

APARTMENT INVESTMENT & MANAGEMENT CO

Form S-4/A

October 25, 2010

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**As filed with the Securities and Exchange Commission on October 22, 2010**

**Registration No. 333-16953**

**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**

*(State of other jurisdiction of  
incorporation or organization)*

**6798**

*(Primary standard industrial  
classification code number)*

**84-1259577**

*(IRS Employer  
Identification Number)*

**AIMCO PROPERTIES, L.P.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State of other jurisdiction of  
incorporation or organization)*

**6513**

*(Primary standard industrial  
classification code number)*

**84-1275621**

*(IRS Employer  
Identification Number)*

**4582 South Ulster Street Parkway, Suite 1100**

**Denver, Colorado 80237**

**(303) 757-8101**

*(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)*

**John Bezzant**

**Senior Vice President**

**Apartment Investment and Management Company**

**4582 South Ulster Street Parkway, Suite 1100**

**Denver, Colorado 80237**

**(303) 757-8101**

*(Name, address, including zip code and telephone number, including area code of agent for service)*

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

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

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

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

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

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

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

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

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

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

**SUBJECT TO COMPLETION, DATED OCTOBER 22, 2010**

**INFORMATION STATEMENT/PROSPECTUS**

**CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP**

Consolidated Capital Institutional Properties, LP, or CCIP, has entered into an agreement and plan of merger with a wholly owned subsidiary of Aimco Properties, L.P., or Aimco OP. Under the merger agreement, the Aimco Subsidiary, Aimco CCIP Merger Sub LLC, will be merged with and into CCIP, with CCIP as the surviving entity. The Aimco Subsidiary was formed for the purpose of effecting this transaction and does not have any assets or operations. In the merger, each Series A Unit of CCIP will be converted into the right to receive, at the election of the holder of such unit, either:

\$4.31 in cash, or

\$4.31 in partnership common units of Aimco OP, or OP Units.

The number of OP Units offered for each Series A Unit will be calculated by dividing \$4.31 by the average closing price of common stock of Apartment Investment and Management Company, or Aimco, as reported on the New York Stock Exchange, over the ten consecutive trading days ending on the second trading day immediately prior to the consummation of the merger. For example, as of October 20, 2010, the average closing price of Aimco common stock over the preceding ten consecutive trading days was \$22.67, which would have resulted in 0.19 OP Units offered for each Series A Unit. However, if AIMCO OP determines that the law of the state or other jurisdiction in which a limited partner resides would prohibit the issuance of OP Units in that state or other jurisdiction (or that registration or qualification in that state or jurisdiction would be prohibitively costly), then such limited partner will not be entitled to elect OP Units, and will receive cash.

In the merger, Aimco OP's interest in the Aimco Subsidiary will be converted into CCIP Series A Units. As a result, after the merger, Aimco OP will be the sole limited partner of CCIP and will own all of the outstanding CCIP Series A Units.

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

In addition, limited partners who are not affiliated with Aimco OP may elect to receive an additional cash payment of \$2.16 in exchange for executing a waiver and release of certain claims. In order to receive such additional payment, limited partners must complete the relevant section of the election form, execute the waiver and release that is attached to the election form and return both the election form and the executed waiver and release to the information

agent as described above.

Under Delaware law, the merger must be approved by CCIP's general partner and a majority in interest of the Series A Units. The general partner has determined that the merger is advisable and in the best interests of CCIP and its limited partners and has approved the merger and the merger agreement. As of October 20, 2010, there were issued and outstanding 199,030.2 Series A Units, and Aimco OP and its affiliates owned 152,648.05 of those units, or approximately 76.7% of the number of units outstanding. Aimco OP and its affiliates have indicated that they intend to take action by written consent, as permitted under the partnership agreement, to approve the merger on or about \_\_\_\_\_, 2010. **As a result, approval of the merger is assured, and your consent to the merger 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 merger and the securities offered hereby, and the reasons that the CCIP general partner has decided that the merger is in the best interests of CCIP and its limited partners. CCIP's general partner has conflicts of interest with respect to the merger that are described in greater detail herein. Please read this information statement/prospectus carefully, including the section entitled Risk Factors beginning on page 17. It provides you with detailed information about the merger and the securities offered hereby. The merger agreement is attached to this information statement/prospectus as Annex A.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger or determined if this information statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

*This information statement/prospectus is dated, \_\_\_\_\_, 2010, and is first being mailed to limited partners on or about \_\_\_\_\_, 2010.*

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

**CALIFORNIA  
MASSACHUSETTS  
NEW YORK**

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

**ADDITIONAL INFORMATION**

This information statement/prospectus incorporates important business and financial information about Aimco and Aimco OP from documents that they have filed with the Securities and Exchange Commission but that have not been included in or delivered with this information statement/prospectus. For a listing of documents incorporated by reference into this information statement/prospectus, please see Where You Can Find Additional Information beginning on page 96 of this information statement/prospectus.

