

APARTMENT INVESTMENT & MANAGEMENT CO

Form 424B3

April 17, 2013

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Registration File No. 333-186965

INFORMATION STATEMENT/PROSPECTUS

CENTURY PROPERTIES FUND XIX, LP

Century Properties Fund XIX, LP, or CPF XIX, 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, AIMCO CPF XIX Merger Sub LLC, or the Aimco Subsidiary, will be merged with and into CPF XIX, with CPF XIX 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 limited partnership unit of CPF XIX, or Limited Partnership Unit, will be converted into the right to receive, at the election of the holder of such unit, either:

\$364.65 in cash, or

\$364.65 in partnership common units of Aimco OP, or OP Units.

The merger consideration of \$364.65 per Limited Partnership Unit was based on independent third party appraisal of CPF XIX's properties by Cogen Realty Advisors, or CRA, and KTR Real Estate Advisors LLC, or KTR, independent valuation firms.

The number of OP Units offered for each Limited Partnership Unit will be calculated by dividing \$364.65 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 April 16, 2013, the average closing price of Aimco common stock over the preceding ten consecutive trading days was \$31.49, which would have resulted in 11.58 OP Units offered for each Limited Partnership 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 OP elects. As a result, the trading price of Aimco common stock is considered a reasonable estimate of the fair market value of an OP Unit. Aimco's common stock is listed and traded on the NYSE under the symbol AIV.

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

Within ten days after the effective time of the merger, Aimco OP will prepare and mail to the former holders of Limited Partnership Units an election form pursuant to which they can elect to receive cash or OP Units. Former holders of Limited Partnership 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 former holder before 5:00 p.m., New York time on the 30th day after the mailing of the election form, the former holder will be deemed to have elected to receive cash. Former holders of Limited Partnership Units may also use the election form to elect to receive, in lieu of the merger consideration, the appraised value of their Limited Partnership Units, determined through an arbitration proceeding.

Under Delaware law, the merger must be approved by CPF XIX's general partner and a majority in interest of the Limited Partnership Units. Fox Partners II, the general partner of CPF XIX, has determined that the merger is advisable, fair to and in the best interests of CPF XIX and its limited partners and has approved the merger and the merger agreement. As of April 16, 2013, there were issued and outstanding 89,233 Limited

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Partnership Units, and Aimco OP and its affiliates owned 60,711.66 of those units, or approximately 68.04% of the number of units outstanding. 25,228.66 of the Limited Partnership Units owned by an affiliate of Aimco OP are subject to a voting restriction, which requires the Limited Partnership Units to be voted in proportion to the votes cast with respect to Limited Partnership Units not subject to this voting restriction. Aimco OP and its affiliates have indicated that they will vote all of their Limited Partnership Units that are not subject to this restriction, 35,483 Limited Partnership Units or approximately 39.76% of the outstanding Limited Partnership Units, in favor of the merger agreement and the merger. As a result, affiliates of Aimco OP will vote a total of approximately 49,469 Limited Partnership Units, or approximately 55.44% of the outstanding Limited Partnership Units in favor of the merger agreement and the merger.

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 June 18, 2013. **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 Fox Partners II, the general partner of CPF XIX, has decided that the merger is in the best interests of CPF XIX and its limited partners. CPF XIX's general partner has conflicts of interest with respect to the merger that are described in greater detail herein. Please read this information statement/prospectus carefully, including the section entitled "Risk Factors" beginning on page 16. 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 April 17, 2013, and is first being mailed to limited partners on or about April 19, 2013.

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WE ARE CURRENTLY SEEKING QUALIFICATION TO ALLOW ALL HOLDERS OF LIMITED PARTNERSHIP UNITS OF CPF XIX 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

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 91 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 Limited Partnership 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, Fox Partners II and Aimco's subsidiaries that may be deemed to directly or indirectly beneficially own limited partnership units of CPF XIX are referred to herein, collectively, as the Aimco Entities.

The Merger: CPF XIX 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 CPF XIX, with CPF XIX 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 Limited Partnership Unit will be converted into the right to receive, at the election of the holder of such Limited Partnership Unit, either \$364.65 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 Limited Partnership Unit will be calculated by dividing the \$364.65 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 Limited Partnership Units must make the same election (cash or OP Units) for all of his or her Limited Partnership 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 CPF XIX's unaffiliated limited partners, each of the Aimco Entities believes that the merger is fair to the unaffiliated limited partners of CPF XIX. The merger consideration of \$364.65 was based on separate, independent third party appraisals of each of CPF XIX's properties by both CRA and KTR, independent valuation firms.

