

APARTMENT INVESTMENT & MANAGEMENT CO

Form 424B3

July 19, 2011

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor do they seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED JULY 19, 2011

**Filed Pursuant to Rule 424(b)(3)
Registration File No. 333-173503**

**PROSPECTUS SUPPLEMENT
(To Prospectus dated April 14, 2011)**

Shares

7.00% Class Z Cumulative Preferred Stock

\$ Per Share

Liquidation Preference \$25.00 Per Share

We are offering up to _____ shares of our 7.00% Class Z Cumulative Preferred Stock.

Dividends on the Class Z Cumulative Preferred Stock will be payable quarterly on January 15, April 15, July 15 and October 15 of each year to the holders of record at the close of business on the preceding January 1, April 1, July 1 and October 1. We will pay cumulative dividends on the Class Z Cumulative Preferred Stock in an amount per share equal to \$1.75 per year, or \$0.4375 per quarter, equivalent to 7.00% of the \$25 liquidation preference. The first dividend on the Class Z Cumulative Preferred Stock sold in this offering will be paid on October 15, 2011 on a prorated basis from the initial date of issuance of the Class Z Cumulative Preferred Stock.

The liquidation preference of each share of Class Z Cumulative Preferred Stock is \$25.00.

The Class Z Preferred Stock is not redeemable prior to July , 2016, except in limited circumstances relating to the ownership limitation necessary to preserve our qualification as a real estate investment trust for federal income tax purposes. On or after July , 2016, we have the option to redeem all or a portion of the Class Z Cumulative Preferred Stock at any time in whole, or from time to time in part, for cash at \$25.00 per share, plus accumulated, accrued and unpaid dividends.

Holders of shares of Class Z Cumulative Preferred Stock will generally have no voting rights, except for limited voting rights if we fail to pay dividends for six or more quarterly periods (whether or not consecutive) and as otherwise required by applicable law.

The Class Z Cumulative Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption provisions except in certain circumstances to preserve our qualification as a real estate investment trust for federal income tax purposes.

The shares of Class Z Cumulative Preferred Stock are subject to certain restrictions on ownership and transfer designed to preserve our qualification as a real estate investment trust for federal income tax purposes. See Description of Class Z Cumulative Preferred Stock Restrictions on Ownership and Transfer.

Our underwriter is selling shares of the Class Z Cumulative Preferred Stock on a best efforts basis. Our underwriter will use its best efforts to sell the securities offered in this prospectus supplement, but we will not consummate this offering unless we sell a minimum of 1,000,000 shares of Class Z Cumulative Preferred Stock. Our underwriter will receive a commission with respect to such sales. There is no arrangement for funds to be received in escrow, trust or similar arrangement. This offering will terminate if it is not consummated by , 2011, unless we consent, in our sole discretion, to extend such period. For additional information regarding our arrangement with the underwriter and underwriting compensation, please see Underwriting beginning on page S-20 of this prospectus supplement.

There is currently no market for our Class Z Cumulative Preferred Stock. Subject to issuance, we anticipate that the outstanding shares of Class Z Cumulative Preferred Stock will be listed on the New York Stock Exchange under the symbol AIVPrZ.

You are urged to carefully read the Risk Factors section beginning on page S-10, where specific risks associated with the Class Z Cumulative Preferred Stock are described, along with the other information in this prospectus supplement, before you make your investment decision.

	Minimum		Maximum	
	Per	Total	Per	Total
	Share		Share	
Initial price to public	\$	\$	\$	\$
Underwriting discount and commissions	\$	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$	\$

The underwriter expects that the Class Z Cumulative Preferred Stock will be ready for delivery in book-entry form only through The Depository Trust Company on or about July , 2011.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Sole Book-Running Manager

The date of this prospectus supplement is July , 2011.