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

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

If you have any questions or require any assistance, please contact our information agent, Eagle Rock Proxy Advisors, LLC, by mail at 10 Commerce Drive, Cranford, New Jersey 07016; by fax at (908) 497-2314; or by telephone at (800) 217-9608.

**ABOUT THIS INFORMATION STATEMENT/PROSPECTUS**

This information statement/prospectus, which forms a part of a registration statement on Form S-4 filed with the Securities and Exchange Commission by Aimco and Aimco OP, constitutes a prospectus of Aimco OP under Section 5 of the Securities Act of 1933, as amended, or the Securities Act, with respect to the OP Units that may be issued to holders of CCIP's Series A Units in connection with the merger, and a prospectus of Aimco under Section 5 of the Securities Act with respect to shares of Aimco common stock that may be issued in exchange for such OP Units tendered for redemption. 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 merger.

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**SUMMARY TERM SHEET**

*This summary term sheet highlights the material information with respect to the merger agreement, the merger 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. Aimco, Aimco OP, ConCap and Aimco's subsidiaries that may be deemed to directly or indirectly beneficially own limited partnership units of CCIP are referred to herein, collectively, as the Aimco Entities.*

**The Merger:** CCIP has entered into an agreement and plan of merger with the Aimco Subsidiary and Aimco OP. Under the merger agreement, at the effective time of the merger, the Aimco Subsidiary will be merged with and into CCIP, with CCIP as the surviving entity.

**Merger Consideration:** In the merger, each Series A Unit will be converted into the right to receive, at the election of the holder of such Series A Unit, either \$4.31 in cash or equivalent value in OP Units. The number of OP Units issuable with respect to each Series A Unit will be calculated by dividing the \$4.31 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 Merger Determination of Merger Consideration** beginning on page 39.

**Effects of the Merger:** After the merger, Aimco OP will be the sole limited partner in CCIP, and will own all of the outstanding Series A Units. As a result, after the merger, you will cease to have any rights in CCIP as a limited partner. See **Special Factors Effects of the Merger**, beginning on page 5. 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 merger.

**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 Series A Units in connection with the merger. See **The Merger Appraisal Rights**, beginning on page 43. 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 B**.

**Additional Payment for Waiver and Release:** In addition to the merger consideration, each limited partner unaffiliated with Aimco OP or its affiliates may elect to receive an additional cash payment of \$2.16 per Series A Unit in exchange for executing a waiver and release of potential claims such unaffiliated limited partner may have had in the past, may now have or may have in the future (through and including the date of the consummation of the merger) against CCIP, ConCap, Aimco OP or its affiliates and certain other persons and entities, including but not limited to claims related to the merger agreement and the transactions contemplated thereby, but excluding claims limited partners may have under federal securities laws. See **The Merger Waiver and Release and Additional Consideration**, beginning on page 41.

**Parties Involved:**

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Consolidated Capital Institutional Properties, LP, or CCIP, is a Delaware limited partnership formed on March 19, 2008, following a redomestication of the partnership in Delaware. CCIP owns and operates three investment properties: the Sterling Apartment Homes and Commerce Center, which consists of a 536 unit apartment project and a 137,068 square foot commercial space located in Philadelphia, Pennsylvania, or the Sterling Property; the Plantations Gardens Apartments, a 372 unit apartment project located in Plantation, Florida, or the Plantation Gardens Property; and the Regency Oak Apartments, a 343 unit apartment project located in Fern Park, Florida, or the Regency Oaks Property. See Information About CCIP, beginning on page 30. CCIP's principal address is 55 Beattie Place, P.O. Box 1089, Greenville, South Carolina 29602, and its telephone number is (864) 239-1000.