Effects of the Merger: After the merger, Aimco OP will be the sole limited partner in CPF XIX, and will own all of the outstanding Limited Partnership Units. As a result, after the merger, you will cease to have any rights in CPF XIX 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 Limited Partnership Units in connection with the merger. See The Merger Appraisal Rights, beginning on page 39. 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 XIX's partnership agreement and Delaware law, a limited partner has the right to obtain by mail, free of charge, a list of the names and addresses and interests owned of the limited partners. This list may be obtained by making written request to Fox Partners II, c/o Eagle Rock Proxy Advisors, LLC, 12 Commerce Drive, Cranford, New Jersey 07016, or by fax at (908) 497-2349.

Parties Involved:

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Century Properties Fund XIX, LP, or CPF XIX, is a Delaware limited partnership formed on October 2, 2008, following a redomestication of a predecessor California limited partnership in Delaware. CPF XIX owns and operates two investment properties, which are collectively referred to as the properties: Lakeside at Vinings Mountain, a 220 unit apartment project located in Atlanta, Georgia, or the Lakeside Property; and The Peak at Vinings Mountain, a 280 unit apartment project located in

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Atlanta, Georgia, or the Peak Property. See Information About Century Properties Fund XIX, beginning on page 29. CPF XIX's principal address is 80 International Drive, Suite 130, Greenville, South Carolina 29615, 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 27. 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 27. Aimco OP's principal address is 4582 South Ulster Street, Suite 1100, Denver, Colorado 80237, and its telephone number is (303) 757-8101.

AIMCO CPF XIX Merger Sub LLC, or the Aimco Subsidiary, is a Delaware limited liability company formed for the purpose of consummating the merger with CPF XIX. The Aimco Subsidiary is a direct wholly-owned subsidiary of Aimco OP. See Information about the Aimco Entities, beginning on page 27.

Reasons for the Merger: Aimco and Aimco OP are in the business of acquiring, owning and managing apartment properties such as those owned by CPF XIX, and have decided to proceed with the merger as a means of acquiring the properties currently owned by CPF XIX 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 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 67), and (iii) relieves CPF XIX of the expenses associated with a sale of the properties, 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, CPF XIX limited partners have only limited options to liquidate their investment in CPF XIX. The Limited Partnership Units are not traded on an exchange or other reporting system, and transactions in the securities are limited and sporadic.

The value of the properties owned by CPF XIX 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 XIX incurs costs associated with preparing audited annual financial statements, unaudited quarterly financial statements, tax returns and partner Schedule K-1s, and periodic SEC reports and other expenses. The Aimco Entities estimate these costs to be approximately \$130,000 per year. The merger will eliminate a significant amount of these costs.

CPF XIX has been operating at a loss from continuing operations for the past several years, and has depended, in part, on loans from Aimco OP to fund its operations and capital improvements at its properties. At December 31, 2012, the total amount of loans owed by CPF XIX to Aimco OP was approximately \$166,000. CPF XIX 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 XIX, they will have greater flexibility in financing and operating its properties.

Conflicts of Interest: CPF XIX's general partner, Fox Partners II, is a general partnership, the managing general partner of which is wholly-owned and controlled by Aimco. Therefore, Fox Partners II has a conflict of interest with respect to the merger. Fox Partners II has fiduciary duties to its general partners and Aimco, as the beneficial owner of its managing general partner, on the one hand, and to

the limited

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partners of CPF XIX, on the other hand. The duties of Fox Partners II to the limited partners of CPF XIX conflict with the duties of Fox Partners II to its general partners, which could result in Fox Partners II 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, CPF XIX limited partners should carefully read this information statement/prospectus and especially consider the factors discussed in the section entitled *Risk Factors* beginning on page 16. Some of the risk factors associated with the merger are summarized below:

Aimco beneficially owns the managing general partner of Fox Partners II, the general partner of CPF XIX. As a result, Fox Partners II 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 CPF XIX limited partners.

CPF XIX limited partners who receive cash may recognize taxable gain in the merger and that gain could exceed the merger consideration. In addition, limited partners who receive OP Units in the merger could recognize taxable gain 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 67.

There are a number of significant differences between the Limited Partnership 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 XIX Limited Partnership Units and Aimco OP Units*, beginning on page 61.

