

APARTMENT INVESTMENT & MANAGEMENT CO

Form 424B3

December 20, 2011

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INFORMATION STATEMENT/PROSPECTUS

CENTURY PROPERTIES FUND XV

Century Properties Fund XV, or CPF XV, has entered into an amended and restated agreement and plan of merger, or merger agreement, with a wholly owned subsidiary of AIMCO Properties, L.P., or Aimco OP. Under the merger agreement:

(i) First, CPF XV will be merged with and into Aimco OP's subsidiary, Century Properties Fund XV, LP, a Delaware limited partnership, or New CPF XV, with New CPF XV as the surviving entity. New CPF XV was formed for the purpose of effecting this merger and does not have any assets or operations. In this merger, each unit of limited partnership interest in CPF XV, or CPF XV Unit, will be converted into an identical unit of limited partnership interest in New CPF XV, or New CPF XV Unit, and each general partnership interest in CPF XV now held by the general partners of CPF XV will be converted into a general partnership interest in New CPF XV. All interests in New CPF XV outstanding immediately prior to the merger will be cancelled in the merger; and

(ii) Second, Aimco OP's subsidiary, Aimco CPF XV Merger Sub LLC, a Delaware limited liability company, or the Aimco Subsidiary, will be merged with and into New CPF XV, with New CPF XV 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 this merger, each New CPF XV Unit will be converted into the right to receive, at the election of the holder of such unit, either:

\$41.83 in cash, or

\$41.83 in partnership common units of Aimco OP, or OP Units.

The merger consideration of \$41.83 per New CPF XV Unit was based on an independent third party appraisal of CPF XV's property by Cogent Realty Advisors, LLC, or CRA, an independent valuation firm.

The number of OP Units offered for each New CPF XV Unit will be calculated by dividing \$41.83 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 1.93 OP Units offered for each New CPF XV 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 second merger, Aimco OP's interest in the Aimco Subsidiary will be converted into New CPF XV Units. As a result, after the merger, Aimco OP will be the sole limited partner of New CPF XV and will own all of the outstanding New CPF XV Units.

Within ten days after the effective time of the mergers, Aimco OP will prepare and mail to the former holders of CPF XV Units an election form pursuant to which they can elect to receive cash or OP Units. Holders of CPF XV 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 mailing of the election form, the holder will be deemed to have elected to receive cash. Former holders of CPF XV Units may also use the election form to elect to receive, in lieu of the merger consideration, the appraised value of their New CPF XV Units, determined through an arbitration proceeding.

Under applicable law, the merger agreement and the mergers must be approved by CPF XV's general partners and a majority in interest of the CPF XV Units. Fox Capital Management Corporation, CPF XV's managing general partner, or FCMC, has determined that the merger agreement and the mergers are advisable and in the best interests of CPF XV and its limited partners, and along with Fox Realty Investors, or FRI, CPF XV's other general partner, has approved the merger agreement and the mergers. FCMC, as well as the managing general partner of FRI, are subsidiaries of Aimco. As of December 14, 2011, there were issued and outstanding 89,975 CPF XV Units, and Aimco OP and its affiliates owned 65,841.34 of those units, or approximately 73.18% of the number of units outstanding. As more fully described herein, approximately 35,473.17 of the CPF XV Units owned by an affiliate of Aimco OP are subject to a voting restriction, which requires such CPF XV Units to be voted in proportion to the votes cast with respect to CPF XV Units not subject to this voting restriction. Aimco OP and its affiliates have indicated that they will vote all of their CPF XV Units that are not subject to this restriction, approximately 30,368.17 CPF XV Units or approximately 33.75% of the outstanding CPF XV Units, in favor of the merger agreement and the mergers. As a result, affiliates of Aimco OP will vote a total of approximately 50,133 CPF XV Units, or approximately 55.72% of the outstanding CPF XV Units in favor of the merger agreement and the mergers.

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 mergers on or about February 21, 2012. **As a result, approval of the mergers is assured, and your consent to the mergers 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 mergers and the securities offered hereby, and the reasons that FCMC has decided that the mergers are in the best interests of CPF XV and its limited partners. CPF XV's general partners have conflicts of interest with respect to the mergers 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 mergers 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 mergers, determined if this information statement/prospectus is truthful or complete, approved or disapproved of the mergers, passed upon the merits or fairness of the mergers, 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 December 20, 2011, and is first being mailed to limited partners on or about December 21, 2011.

