is listed and traded on the NYSE under the symbol AIV.

In the merger, Aimco OP s interest in the Aimco Subsidiary will be converted into limited partnership interests in New NPI. As a result, after the merger, Aimco OP will be the sole limited partner of New NPI.

Within ten days after the effective time of the merger, Aimco OP will prepare and mail to former holders of NPI Units an election form pursuant to which former holders of NPI Units can elect to receive cash or OP Units. Former holders of NPI Units may elect the form of consideration they wish to receive by completing and returning the election form in accordance with its instructions. If the information agent does not receive a properly completed election form from a former holder of NPI Units before 5:00 p.m., New York time, on the 30th day after the mailing of the election form, such former holder will be deemed to have elected to receive cash. Former holders of NPI Units may also use the election form to elect to receive, in lieu of the merger consideration, the appraised value of their NPI Units, determined through an arbitration proceeding.

Prior to consummating the transactions contemplated by the merger agreement, the agreement of limited partnership of NPI will be amended to (i) eliminate the prohibition on transactions between NPI, on one hand, and its general partner and its affiliates, on the other, and (ii) authorize the general partner to complete the conversion and merger described above without any further action by the limited partners. Under applicable law, the merger agreement, the conversion, the merger and the amendment must be approved by NPI s general partner and a majority of the NPI Units. NPI s general partner, NPI Equity Investments, Inc., or the General Partner, has determined that the merger agreement, the conversion, the merger and the amendment are advisable, fair to and in the best interests of NPI and its limited partners and has approved the merger agreement, the conversion, the merger and the amendment. As of December 14, 2011, there were 60,005 issued and outstanding NPI Units, and Aimco OP and its affiliates owned 47,850 of those units, or approximately 79.74% of the number of units outstanding. As more fully described herein, 26,466 NPI Units owned by an affiliate of the General Partner are subject to a voting restriction, which requires such NPI Units to be voted in proportion to the votes cast with respect to NPI Units not subject to this voting restriction. The General Partner s affiliates have indicated that they will vote all of their NPI Units that are not subject to this restriction, 21,384 NPI Units or approximately 35.64% of the outstanding NPI Units, in favor of the merger agreement, the conversion, the merger and the amendment. As a result, affiliates of the General Partner will vote a total of 38,258 NPI Units, or approximately 63.76% of the outstanding NPI Units, in favor of the merger agreement, the conversion, the merger and the amendment.

Aimco OP and its affiliates have indicated that they intend to take action by written consent, as permitted under the partnership agreement, to approve the merger agreement, the conversion, the merger and the amendment on or about , 2011. **As a result, approval of the conversion and merger is assured, and your consent to the conversion, merger and amendment is not required.**

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

This information statement/prospectus contains information about the proposed amendment of the limited partnership agreement of NPI, the merger agreement and the transactions contemplated thereby and the securities offered hereby, and the reasons that the General Partner has decided that the conversion, the merger and the amendment are in the best interests of NPI and its limited partners. The General Partner has conflicts of interest with respect to the transactions that are described in greater detail herein. Please read this information statement/prospectus carefully, including the section entitled Risk Factors beginning on page 20. It provides you with detailed information about the proposed amendment of the limited partnership agreement of NPI, the merger agreement and the transactions contemplated thereby and the securities offered hereby. The merger agreement is attached to this information statement/prospectus as Annex A. The proposed amendment of the limited partnership agreement of NPI is attached to this information statement/prospectus as Annex B.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the transactions described herein, or determined if this information statement/prospectus is truthful or complete, approved or disapproved of the transactions, passed upon the merits or fairness of the transactions or passed upon the adequacy or accuracy of the disclosure in this information statement/prospectus. Any representation to the contrary is a criminal offense.

This information statement/prospectus is dated,   , 2011, and is first being mailed to limited partners on or about   , 2011.

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

CALIFORNIA

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

ADDITIONAL INFORMATION

This information statement/prospectus incorporates important business and financial information about Aimco from documents that it has filed with the Securities and Exchange Commission, or the SEC, but that have not been included in or delivered with this information statement/prospectus. For a listing of documents incorporated by reference into this information statement/prospectus, please see Where You Can Find Additional Information beginning on page 95 of this information statement/prospectus.

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

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

If you wish to obtain any of these documents from Aimco, you should make your request no later than , 2011 to ensure timely delivery. You will not be charged for any of the documents you request.

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

ABOUT THIS INFORMATION STATEMENT/PROSPECTUS

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

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SUMMARY TERM SHEET

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

The Transactions:

Amendment of NPI s Partnership Agreement. Prior to consummating the transactions contemplated by the merger agreement, NPI s partnership agreement will be amended to (i) eliminate the prohibition on transactions between NPI, on the one hand, and its general partner and its affiliates, on the other, and (ii) authorize the General Partner to complete the conversion and merger described below without any further action by the limited partners. See The Transactions Amendment to Partnership Agreement beginning on page 40. A copy of the proposed amendment to the NPI partnership agreement is attached as Annex B to this information statement/prospectus.

The Conversion and Merger. NPI has entered into an agreement and plan of conversion and merger, or merger agreement, with the Aimco Subsidiary and Aimco OP. Under the merger agreement:

First, NPI will be converted from a California limited partnership to a Delaware limited partnership named National Property Investors 4, LP, or New NPI. In the conversion, each NPI Unit will be converted into an identical unit of limited partnership in New NPI and the general partnership interest in NPI now held by the general partner will be converted into a general partnership interest in New NPI. NPI s partnership agreement in effect immediately prior to the conversion will be adopted as the partnership agreement of New NPI, with the following changes: (i) references therein to the California Uniform Limited Partnership Act, as amended, or the California Act, will be amended to refer to the Delaware Revised Uniform Limited Partnership Act, as amended, or the Delaware Act; (ii) a description of the conversion will be added; and (iii) the name of the partnership will be National Property Investors 4, LP.

Second, the Aimco Subsidiary will be merged with and into New NPI, with New NPI as the surviving entity. The Aimco Subsidiary was formed for the purpose of effecting this merger and does not have any assets or operations. In the merger, each NPI Unit will be converted into the right to receive the merger consideration described below. A copy of the merger agreement is attached as Annex A to this information statement/prospectus. You are encouraged to read the merger agreement carefully in its entirety because it is the legal agreement that governs the conversion and merger.

Merger Consideration: In the merger, each NPI Unit will be converted into the right to receive, at the election of the holder of such NPI Unit, either $167.15 in cash or equivalent value in OP Units, except in those jurisdictions where the law prohibits the offer of OP Units (or registration or qualification would be prohibitively costly). The number of OP Units issuable with respect to each NPI Unit will be calculated by dividing the $167.15 per unit cash merger consideration by the average closing price of Aimco common stock, as reported on the NYSE, over the ten consecutive trading days ending on the second trading day immediately prior to the consummation of the merger. For a full description of the determination of the merger consideration, see The Transactions Determination of Merger Consideration beginning on page 41.

Fairness of Merger Consideration: Although the Aimco Entities have interests that may conflict with those of NPI s unaffiliated limited partners, each of the Aimco Entities believes that the amendment, the merger agreement, the conversion and the merger are fair to the unaffiliated limited partners of NPI. See Special Factors Fairness of the Transactions beginning on page 7. The merger consideration of $167.15 per NPI Unit was based on an independent third party appraisal of NPI s underlying property by KTR, an independent appraisal firm.

Opinion of Financial Advisor: In connection with the transactions, Duff & Phelps LLC, or Duff & Phelps, has delivered its written opinion to the boards of directors of Aimco and the general partners of Aimco OP and NPI to the effect that, as of December 19, 2011, the cash consideration offered in the merger is fair, from a financial point of view, to the unaffiliated limited partners of NPI. The full text of Duff & Phelps written opinion, which sets forth the assumptions made, procedures followed, factors considered and qualifications and limitations on the review undertaken by Duff & Phelps in connection with its opinion, is attached to this information statement/prospectus as Annex C. You are encouraged to read Duff & Phelps opinion, and the section entitled Special Factors Opinion of Financial Advisor beginning on page 13, carefully and in their entirety. Duff & Phelps opinion was directed to the boards of directors of Aimco and the general partners of Aimco OP and NPI, and addresses only the fairness to the unaffiliated limited partners of NPI, from a financial point of view, of the cash consideration offered to them in the merger as of the date of the opinion. Duff & Phelps opinion did not address any other aspect of the transactions and was not intended to and does not constitute a recommendation as to how any party should vote or act with respect to the transactions or any matter relating thereto.

Effects of the Transactions: After the amendment of NPI s partnership agreement and the conversion and the merger, Aimco OP will be the sole limited partner in New NPI, and will own all of the outstanding limited partnership interests of New NPI. As a result, after the merger, you will cease to have any rights in New NPI as a limited partner. See Special Factors Effects of the Transactions, beginning on page 6.

Appraisal Rights: Pursuant to the terms of the merger agreement, Aimco OP will provide each limited partner with contractual dissenters appraisal rights that are similar to the dissenters appraisal rights available to a stockholder of a constituent corporation in a merger under Delaware law, and which will enable a limited partner to obtain an appraisal of the value of the limited partner s NPI Units in connection with the transactions. See The Transactions Appraisal Rights, beginning on page 42. A description of the appraisal rights being provided, and the procedures that a limited partner must follow to seek such rights, is attached to this information statement/prospectus as Annex D.

List of Investors: Under NPI s partnership agreement and applicable law, upon the written request and at the cost of the limited partner, a limited partner also holds NPI Units has the right to receive by mail a list of the names and addresses of the partners of NPI and the number of units of partnership interest held by each of them. This list may be obtained by making written request to NPI Equity Investments, Inc., c/o Eagle Rock Proxy Advisors, LLC, 12 Commerce Drive, Cranford, New Jersey 07016, or by fax at (908) 497-2349.

Parties Involved:

National Property Investors 4, or NPI, is a California limited partnership organized on July 1, 1980 for the purpose of acquiring, managing, and ultimately selling income-producing real property. NPI presently owns and operates one investment property, the Village of Pennbrook Apartments, a 722 unit apartment project located in Falls Township, Pennsylvania. See Information About National Property Investors 4 , beginning on page 34. NPI s principal address is 55 Beattie Place, P.O. Box 1089, Greenville, South Carolina 29602, and its telephone number is (864) 239-1000. NPI will be converted to a Delaware limited partnership, or New NPI, under the terms of the proposed conversion.

Apartment Investment and Management Company, or Aimco, is a Maryland corporation that is a self-administered and self-managed real estate investment trust, or REIT. Aimco s principal financial objective is to provide predictable and attractive returns to its stockholders. Aimco s common stock is listed and traded on the NYSE under the symbol AIV. See Information about the Aimco Entities, beginning on page 32. Aimco s principal address is 4582 South Ulster Street, Suite 1100, Denver, Colorado 80237, and its telephone number is (303) 757-8101.

AIMCO Properties, L.P., or Aimco OP, is a Delaware limited partnership which, through its operating divisions and subsidiaries, holds substantially all of Aimco s assets and manages the daily operations of Aimco s business and assets. See Information about the Aimco Entities, beginning on page 32. Aimco OP s principal address is 4582 South Ulster Street, Suite 1100, Denver, Colorado 80237, and its telephone number is (303) 757-8101.

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AIMCO NPI 4 Merger Sub LLC, or the Aimco Subsidiary, is a Delaware limited liability company formed on July 26, 2011, for the purpose of consummating the merger with New NPI. The Aimco Subsidiary is a direct wholly-owned subsidiary of Aimco OP. See Information about the Aimco Entities, beginning on page 32.