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You should rely only on the information included in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the Securities and Exchange Commission (the SEC). Neither we nor the underwriter has authorized any other person to provide you with different or additional information. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate. Neither we nor the underwriter is making an offer to sell or soliciting an offer to buy the Class Z Cumulative Preferred Stock in any jurisdiction where the offer or sale or solicitation is not permitted. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus, any such free writing prospectus or the documents incorporated by

reference herein or therein is accurate as of any date other than their respective dates or such other date as may be specified herein or therein. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

To the extent the information included in this prospectus supplement differs or varies from the information included in the accompanying prospectus or documents incorporated by reference, the information in this prospectus supplement will supersede such information.

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SUMMARY

This prospectus supplement does not include all of the information that is important to you. You should read the accompanying prospectus as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. Except as the context otherwise requires, we, our, us and the Company refer to Apartment Investment and Management Company, AIMCO Properties, L.P. and their consolidated entities, collectively.

The Company

Apartment Investment and Management Company, or Aimco, is a Maryland corporation incorporated on January 10, 1994. We are a self-administered and self-managed real estate investment trust, or REIT. Our principal financial objective is to provide predictable and attractive returns to our stockholders. Our business plan to achieve this objective is to:

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

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

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

As of March 31, 2011, we:

owned an equity interest in 218 conventional real estate properties with 68,645 units;

owned an equity interest in 217 affordable real estate properties with 25,246 units; and

provided services for, or managed, 15,460 units in 213 properties, primarily pursuant to long-term asset management agreements. In certain cases, we may indirectly own generally less than one percent of the operations of such properties through a syndication or other fund.

Of these properties, we consolidated 216 conventional properties with 67,341 units and 171 affordable properties with 20,913 units. These conventional and affordable properties generated 87% and 13%, respectively, of our proportionate property net operating income during the three months ended March 31, 2011.

For conventional assets, we focus on the ownership of primarily B/B+ assets. We measure conventional property asset quality based on average rents of our units compared to local market average rents as reported by a third-party provider of commercial real estate performance and analysis, with A-quality assets earning rents greater than 125% of local market average, B-quality assets earning rents 90% to 125% of local market average and C-quality assets earning rents less than 90% of local market average. We classify as B/B+ those assets earning rents ranging from 100% to 125% of local market average. Although some companies and analysts within the multifamily real estate industry use asset class ratings of A, B and C, some of which are tied to local market rent averages, the metrics used to classify asset quality as well as the timing for which local markets rents are calculated may vary from company to company.

Accordingly, our rating system for measuring asset quality is neither broadly nor consistently used in the multifamily real estate industry.

Through our wholly-owned subsidiaries, AIMCO-GP, Inc. and AIMCO-LP Trust, we own a majority of the ownership interests in AIMCO Properties, L.P., which we refer to as the Aimco Operating Partnership. As of

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March 31, 2011, we held an interest of approximately 93% in the common partnership units and equivalents of the Aimco Operating Partnership. We conduct substantially all of our business and own substantially all of our assets through the Aimco Operating Partnership. Interests in the Aimco Operating Partnership that are held by limited partners other than Aimco are referred to as OP Units. OP Units include common partnership units, high performance partnership units and partnership preferred units, which we refer to as common OP Units, High Performance Units and preferred OP Units, respectively. At March 31, 2011, after elimination of shares held by consolidated subsidiaries, 119,135,455 shares of our Class A common stock were outstanding and the Aimco Operating Partnership had 8,438,716 common OP Units and equivalents outstanding for a combined total of 127,574,171 shares of Class A common stock, common OP Units and equivalents outstanding.

Our principal executive offices are located at 4582 South Ulster Street Parkway, Suite 1100, Denver, Colorado 80237 and our telephone number is (303) 757-8101.