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WE ARE CURRENTLY SEEKING QUALIFICATION TO ALLOW ALL HOLDERS OF LIMITED PARTNERSHIP UNITS OF CPF XV THE ABILITY TO ELECT TO RECEIVE OP UNITS IN CONNECTION WITH THE MERGERS. 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 MERGERS:

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

ABOUT THIS INFORMATION STATEMENT/PROSPECTUS

This information statement/prospectus, which forms a part of a registration statement on Form S-4 filed with the Securities and Exchange Commission by Aimco and Aimco OP, constitutes a prospectus of Aimco OP under Section 5 of the Securities Act of 1933, as amended, or the Securities Act, with respect to the OP Units that may be issued to holders of CPF XV's Units in connection with the mergers, 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 mergers.

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SUMMARY TERM SHEET

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

The Mergers: CPF XV has entered into an agreement and plan of merger with New CPF XV, Aimco OP and the Aimco Subsidiary. Under the merger agreement:

First, CPF XV will be merged with and into New CPF XV, with New CPF XV as the surviving entity. New CPF XV was formed for the purpose of effecting this merger and does not have any assets or operations. In this merger, each CPF XV Unit will be converted into a New CPF XV Unit, and each general partnership interest in CPF XV will be converted into a general partnership interest in New CPF XV. All interests in CPF XV outstanding immediately prior to the merger will be cancelled in the merger.

Second, the Aimco Subsidiary will be merged with and into New CPF XV, with New CPF XV 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 this merger, each New CPF XV Unit will be converted into the right to receive the merger consideration described below.

Merger Consideration: In the second merger, each New CPF XV Unit will be converted into the right to receive, at the election of the holder of such New CPF XV Unit, either \$41.83 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 New CPF XV Unit will be calculated by dividing the \$41.83 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 Mergers Determination of Merger Consideration** beginning on page 40.

Fairness of Merger: Although the Aimco Entities have interests that may conflict with those of CPF XV's unaffiliated limited partners, each of the Aimco Entities believes that the merger agreement and the mergers are fair to the unaffiliated limited partners of CPF XV. The merger consideration of \$41.83 per CPF XV Unit was based on an independent third party appraisal of CPF XV's property by CRA, an independent valuation firm. See **Special Factors Fairness of the Transactions** beginning on page 7.

Opinion of Financial Advisor: In connection with the merger, Duff & Phelps, LLC, or Duff & Phelps, has delivered its written opinion to the boards of directors of Aimco, the general partner of Aimco OP, FCMC and the managing general partner of FRI to the effect that, as of December 19, 2011, the cash consideration offered in the mergers is fair, from a financial point of view, to the unaffiliated limited partners of CPF XV.

The full text of Duff & Phelps's 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's

opinion, and the section entitled "Special Factors – Opinion of Financial Advisor" beginning on page 13, carefully and in their entirety.

Duff & Phelps' s opinion was directed to the boards of directors of Aimco, the general partner of Aimco OP, FCMC and the managing general partner of FRI, and addresses only the fairness to the unaffiliated limited partners of CPF XV, from a financial point of view, of the cash consideration offered to them as of the date of the opinion. Duff & Phelps' s opinion did not address any other aspect of the merger and was not intended to and does not constitute a recommendation as to how any party should vote or act with respect to the mergers or any matter relating thereto.

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Effects of the Mergers: After the mergers, Aimco OP will be the sole limited partner in New CPF XV, and will own all of the outstanding New CPF XV Units. As a result, after the mergers, you will cease to have any rights in CPF XV or New CPF XV as a limited partner. See *Special Factors – Effects of the Mergers*, beginning on page 6.

Appraisal Rights: Pursuant to the terms of the merger agreement, Aimco OP will provide each CPF XV 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 CPF XV Units in connection with the mergers. See *The Mergers – 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 B.

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

Parties Involved:

Century Properties Fund XV, or CPF XV, is a California limited partnership organized in May 1980 for the purpose of operating income-producing residential real estate. Its managing general partner, the general partner responsible for managing CPF XV, is Fox Capital Management Corporation, or FCMC. FCMC is a California corporation and a subsidiary of Aimco. The other general partner of CPF XV is Fox Realty Investors, or FRI. FRI is a California general partnership and the managing general partner of FRI is a subsidiary of Aimco. CPF XV presently owns and operates one investment property, Lakeside Place Apartments, a 734 unit apartment project located in Houston, Texas. See *Information About CPF XV*, beginning on page 34. CPF XV's principal address is 55 Beattie Place, P.O. Box 1089, Greenville, South Carolina 29602, and its telephone number is (864) 239-1000.