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

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

The value of the single property owned by NPI is not sufficient to justify its continued operation as a public company. As a public company with a significant number of unaffiliated limited partners, NPI incurs costs associated with preparing audited annual financial statements, unaudited quarterly financial statements, tax returns and partner Schedule K-1s, periodic SEC reports and other expenses. The Aimco Entities estimate these costs to be approximately $63,000 per year.

NPI has been operating at a loss for two of the last three years. Since January 1, 2009, Aimco OP has advanced approximately $1,706,000 to NPI to help fund NPI s operating expenses with NPI having repaid to Aimco OP approximately $1,191,800 of advances during such period. NPI may receive additional advances of funds from Aimco OP, although Aimco OP is not obligated to provide such advances. If the Aimco Entities acquire 100% ownership of NPI, they will have greater flexibility in financing and operating its property.

See Special Factors Purposes, Alternatives and Reasons for the Transactions, beginning on page 5.

Conflicts of Interest: The General Partner is indirectly wholly-owned by Aimco. Therefore, the General Partner has a conflict of interest with respect to the transactions. The General Partner has fiduciary duties to AIMCO/IPT, Inc., the General Partner s sole stockholder and an affiliate of Aimco, on the one hand, and to NPI and its limited partners, on the other hand. The duties of the General Partner to NPI and its limited partners conflict with the duties of the General Partner to AIMCO/IPT, Inc., which could result in the General Partner approving a transaction that is more favorable to Aimco than might be the case absent such conflict of interest. See The Transactions Conflicts of Interest, beginning on page 42.

Risk Factors: In evaluating the proposed amendment of NPI s partnership agreement, the merger agreement and the transactions contemplated thereby, NPI limited partners should carefully read this information statement/prospectus and especially consider the factors discussed in the section entitled Risk Factors, beginning on page 20. Some of the risk factors associated with the transactions are summarized below:

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

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

There are a number of significant differences between NPI Units and OP Units relating to, among other things, the nature of the investment, voting rights, distributions and liquidity and transferability/redemption. For more information regarding those differences, see Comparison of NPI Units and Aimco OP Units, beginning on page 63.

NPI limited partners may elect to receive OP Units as merger consideration, and there are risks related to an investment in OP Units, including the fact that there are restrictions on transferability of OP Units; there is no public market for OP Units; and there is no assurance as to the value that might be realized upon a future redemption of OP Units. See Comparison of NPI Units and Aimco OP Units, beginning on page 63.

Material United States Federal Income Tax Consequences of the Transactions: New NPI, the Delaware partnership, will be considered a continuation of NPI, the California partnership for tax purposes. NPI will not recognize gain as a result of the conversion. New NPI will have the same federal identification number as that of NPI and will have the same tax basis, holding period, and depreciation method for each of its assets as that of NPI. The partners of NPI will not recognize any gain from the conversion of NPI to New NPI. The bases of the partners in New NPI will be equal to their bases in NPI, and their holding periods in their units in New NPI will be the same as their holding periods in the NPI units. Aimco believes that completion of the conversion will not result in any tax consequences to the limited partners of NPI. The merger between New NPI and the Aimco Subsidiary will generally be treated as a partnership merger for U.S. Federal income tax purposes. In general, any payment of cash for NPI Units will be treated as a sale of such NPI Units by the holder thereof. Any exchange of NPI Units for OP Units under the terms of the merger agreement will be treated as a tax-free transaction, except to the extent described in Material United States Federal Income Tax Considerations United States Federal Income Tax Consequences Relating to the Transactions Tax Consequences of Exchanging NPI Units Solely for OP Units, beginning on page 70.

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

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SPECIAL FACTORS

Purposes, Alternatives and Reasons for the Transactions

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

The Aimco Entities determined to proceed with the transactions at this time for the following reasons:

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

The value of the single property owned by NPI is not sufficient to justify its continued operation as a public company. As a public company with a significant number of unaffiliated limited partners, NPI incurs costs associated with preparing audited annual financial statements, unaudited quarterly financial statements, tax returns and partner Schedule K-1s, periodic SEC reports and other expenses. The Aimco Entities estimate these costs to be approximately $63,000 per year.

NPI has been operating at a loss for two of the last three years. Since January 1, 2009, Aimco OP has advanced approximately $1,706,000 to NPI to help fund NPI s operating expenses with NPI having repaid to Aimco OP approximately $1,191,800 of advances during such period. NPI may receive additional advances of funds from Aimco OP, although Aimco OP is not obligated to provide such advances. If the Aimco Entities acquire 100% ownership of NPI, they will have greater flexibility in financing and operating its property.

Before deciding to proceed with the transactions, the General Partner and the other Aimco Entities considered the alternatives described below:

Continuation of NPI as a Public Company Operating the Property. The General Partner and the other Aimco Entities did not consider the continuation of NPI as a public company operating the property to be a viable alternative primarily because of the costs associated with preparing financial statements, tax returns, periodic SEC reports and other expenses. If NPI is unable to generate sufficient funds to cover operating expenses, advances from Aimco OP may not be available in the future.

Liquidation of NPI. The General Partner and the other Aimco Entities considered a liquidation of NPI in which NPI s property would be marketed and sold to a third party for cash, with any net proceeds remaining, after payment of all liabilities, distributed to NPI s limited partners. The primary advantage of such a transaction would be that the sale price would reflect arm s-length negotiations and might therefore be higher than the appraised value which has been used to determine the merger consideration. The General Partner and the other Aimco Entities rejected this alternative because of: (i) the risk that a third party purchaser might not be found that would offer a satisfactory price; (ii) the costs that NPI would incur in connection with marketing and selling the property; (iii) the fact that limited partners would recognize taxable gain on the sale without the option of deferring that gain; and (iv) the prepayment penalties that NPI would incur in repaying its mortgage debt upon a sale of the property.

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

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Effects of the Transactions

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

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

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

Option to Defer Taxable Gain. Limited partners who receive OP Units in the merger may defer recognition of taxable gain (except where the law of the state or other jurisdiction in which a limited partner resides would prohibit the issuance of OP Units in that state or other jurisdiction, or where registration or qualification would be prohibitively costly).

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

Benefits to NPI. The transactions are expected to have the following principal benefits to NPI:

Elimination of Costs Associated with SEC Reporting Requirements and Multiple Limited Partners. After the transactions, the Aimco Entities will own all of the interests in NPI, and NPI will terminate its registration and cease filing periodic reports with the SEC. As a result, NPI will no longer incur costs associated with preparing audited annual financial statements, unaudited quarterly financial statements, tax returns and partner Schedule K-1s, periodic SEC reports and other expenses. The Aimco Entities estimate these expenses to be approximately $63,000 per year.

Benefits to the Aimco Entities. The transactions are expected to have the following principal benefits to the Aimco Entities:

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

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

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

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

Conflicts of Interest; No Separate Representation of Unaffiliated Limited Partners. The General Partner is indirectly wholly-owned by Aimco. Therefore, the General Partner has a conflict of interest with respect to the transactions. The General Partner has fiduciary duties to AIMCO/IPT, Inc., the General Partner s sole stockholder and an affiliate of Aimco, on the one hand, and to NPI and its limited partners, on the other hand. The duties of the General Partner to NPI and its limited partners conflict with the duties of the General Partner to AIMCO/IPT, Inc., which could result in the General Partner approving a transaction that is more favorable to Aimco than might be the case absent such conflict of interest. The General Partner s desire to seek the best possible terms for NPI s limited partners conflicts with Aimco s interest in obtaining the best possible terms for Aimco OP. In negotiating the merger agreement and the amendment, no one separately represented the interests of the unaffiliated limited partners. If an independent advisor had been engaged, it is possible that such advisor could have negotiated better terms for NPI s unaffiliated limited partners.

Detriments to NPI. The transactions are not expected to have any detriments to NPI.

Detriments to the Aimco Entities. The transactions are expected to have the following principal detriments to the Aimco Entities:

Increased Interest in NPI. Upon completion of the transactions, the Aimco Entities interest in the net book value of NPI will increase from 80.02% to 100%, or from a deficit of $31,503,000 to a deficit of $39,371,000 as of December 31, 2010, and their interest in the net losses of NPI will increase from 80.08% to 100%, or from $193,000 to $241,000 for the year ended December 31, 2010. Upon completion of the merger, Aimco OP will be the sole limited partner of New NPI. As a result, Aimco OP will bear the burden of all future operating or other losses of NPI, as well as any decline in the value of NPI s property.

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

Material United States Federal Income Tax Consequences of the Transactions

For a discussion of the material U.S. Federal income tax consequences of the transactions, see Material United States Federal Income Tax Considerations United States Federal Income Tax Consequences Relating to the Transactions, beginning on page 69.

Fairness of the Transactions

Factors in Favor of Fairness Determination. The Aimco Entities (including the General Partner) believe that the transactions are advisable, fair to and in the best interests of NPI and its unaffiliated limited partners. In support of such determination, the Aimco Entities considered the following factors:

The merger consideration of $167.15 per NPI Unit was based on an independent third party appraisal of NPI s property by KTR, an independent valuation firm.

Duff & Phelps has delivered its written opinion to the boards of directors of Aimco and the general partners of Aimco OP and NPI to the effect that, as of December 19, 2011, and based on and subject to the various assumptions made, procedures followed, factors considered, and qualifications and limitations on the review undertaken by Duff & Phelps in connection with its opinion, the cash consideration of $167.15 per NPI Unit offered in the merger is fair, from a financial point of view, to the unaffiliated limited partners of NPI.

The merger consideration is greater than the Aimco Entities estimate of liquidation value because other than the incentive fee payable to the General Partner, there was no deduction for certain amounts that would be payable upon an immediate sale of the property, such as prepayment penalties on the mortgage debt, currently estimated to be approximately $16,946,500.

The merger consideration is based upon the Aimco Entities estimate of going concern value, calculated as the appraised value of NPI s property, plus the amount of its other assets, less the amount of NPI s liabilities, including the market value of mortgage debt (but without deducting any prepayment penalties thereon), and adjusted for the incentive fee payable to the General Partner under the terms of NPI s partnership agreement upon a sale of the property.

The mark-to-market adjustment to the mortgage debt encumbering NPI s property is less than the prepayment penalties that would be payable upon an immediate sale of the property.

The merger consideration exceeds the net book value per unit (a deficit of $646.10 per NPI Unit at September 30, 2011).

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

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

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

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

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

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

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

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

The merger consideration is greater than the prices at which NPI Units have recently sold in the secondary market ($16.50 to $118.00 per NPI Unit for transactions reported between January 1, 2010 and December 9, 2011).

The merger consideration is greater than some of the prices at which NPI Units have historically sold in the secondary market ($150.00 to $250.00 per NPI Unit for transactions reported between January 1, 2009 and December 31, 2009).

The independent appraised value of NPI s property used in determining the merger consideration is greater than any of the preliminary offers to acquire the property that NPI received in July 2010, which preliminary offers were non-binding and subject to a number of conditions and ranged from approximately $55,000,000 to approximately $64,000,000.

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

The General Partner has substantial conflicts of interest with respect to the transactions as a result of (i) the fiduciary duties it owes to unaffiliated limited partners, who have an interest in receiving the highest possible consideration, and (ii) the fiduciary duties it owes to its sole stockholder, a subsidiary of Aimco, which has an interest in obtaining the NPI property for the lowest possible consideration.

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

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

The transactions do not require the approval of any unaffiliated limited partners.

In calculating the merger consideration, the incentive compensation fee payable to the General Partner under the terms of NPI s partnership agreement in a sale of the property was deducted.

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

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

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

- The merger consideration is less than some of the prices at which NPI Units have historically sold in the secondary market ($150.00 to $250.00 per NPI Unit for transactions reported between January 1, 2009 and December 31, 2009).

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

- In calculating the merger consideration, the market value of the mortgage debt encumbering NPI s property was deducted, which resulted in less merger consideration than would have been the case if the aggregate amount outstanding was deducted.