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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, focused on the ownership and management of quality apartment communities located in the 20 largest markets in the United States. Aimco is one of the largest owners and operators of apartment properties in the United States. Aimco's common stock is listed and traded on the NYSE under the symbol AIV. See Information about the Aimco Entities, beginning on page 28.

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 29.

AIMCO CCIP Merger Sub LLC, or the Aimco Subsidiary, is a Delaware limited liability company formed for the purpose of consummating the merger with CCIP. The Aimco Subsidiary is a direct wholly-owned subsidiary of Aimco OP. See Information about the Aimco Entities, beginning on page 29.

**Reasons for the Merger:** Under its partnership agreement, CCIP's term expires December 31, 2011. As a result, ConCap, as the general partner of CCIP, would be obligated to liquidate and wind-up the partnership at that time. ConCap and the other Aimco Entities identified two principal concerns with a liquidation of CCIP: (i) based on the age and condition of the properties owned by CCIP, the net proceeds from their sale (after deducting sales and other transaction costs) might not be sufficient to satisfy all of CCIP's liabilities, and the remaining proceeds available for distribution to limited partners, if any, would probably not be very significant; and (ii) in liquidation, limited partners would recognize taxable gain, and that gain could exceed any proceeds from liquidation. On the other hand, Aimco and Aimco OP are in the business of acquiring apartment properties such as those owned by CCIP, and have decided to proceed with the merger as a means of acquiring the properties currently owned by CCIP in a manner that (i) assures value to limited partners, (ii) offers limited partners an opportunity to 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 registrations or qualification would be prohibitively costly), or receive immediate liquidity, and (iii) relieves CCIP of the expenses associated with liquidation, including sales and other transaction costs.

**Fairness of the Merger:** Although the Aimco Entities have interests that may conflict with those of CCIP's unaffiliated limited partners, each of the Aimco Entities believe that the merger is fair to the unaffiliated limited partners of CCIP. See Special Factors Fairness of the Transaction beginning on page 7.

**Conflicts of Interest:** ConCap is the general partner of CCIP and is wholly-owned by AIMCO/IPT, Inc., which in turn is wholly-owned by Aimco. Therefore, ConCap has a conflict of interest with respect to the merger. ConCap has fiduciary duties to AIMCO/IPT, Inc., ConCap's sole stockholder and an affiliate of Aimco, on the one hand, and to CCIP and its limited partners, on the other hand. The duties of ConCap to CCIP and its limited partners conflict with the duties of ConCap to AIMCO/IPT, Inc., which could result in ConCap approving a transaction that is more favorable to Aimco than might be the case absent such conflict of interest. See, The Merger Conflicts of Interest, beginning on page 41.

**Risk Factors:** In evaluating the merger agreement and the merger, CCIP limited partners should carefully read this information statement/prospectus and especially consider the factors discussed in the section entitled Risk Factors beginning on page 17. Some of the risk factors associated with the merger are summarized below:

Aimco owns ConCap, the general partner of CCIP. As a result, ConCap 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 CCIP limited partners.

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

There are a number of significant differences between CCIP Series A Units and Aimco OP Units relating to, among other things, the nature of the investment, voting rights, distributions and liquidity and

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transferability/redemption. For more information regarding those differences, see Comparison of CCIP Series A Units and Aimco OP Units, beginning on page 63.

CCIP 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.

*Material United States Federal Income Tax Consequences of the Merger:* The merger will generally be treated as a partnership merger for Federal income tax purposes. In general, any payment of cash for Series A Units will be treated as a sale of such Series A Units by such holder, and any exchange of Series A Units for OP Units under the terms of the merger agreement will be treated, in accordance with Sections 721 and 731 of the Internal Revenue Code of 1986, as amended, or the Code, as a tax free transaction, except to the extent described in Material United States Federal Income Tax Matters Taxation of Aimco OP and OP Unitholders United States Federal Income Tax Consequences Relating to the Merger, beginning on page 68.