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 29. 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 31. Aimco OP's principal address is 4582 South Ulster Street Parkway, Suite 1100, Denver, Colorado 80237, and its telephone number is (303) 757-8101.

Century Properties Fund XV, LP, or New CPF XV, is a Delaware limited partnership formed on July 26, 2011, for the purpose of consummating the merger with CPF XV. New CPF XV's general partner is Aimco OP and its sole limited partner is the Aimco Subsidiary. See *Information about the Aimco Entities*,

beginning on page 31.

Aimco CPF XV Merger Sub LLC, or the Aimco Subsidiary, is a Delaware limited liability company formed on July 26, 2011, for the purpose of acting as limited partner of New CPF XV prior to the merger, and consummating the merger with New CPF XV. The Aimco Subsidiary is a direct wholly owned subsidiary of Aimco OP. See Information about the Aimco Entities, beginning on page 31.

Reasons for the Mergers: Aimco and Aimco OP are in the business of acquiring, owning and managing apartment properties such as the one owned by CPF XV, and have decided to proceed with the transactions as

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a means of acquiring the property currently owned by CPF XV 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 CPF XV of the expenses associated with a sale of the property, including marketing and other transaction costs. The Aimco Entities decided to proceed with the mergers at this time for the following reasons:

In the absence of a transaction, CPF XV limited partners have only limited options to liquidate their investment in CPF XV. The CPF XV 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 CPF XV is not sufficient to justify its continued operation as a public company. As a public company with a significant number of unaffiliated limited partners, CPF XV 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 \$95,000 per year. The mergers will eliminate a significant amount of these costs.

CPF XV has been operating at a loss from operations for two of the last three years, and depends, in part, on loans from Aimco OP to fund its operations and capital improvements at its property. At September 30, 2011, the total amount of loans owed by CPF XV to Aimco OP was approximately \$8,621,000. CPF XV 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% of the limited partnership interests of CPF XV, they will have greater flexibility in financing and operating its property.

Conflicts of Interest: FCMC and FRI have a conflict of interest with respect to the mergers. FCMC and FRI are the general partners of CPF XV. Both FCMC and the managing general partner of FRI are wholly owned by AIMCO/IPT, Inc. which in turn is wholly owned by Aimco. Each of FCMC and the managing general partner of FRI has fiduciary duties to its ultimate sole stockholder, Aimco, on the one hand, and each of FCMC and FRI has fiduciary duties to CPF XV and its limited partners, on the other hand. The duties of FCMC and FRI to CPF XV and its limited partners conflict with the duties of FCMC and the managing general partner of FRI to Aimco and its affiliates, which could result in FCMC and FRI approving a transaction that is more favorable to Aimco than might be the case absent such conflict of interest. As the managing general partner of CPF XV, FCMC seeks the best possible terms for CPF XV's limited partners. This conflicts with Aimco's interest in obtaining the best possible terms for Aimco OP. See *The Mergers - Conflicts of Interest*, beginning on page 41.

Risk Factors: In evaluating the merger agreement and the mergers, CPF XV 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 mergers are summarized below:

FCMC and FRI are the general partners of CPF XV. Both FCMC and the managing general partner of FRI are indirectly owned by Aimco. As a result, FCMC and FRI have a conflict of interest in the mergers. A transaction with a third party in the absence of this conflict could result in better terms or greater consideration to CPF XV limited partners.

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

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

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CPF XV limited partners may elect to receive OP Units as merger consideration in the second merger 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 CPF XV Units and Aimco OP Units*, beginning on page 63.

Material United States Federal Income Tax Consequences of the Mergers: New CPF XV, the Delaware partnership, will be considered a continuation of CPF XV, the California partnership, for tax purposes. CPF XV will not recognize gain. New CPF XV will have the same federal identification number as that of CPF XV and will have the same tax basis, holding period, and depreciation method for each of its assets as that of CPF XV. The partners of CPF XV will not recognize any gain from the merger of CPF XV with and into New CPF XV. The bases of the partners in New CPF XV will be equal to their bases in CPF XV, and their holding periods in their units in New CPF XV will be the same as their holding periods in the CPF XV units. Aimco believes that completion of the conversion will not result in any tax consequences to the limited partners of CPF XV.