The Aimco Entities did not assign relative weights to the above factors in reaching their decision that the transactions are fair to NPI and its unaffiliated limited partners. However, in determining that the benefits of the proposed transactions outweigh the costs and risks, they relied primarily on the following factors: (i) the merger consideration of $167.15 per NPI Unit is based on an independent third party appraisal of NPI s property, (ii) the Duff & Phelps opinion that, as of December 19, 2011, and based on and subject to the various assumptions made, procedures followed, factors considered, and qualifications and limitations on the review undertaken by Duff & Phelps in connection with its opinion, the cash consideration of $167.15 per NPI Unit offered in the merger is fair, from a financial point of view, to the unaffiliated limited partners of NPI, (iii) limited partners may defer recognition of taxable gain by electing to receive OP Units in the merger (except in certain jurisdictions) and (iv) limited partners are entitled to contractual dissenters appraisal rights. The Aimco Entities were aware of, but did not place much emphasis on, information regarding prices at which NPI Units may have sold in the secondary market because they do not view that information as a reliable measure of value. The NPI Units are not traded on an exchange or other reporting system, and transactions in the secondary market are very limited and sporadic. In addition, some of the historical prices are not comparable to current value because of intervening events, including distributions from NPI and advances to NPI by the Aimco Entities. Similarly, the Aimco Entities also did not place significant emphasis on the prices at which third parties offered to acquire the property during the Aimco Entities efforts to sell the property in 2010, because historical prices do not reflect intervening events, such as fluctuations in the multi-family real estate market.

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

The Appraisal

Selection and Qualifications of Independent Appraiser. The General Partner retained the services of KTR to appraise the market value of NPI s sole property, the Village of Pennbrook Apartments. KTR is an experienced independent valuation consulting firm that has performed appraisal services for Aimco OP and its affiliates in the past. Aimco OP believes that its relationship with KTR had no negative impact on its independence in conducting the appraisal related to the merger.

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

Inspected the property and its environs;

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

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

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

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

Utilized appropriate appraisal methodology to derive estimates of value; and

Reconciled the estimates of value into a single value conclusion.

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

The income capitalization approach is based on the premise that value is derived by converting anticipated benefits into property value. Anticipated benefits include the present value of the net income and the present value of the net proceeds resulting from the re- sale of the property. This can be accomplished through either a direct capitalization of a single year s income by an overall capitalization rate or using a discounted cash flow in which the annual cash flows and reversionary value are discounted to a present value for the remainder of the property s productive life or over a reasonable ownership period. KTR reported that the property has an adequate operations history to determine its income-producing capabilities over the near future. In addition, performance levels of competitive properties served as an adequate check as to the reasonableness of the property s actual performance. As such, the income capitalization approach was utilized in the appraisal of the property.

As part of the income capitalization approach, KTR used the direct capitalization method to estimate a value for the Village of Pennbrook Apartments. According to KTR s report, the basic steps in the direct capitalization analysis to valuing the property are as follows: (i) calculate potential gross income from all sources that a competent owner could legally generate; (ii) estimate and deduct an appropriate vacancy and collection loss factor to arrive at effective gross income; (iii) estimate and deduct operating expenses that would be expected during a stabilized year to arrive at a probable net operating income; (iv) develop an appropriate overall capitalization rate to apply to the net operating income; and (v) estimate value by dividing the net operating income by the overall capitalization rate. In addition, any adjustments to account for differences between the current conditions and stabilized conditions are also considered. The assumptions utilized by KTR with respect to the property are set forth below. The property-specific assumptions were determined by KTR to be reasonable based on its review of historical operating and financial data for the property and comparison of said data to the operating statistics of similar properties in the influencing market areas. The capitalization rate for the property was determined to be reasonable by KTR based on its review of applicable data ascertained within the market in which the property is located.

The sales comparison approach is an estimate of value based upon a process of comparing recent sales of similar properties in the surrounding or competing areas to the subject property. Inherent in and central to this approach is the principle of substitution. This comparative process involves judgment as to the similarity of the subject property and the comparable sales with respect to many value factors such as location, contract rent levels, quality of construction, reputation and prestige, age and condition, and the interest transferred, among others. The value estimated through this approach represents the probable price at which the subject property would be sold by a willing seller to a willing and knowledgeable buyer as of the date of value. The reliability of this technique is dependent upon the availability of comparable sales data, the verification of the sales data, the degree of comparability and extent of adjustment necessary for differences, and the absence of atypical conditions affecting the individual sales prices. KTR reported that, although the volume of sales activity has decreased as a result of market conditions, its research revealed adequate sales activity to form a reasonable estimation of the subject property s market value pursuant to the sales comparison approach.

For the appraisal, KTR conducted research in the market in an attempt to locate sales of properties similar to the appraised property. In the appraisal, numerous sales were uncovered and the specific sales included in the appraisal report were deemed representative of the most comparable data available at the time the appraisal was prepared. Important criteria utilized in selecting the most comparable data included: conditions under which the sale occurred (*i.e.*, seller and buyer were typically motivated); date of sale every attempt was made to utilize recent sales transactions; sales were selected based on their physical similarity to the appraised property; transactions were selected based on the similarity of location between the comparable and appraised property; and, similarity of economic characteristics between the comparable and appraised property. Sales data that may have been uncovered during the course of research that was not included in the appraisal did not meet the described criteria and/or could not be adequately confirmed.

According to KTR s report, the basic steps in processing the sales comparison approach are outlined as follows: (i) research the market for recent sales transactions, listings, and offers to purchase or sell of properties similar to the subject property; (ii) select a relevant unit of comparison and develop a comparative analysis; (iii) compare comparable sale properties with the subject property using the elements of comparison and adjust the price of each comparable to the subject property; and (iv) reconcile the various value indications produced by the analysis of the comparables.

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

Summary of Independent Appraisal of the Village of Pennbrook Apartments. KTR performed a complete appraisal of the Village of Pennbrook Apartments. The appraisal report of Village of Pennbrook Apartments is dated December 2, 2011. The appraisal report provides an estimate of the property s market value as of December 1, 2011. The summary set forth below describes the material conclusions reached by KTR based on the value determined under the valuation approaches and subject to the assumptions and limitations described below. According to KTR s report, the estimated market value of the Village of Pennbrook Apartments was $66,400,000 as of December 1, 2011. Two previous appraisal reports by KTR of the Village of Pennbrook Apartments, dated March 17, 2011 and June 8, 2011, respectively, indicated that the estimated market value of the Village of Pennbrook Apartments was $65,800,000 as of March 9, 2011 and $66,000,000 as of June 1, 2011, respectively. An increase in the estimated market value of the Village of Pennbrook Apartments of $400,000 was noted by KTR in its December 1, 2011 appraisal as compared to its appraised value as of June 1, 2011. The following is a summary of the appraisal report dated December 2, 2011. There is no present intention to further update the appraisal report dated December 2, 2011. The Aimco Entities are not aware of any events that have occurred or conditions that have changed since the December 1, 2011 appraisal that may have caused a material change in the value of the Village of Pennbrook Apartments since such date.

Extraordinary Assumption. In connection with the preparation of its March 17, 2011 appraisal report of the Village of Pennbrook Apartments, KTR inspected the property on March 9, 2011. KTR noted that the scope of work of the June 8, 2011 and December 2, 2011 appraisal reports of the Village of Pennbrook Apartments did not include a physical inspection of the Village of Pennbrook Apartments, and that the values derived in those reports are based on the extraordinary assumption that the physical condition of the Village of Pennbrook Apartments has not materially changed since March 9, 2011.

Valuation Under Income Capitalization Approach. Using the income capitalization approach, KTR performed a direct capitalization analysis to derive a value for the Village of Pennbrook Apartments. The direct capitalization analysis resulted in a valuation conclusion for the Village of Pennbrook Apartments of approximately $66,400,000.

The assumptions employed by KTR to determine the value of the Village of Pennbrook Apartments under the income capitalization approach using the direct capitalization method included:

- potential gross income from apartment unit rentals of $726,190 per month or $8,714,280 for the appraised year;
- a loss to lease allowance of 3.0% of the gross rent potential;

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rent concessions of 2.0% of the gross rent potential;

a combined vacancy and credit loss allowance of 5.0%;

potential gross income from commercial unit rentals of $124,212 for the appraised year;

other income of $1,700 per unit for the appraised year;

a deduction for non-income producing units of $23,100 for the appraised year;

projected total expenses (including reserves) of $4,359,123 for the appraised year; and

capitalization rate of 7.25%.

Using the direct capitalization method, KTR calculated the value of the Village of Pennbrook Apartments by dividing the stabilized net operating income (including an allowance for reserves) of $4,812,241 by the concluded capitalization rate of 7.25%. KTR calculated the value conclusion of the Village of Pennbrook Apartments under the income capitalization approach of approximately $66,400,000 as of December 1, 2011.

Valuation Under Sales Comparison Approach. KTR estimated the property value of the Village of Pennbrook Apartments under the sales comparison approach by analyzing sales from the influencing market that were most similar to the Village of Pennbrook Apartments in terms of age, size, tenant profile and location. KTR reported that adequate sales existed to formulate a defensible value for the Village of Pennbrook Apartments under the sales comparison approach.

The sales comparison approach resulted in a valuation conclusion for the Village of Pennbrook Apartments of approximately $66,400,000 as of December 1, 2011.

In reaching a valuation conclusion for the Village of Pennbrook Apartments, KTR examined and analyzed comparable sales of three properties in the influencing market. The sales reflected unadjusted sales prices ranging from $80,729 to $103,125 per unit. After adjustment, the comparable sales illustrated a value range of $91,072 to $97,969 per unit. KTR reported that two of the comparable sales required the least adjustment and were accorded the most significance in the analysis, and that the adjusted indicators exhibited by these sales were $91,072 per unit and $92,838 per unit. KTR estimated a value of $92,000 per unit for the Village of Pennbrook Apartments. Applied to the Village of Pennbrook Apartments 722 units, this resulted in KTR s total value estimate for the Village of Pennbrook Apartments of approximately $66,400,000.

Reconciliation of Values and Conclusion of Appraisal. For the appraisal of the Village of Pennbrook Apartments, KTR relied principally on the income capitalization approach to valuation. Within the income capitalization approach, KTR relied on the direct capitalization method. KTR reported that the value conclusion derived pursuant to the sales comparison approach was supportive of the conclusion derived pursuant to the income capitalization approach. The income capitalization approach using a direct capitalization method resulted in a value of $66,400,000, and the sales comparison approach resulted in a value of $66,400,000. KTR concluded that the market value of the Village of Pennbrook Apartments as of December 1, 2011 was $66,400,000.

Assumptions, Limitations and Qualifications of KTR s Valuations. In preparing the appraisal, KTR relied, without independent verification, on the information furnished by others. KTR s appraisal report was subject to the following assumptions and limiting conditions: no responsibility was assumed for the legal description or for matters including legal or title considerations, and title to the property was assumed to be good and marketable unless otherwise stated; the property was appraised free and clear of any or all liens or encumbrances unless otherwise stated; responsible ownership and competent property management were assumed; the information furnished by others was believed to be reliable, and no warranty was given by KTR for the accuracy of such information; all engineering was assumed to be correct; there were no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable, and no responsibility was assumed for such conditions or for arranging for engineering studies that may be required to discover them; there was full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance was stated, defined, and considered in the appraisal report; all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity had been stated, defined, and considered in the appraisal report; all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or

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national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in the appraisal report was based; the utilization of the land and improvements is within the boundaries or property lines of the property described and there is no encroachment or trespass unless noted in the appraisal report; the distribution, if any, of the total valuation in the appraisal report between land and improvements applies only under the stated program of utilization; unless otherwise stated in the appraisal report, the existence of hazardous substances, including without limitation, asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser s inspection, and the appraiser had no knowledge of the existence of such materials on or in the property unless otherwise stated; the appraiser has not made a specific compliance survey and analysis of the property to determine whether or not it is in conformity with the various detailed requirements of the Americans with Disabilities Act; and former personal property items such as kitchen and bathroom appliances were, at the time of the appraisal report, either permanently affixed to the real estate or were implicitly part of the real estate in that tenants expected the use of such items in exchange for rent and never gained any of the rights of ownership, and the intention of the owners was not to remove the articles which are required under the implied or express warranty of habitability.