**The foregoing is a general discussion of the United States federal income tax consequences of the merger. This summary does not discuss all aspects of 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 federal income tax laws. The particular tax consequences of the merger to you will depend on a number of factors related to your tax situation. You should review Material United States Federal Income Tax Matters, herein and consult your tax advisors for a full understanding of the tax consequences to you of the merger.**

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**SPECIAL FACTORS**

**Purposes, Alternatives and Reasons for the Merger**

Under its partnership agreement, CCIP's term expires December 31, 2011. As a result, ConCap, as the general partner of CCIP, would be obligated to liquidate and wind-up the partnership at that time. ConCap and the other Aimco Entities identified two principal concerns with a liquidation of CCIP: (i) based on the age and condition of the properties owned by CCIP, the net proceeds from their sale (after deducting sales and other transaction costs) might not be sufficient to satisfy all of CCIP's liabilities, and the remaining proceeds available for distribution to limited partners, if any, would probably not be very significant; and (ii) in liquidation, limited partners would recognize taxable gain, and that gain could exceed any proceeds from liquidation. On the other hand, Aimco and Aimco OP are in the business of acquiring apartment properties such as those owned by CCIP, and have decided to proceed with the merger as a means of acquiring the properties currently owned by CCIP in a manner that (i) assures value to limited partners, (ii) offers limited partners an opportunity to 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 registrations or qualification would be prohibitively costly), or receive immediate liquidity, and (iii) relieves CCIP of the expenses associated with liquidation, including sales and other transaction costs.

The Aimco Entities determined to proceed with a transaction at this time because of the proximity of CCIP's upcoming termination date. They also wanted to try to effect a transaction before the end of 2010 so that unaffiliated limited partners who recognize taxable gain in the transaction would not be subject to expected higher capital gains tax rates in 2011. As discussed in more detail, below, the Aimco Entities had previously pursued a sale of the Regency Oaks Property but had failed to find a buyer at an acceptable price. The Aimco Entities had not previously pursued a sale of the Sterling Property or the Plantation Gardens Property because they did not think that they could be sold at prices that would provide net proceeds sufficient to repay the related mortgage debt (taking into account the prepayment penalties associated with those loans) and other liabilities.

Before deciding to proceed with the merger, ConCap and the other Aimco Entities considered the alternatives described below:

*Continue to operate CCIP after its term expires.* As an alternative to the merger, the Aimco Entities considered the possibility of continuing to operate CCIP after its term expires. The Aimco Entities rejected this alternative because it would violate the partnership agreement, could result in a default under existing indebtedness and would make it difficult or impossible to refinance such indebtedness.

*Amend CCIP's partnership agreement to extend the term.* Although the CCIP partnership agreement may generally be amended upon the approval of a majority in interest of the limited partners, the agreement provides that the limited partners may not amend the agreement to extend the partnership term. Notwithstanding this provision, the Aimco Entities did consider having ConCap seek approval from 100% of the limited partners to amend CCIP's partnership agreement to extend the term or make CCIP's existence perpetual. The Aimco Entities determined, however, that it would be virtually impossible to obtain unanimous consent from all of the 6,990 unaffiliated limited partners.

*Sale of the properties to a third party for cash.* As discussed above, ConCap and the other Aimco Entities considered a liquidation of CCIP in which CCIP's properties would be marketed and sold to third parties for cash, with any net proceeds remaining, after payment of all liabilities, distributed to CCIP's limited partners. The primary advantage of such a transaction would be that the sale prices would reflect arm's-length negotiations and might therefore be higher

than the appraised values which have been used to determine the merger consideration. ConCap and the 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 imposed on CCIP in connection with marketing and selling the properties; and (iii) the fact that limited partners would recognize taxable gain on the sales.

ConCap and the other Aimco Entities recently evaluated a sale of the Regency Oaks Property to a third party but determined that a third-party buyer would be unwilling to buy the property at a price that would

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provide net proceeds sufficient to repay the loan secured by that property (taking into account the prepayment penalty associated with the loan). Also, ConCap determined an assumption of the existing loan would require a partial loan paydown because of lender loan-to-value requirements. Such a paydown would trigger a prepayment penalty that would result in no net proceeds to CCIP from the sale. These conclusions were consistent with on CCIP's previous efforts to sell the Regency Oaks Property in late 2008 through early 2009. For example, in October of 2008, with the assistance of a broker and real estate consultant, ConCap went out to market with a listing agreement and distributed email notices to over 10,500 owners and investors in connection with the Regency Oaks Property. In response, ConCap received only three preliminary indications of interest: one offering \$11.6 million and assumption of debt, another a cash-only offer of \$12.075 million, and the other a cash-only offer of \$13.0 million. The outstanding mortgage debt associated with the Regency Oaks Property at that time was approximately \$11.32 million, and the estimated prepayment penalty related to that debt was approximately \$1.85 million. Accordingly, none of the indications of interest made sense on the terms proposed, as the mortgage lender indicated it would not accept the loan-to-value or debt coverage ratios without additional severe penalty payments. Accordingly, ConCap stopped marketing the property in March 2009. ConCap and the other Aimco Entities also determined that a sale of the Plantation Gardens Property to a third party would likely be very difficult given that the property is encumbered by mortgage indebtedness nearly equal to its appraised value and the property is in immediate need of substantial capital improvements.