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The Offering

Issuer	Apartment Investment and Management Company
Securities Offered	shares of Class Z Cumulative Preferred Stock (Class Z Preferred Stock)
Best Efforts	Our underwriter will use its best efforts to sell the securities offered in this prospectus supplement, but we will not consummate this offering unless we sell a minimum of 1,000,000 shares of Class Z Preferred Stock.
Dividends	Dividends on the Class Z Preferred Stock are payable quarterly on January 15, April 15, July 15 and October 15 of each year to the holders of record at the close of business on the preceding January 1, April 1, July 1 and October 1. We will pay cumulative dividends on the Class Z Preferred Stock in an amount per share equal to \$1.75 per year, or \$0.4375, equivalent to 7.00% of the \$25 liquidation preference. The first dividend on the Class Z Preferred Stock sold in this offering will be paid on October 15, 2011 on a prorated basis from the initial date of issuance of the Class Z Preferred Stock.
Liquidation Preference	\$25 per share of Class Z Preferred Stock, plus an amount equal to accumulated, accrued and unpaid dividends, whether or not earned or declared.
Optional Redemption	The Class Z Preferred Stock is not redeemable prior to July , 2016, except in limited circumstances relating to the ownership limitation necessary to preserve our qualification as a REIT. On or after July , 2016, we may, at our option, redeem the Class Z Preferred Stock for cash, at any time in whole, or from time to time in part, at a price per share equal to the liquidation preference, plus accumulated, accrued and unpaid dividends, if any, to the redemption date.
Ranking	The Class Z Preferred Stock will rank prior to our common stock, and on the same level as our other outstanding shares of preferred stock, with respect to the payment of dividends and the distribution of amounts upon liquidation, dissolution or winding up.
Voting Rights	Holder s of Class Z Preferred Stock generally will not have any voting rights. If, however, we have not paid dividends on the Class Z Preferred Stock for six or more quarterly periods, whether or not consecutive, holder s of Class Z Preferred Stock, together with holder s of other classes of preferred stock, will be entitled to elect two additional director s to our Board of Director s until all unpaid dividends on the Class Z Preferred Stock have been paid or declared and set apart for payment. In addition, certain material adverse changes to the terms of the stock cannot be made without the affirmative vote of holder s of at least 662/3% of the outstanding shares of Class Z Preferred Stock. Any vote with respect to

the Class Z Preferred Stock, including for the election of additional directors, will be together with the holders of shares of any class or series of stock ranking on a parity with the Class Z Preferred Stock that are entitled to similar voting rights, voting as a single class.

Ownership Limit

Subject to limited exceptions, no person may acquire more than 8.7% of the aggregate value of all outstanding shares of our common and

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preferred stock or own more than 8.7% of our outstanding common stock.

Listing

There is currently no market for our Class Z Preferred Stock. Subject to issuance, we anticipate that the outstanding shares of Class Z Preferred Stock will be listed on the NYSE under the symbol AIVPrZ.

Form

The Class Z Preferred Stock will be issued and maintained in book-entry form registered in the name of the nominee of The Depository Trust Company except under limited circumstances.

Use of Proceeds

We intend to contribute the net proceeds from this offering to the Aimco Operating Partnership in exchange for a preferred interest in the Aimco Operating Partnership. The Aimco Operating Partnership intends to use the amount received from us for general corporate purposes, which may include the redemption of other preferred securities.

For additional information regarding the terms of the Class Z Preferred Stock, see Description of Class Z Cumulative Preferred Stock.

Your investment in the Class Z Preferred Stock involves certain risks. For a discussion of some of these risks, please see Risk Factors and the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether an investment in the Class Z Preferred Stock is suitable for you.

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The following table sets forth our summary historical financial information as of and for each of the years in the three-year period ended December 31, 2010, and as of and for the three months ended March 31, 2011 and 2010.

The summary operating data and summary cash flow information for the years ended December 31, 2010, 2009 and 2008, and the summary balance sheet information as of December 31, 2010 and 2009, have been derived from our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

The summary financial data as of March 31, 2011 and for the three months ended March 31, 2011 and 2010, have been derived from our unaudited interim financial statements included in our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2011, and are incorporated by reference in this prospectus supplement and the accompanying prospectus. These unaudited interim financial statements include all adjustments (consisting only of normal recurring adjustments) that we consider necessary for a fair presentation of our financial condition and results of operations as of the dates and for the periods indicated. Historical results are not necessarily indicative of future results and the results for the three months ended March 31, 2011, are not necessarily indicative of our expected results for the full year ending December 31, 2011.