In general, any payment of cash for New CPF XV Units will be treated as a sale of such New CPF XV Units by the holder thereof, and any exchange of New CPF XV 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 Considerations United State Federal Income Tax Consequences Relating to the Mergers*, beginning on page 69.

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 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 Mergers

Aimco and Aimco OP are in the business of acquiring, owning and managing apartment properties such as the one owned by CPF XV, and have decided to proceed with the mergers as a means of acquiring the property currently owned by CPF XV in a manner that they and the other Aimco Entities 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 CPF XV 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, CPF XV limited partners have only limited options to liquidate their investment in CPF XV. The CPF XV 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 CPF XV is not sufficient to justify its continued operation as a public company. As a public company with a significant number of unaffiliated limited partners, CPF XV 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 \$95,000 per year. The mergers will eliminate a significant amount of these costs.

CPF XV has been operating at a loss from operations for two of the last three years, and depends, in part, on loans from Aimco OP to fund its operations and capital improvements at its property. At September 30, 2011, the total amount of loans owed by CPF XV to Aimco OP was approximately \$8,621,000. CPF XV 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% of the limited partnership interests of CPF XV, they will have greater flexibility in financing and operating its property.

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

Continuation of CPF XV as a Public Company Operating the Property. FCMC and the other Aimco Entities did not consider the continuation of CPF XV as a public company operating the property to be a viable alternative primarily because the costs associated with preparing financial statements, tax returns, periodic SEC reports and other expenses, and the inability of CPF XV to generate sufficient funds to cover operating expenses without advances from Aimco OP which may not be available in the future.

Liquidation of CPF XV. FCMC and the other Aimco Entities considered a liquidation of CPF XV in which CPF XV'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 CPF XV'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. FCMC 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 imposed on CPF XV 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 fact that, in FCMC's judgment, the costs imposed on CPF XV in connection with marketing and selling its property, as well as the fact that in such a sale limited partners would recognize taxable gain on the sale without the option of deferring that gain, would likely make the sale of the property and dissolution of CPF XV less advantageous to the limited partners than the mergers.

Contribution of the property to Aimco OP. The Aimco Entities considered a transaction in which CPF XV's property would be contributed to Aimco OP in exchange for OP Units. The primary advantage of such a transaction

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would be that CPF XV limited partners would not recognize taxable gain. The Aimco Entities rejected this alternative because it would not offer limited partners an opportunity for immediate liquidity.

Effects of the Mergers

The Aimco Entities believe that the mergers will have the following benefits and detriments to unaffiliated limited partners, CPF XV and the Aimco Entities:

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

Liquidity. Limited partners are given a choice of merger consideration in the second merger, and may elect to receive either cash or OP Units, 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 the cash consideration will receive immediate liquidity with respect to their investment.

Option to Defer Taxable Gain. Limited partners who receive OP Units in the second 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 second merger will have the opportunity to participate in Aimco OP, which has a more diversified property portfolio than CPF XV.

Benefits to CPF XV and New CPF XV. The mergers are expected to have the following principal benefits to CPF XV and New CPF XV:

Elimination of Costs Associated with SEC Reporting Requirements and Multiple Limited Partners. After the mergers, the Aimco Entities will own all of the limited partner interests in CPF XV, and CPF XV will terminate its registration and cease filing periodic reports with the SEC. As a result, CPF XV 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 \$95,000 per year. The mergers will eliminate a significant amount of these costs.

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

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

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

Taxable Gain. CPF XV limited partners who receive the cash consideration in the second merger may recognize taxable gain in the merger that could exceed the merger consideration. CPF XV limited partners who receive OP Units in the second merger could recognize taxable gain if Aimco subsequently sells the property.

Risks Related to OP Units. Limited partners who receive OP Units in the second 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. FCMC and FRI have a conflict of interest with respect to the mergers. Both FCMC and the managing general partner of FRI are wholly owned by AIMCO/IPT, Inc., which is wholly owned by Aimco. Each of FCMC and the managing general partner of FRI has fiduciary duties to its ultimate sole stockholder, Aimco, on the one hand, and each of FCMC and FRI has fiduciary duties to CPF XV and its limited partners, on the other hand. The duties of FCMC and FRI to CPF XV and its limited partners conflict with the duties of FCMC and the managing general partner of FRI to Aimco and its affiliates, which could result in FCMC and FRI approving a transaction that is more favorable to Aimco than might

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be the case absent such conflict of interest. As the managing general partner of CPF XV, FCMC seeks the best possible terms for CPF XV's limited partners. This conflicts with Aimco's interest in obtaining the best possible terms for Aimco OP. In negotiating the merger agreement, 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 CPF XV's unaffiliated limited partners.