Compensation of Appraiser. KTR s fee for the appraisal was approximately $21,500. Aimco OP paid for the costs of the appraisal. KTR s fee for the appraisal was not contingent on the approval or completion of the transactions. Aimco OP also has agreed to indemnify KTR for certain liabilities that may arise out of the rendering of the appraisals. During the past two years, in addition to these fees, Aimco OP and its affiliates have paid KTR approximately $289,100 for other appraisal services, including, but not limited to, fees of approximately $160,600 for appraisal services related to certain other merger transactions that are being effected concurrently with this merger. Except as set forth above, during the prior two years, no material relationship has existed between KTR and NPI or Aimco OP or any of their affiliates. Aimco OP believes that its relationship with KTR had no negative impact on its independence in conducting the appraisal.

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

For additional information about the appraisal, see the table, Summary of Appraisal attached as Annex K.

Opinion of Financial Advisor

Aimco OP retained Duff & Phelps to act as financial advisor to the boards of directors of Aimco, the general partner of Aimco OP, and the general partner of NPI in connection with their evaluation of the proposed terms of the merger.

On December 19, 2011, Duff & Phelps rendered its written opinion to the boards of directors of Aimco, the general partner of Aimco OP, and the general partner of NPI, to the effect that, as of December 19, 2011, based upon and subject to the assumptions made, procedures followed, factors considered, and qualifications and limitations on the review undertaken, the cash consideration of $167.15 per NPI Unit offered in the merger is fair from a financial point of view to the unaffiliated limited partners of NPI.

The full text of the written opinion of Duff & Phelps, dated December 19, 2011, which sets forth the assumptions made, procedures followed, factors considered, and qualifications and limitations on the review undertaken by Duff & Phelps in connection with the opinion, is attached as Annex C to this information statement/prospectus. You are encouraged to read the opinion carefully and in its entirety. The summary of Duff & Phelps opinion in this information statement/prospectus is qualified in its entirety by reference to the

full text of the opinion.

Duff & Phelps opinion was directed to the boards of directors of Aimco, the general partner of Aimco OP, and the general partner of NPI, and addressed only the fairness from a financial point of view of the cash consideration offered in the merger, as of the date of the opinion. Duff & Phelps provided its opinion for the

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information and assistance of the boards of directors of Aimco, the general partner of Aimco OP, and the general partner of NPI in connection with their evaluation of the merger. Neither Duff & Phelps opinion nor the summary of the opinion and the related analyses set forth in this information statement/prospectus are intended to be, and do not constitute, advice or a recommendation as to how any person should act with respect to any matters relating to the merger, or whether to proceed with the merger or any related transaction.

In connection with its opinion, Duff & Phelps made such reviews, analyses and inquiries as it deemed necessary and appropriate under the circumstances. Duff & Phelps also took into account its assessment of general economic, market and financial conditions, as well as its experience in securities and business valuation, in general, and with respect to similar transactions, in particular. Duff & Phelps procedures, investigations, and financial analysis with respect to the preparation of its opinion included, but were not limited to, the items summarized below:

1. Reviewed the following documents:

a. Reviewed NPI s property level internal unaudited financial statements for the ten months ended October 31, 2011 and NPI s property level unaudited annual financial statements for each of the three fiscal years ended December 31, 2010;

b. Reviewed other internal documents relating to the history, current operations, and probable future outlook of NPI, including financial projections, provided to Duff & Phelps by the management of Aimco OP;

c. Reviewed documents related to the merger, including certain portions of a draft of this information statement/prospectus, including a draft of the amended and restated agreement on plan of conversion merger dated as of December 19, 2011, and certain other documents related to the merger;

2. Reviewed the following information and/or documents related to the real estate holdings of NPI:

a. Reviewed previously completed appraisal reports associated with the property owned by NPI prepared by KTR as of December 1, 2011 and provided to Duff & Phelps by management of Aimco OP (and as described under the heading Special Factors The Appraisal and Annex K Summary of Appraisal Table);

b. Reviewed facts and circumstances related to NPI s property to understand factors relevant to the appraisal; and

c. Reviewed market data for subject market and assessed current supply and demand trends;

3. Reviewed the following information and/or documents related to NPI s property:

a. Reviewed operating statements and balance sheets for the twelve month periods ending December 31, 2008, 2009, and 2010;

b. Reviewed the year-to-date operating statement and balance sheet for the ten month period ending October 31, 2011;

c. Reviewed budgeted financial statements for the twelve month period ending December 31, 2011;

d. Reviewed rent rolls prepared as of October 2011; and

e. Discussed the information referred to above and the background and other elements of the merger with the management of Aimco OP; and

4. Conducted such other analyses and considered such other factors as Duff & Phelps deemed appropriate.

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In performing its analyses and rendering its opinion with respect to the merger, Duff & Phelps made certain assumptions, qualifications and limiting conditions, which included, but were not limited to, the items summarized below:

a. Relied upon the accuracy, completeness, reliability, and fair presentation of all information, data, advice, opinions and representations obtained from public sources or provided to it from private sources regarding or otherwise relating to the property owned by NPI, NPI, the merger and/or otherwise received by it in connection with the opinion, including information obtained from Aimco OP management, and did not independently verify such information;

b. Assumed that any estimates, evaluations, forecasts or projections furnished to Duff & Phelps by management of Aimco OP were reasonably prepared and based upon the best currently available information and good faith judgment of the person furnishing the same;

c. Assumed that the final versions of all documents reviewed by Duff & Phelps in draft form conform in all material respects to the drafts reviewed;

d. Assumed that there has been no material change in the assets, financial condition, business, or prospects of NPI or its owned property since the date of the appraisal report, the most recent financial statements and the other information made available to Duff & Phelps;

e. Assumed that title to the property owned by NPI is good and marketable, that all material licenses and related regulatory approvals that are required or advisable to be obtained with respect to the property owned by NPI have been obtained and are current, and that, except as expressly disclosed in the appraisal report, the property owned by NPI is in compliance with applicable material zoning, use, occupancy, environmental, and similar laws and regulations;

f. Assumed responsible ownership and competent property management of the property owned by NPI, that, except as expressly disclosed in the appraisal report, there are no unapparent conditions with respect to the property owned by NPI that could affect the value of such property, and that, except as expressly disclosed in the appraisal report, there are no hazardous substances on or near the property owned by NPI that could affect the value of such property;

g. Assumed that all of the conditions required to implement the merger will be satisfied and that the merger will be completed in accordance with the merger agreement without any amendments thereto or any waivers of any terms or conditions thereof; and

h. Assumed that each of the unaffiliated limited partners elects to receive the cash consideration offered, and therefore, Duff & Phelps made no determination as to the fair value of, or fairness with respect to the OP Unit consideration.

Duff & Phelps did not evaluate NPI s solvency or conduct an independent appraisal or physical inspection of any specific liabilities (contingent or otherwise). Duff & Phelps did not evaluate the tax consequences the merger may have on any person, including any unaffiliated limited partner, and did not take any such consequences into account in rendering the opinion. Duff & Phelps was not requested to, and did not, (i) initiate any discussions with, or solicit any indications of interest from, third parties with respect to the merger, the assets, businesses or operations of NPI, or any alternatives to the merger, (ii) negotiate the terms of the merger, or (iii) advise Aimco OP or any other party with respect to alternatives to the merger.

Duff & Phelps did not express any opinion as to the market price or value of NPI s or Aimco OP s equity (or anything else) after the announcement or the consummation of the merger. Without limiting the generality of the foregoing, Duff & Phelps did not express any opinion as to the liquidity of, rights and/or risks associated with owning, or any other feature or characteristic of, the OP Units. The opinion should not be construed as a valuation opinion, credit rating, solvency opinion, an analysis of NPI s or Aimco OP s credit worthiness, as tax advice, or as accounting advice. Duff & Phelps did not make, and assumed no responsibility to make, any representation, or render any opinion, as to any legal matter (including with respect to title to or any encumbrances relating to the property owned by NPI).

Duff & Phelps did not investigate any of the physical conditions of the property owned by NPI and has not made, and assumed no responsibility to make, any representation, or render any opinion, as to the physical condition of the property owned by NPI. No independent survey of the property owned by NPI was conducted by Duff & Phelps. Duff & Phelps did not arrange for any engineering studies that may be required to discover any unapparent condition in the property owned by NPI. Duff & Phelps did not arrange for or conduct any soil analysis or geological studies or any investigation of any water, oil, gas, coal, or other subsurface mineral and use rights or conditions or arrange for or conduct any other environmental analysis, including with respect to any hazardous materials, which may or may not be present on, in or near the property owned by NPI.

In rendering its opinion, Duff & Phelps did not express any opinion with respect to the amount or nature of any compensation to any of Aimco OP s and/or Aimco s respective officers, directors, or employees, or any class of such persons, relative to the consideration offered to the unaffiliated limited partners in the merger, or with respect to the fairness of any such compensation.

The opinion (i) does not address the merits of the underlying business decision to enter into the merger versus any alternative strategy or transaction, (ii) does not address any transaction related to the merger, (iii) is not a recommendation as to how any party should vote or act with respect to any matters relating to the merger or any related transaction, or whether to proceed with the merger or any related transaction, and (iv) does not indicate that the consideration offered is the best possibly attainable under any circumstances; instead, the opinion merely states whether the cash consideration offered in the merger is within a range suggested by certain financial analyses. The decision as to whether to proceed with the merger or any related transaction may depend on an assessment of factors unrelated to the financial analysis on which the opinion was based.

Duff & Phelps prepared its opinion effective as of December 19, 2011. The opinion was necessarily based upon market, economic, financial and other conditions as they existed and could be evaluated as of such date, and Duff & Phelps disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion which may come or be brought to the attention of Duff & Phelps after such date.

The following is a summary of the material financial analyses performed by Duff & Phelps in connection with providing its opinion. The summary of Duff & Phelps valuation analyses is not a complete description of the analyses underlying Duff & Phelps opinion. The preparation of an opinion regarding fairness is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytic methods employed and the adaptation and application of these methods to the unique facts and circumstances presented. As a consequence, neither an opinion regarding fairness nor its underlying analyses is readily susceptible to partial analysis or summary description. Duff & Phelps arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, analytic method or factor. Accordingly, Duff & Phelps believes that its analyses must be considered as a whole and that selecting portions of its analyses, analytic methods and factors, without considering all analyses and factors or the narrative description of the analyses could create a misleading or incomplete view of the processes underlying its analyses and opinion.