You should read the summary historical financial data presented below in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and the notes to those financial statements appearing in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, and Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Three Months Ended		Years Ended December 31,		
	March 31,		2010	2009	2008
	2011	2010			
	(Unaudited)				
	(Dollar amounts in thousands, except per share data)				

OPERATING DATA:

Total revenues	\$ 286,553	\$ 276,825	\$ 1,144,934	\$ 1,131,103	\$ 1,178,878
Total operating expenses	(245,079)	(253,072)	(1,014,425)	(1,035,408)	(1,136,563)
Operating income	41,474	23,753	130,509	95,695	42,315
Loss from continuing operations	(30,584)	(36,933)	(165,889)	(201,641)	(117,926)
Income from discontinued operations, net	3,307	20,173	76,265	156,841	744,928
Net (loss) income	(27,277)	(16,760)	(89,624)	(44,800)	627,002
Net loss (income) attributable to noncontrolling interests	8,017	(10,758)	17,896	(19,474)	(214,995)
Net income attributable to Aimco preferred stockholders	(12,456)	(12,922)	(53,590)	(50,566)	(53,708)
Net (loss) income attributable to Aimco common stockholders	(31,773)	(40,440)	(125,318)	(114,840)	351,314

Earnings (loss) per common share basic and diluted:

Loss from continuing operations attributable to Aimco common stockholders	(0.30)	(0.43)	\$	(1.48)	\$	(1.78)	\$	(2.09)		
Net (loss) income attributable to Aimco common stockholders	\$	(0.27)	\$	(0.35)	\$	(1.08)	\$	(1.00)	\$	3.96

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	Three Months Ended		Years Ended December 31,		
	2011	2010	2010	2009	2008
	March 31,				
	(Unaudited)				
	(Dollar amounts in thousands, except per share data)				
BALANCE SHEET					
INFORMATION (END OF PERIOD):					
Real estate, net of accumulated depreciation	\$ 6,417,197		\$ 6,533,253	\$ 6,711,327	
Total assets	7,261,832		7,378,566	7,906,468	
Total indebtedness	5,440,579		5,504,801	5,479,476	
Total equity	1,276,999		1,306,772	1,534,703	
CASH FLOW					
INFORMATION:					
Net cash provided by operating activities	\$ 27,680	\$ 26,778	\$ 257,500	\$ 233,812	\$ 440,368
Net cash (used in) provided by investing activities	(1,020)	8,826	86,375	630,254	1,344,869
Net cash used in financing activities	(56,625)	(38,989)	(313,810)	(1,082,482)	(1,696,022)
OTHER INFORMATION:					
Funds from operations attributable to Aimco common stockholders diluted(1)	\$ 44,391	\$ 29,323	\$ 160,950	\$ 125,986	\$ 166,009
Weighted average number of common shares, common share equivalents and dilutive preferred securities outstanding	117,650	116,334	116,693	115,563	91,317
Dividends declared per common share	\$ 0.12	\$ 0.00	\$ 0.30	\$ 0.40	\$ 7.48

(1) Funds From Operations, or FFO, is a non-GAAP financial measure that we believe, when considered with the financial statements determined in accordance with GAAP, is helpful to investors in understanding our performance because it captures features particular to real estate performance by recognizing that real estate generally appreciates over time or maintains residual value to a much greater extent than do other depreciable assets such as machinery, computers or other personal property. The Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT, defines FFO as net income (loss), computed in accordance with GAAP, excluding gains from sales of depreciable property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. We compute FFO for all periods presented in accordance with the guidance set forth by NAREIT's April 1, 2002, White Paper, which we refer to as the White Paper. We calculate FFO attributable to Aimco common stockholders (diluted) by subtracting redemption or repurchase related preferred stock issuance costs and dividends on preferred stock and adding back dividends/distributions on dilutive preferred stock and discounts on preferred stock redemptions or repurchases. FFO should not be considered an alternative to net income or net cash flows from operating activities, as

determined in accordance with GAAP, as an indication of our performance or as a measure of liquidity. FFO is not necessarily indicative of cash available for future needs. In addition, although FFO is a measure used for comparability in assessing the performance of REITs, there can be no assurance that our basis for computing FFO is comparable with that of other REITs.

