

APARTMENT INVESTMENT & MANAGEMENT CO

Form S-4/A

November 15, 2011

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**As filed with the Securities and Exchange Commission on November 15, 2011**

**Registration No. 333-175851**

**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, 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)*

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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 NOVEMBER 15, 2011**

**INFORMATION STATEMENT/PROSPECTUS**

**CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES/2, LP**

Consolidated Capital Institutional Properties/2, LP, or CCIP/2, 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/2 Merger Sub LLC, will be merged with and into CCIP/2, with CCIP/2 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 Limited Partnership Interest of CCIP/2, or CCIP/2 Unit, will be converted into the right to receive, at the election of the holder of such unit, either:

\$8.27 in cash, or

\$8.27 in partnership common units of Aimco OP, or OP Units.

The merger consideration of \$8.27 per CCIP/2 Unit was based on an independent third party appraisal of CCIP/2's property by Cogent Realty Advisors, LLC, or CRA, an independent valuation firm.

The number of OP Units offered for each CCIP/2 Unit will be calculated by dividing \$8.27 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 November 10, 2011, the average closing price of Aimco common stock over the preceding ten consecutive trading days was \$23.79, which would have resulted in 0.35 OP Units offered for each CCIP/2 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 CCIP/2 Units. As a result, after the merger, Aimco OP will be the sole limited partner of CCIP/2 and will own all of the outstanding CCIP/2 Units.

Within ten days after the effective time of the merger, Aimco OP will prepare and mail to the former holders of CCIP/2 Units an election form pursuant to which they can elect to receive cash or OP Units. Holders of CCIP/2 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 CCIP/2 Units may also use the election form to elect to receive, in lieu of the merger consideration, the appraised value of their CCIP/2 Units, determined through an arbitration proceeding.

Under Delaware law, the merger must be approved by the general partner of CCIP/2 and a majority in interest of the CCIP/2 Units. CCIP/2's general partner, ConCap Equities, Inc., or the General Partner, has determined that the merger is advisable, fair to and in the best interests of CCIP/2 and its limited partners and has approved the merger and the merger agreement. As of November 10, 2011, there were issued and outstanding 908,499.10 CCIP/2 Units, and Aimco OP and its affiliates owned 574,447.25 of those units, or approximately 63.23% 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 \_\_\_\_\_, 2011. **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 General Partner has decided that the merger is in the best interests of CCIP/2 and its limited partners. The 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 18. 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, determined if this information statement/prospectus is truthful or complete, approved or disapproved of the merger, passed upon the merits or fairness of the merger, 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 CCIP/2 UNITS 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 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 89 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 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 CCIP/2 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, 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, ConCap Equities, Inc., or ConCap, and Aimco's subsidiaries that may be deemed to directly or indirectly beneficially own CCIP/2 Units are referred to herein, collectively, as the Aimco Entities.*

**The Merger:** CCIP/2 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/2, with CCIP/2 as the surviving entity. 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.

**Merger Consideration:** In the merger, each CCIP/2 Unit will be converted into the right to receive, at the election of the holder of such CCIP/2 Unit, either \$8.27 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 CCIP/2 Unit will be calculated by dividing the \$8.27 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. Each holder of CCIP/2 Units must make the same election (cash or OP Units) for all of his or her CCIP/2 Units. For a full description of the determination of the merger consideration, see **The Merger Determination of Merger Consideration** beginning on page 37.

**Fairness of the Merger:** Although the Aimco Entities have interests that may conflict with those of CCIP/2's unaffiliated limited partners, each of the Aimco Entities believe that the merger is fair to the unaffiliated limited partners of CCIP/2. See **Special Factors Fairness of the Transaction** beginning on page 6. The merger consideration of \$8.27 per CCIP/2 Unit was based on an independent third party appraisal of CCIP/2's property by CRA, an independent valuation firm.

**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 and the general partner of CCIP/2 to the effect that, as of November 15, 2011, the cash consideration of \$8.27 per unit is fair, from a financial point of view, to the unaffiliated limited partners of CCIP/2. 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 12, carefully and in their entirety. Duff & Phelps's opinion was directed to the boards of directors of Aimco, the general partner of Aimco OP and the general partner of CCIP/2, and addresses only the fairness to the unaffiliated limited partners of CCIP/2, from a financial point of view, of the cash consideration of \$8.27 per unit 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 merger or any matter relating thereto.

Effects of the Merger: After the merger, Aimco OP will be the sole limited partner in CCIP/2, and will own all of the outstanding CCIP/2 Units. As a result, after the merger, you will cease to have any rights in CCIP/2 as a limited partner. See Special Factors Effects of the Merger, beginning on page 5.