Valuation Analysis

Duff & Phelps estimated the value attributable to the interests of the unaffiliated limited partners as follows:

Duff & Phelps reviewed the valuation conclusions for the property owned by NPI reached in the third party appraisal that was provided by the management of Aimco OP and as described in greater detail under the heading Special Factors The Appraisal and Annex K Summary of Appraisal Table;

Duff & Phelps review of the third party appraisal included a review of the key assumptions used in and the conclusions reached by the appraisal and a comparison of such assumptions and conclusions to appropriate sources of real estate market data including, but not limited to: market surveys, selected comparable real estate transaction data, and discussions with opinions of professionals in the market place. Duff & Phelps also reviewed the valuation methodology employed by the third party appraiser and determined it to be appropriate;

Duff & Phelps estimated the range of value attributable to the interests of the unaffiliated limited partners by adding to the range of the appraised value of the property owned by NPI the amount of NPI s other non-real estate assets that were not included in the appraisal, and subtracting the amount of NPI s liabilities, including the market value of mortgage debt (but without deducting any prepayment penalties thereon) and the amount

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of liabilities estimated by management of Aimco OP for expenses attributable to the property that would be incurred prior to the transactions but payable after the transactions; and

Duff & Phelps reviewed Aimco OP management s estimate of the fair value of the mortgage debt associated with the property owned by NPI, as described in greater detail under the heading The Merger -Determination of Merger Consideration, by reviewing the valuation methodology and the determination of the appropriate current market yield on mortgage debt of similar type, leverage and duration.

Estimated Value of Limited Partnership Units

The table below provides a summary of (i) the estimated range of value for the property owned by NPI by applying a capitalization rate range that was 25 basis points above and below the capitalization rate used by the third party appraiser to the appropriate measure of income from the property owned by NPI used by the third party appraiser, (ii) a summary of the estimated fair market value of mortgage debt associated with the property owned by NPI, and (iii) the proposed merger consideration (which was determined by the Aimco Entities) and Duff & Phelps range of value for the NPI Units.

	Low Value	**Proposed Value**	**High Value**	**% of Total**
Property Value				
Village of Pennbrook Apartments	$ 64,200,000	$ 66,400,000	$ 68,700,000	
Debt Summary				
Book Value of Debt(1)	$ 47,525,843	$ 47,525,843	$ 47,525,843	
Fair Value of Debt(1)	$ 54,274,974	$ 54,274,974	$ 54,274,974	
Fair Value as a % of Book	114%	114%	114%	
LP Interest Summary				
Proceeds Distributable to LPs	$ 7,896,013	$ 10,030,013	$ 12,261,013	
Affiliated LP Units	47,850	47,850	47,850	80%
Unaffiliated LP Units	12,155	12,155	12,155	20%
Total LP Units	60,005	60,005	60,005	
Value Per LP Unit	$ 131.59	$ 167.15	$ 204.33	

(1) Includes accrued interest.

Based on an aggregate range of value for the property owned by NPI of $64.2 million to $68.7 million, Duff & Phelps estimated the range of value per NPI Unit to be approximately $131.59 to $204.33, compared to the merger consideration of $167.15 per NPI Unit.

Other Matters

By letter agreement dated June 10, 2011 between Duff & Phelps and Aimco OP, Duff & Phelps was engaged to opine, as to the fairness, from a financial point of view, to the unaffiliated limited partners of each of certain limited partnerships (including NPI) of the cash consideration offered in the proposed merger relating to that limited partnership. Duff & Phelps was engaged based on its experience as a leading global independent provider of financial advisory and investment banking services. Duff & Phelps delivers advice principally in the areas of valuation, transactions, financial restructuring, dispute and taxation. Since 2005, Duff & Phelps has completed hundreds of valuations in the real estate investment trust and real estate operating company industry and rendered over 308 fairness opinions in transactions aggregating over $103 billion. Duff & Phelps has also rendered over 222 solvency opinions in transactions aggregating over $1.02 trillion.

Duff & Phelps has received a fee in the aggregate amount of $450,000 for its services with respect to all of the partnerships pursuant to this engagement (which includes a retainer in the amount of $200,000 allocated among eleven partnerships, including NPI and a partnership that ultimately did not pursue a merger transaction, and $50,000 for a bring-down of the initial fairness opinions dated July 28, 2011) as well as reimbursement for its expenses in the amount of approximately $50,000. No portion of Duff & Phelps fee is contingent upon either the conclusion expressed in this (or any other) opinion or whether or not this (or any other) merger is successfully consummated. Aimco OP also has agreed

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to indemnify Duff & Phelps for certain liabilities that may arise out of the rendering of this opinion and any related to Duff & Phelps engagement. Other than this engagement, during the two years preceding the date of this opinion, Duff & Phelps has been paid approximately $199,400 for property tax consulting services by Aimco OP and its affiliates for which Duff & Phelps received customary fees and indemnification. Except as set forth above, during the two years preceding the date of this opinion, Duff & Phelps had not had any material relationship with any party to the merger for which compensation has been received or is intended to be received, nor is any such material relationship or related compensation mutually understood to be contemplated.

Estimated Operating Budget for the Property

At the end of each calendar year, Aimco OP s management prepares an estimated operating budget for the next calendar year for the property owned by NPI. Aimco OP s management provided the 2011 estimated operating budget for the property to Duff & Phelps for use in connection with the preparation of its fairness opinion, and to KTR in connection with the preparation of the appraisal.

In preparing the 2011 estimated operating budget, Aimco OP s management made a number of assumptions and estimates, including the following:

- income was projected to grow in accordance with estimated rent growth projections provided by Reis, Inc. for the market;
- expense reductions were assumed to be 2.5% for budget year 2011;
- occupancy rates were budgeted to remain at or above 96%; and
- turnover was budgeted in accordance with historic experience.

Aimco OP s management believed these assumptions and estimates were reasonable at the time the budgets were prepared, but these assumptions and estimates may not be realized and are inherently subject to significant uncertainties and contingencies, including, among others, the risks and uncertainties described under Management s Discussion and Analysis of Financial Condition and Results of Operations in NPI s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, which is included as Annex G to this information statement/prospectus. All of these uncertainties and contingencies are difficult to predict and many are beyond the control of Aimco, Aimco OP and NPI.

The 2011 estimated operating budget has been prepared by, and is the responsibility of, Aimco OP s management. The 2011 estimated operating budget was prepared solely for internal use and not with a view toward public disclosure and, accordingly, does not comply with generally accepted accounting principles, the published guidelines of the SEC regarding projections, or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither Aimco s independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the 2011 estimated operating budget, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and they assume no responsibility for, and disclaim any association with, the 2011 estimated operating budget. Furthermore, the 2011 estimated operating budget does not take into account any circumstances or events occurring after the date they were prepared.

The inclusion of the 2011 estimated operating budget in this information statement/prospectus should not be regarded as an indication that any of Aimco, Aimco OP or their respective affiliates advisors or representatives consider the 2011 estimated operating budget to be predictive of actual future results, and it should not be relied upon as such.

There can be no assurance that the underlying assumptions will prove to be accurate or that the estimated results will be realized, and actual results likely will differ, and may differ materially, from those reflected in the 2011 estimated operating budget. None of Aimco, Aimco OP or their respective affiliates, advisors, officers, directors or representatives undertakes any obligation to update or otherwise revise the 2011 estimated operating budget to reflect circumstances existing after the date they were prepared, or to reflect the occurrence of future events, even if any or all of the assumptions underlying the 2011 estimated operating budget are no longer appropriate, except as required by law.

In light of the foregoing factors and the uncertainties inherent in the 2011 estimated operating budget, holders of NPI Units are cautioned not to place undue, if any, reliance on them.

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The following table summarizes the 2011 estimated operating budget for the property owned by NPI:

	Village of Pennbrook Apartments
Effective Gross Income	$ 9,073,359
Total Operating Expenses	4,135,258
Net Operating Income	$ 4,938,101

NPI s limited partners are urged to review NPI s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, which is included as Annex G to this information statement/prospectus, for information regarding NPI s results of operations during the nine months ended September 30, 2011, including Management s Discussion and Analysis of Financial Condition and Results of Operations.

RISK FACTORS

Risks Related to the Transactions

Conflicts of Interest. The General Partner is indirectly wholly-owned by Aimco. Therefore, the General Partner has a conflict of interest with respect to the transactions. The General Partner has fiduciary duties to its sole stockholder, which is wholly-owned by Aimco, on the one hand, and to NPI and its limited partners, on the other hand. The duties of the General Partner to NPI and its limited partners conflict with its duties to its sole stockholder, which could result in the General Partner approving a transaction that is more favorable to Aimco than might be the case absent such conflict of interest. The General Partner, in its capacity as the general partner of NPI, seeks the best possible terms for NPI s limited partners. This conflicts with Aimco s interest in obtaining the best possible terms for Aimco OP.

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

The terms of the transactions have not been determined in arm s-length negotiations. The terms of the transactions, including the merger consideration, were determined through discussions between officers and directors of the General Partner, on the one hand, and officers of Aimco, on the other. All of the officers and directors of the General Partner are also officers of Aimco. There are no independent directors of the General Partner. If the terms of the transactions had been determined through arm s-length negotiations, the terms might be more favorable to NPI and its limited partners.

The amendment of the partnership agreement and the merger agreement do not require approval by a majority of the unaffiliated limited partners. Under the provisions of the NPI partnership agreement and applicable law, the amendment of the partnership agreement, the conversion and the merger must be approved by a majority in interest of the NPI Units. As of December 14, 2011, there were 60,005 issued and outstanding NPI Units, and Aimco OP and its affiliates owned 47,850 of those units, or approximately 79.74% of the number of units outstanding. As more fully described herein, 26,466 NPI Units owned by an affiliate of the General Partner are subject to a voting restriction, which requires the NPI Units to be voted in proportion to the votes cast with respect to NPI Units not subject to this voting restriction. The General Partner s affiliates have indicated that they will vote all of their NPI Units that are not subject to this restriction, 21,384 NPI Units or approximately 35.64% of the outstanding NPI Units, in favor of the amendment and the transactions. As a result, affiliates of the General Partner will vote a total of 38,258 NPI Units, or approximately 63.76% of the outstanding NPI Units, in favor of the amendment and the transactions, enabling them to approve the transactions without the consent or approval of any unaffiliated limited partners.

In connection with previous partnership merger transactions, lawsuits have been filed alleging that Aimco and certain of its affiliates breached their fiduciary duties to the unaffiliated limited partners. In February 2011, Aimco and Aimco OP completed six partnership mergers. In each merger, the limited partners who were not affiliated with Aimco received cash or OP Units with a value calculated based on the estimated proceeds that would be available for distribution to limited partners if the partnership s properties were sold at prices equal to their appraised values. In March 2011, counsel representing a putative class consisting of former limited partners in each of those partnerships contacted Aimco alleging that the merger transactions were unfair to the unaffiliated limited partners because the appraisals used were not of a recent date and no fairness opinions were obtained, among other reasons. Aimco denied the purported class allegations, but agreed to mediate plaintiffs claims in June 2011, and agreed to settle this dispute by paying the unaffiliated limited partners additional consideration of $7.5 million. The merger contemplated hereby may also be subject to claims that the merger consideration is unfair and a result of self-dealing.

The merger consideration was determined based on the appraised value of the property as of the date of the appraisal, and there can be no assurance that the value of the property will not increase as of the date of the consummation of the merger. KTR appraised NPI s property as of December 1, 2011, and the General Partner calculated the amount of the merger consideration based on the appraised value of the property as of such date. The

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General Partner has not made any other attempt to assess or account for any changes in the value of the property since the date of KTR s appraisal in its determination of the merger consideration.

Alternative valuations of NPI s property might exceed the appraised value relied on to determine the merger consideration. Aimco determined the merger consideration in reliance on the appraised value of NPI s property. See, Special Factors The Appraisal, beginning on page 9, for more information about the appraisal. Although an independent appraiser was engaged to perform a complete appraisal of the property, valuation is not an exact science. There are a number of other methods available to value real estate, each of which may result in different valuations of the property. Also, others using the same valuation methodology could make different assumptions and judgments, and obtain different results.