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

## **Effects of the Merger**

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

*Benefits to Unaffiliated Limited Partners.* The merger is 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 would be prohibitively costly). Accordingly, limited partners may elect the merger consideration they deem most beneficial to them. Limited partners who elect to receive cash consideration will receive immediate liquidity with respect to their investment.

Option to Defer Taxable Gain. Limited partners who elect to 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 registrations or qualification would be prohibitively costly).

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

*Benefits to CCIP.* The merger is expected to have the following principal benefits to CCIP:

Elimination of Costs Associated with SEC Reporting Requirements. CCIP will terminate registration after the merger is completed, and will cease filing periodic reports with the SEC. As a result, CCIP will no longer incur costs

associated with preparing, auditing and filing these reports. The Aimco Entities estimate these expenses to be approximately \$66,000 per year.

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*Benefits to the Aimco Entities.* The merger is expected to have the following principal benefits to the Aimco Entities:

Increased Interest in CCIP's Net Book Value and Net Earnings. Upon completion of the merger, the Aimco Entities interest in the net book value of CCIP will increase from 76.66% to 100%, or from \$(61,745,000) to \$(63,856,000) as of December 31, 2009, and their interest in the net earnings of CCIP will increase from 76.93% to 100%, or from \$(4,414,000) to \$(5,738,000) for the period ended December 31, 2009. As a result, the Aimco Entities will receive all of the benefit from any future appreciation in value of the properties after the merger, and any future increase in property income.

*Detriments to Unaffiliated Limited Partners.* The merger is expected to have the following principal detriments to unaffiliated limited partners:

Taxable Gain. Limited partners who elect to 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 any of the properties.

Risks Related to OP Units. Limited partners who elect to 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 Limited Partners. ConCap is the general partner of CCIP and is indirectly wholly-owned by Aimco. Therefore, ConCap has a conflict of interest with respect to the merger. ConCap has fiduciary duties to AIMCO/IPT, Inc., ConCap's stockholder and an affiliate of Aimco, on the one hand, and to CCIP and its limited partners, on the other hand. The duties of ConCap to CCIP and its limited partners conflict with the duties of ConCap to AIMCO/IPT, Inc., which could result in ConCap approving a transaction that is more favorable to Aimco than might be the case absent such conflict of interest. In negotiating the merger agreement, no one separately represented the interests of the limited partners. The Aimco Entities did not appoint, or ask the limited partners to appoint, a third party to represent only the limited partners' interests. If an independent advisor had been engaged, it is possible that such advisor could have negotiated better terms for CCIP's limited partners.

*Detriments to CCIP.* The merger is not expected to have any detriments to CCIP.

*Detriments to the Aimco Entities.* The merger is expected to have the following principal detriments to the Aimco Entities:

Increased Participation in Any Future Losses. Upon completion of the merger, Aimco OP will be the sole limited partner of CCIP. As a result, Aimco OP will bear the burden of all future operating or other losses, as well as any decline in the value of CCIP's properties.

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

## **Material United States Federal Income Tax Consequences of the Merger**

For a discussion of the material United States federal income tax consequences of the merger, see Material United States Federal Income Tax Matters United States Federal Income Tax Consequences Relating to the Merger, beginning on page 68.

**Fairness of the Transaction**

*Factors in Favor of Fairness Determination.* The Aimco Entities (including ConCap as general partner of CCIP) believe that the merger is fair and in the best interests of CCIP and its unaffiliated limited partners. In support of such determination, the Aimco Entities considered the following factors:

The merger consideration of \$4.31 per Series A Unit was based on independent third party appraisals of each of CCIP's three properties by CRA, an independent valuation firm.

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