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 CCIP/2 Units in connection with the merger. See The Merger Appraisal Rights, beginning on page 39. A description

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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 CCIP/2's partnership agreement and Delaware law, upon written request and at the cost of the limited partner, a limited partner who holds CCIP/2 Units has the right to receive by mail a list of the names and addresses of the partners of CCIP/2 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 Partner, c/o Eagle Rock Proxy Advisors, LLC, 12 Commerce Drive, Cranford, New Jersey 07016, or by fax at (908) 497-2349.

*Parties Involved:*

Consolidated Capital Institutional Properties/2, LP, or CCIP/2, is a Delaware limited partnership formed on March 19, 2008, following a redomestication of the partnership from California to Delaware. CCIP/2 owns and operates one investment property: the Highcrest Townhomes, which consists of a 176 unit apartment project located in Wood Ridge, Illinois, or the Highcrest Property. See Information About Consolidated Capital Institutional Properties/2, LP, beginning on page 31. CCIP/2'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 29. Aimco OP's principal address is 4582 South Ulster Street, Suite 1100, Denver, Colorado 80237, and its telephone number is (303) 757-8101.

AIMCO CCIP/2 Merger Sub LLC, or the Aimco Subsidiary, is a Delaware limited liability company formed for the purpose of consummating the merger with CCIP/2. 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:* Aimco and Aimco OP are in the business of acquiring, owning and managing apartment properties such as the one owned by CCIP/2, and have decided to proceed with the merger as a means of acquiring the property currently owned by CCIP/2 in a manner that they believe (a) provides fair value to limited partners, (b) offers limited partners an opportunity to receive immediate liquidity and recognize a taxable loss, if any, that may be able to offset other income of the limited partner, 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 (c) relieves CCIP/2 of the expenses associated with a sale of the property, including marketing and other transaction costs. The Aimco Entities decided to proceed with the merger at this time for the following reasons:

In the absence of a transaction, limited partners of CCIP/2 have only limited options to liquidate their investment in CCIP/2. The CCIP/2 Units are not traded on an exchange or other reporting system, and transactions in the securities are limited and sporadic.

The value of the property owned by CCIP/2 is not sufficient to justify its continued operation as a public company. As a public company with a significant number of unaffiliated limited partners, CCIP/2 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 \$198,000 per year.

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CCIP/2 has been operating at a loss for the past three years. During the nine months ended September 30, 2011, CCIP/2 received advances of approximately \$220,000, which were fully repaid prior to September 30, 2011. Subsequent to September 30, 2011, CCIP/2 received advances of approximately \$85,000. CCIP/2 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 CCIP/2, they will have greater flexibility in financing and operating its property.

**Conflicts of Interest:** The General Partner is wholly-owned by AIMCO/IPT, Inc., which in turn is wholly-owned by Aimco. Therefore, the General Partner has a conflict of interest with respect to the merger. 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 CCIP/2 and its limited partners, on the other hand. The duties of the General Partner to CCIP/2 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 Merger Conflicts of Interest*, beginning on page 38.

**Risk Factors:** In evaluating the merger agreement and the merger, CCIP/2 limited partners should carefully read this information statement/prospectus and especially consider the factors discussed in the section entitled *Risk Factors* beginning on page 18. Some of the risk factors associated with the merger 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 CCIP/2 limited partners.

CCIP/2 limited partners who receive cash may recognize taxable gain in the merger and that gain could exceed the merger consideration.

A limited partner with a built-in loss in its CCIP/2 Units who receives OP Units in the merger will defer a taxable loss that might have offset other income of the limited partner.

There are a number of significant differences between CCIP/2 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 CCIP/2 Units and Aimco OP Units*, beginning on page 60.

CCIP/2 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 U.S. federal income tax purposes. In general, any payment of cash for CCIP/2 Units will be treated as a sale of such CCIP/2 Units by the holder thereof. A limited partner who acquired its CCIP/2 Units in the original offering should be able to recognize a loss and use that loss to offset other income. Any exchange of CCIP/2 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 Merger*, beginning on page 65.



**The foregoing is a general discussion of the material U.S. federal income tax consequences of the merger. 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 merger 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 merger.**

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**SPECIAL FACTORS**

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

Aimco and Aimco OP are in the business of acquiring, owning and managing apartment properties such as the one owned by CCIP/2, and have decided to proceed with the merger as a means of acquiring the property currently owned by CCIP/2 in a manner that they believe (a) provides fair value to limited partners, (b) offers limited partners an opportunity to receive immediate liquidity and recognize a taxable loss, if any, that may be able to offset other income of the limited partner, 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 (c) relieves CCIP/2 of the expenses associated with a sale of the property, including marketing and other transaction costs.