Decreased Interest in CPF XV. Upon completion of the mergers, unaffiliated limited partners will no longer hold an interest in CPF XV, and Aimco OP will be the sole limited partner of CPF XV. As a result, unaffiliated limited partners will no longer benefit from any future appreciation in the value of the property after the mergers, or any future income from such property.

Detriments to CPF XV and New CPF XV. The transactions are not expected to have any detriments to CPF XV or New CPF XV.

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

Increased Interest in CPF XV. Upon completion of the mergers, the Aimco Entities' limited partner interest in the net book value of CPF XV will increase from 73.18% to 100%, or from a deficit of \$11,401,000 to a deficit of \$15,579,000 as of December 31, 2010, and their limited partner interest in the losses from continuing operations of CPF XV will increase from 73.18% to 100%, or from \$631,000 to \$862,000 for the period ended December 31, 2010. Upon completion of the mergers, Aimco OP will be the sole limited partner of CPF XV. 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 CPF XV'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 mergers, see **Material United States Federal Income Tax Considerations – United States Federal Income Tax Consequences Relating to the Mergers.**

Fairness of the Transactions

Factors in Favor of Fairness Determination. The Aimco Entities (including the general partners of CPF XV) believe that the mergers are fair and in the best interests of CPF XV and its unaffiliated limited partners. In support of this determination, the Aimco Entities considered the following factors:

The merger consideration of \$41.83 per CPF XV Unit was based on an independent third party appraisal of CPF XV's property by CRA, an independent valuation firm.

Duff & Phelps has delivered its written opinion to the boards of directors of Aimco, the general partner of Aimco OP, FCMC and the managing general partner of FRI 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 by Duff & Phelps in connection with its opinion, the cash consideration of \$41.83 per CPF XV Unit offered in the second merger is fair, from a financial point of view, to the unaffiliated limited partners of CPF XV.

The merger consideration is equal to the Aimco Entities' estimate of going concern value, calculated as the appraised value of CPF XV's property, plus the amount of its other assets, less the amount of CPF XV's liabilities, including the market value of mortgage debt (but without deducting any prepayment penalties thereon).

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

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The merger consideration is greater than the Aimco Entities' estimate of liquidation value because 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 \$6,949,100.

The merger consideration exceeds the net book value per unit (a deficit of \$188.33 per CPF XV Unit at September 30, 2011).

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

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

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

Although limited partners are not entitled to dissenters' appraisal rights under Delaware 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, CPF XV, New CPF XV and the Aimco Subsidiary are very likely to complete the mergers 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 expenses associated with the transactions.

The merger consideration is greater than some of the prices at which CPF XV Units have recently sold in the secondary market (\$25.00 to \$80.00 per CPF XV Unit from January 1, 2010 through December 9, 2011).

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

FCCM and FRI, the general partners of CPF XV, have substantial conflicts of interest with respect to the mergers as a result of (i) the fiduciary duties they owe to unaffiliated limited partners, who have an interest in receiving the highest possible consideration, and (ii) the fiduciary duties they, or with respect to FRI, its managing general partner, owe to their stockholder, a direct subsidiary of Aimco, which has an interest in Aimco OP obtaining the property for the lowest possible consideration.

The terms of the mergers 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 merger agreement does not require the approval of any unaffiliated limited partners.

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

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

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

Limited partners who receive OP Units in the second 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**.

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

The merger consideration is less than some of the prices at which CPF XV Units have recently sold in the secondary market (\$25.00 to \$80.00 per CPF XV Unit from January 1, 2010 through December 9, 2011).

The merger consideration is less than the prices at which CPF XV Units have historically sold in the secondary market (\$61.12 to \$120.00 per CPF XV Unit from January 1, 2009 to December 31, 2009).

The Aimco Entities did not assign relative weights to the above factors in reaching their decision that the mergers are fair to CPF XV and its unaffiliated limited partners. However, in de