The actual sales price of NPI s property could exceed the appraised value that Aimco relied on to determine the merger consideration. Except as described below, no recent attempt has been made to market the Village of Pennbrook Apartments to unaffiliated third parties. There can be no assurance that the Village of Pennbrook Apartments could not be sold for a value higher than the appraised value used to determine the merger consideration if it was marketed to third-party buyers interested in a property of this type. In July 2009, NPI entered into a purchase and sale contract with a third party to sell the Village of Pennbrook Apartments. This purchase and sale contract was terminated by the parties in the August 2009. The amount of the overall purchase price for the Village of Pennbrook Apartments under the terminated purchase and sale contract was $62,010,000, which is less than the property s appraised value. In July 2010, NPI solicited preliminary offers from third parties interested in acquiring the Village of Pennbrook Apartments. NPI received non-binding preliminary offers that ranged from approximately $55,000,000 to approximately $64,000,000. The independent appraised value of NPI s property used in determining the merger consideration is greater than the top end of the range of preliminary offers to acquire the property that NPI received in July 2010.

The merger consideration may not represent the price limited partners could obtain for their NPI Units in an open market. There is no established or regular trading market for NPI Units, nor is there another reliable standard for determining the fair market value of the NPI Units. The merger consideration does not necessarily reflect the price that NPI limited partners would receive in an open market for their NPI Units. Such prices could be higher than the aggregate value of the merger consideration.

Limited partners may recognize taxable gain in the transactions, and that gain could exceed the merger consideration. Limited partners who elect to receive cash in the merger will recognize gain or loss equal to the difference between their amount realized and their adjusted tax basis in the NPI Units sold. The resulting tax liability could exceed the value of the cash received in the merger.

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

Risks Related to an Investment in Aimco or Aimco OP

For a description of risks related to an investment in Aimco and Aimco OP, please see the information set forth under Part I Item 1A. Risk Factors in the Annual Reports on Form 10-K for the year ended December 31, 2010 of each of Aimco and Aimco OP. Aimco s Annual Report is incorporated herein by reference and is available electronically through the SEC s website, www.sec.gov, or by request to Aimco. Aimco OP s Annual Report on Form 10-K for the year ended December 31, 2010 (excluding the report of the independent registered public accounting firm, the financial statements and notes thereto) is included as Annex H to this information statement/prospectus.

Risks Related to an Investment in OP Units

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

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

Holders of OP Units are limited in their ability to effect a change of control. The limited partners of Aimco OP are unable to remove the general partner of Aimco OP or to vote in the election of Aimco s directors unless they own shares of Aimco. In order to comply with specific REIT tax requirements, Aimco s charter has restrictions on the ownership of its equity securities. As a result, Aimco OP limited partners and Aimco stockholders are limited in their ability to effect a change of control of Aimco OP and Aimco, respectively.

Holders of OP Units have limited voting rights. Aimco OP is managed and operated by its general partner. Unlike the holders of common stock in a corporation, holders of OP Units have only limited voting rights on matters affecting Aimco OP s business. Such matters relate to certain amendments of the partnership agreement and certain transactions such as the institution of bankruptcy proceedings, an assignment for the benefit of creditors and certain transfers by the general partner of its interest in Aimco OP or the admission of a successor general partner. Holders of OP Units have no right to elect the general partner on an annual or other continuing basis, or to remove the general partner. As a result, holders of OP Units have limited influence on matters affecting the operation of Aimco OP, and third parties may find it difficult to attempt to gain control over, or influence the activities of, Aimco OP.

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

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

Aimco may have conflicts of interest with holders of OP Units. Conflicts of interest have arisen and could arise in the future as a result of the relationships between the general partner of Aimco OP and its affiliates

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

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

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

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

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

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

Provisions in the Aimco OP partnership agreement may limit the ability of a holder of OP Units to challenge actions taken by the general partner. Delaware law provides that, except as provided in a partnership agreement, a general partner owes the fiduciary duties of loyalty and care to the partnership and its limited partners. The Aimco OP partnership agreement expressly authorizes the general partner to enter into, on behalf of Aimco OP, a right of first opportunity arrangement and other conflict avoidance agreements with various affiliates of Aimco OP and the general partner, on such terms as the general partner, in its sole and absolute discretion, believes are advisable. The latitude given in the Aimco OP partnership agreement to the general partner in resolving conflicts of interest may significantly limit the ability of a holder of OP Units to challenge what might otherwise be a breach of fiduciary duty. The general partner believes, however, that such latitude is necessary and appropriate to enable it to serve as the general partner of Aimco OP without undue risk of liability.

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

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

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

Aimco OP may be treated as a publicly traded partnership taxable as a corporation. If Aimco OP were treated as a publicly traded partnership taxed as a corporation for U.S. Federal income tax purposes, material adverse consequences to the partners would result. Moreover in such case, a holder of NPI Units receiving OP units in the Merger would be required to recognize gain or loss on the transaction. In addition, Aimco would not qualify as a REIT for U.S Federal income tax purposes, which would have a material adverse impact on Aimco and its shareholders. Aimco believes and intends to take the position that Aimco OP should not be treated as a publicly traded partnership taxable as a corporation. No assurances can be given that the Internal Revenue Service, or the IRS, would not assert, or that a court would not sustain a contrary position. Accordingly, each prospective investor is urged to consult his tax advisor regarding the classification and treatment of Aimco OP as a partnership for U.S. Federal income tax purposes.

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

A contribution of appreciated or depreciated property may result in special allocations to the contributing partner. If property is contributed to Aimco OP and the adjusted tax basis of the property differs from its fair market value, then Aimco OP tax items must be specially allocated for U.S. Federal income tax purposes, in a manner chosen by Aimco OP, such that the contributing partner is charged with and recognizes the unrealized gain, or benefits from the unrealized loss, associated with the property at the time of the contribution. As a result of such special allocations, the amount of net taxable income allocated to a contributing partner may exceed the amount of cash distributions, if any, to which such contributing partner is entitled.

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

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

OP Unitholders may be subject to state, local or foreign taxation. OP Unitholders may be subject to state, local or foreign taxation in various jurisdictions, including those in which Aimco OP transacts business and owns property. It should be noted that Aimco OP owns properties located in a number of states and local jurisdictions, and an OP Unitholder may be required to file income tax returns in some or all of those jurisdictions. The state, local or foreign tax treatment of OP Unitholders may not conform to the U.S. federal income tax consequences of an investment in OP Units, as described in Material United States Federal Income Tax Considerations beginning on page 68.

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SELECTED SUMMARY HISTORICAL FINANCIAL DATA OF APARTMENT INVESTMENT AND MANAGEMENT COMPANY

The following table sets forth Aimco s selected summary historical financial data as of the dates and for the periods indicated. Aimco s historical consolidated statements of operations data set forth below for each of the five fiscal years in the period ended December 31, 2010 and the historical consolidated balance sheet data for each of the five fiscal year-ends in the period ended December 31, 2010, are derived from information included in Aimco s Current Report on Form 8-K filed with the SEC on November 15, 2011. Aimco s unaudited historical consolidated statements of operations data set forth below for each of the nine months ended September 30, 2011 and 2010, and the unaudited historical consolidated balance sheet data as of September 30, 2011, are derived from information included in Aimco s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, filed with the SEC on October 28, 2011.

You should read this information together with Management s Discussion and Analysis of Financial Condition and Results of Operations and with the consolidated financial statements and notes to the consolidated financial statements included in Aimco s Current Report on Form 8-K filed with the SEC on November 15, 2011, and Aimco s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, filed with the SEC on October 28, 2011, which are incorporated by reference in this information statement/prospectus. See Where You Can Find Additional Information in this information statement/prospectus.

	For the Nine Months Ended September 30,		For the Years Ended December 31,				
	2011	2010	2010(1)	2009(1)	2008(1)	2007(1)	2006(1)
	(unaudited)						
	(dollar amounts in thousands, except per share data)						
Consolidated Statements of Operations:							
Total revenues	$ 834,521	$ 812,265	$ 1,092,606	$ 1,082,231	$ 1,128,099	$ 1,063,962	$ 978,692
Total operating expenses(2)	(702,240)	(720,017)	(967,144)	(995,469)	(1,096,498)	(901,629)	(825,485)
Operating income(2)	132,281	92,248	125,462	86,762	31,601	162,333	153,207
Loss from continuing operations(2)	(100,550)	(121,293)	(161,725)	(199,680)	(117,743)	(47,827)	(44,129)
Income from discontinued operations, net(3)	50,959	65,881	72,101	154,880	744,745	173,333	331,151
Net (loss) income	(49,591)	(55,412)	(89,624)	(44,800)	627,002	125,506	287,022
Net loss (income) attributable to noncontrolling interests	5,438	5,147	17,896	(19,474)	(214,995)	(95,595)	(110,234)
Net (income) attributable to Aimco s preferred	(35,429)	(36,626)	(53,590)	(50,566)	(53,708)	(66,016)	(81,132)

tockholders							
Net (loss) income attributable to Aimco s common stockholders	(79,751)	(86,891)	(125,318)	(114,840)	351,314	(40,586)	93,710
Earnings (loss) per common share basic and diluted:							
Loss from continuing operations attributable to Aimco s common stockholders	$ (0.92)	$ (1.10)	$ (1.45)	$ (1.77)	$ (2.09)	$ (1.39)	$ (1.49)
Net (loss) income attributable to Aimco s common stockholders	$ (0.67)	$ (0.75)	$ (1.08)	$ (1.00)	$ 3.96	$ (0.43)	$ 0.98
Consolidated Balance Sheets:							
Real estate, net of accumulated depreciation	$ 6,179,415		$ 6,297,557	$ 6,474,700	$ 6,633,790	$ 6,405,002	$ 5,946,219
Total assets	7,042,702		7,378,566	7,906,468	9,441,870	10,617,681	10,292,587
Total indebtedness	5,259,725		5,338,630	5,316,303	5,679,544	5,303,531	4,647,864
Total equity	1,201,114		1,306,772	1,534,703	1,646,749	2,048,546	2,650,182

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	For the Nine Months Ended September 30, 2011	2010	For the Years Ended December 31, 2010(1)	2009(1)	2008(1)	2007(1)	2006(1)
	(unaudited)						
	(dollar amounts in thousands, except per share data)						
Other Information:							
Dividends declared per common share(4)	$ 0.36	$ 0.20	$ 0.30	$ 0.40	$ 7.48	$ 4.31	$ 2.40
Total consolidated properties (end of period)	359	419	399	426	514	657	703
Total consolidated apartment units (end of period)	83,304	93,008	89,875	95,202	117,719	153,758	162,432
Total unconsolidated properties (end of period)	47	59	48	77	85	94	102
Total unconsolidated apartment units (end of period)	5,517	6,933	5,637	8,478	9,613	10,878	11,791

(1) Certain reclassifications have been made to conform to the September 30, 2011 financial statement presentation, including retroactive adjustments to reflect additional properties sold or classified as held for sale as of September 30, 2011 as discontinued operations (see Note 3 to the condensed consolidated financial statements in Item 1 Financial Statements in Aimco s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 and Note 13 to the consolidated financial statements in Item 8 Financial Statements and Supplementary Data in Aimco s Current Report on Form 8-K filed with the SEC on November 15, 2011, which are incorporated by reference in this information statement/prospectus).

(2) Total operating expenses, operating income and loss from continuing operations for the year ended December 31, 2008, include a $91.1 million pre-tax provision for impairment losses on real estate development assets, which is discussed further in Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations in Aimco s Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC on February 25, 2011, which is incorporated by reference in this information statement/prospectus.

(3) Income from discontinued operations for the years ended December 31, 2010, 2009, 2008, 2007 and 2006 includes $94.9 million, $221.8 million, $800.3 million, $116.1 million and $336.2 million in gains on disposition of real estate, respectively. Income from discontinued operations for 2010, 2009 and 2008 is discussed further in Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations in Aimco s Current Report on Form 8-K filed with the SEC on November 15, 2011, which is incorporated by reference in this information statement/prospectus.