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

In the absence of a transaction, CCIP/2 limited partners have only limited options to liquidate their investment in CCIP/2. The CCIP/2 Units are not traded on an exchange or other reporting system, and transactions in the securities are limited and sporadic.

The value of the property owned by CCIP/2 is not sufficient to justify its continued operation as a public company. As a public company with a significant number of unaffiliated limited partners, CCIP/2 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 \$198,000 per year.

CCIP/2 has been operating at a loss for the past three years. During the nine months ended September 30, 2011, CCIP/2 received advances of approximately \$220,000, which were fully repaid prior to September 30, 2011. Subsequent to September 30, 2011, CCIP/2 received advances of approximately \$85,000. CCIP/2 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 CCIP/2, they will have greater flexibility in financing and operating its property.

As discussed in more detail below, the Aimco Entities listed the Highcrest Property for sale from early 2008 through late 2010, but failed to find a buyer at an acceptable price.

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

*Continuation of CCIP/2 as a Public Company Operating the Property.* The General Partner and the other Aimco Entities did not consider the continuation of CCIP/2 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 CCIP/2 is unable to generate sufficient funds to cover operating expenses, advances from Aimco OP may not be available in the future as Aimco OP is not obligated to provide such advances.

*Liquidation of CCIP/2.* As discussed above, the General Partner and the other Aimco Entities considered a liquidation of CCIP/2 in which CCIP/2's property would be marketed and sold to third parties for cash, with any net proceeds remaining after payment of all liabilities distributed to CCIP/2'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 value which have been used to determine the merger consideration. The General Partner 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/2 in connection with marketing and selling the property; and (iii) the fact that limited partners would recognize taxable gain on the sale. From early 2008 through late 2010, the General Partner and the other Aimco Entities evaluated a sale of the Highcrest Property to a third party but were unable to find a third-party buyer that was willing to buy the property at a price that was acceptable to the General Partner.

*Contribution of Property to Aimco OP.* The Aimco Entities considered a transaction in which CCIP/2'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 CCIP/2 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 Merger**

The Aimco Entities believe that the merger will have the following benefits and detriments to unaffiliated limited partners, CCIP/2 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 or qualification would be prohibitively costly). A limited partner who receives the cash consideration will receive immediate liquidity with respect to its investment and, if the limited partner has a built-in loss in its CCIP/2 Units, will recognize a taxable loss that may be able to offset other income of the limited partner.

Option to Defer Taxable Gain. Limited partners with built-in gain in their CCIP/2 Units 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 CCIP/2.

*Benefits to CCIP/2.* The merger is expected to have the following principal benefits to CCIP/2:

Elimination of Costs Associated with SEC Reporting Requirements and Multiple Limited Partners. CCIP/2 will terminate registration after the merger is completed, and will cease filing periodic reports with the SEC. As a result, CCIP/2 will no longer incur costs associated with preparing audited 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 \$198,000 per year.

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

Increased Interest in CCIP/2. Upon completion of the merger, Aimco OP will be the sole limited partner of CCIP/2. As a result, the Aimco Entities will receive all of the benefit from any future appreciation in value of the property after the merger, and any future income from such property.

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

Taxable Gain or Loss Deferral. Limited partners who receive the cash consideration may recognize taxable gain in the merger that could exceed the merger consideration. In addition, a limited partner with built-in loss in its CCIP/2 Units who receives OP Units in the merger will defer a taxable loss that might have offset other income of the limited partner.

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 wholly-owned by AIMCO/IPT, Inc., which in turn is wholly-owned by Aimco. Therefore, the General Partner has a conflict of interest with respect to the merger. 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 CCIP/2 and its limited partners, on the other hand. The duties of the General Partner to CCIP/2 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

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best possible terms for CCIP/2's limited partners 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 CCIP/2's unaffiliated limited partners.

*Detriments to CCIP/2.* The merger is not expected to have any detriments to CCIP/2.

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

**Increased Interest in CCIP/2.** Upon completion of the merger, the Aimco Entities' interest in the net book value of CCIP/2 will increase from 74.19% to 100%, or from a deficit of \$1,167,000 to a deficit of \$1,573,000 as of December 31, 2010, and their interest in the losses from continuing operations of CCIP/2 will increase from 63.64% to 100%, or from \$483,000 to \$759,000 for the period ended December 31, 2010. Upon completion of the merger, Aimco OP will be the sole limited partner of CCIP/2. As a result, Aimco OP will bear the burden of all future operating or other losses of CCIP/2, as well as any decline in the value of CCIP/2's property.

**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 property.