In addition to FFO, we compute an alternate measure of FFO, which we refer to as Pro forma FFO, and which is FFO attributable to Aimco common stockholders (diluted), excluding operating real estate impairments and preferred equity redemption related amounts (adjusted for noncontrolling interests). Both operating real estate impairment losses and preferred equity redemption related amounts are items that periodically affect our operating results. We exclude operating real estate impairment losses, net of related income tax benefits and noncontrolling interests, from our calculation of Pro forma FFO because we believe the inclusion of such losses

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in FFO is inconsistent with the treatment of gains on the disposition of operating real estate, which are not included in FFO. We exclude preferred equity redemption related amounts (gains or losses) from our calculation of Pro forma FFO because such amounts are not representative of our operating results. Similar to FFO, we believe Pro forma FFO is helpful to investors in understanding our performance because it captures features particular to real estate performance by recognizing that real estate generally appreciates over time or maintains residual value to a much greater extent than do other depreciating assets such as machinery, computers or other personal property. Not all REITs present an alternate measure of FFO similar to our Pro forma FFO measure and there can be no assurance our basis for calculating Pro forma FFO is comparable to those of other REITs.

For the three months ended March 31, 2011 and 2010 and for the years ended December 31, 2010, 2009 and 2008, our FFO and Pro forma FFO are calculated as follows (in thousands):

	Three Months Ended		Years Ended December 31,		
	2011	2010	2010	2009	2008
Net (loss) income attributable to Aimco common stockholders(1)	\$ (31,773)	\$ (40,440)	\$ (125,318)	\$ (114,840)	\$ 351,314
Adjustments:					
Depreciation and amortization	100,911	105,035	426,060	427,666	376,473
Depreciation and amortization related to non-real estate assets	(3,217)	(3,948)	(14,552)	(16,563)	(17,267)
Depreciation of rental property related to noncontrolling partners and unconsolidated entities(2)	(9,554)	(10,801)	(46,318)	(38,219)	(25,616)
Gain on dispositions of unconsolidated real estate and other, net of noncontrolling partners interest(2)	(120)	(508)	623	(12,845)	(97,993)
Income tax expense (benefit) arising from disposition of unconsolidated real estate and other			8	1,582	(433)
Deficit distributions to noncontrolling partners(3)					38,124
Discontinued operations:					
Gain on dispositions of real estate, net of noncontrolling partners interest(2)	(6,553)	(17,231)	(74,169)	(166,146)	(618,108)
Depreciation of rental property, net of noncontrolling partners interest(2)	394	3,659	7,973	59,845	121,208
(Recovery of deficit distributions) deficit distributions to noncontrolling partners, net(3)					(30,798)
Income tax (benefit) expense arising from disposals	178	(1,052)	8,819	5,788	43,146
Noncontrolling interests in Aimco Operating Partnership's share of above adjustments	(5,700)	(5,237)	(21,521)	(19,509)	21,667
Preferred stock dividends	12,456	12,922	52,079	52,215	55,190
			1,511	(1,649)	(1,482)

Preferred stock redemption related amounts

Amounts allocable to participating securities(4)

57

6,985

FFO

\$ 57,079	\$ 42,399	\$ 215,195	\$ 177,325	\$ 222,410
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Preferred stock dividends

(12,456)	(12,922)	(52,079)	(52,215)	(55,190)
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Preferred stock redemption related amounts

(1,511)	1,649
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