(4) Dividends declared per common share during the years ended December 31, 2008 and 2007, included $5.08 and $1.91, respectively, of per share dividends that were paid through the issuance of shares of Aimco Class A Common Stock (see Note 11 to the consolidated financial statements in Item 8 Financial Statements and Supplementary Data in Aimco s Current Report on Form 8-K filed with the SEC on November 15, 2011, which is

incorporated by reference in this information statement/prospectus).

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SELECTED SUMMARY HISTORICAL FINANCIAL DATA OF AIMCO PROPERTIES, L.P.

The following table sets forth Aimco OP s selected summary historical financial data as of the dates and for the periods indicated. Aimco OP s historical consolidated statements of operations data set forth below for each of the five fiscal years in the period ended December 31, 2010 and the historical consolidated balance sheet data for each of the five fiscal year-ends in the period ended December 31, 2010, are derived from information included in Aimco OP s Current Report on Form 8-K, filed with the SEC on November 15, 2011, and included as Annex J to this information statement/prospectus. Aimco OP s unaudited historical consolidated statements of operations data set forth below for each of the nine months ended September 30, 2011 and 2010, and the unaudited historical consolidated balance sheet data as of September 30, 2011, are derived from information included in Aimco OP s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, which is included as Annex I to this information statement/prospectus.

You should read this information together with Management s Discussion and Analysis of Financial Condition and Results of Operations and with the consolidated financial statements and notes to the consolidated financial statements included in Aimco OP s Current Report on Form 8-K filed with the SEC on November 15, 2011, and Aimco OP s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, filed with the SEC on October 28, 2011, which are included as Annex J and Annex I, respectively, to this information statement/prospectus.

	For the Nine Months Ended September 30,		For the Years Ended December 31,				
	2011	2010	2010(1)	2009(1)	2008(1)	2007(1)	2006(1)
	(unaudited)						
	(dollar amounts in thousands, except per unit data)						
Consolidated Statements of Operations:							
Total revenues	$ 834,521	$ 812,265	$ 1,092,606	$ 1,082,231	$ 1,128,099	$ 1,063,962	$ 978,692
Total operating expenses(2)	(702,240)	(720,017)	(967,144)	(995,469)	(1,096,498)	(901,629)	(825,485)
Operating income(2)	132,281	92,248	125,462	86,762	31,601	162,333	153,207
Loss from continuing operations(2)	(99,290)	(120,651)	(160,866)	(198,860)	(116,957)	(47,078)	(41,169)
Income from discontinued operations, net(3)	50,959	65,881	72,101	154,880	744,745	173,333	331,151
Net (loss) income	(48,331)	(54,770)	(88,765)	(43,980)	627,788	126,255	289,982
Net loss (income) attributable to noncontrolling interests	4,612	1,795	13,301	(22,442)	(155,749)	(92,138)	(92,917)
Net (income) attributable to Aimco OP s preferred unitholders	(40,441)	(39,918)	(58,554)	(56,854)	(61,354)	(73,144)	(90,527)
	(84,329)	(92,893)	(134,018)	(123,276)	403,700	(43,508)	104,592

Net (loss) income attributable to Aimco OP s common unitholders														
Earnings (loss) per common unit basic and diluted:														
Loss from continuing operations attributable to Aimco OP s common unitholders	$	(0.91)	$	(1.10)	$	(1.44)	$	(1.76)	$	(1.94)	$	(1.38)	$	(1.47)
Net (loss) income attributable to Aimco OP s common unitholders	$	(0.66)	$	(0.75)	$	(1.07)	$	(1.00)	$	4.11	$	(0.42)	$	0.99
Consolidated Balance Sheets:														
Real estate, net of accumulated depreciation	$	6,179,920			$	6,298,062	$	6,475,205	$	6,634,295	$	6,405,507	$	5,946,724
Total assets		7,060,492				7,395,096		7,922,139		9,456,721		10,631,746		10,305,903
Total indebtedness		5,259,725				5,338,630		5,316,303		5,679,544		5,303,531		4,647,864
Total partners capital		1,218,904				1,323,302		1,550,374		1,661,600		2,152,326		2,753,617

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	For the Nine Months Ended September 30, 2011	2010	For the Years Ended December 31, 2010(1)	2009(1)	2008(1)	2007(1)	2006(1)
	(unaudited)						
	(dollar amounts in thousands, except per unit data)						
Other Information:							
Distributions declared per common unit(4)	$ 0.36	$ 0.20	$ 0.30	$ 0.40	$ 7.48	$ 4.31	$ 2.40
Total consolidated properties (end of period)	359	419	399	426	514	657	703
Total consolidated apartment units (end of period)	83,304	93,008	89,875	95,202	117,719	153,758	162,432
Total unconsolidated properties (end of period)	47	59	48	77	85	94	102
Total unconsolidated apartment units (end of period)	5,517	6,933	5,637	8,478	9,613	10,878	11,791

(1) Certain reclassifications have been made to conform to the September 30, 2011 financial statement presentation, including retroactive adjustments to reflect additional properties sold or classified as held for sale as of September 30, 2011 as discontinued operations (see Note 3 to the condensed consolidated financial statements in Item 1 Financial Statements in Aimco OP s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, included as Annex I to this information statement/prospectus and Note 13 to the consolidated financial statements in Item 8 Financial Statements and Supplementary Data in Aimco OP s Current Report on Form 8-K, filed with the SEC on November 15, 2011, and included as Annex J to this information statement/prospectus).

(2) Total operating expenses, operating income and loss from continuing operations for the year ended December 31, 2008, include a $91.1 million pre-tax provision for impairment losses on real estate development assets, which is discussed further in Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations in Aimco OP s Annual Report on Form 10-K for the year ended December 31, 2010 included as Annex H to this information statement/prospectus.

(3) Income from discontinued operations for the years ended December 31, 2010, 2009, 2008, 2007 and 2006 includes $94.9 million, $221.8 million, $800.3 million, $116.1 million and $336.2 million in gains on disposition of real estate, respectively. Income from discontinued operations for 2010, 2009 and 2008 is discussed further in Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations in Aimco OP s Current Report on Form 8-K filed with the SEC on November 15, 2011, and included as Annex J to this information statement/prospectus.

(4) Distributions declared per common unit during the years ended December 31, 2008 and 2007, included $5.08 and $1.91, respectively, of per unit distributions that were paid to Aimco through the issuance of OP Units (see Note 11 to the consolidated financial statements in Item 8 Financial Statements and Supplementary Data in Aimco OP s Current Report on Form 8-K, filed with the SEC on November 15, 2011, and included as Annex J to this information statement/prospectus).

SELECTED SUMMARY HISTORICAL FINANCIAL DATA OF NATIONAL PROPERTY INVESTORS 4

The following table sets forth NPI s selected summary historical financial data as of the dates and for the periods indicated. NPI s historical statements of operations and cash flow data set forth below for each of the two fiscal years in the period ended December 31, 2010 and the historical balance sheet data as of December 31, 2010 and 2009, are derived from NPI s financial statements included in NPI s Annual Report on Form 10-K for the fiscal year ended December 31, 2010. NPI s unaudited historical statements of operations data set forth below for each of the nine months ended September 30, 2011 and 2010, and the unaudited historical balance sheet data as of September 30, 2011 and 2010, are derived from information included in NPI s Quarterly Reports on Form 10-Q for the quarters ended September 30, 2011 and 2010.

You should read this information together with Management s Discussion and Analysis of Financial Condition and Results of Operations and with the financial statements and notes to the financial statements included in NPI s Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed with the SEC on March 25, 2011, and NPI s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, filed with the SEC on November 9, 2011, which are included as Annex F and Annex G, respectively, to this information statement/prospectus.

	For the Nine Months Ended September 30,		For the Years Ended December 31,	
	2011	2010	2010	2009
	(Unaudited)			
	(Dollar amounts in thousands, except per unit data)			
Operating Data:				
Total revenues	$ 6,875	$ 6,759	$ 9,043	$ 8,984
Net income (loss)	65	(277)	(241)	(284)
Net income (loss) per limited partnership unit	1.07	(4.58)	(3.98)	(4.68)
Distributions per limited partnership unit				9.48
Ratio (Deficit) of earnings to fixed charges	103%	$ (277)	$ (241)	$ (284)
Balance Sheet Data:				
Cash and cash equivalents	151	222	187	140
Real estate, net of accumulated depreciation	8,004	8,866	8,584	9,624
Total assets	9,663	10,524	10,177	11,160
Mortgage notes payable	47,315	47,962	47,804	48,419
Due to affiliates	653	856	585	549
General partners deficit	(537)	(538)	(538)	(536)
Limited partners deficit	(38,769)	(38,869)	(38,833)	(38,594)
Total partners deficit	(39,306)	(39,407)	(39,371)	(39,130)
Total distributions				575
Book value per limited partnership unit	(646.10)	(647.76)	(647.16)	(643.18)
Cash Flow Data:				
Net (decrease) increase in cash and cash equivalents	(36)	82	47	(41)
Net cash provided by operating activities	777	750	1,263	1,630

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COMPARATIVE PER SHARE DATA

Aimco common stock trades on the NYSE under the symbol AIV. The OP Units are not listed on any securities exchange and do not trade in an active secondary market. However, as described below, the trading price of Aimco common stock is considered a reasonable estimate of the fair market value of an OP Unit. After a one-year holding period, OP Units are redeemable for shares of Aimco common stock (on a one-for-one basis) or cash equal to the value of such shares, as Aimco elects. As a result, the trading price of Aimco common stock is considered a reasonable estimate of the fair market value of an OP Unit. The number of OP Units offered in the merger with respect to each NPI Unit was calculated by dividing the per unit cash merger consideration by the average closing price of Aimco common stock, as reported on the NYSE over the ten consecutive trading days ending on the second trading day immediately prior to the consummation of the merger. The closing price of Aimco common stock as reported on the NYSE on December 14, 2011, was $21.22.

The NPI Units are not listed on any securities exchange nor do they trade in an active secondary market. The per unit cash merger consideration payable to each holder of NPI Units is greater than the General Partner s estimate of the proceeds that would be available for distribution to limited partners (following the repayment of debt and other liabilities of NPI) if its property was sold at a price equal to its appraised value, given that the General Partner did not deduct certain amounts that would be payable upon an immediate sale of the partnership s property, such as prepayment penalties on the mortgage debt of such property.

The following tables summarize the historical per share/unit information for Aimco, Aimco OP and NPI for the periods indicated:

	Nine Months Ended September 30, 2011	Fiscal Year Ended December 31, 2010	2009	2008
Cash dividends declared per share/unit				
Aimco Common Stock	$ 0.36	$ 0.30	$ 0.40	$ 2.40
Aimco OP Units	0.36	0.30	0.40	2.40
NPI Units			9.48	176.47
(Loss) income per common share/unit from continuing operations				
Aimco Common Stock	$ (0.92)	$ (1.45)	$ (1.77)	$ (2.09)
Aimco OP Units	(0.91)	(1.44)	(1.76)	(1.94)
NPI Units	1.07	(3.98)	(4.68)	6.30

	September 30, 2011	December 31, 2010
Book value per share/unit		
Aimco Common Stock(1)	$ 7.87	$ 8.89
Aimco OP Units(2)	7.26	8.18
NPI Units(3)	(646.10)	(647.16)

(1) Based on 120.9 million and 117.6 million shares of Aimco common stock outstanding at September 30, 2011 and December 31, 2010, respectively.

(2) Based on 129.2 million and 126.1 million Aimco OP Units and equivalents outstanding at September 30, 2011 and December 31, 2010, respectively.

(3) Based on 60,005 limited partner units outstanding at September 30, 2011 and December 31, 2010.

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INFORMATION ABOUT THE AIMCO ENTITIES

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 s principal financial objective is to provide predictable and attractive returns to its stockholders. Aimco s business plan to achieve this objective is to:

own and operate a broadly diversified portfolio of primarily class B/B+ assets (defined below) with properties concentrated in the 20 largest markets in the United States (as measured by total apartment value, which is the estimated total market value of apartment properties in a particular market);

improve its portfolio by selling assets with lower projected returns and reinvesting those proceeds through the purchase of new assets or additional investment in existing assets in its portfolio, including increased ownership or redevelopment; and

provide financial leverage primarily by the use of non-recourse, long-dated, fixed-rate property debt and perpetual preferred equity.

As of September 30, 2011, Aimco:

owned an equity interest in 205 conventional real estate properties with 64,781 units;

owned an equity interest in 201 affordable real estate properties with 24,040 units; and

provided services for or managed 11,233 units in 159 properties, primarily pursuant to long-term asset management agreements. In certain cases, Aimco may indirectly own generally less than one percent of the operations of such properties through a syndication or other fund.

Of these properties, Aimco consolidated 199 conventional properties with 63,335 units and 160 affordable properties with 19,969 units.

For conventional assets, Aimco focuses on the ownership of primarily B/B+ assets. Aimco measures conventional property asset quality based on average rents of its units compared to local market average rents as reported by a third-party provider of commercial real estate performance and analysis, with A-quality assets earning rents greater than 125% of local market average, B-quality assets earning rents 90% to 125% of local market average and C-quality assets earning rents less than 90% of local market average. Aimco classifies as B/B+ those assets earning rents ranging from 100% to 125% of local market average. Although some companies and analysts within the multifamily real estate industry use asset class ratings of A, B and C, some of which are tied to local market rent averages, the metrics used to classify asset quality as well as the timing for which local markets rents are calculated may vary from company to company. Accordingly, Aimco s rating system for measuring asset quality is neither broadly nor consistently used in the multifamily real estate industry.

Through its wholly-owned subsidiaries, AIMCO-GP, Inc., the general partner of Aimco OP, and AIMCO-LP Trust, Aimco owns a majority of the ownership interests in Aimco OP. As of September 30, 2011, Aimco held approximately 94% of the OP Units and equivalents. Aimco conducts substantially all of its business and owns substantially all of its assets through Aimco OP. Interests in Aimco OP that are held by limited partners other than Aimco include OP Units, high performance partnership units, or HPUs, and partnership preferred units. The holders of the OP Units receive distributions, prorated from the date of issuance, in an amount equivalent to the dividends paid to holders of Aimco common stock. Holders of OP Units may redeem such units for cash or, at Aimco OP s option, Aimco common stock. Partnership preferred units entitle the holders thereof to a preference with respect to distributions or upon liquidation. At September 30, 2011, after elimination of shares held by consolidated subsidiaries, 120,916,144 shares of Aimco common stock were outstanding and Aimco OP had 8,289,841 OP Units and equivalents outstanding for a combined total of 129,205,985 shares of Aimco common stock, OP Units and equivalents outstanding.

Through its wholly-owned subsidiary, AIMCO/IPT, Inc., a Delaware corporation, Aimco owns all of the outstanding common stock of the General Partner.

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AIMCO/IPT, Inc. holds a 70% interest in AIMCO IPLP, L.P. as its general partner. AIMCO/IPT, Inc. and AIMCO IPLP, L.P. share voting and dispositive power over 36,977 NPI Units, or approximately 61.62% of the outstanding NPI Units. Aimco OP holds a 30% interest in AIMCO IPLP, L.P. as its limited partner.

AIMCO NPI 4 Merger Sub LLC, or the Aimco Subsidiary, is a Delaware limited liability company formed on July 26, 2011, for the purpose of consummating the merger with NPI. The Aimco Subsidiary is a direct wholly-owned subsidiary of Aimco OP. The Aimco Subsidiary has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement.

The names, positions and business addresses of the directors and executive officers of Aimco, Aimco OP, AIMCO-GP, Inc., AIMCO/IPT, AIMCO IPLP, L.P., the General Partner and the Aimco Subsidiary, as well as a biographical summary of the experience of such persons for the past five years or more, are set forth in Annex E attached hereto and are incorporated in this information statement/prospectus by reference. During the last five years, none of Aimco, Aimco-GP, AIMCO/IPT, Inc., AIMCO IPLP, L.P., Aimco OP, NPI or the General Partner nor, to the best of their knowledge, any of the persons listed in Annex E of this information statement/prospectus (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining further violations of or prohibiting activities subject to federal or state securities laws or finding any violation with respect to such laws. Additional information about Aimco is included in documents incorporated by reference into this information statement/prospectus. Additional information about Aimco OP is included in Annex H, Annex I, and Annex J to this information statement/prospectus. See Where You Can Find Additional Information.

The following chart represents the organizational structure of the Aimco Entities:

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INFORMATION ABOUT NATIONAL PROPERTY INVESTORS 4

National Property Investors 4 is a California limited partnership organized in July 1980. During 1981, NPI commenced a public offering for the sale of 70,000 limited partnership units. A total of 60,005 units of the limited partnership were issued for $500 each, for an aggregate capital contribution of $30,002,500. In addition, the general partner contributed a total of $1,000 to NPI. Since its initial offering, NPI has not received, nor are limited partners required to make, additional capital contributions. NPI s partnership agreement provides that the partnership is to terminate on December 31, 2022 unless terminated prior to such date. The General Partner is a wholly-owned subsidiary of Aimco.

NPI was organized for the purpose of operating and holding real estate properties for investment. At March 31, 2011, NPI owned and operated one property, the Village of Pennbrook Apartments, a 722 unit apartment project located in Falls Township, Pennsylvania.

The average annual rental rates for each of the five years ended December 31, 2010 for the property are as follows:

	Average Annual Rental Rates				
Property	**2010**	**2009**	**2008**	**2007**	**2006**
Village of Pennbrook Apartments	$ 11,385/unit	$ 11,812/unit	$ 12,030/unit	$ 11,905/unit	$ 11,515/unit

The average occupancy for each of the five years ended December 31, 2010 and for the nine months ended September 30, 2011 and 2010 for the property is as follows:

	Average Occupancy						
	For the Nine Months Ended September 30,		**For the Years Ended December 31,**				
Property	**2011**	**2010**	**2010**	**2009**	**2008**	**2007**	**2006**
Village of Pennbrook Apartments	96 %	96 %	96 %	92 %	96 %	95 %	97 %

The real estate industry is highly competitive. NPI s property is subject to competition from other residential apartment complexes in the area. The General Partner believes that the property is adequately insured. The property is an apartment complex which leases units for terms of one year or less. No tenant leases 10% or more of the available rental space.

In February 2009, the Village of Pennbrook Apartments incurred damages as a result of heavy rain. The property suffered damages of approximately $15,000. Insurance proceeds of approximately $15,000 were received during the year ended December 31, 2009 to cover the damages. After writing off the fully depreciated cost of the damaged assets, NPI recognized a casualty gain of approximately $15,000 for the year ended December 31, 2009.

In February 2010, the Village of Pennbrook Apartments experienced damages from a snow storm of approximately $11,000. During the year ended December 31, 2010, NPI received insurance proceeds of approximately $9,000. NPI recognized a casualty gain of approximately $9,000 during the year ended December 31, 2010 as the associated assets were fully depreciated.

In April 2010, the Village of Pennbrook Apartments experienced damages from a fire. The estimated damages were approximately $44,000. During the year ended December 31, 2010, NPI received insurance proceeds of approximately $37,000 to cover the damages. After writing off the fully depreciated cost of the damaged assets, NPI recognized a casualty gain of approximately $37,000 during the year ended December 31, 2010.

During the year ended December 31, 2010, NPI completed approximately $617,000 of capital improvements at the Village of Pennbrook Apartments, consisting primarily of construction related to the casualties discussed above, building improvements and appliance, water heater, air conditioning unit and floor covering replacements. These improvements were funded from operating cash flow. During the nine months ended September 30, 2011, NPI completed approximately $358,000 of capital improvements at the Village of Pennbrook Apartments, consisting primarily of building improvements gutters and air conditioning unit, appliance, water heater and floor covering replacements. These improvements were funded from operating cash flow. NPI regularly evaluates the capital improvement needs of the property. While NPI has no material commitments for property improvements and replacements, certain routine capital expenditures are anticipated during the remainder of 2011. Such capital expenditures will depend on the physical condition of the property as well as anticipated cash flow generated by the property. The property is in good condition, subject to normal depreciation and deterioration as is typical for assets of this type and age.

Capital expenditures will be incurred only if cash is available from operations, NPI reserves or advances from Aimco OP, although Aimco OP does not have an obligation to fund such advances. To the extent that capital improvements are completed, NPI s distributable cash flow, if any, may be adversely affected at least in the short term.

The following table sets forth certain information relating to the mortgages encumbering the Village of Pennbrook Apartments at September 30, 2011:

	Principal, Balance at September 30, 2011 (In thousands)	Interest Rate(1)	Period Amortized	Maturity Date	Principal Balance Due at Maturity(2) (In thousands)
1st mortgage	$ 24,793	7.06%	360 months	09/01/21	$ 19,515
2nd mortgage	12,905	6.32%	360 months	09/01/21	10,561
3rd mortgage	9,617	6.62%	360 months	09/01/21	7,783
	$ 47,315				$ 37,859

(1) Fixed rate mortgages.

(2) See Note C Mortgage Notes Payable to the financial statements included in Item 8. Financial Statements and Supplementary Data in NPI s Annual Report on Form 10-K for the year ended December 31, 2010 attached hereto as Annex F for information with respect to NPI s ability to prepay these mortgages and other specific details about the mortgages.

The mortgage notes payable are fixed rate mortgages that are non-recourse and are secured by pledges of NPI s rental property and by pledges of revenues from the rental property. The mortgage notes payable include prepayment penalties if repaid prior to maturity. Further, the property may not be sold subject to existing indebtedness.

Distributions to Limited Partners

The NPI Units are entitled to allocations of profit and loss, and distributions, relating to NPI s interest in the Village of Pennbrook Apartments. As of December 14, 2011, there were 60,005 NPI Units outstanding, and Aimco OP and its affiliates owned 47,850 of those units, or approximately 79.74% of those units.

NPI distributed the following amounts during the years ended December 31, 2010 and 2009 (in thousands except per unit data):

	Year Ended December 31, 2010		Year Ended December 31, 2009	
	Aggregate	Per Limited Partnership Unit	Aggregate	Per Limited Partnership Unit
Operations	$	$	$ 575	$ 9.48

NPI made no distributions during the nine months ended September 30, 2011 and 2010.

Future cash distributions will depend on the levels of net cash generated from operations, the timing of debt maturities, property sales and/or refinancings. NPI s cash available for distribution is reviewed on a monthly basis. There can be no assurance, however, that NPI will generate sufficient funds from operations, after planned capital improvement expenditures and repayment of amounts due to affiliates, to permit any distributions to its partners in the remainder of 2011 or subsequent periods.

Certain Relationships and Related Transactions

NPI has no employees and depends on the General Partner and its affiliates for the management and administration of all partnership activities. The NPI partnership agreement provides that the General Partner and its affiliates receive certain payments for services and reimbursement of certain expenses incurred on behalf of NPI.

The NPI partnership agreement also provides that the General Partner and its affiliates receive 5% of gross receipts from NPI s property as compensation for providing property management services. NPI paid to such affiliates approximately $445,000 for each of the years ended December 31, 2010 and 2009, and approximately $339,000 and $335,000 for each of the nine months ended September 30, 2011 and 2010, respectively.

Affiliates of the General Partner charged NPI for reimbursement of accountable administrative expenses amounting to approximately $126,000 and $183,000 for the years ended December 31, 2010 and 2009, respectively. A portion o