CPF XIX 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: In general, any payment of cash for Limited Partnership Units will be treated as a sale of such Limited Partnership Units by the holder thereof, and any exchange of Limited Partnership 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 67.

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 those owned by CPF XIX, and have decided to proceed with the merger as a means of acquiring the properties currently owned by CPF XIX in a manner 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 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 67), and (iii) relieves CPF XIX of the expenses associated with a sale of the properties, 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, CPF XIX limited partners have only limited options to liquidate their investment in CPF XIX. The Limited Partnership Units are not traded on an exchange or other reporting system, and transactions in the securities are limited and sporadic.

The value of the properties owned by CPF XIX 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 XIX 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 \$130,000 per year. The merger will eliminate a significant amount of these costs.

CPF XIX has been operating at a loss from continuing operations for the past several years, and has depended, in part, on loans from Aimco OP to fund its operations and capital improvements at its properties. At December 31, 2012, the total amount of loans owed by CPF XIX to Aimco OP was approximately \$166,000. CPF XIX 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 XIX, they will have greater flexibility in financing and operating its properties.

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

Continuation of CPF XIX as a Public Company Operating the Properties. Fox Partners II and the other Aimco Entities did not consider the continuation of CPF XIX as a public company operating the properties to be a viable alternative primarily because of the costs associated with preparing financial statements, tax returns, periodic SEC reports and other expenses. If CPF XIX 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 CPF XIX. As discussed above, Fox Partners II and the other Aimco Entities considered a liquidation of CPF XIX in which CPF XIX's properties would be marketed and sold to third parties for cash, with any net proceeds remaining after the payment of all liabilities distributed to CPF XIX's limited partners. The primary advantage of such transactions would be that the sale prices would reflect arm's-length negotiations and might therefore be higher than the appraised values which have been used to determine the merger consideration. Fox Partners II and the other Aimco Entities elected not to pursue 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 XIX in connection with marketing and selling the properties; (iii) the fact that limited partners would recognize taxable gain on the sales without the option of deferring that gain; and (iv) the fact that in Fox Partners II's judgment, the costs imposed on CPF XIX in connection with marketing and selling its properties, 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 properties and dissolution of CPF XIX less advantageous to the limited partners than a merger.

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Contribution of the Properties to Aimco OP. Fox Partners II and the other Aimco Entities considered a transaction in which CPF XIX's properties would be contributed to Aimco OP in exchange for OP Units. The primary advantage of such a transaction would be that CPF XIX limited partners generally would not recognize taxable gain. Fox Partners II and the other Aimco Entities elected not to pursue 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, CPF XIX 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). Limited partners who receive cash consideration will receive immediate liquidity with respect to their investment.

Option to Defer Taxable Gain. Limited partners who receive OP Units in the merger may defer recognition of taxable gain (except where the law of the state or other jurisdiction in which a limited partner resides would prohibit the issuance of OP Units in that state or other jurisdiction, or where registration or qualification would be prohibitively costly, and 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 67).

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 CPF XIX.

Benefits to CPF XIX. The merger is expected to have the following principal benefits to CPF XIX:

Elimination of Costs Associated with SEC Reporting Requirements and Multiple Limited Partners. After the merger, the Aimco Entities will own all of the limited partner interests in CPF XIX, and CPF XIX will terminate registration and cease filing periodic reports with the SEC. As a result, CPF XIX 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 \$130,000 per year. The merger will eliminate a significant amount of these costs.

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

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

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

Taxable Gain. Limited partners who receive cash consideration may recognize taxable gain in the merger and that gain could exceed the merger consideration. In addition, limited partners who receive OP Units in the merger could recognize taxable gain 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 67.

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. CPF XIX's general partner, Fox Partners II, is a general partnership, the managing general partner of which is wholly-owned and

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controlled by Aimco. Therefore, Fox Partners II has a conflict of interest with respect to the merger. Fox Partners II has fiduciary duties to its general partners and Aimco, as the beneficial owner of its managing general partner, on the one hand, and to the limited partners of CPF XIX, on the other hand. The duties of Fox Partners II to the limited partners of CPF XIX conflict with the duties of Fox Partners II to its general partners, which could result in Fox Partners II approving a transaction that is more favorable to Aimco than might be the case absent such conflict of interest. As the general partner of CPF XIX, Fox Partners II seeks the best possible terms for CPF XIX'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 XIX's unaffiliated limited partners.

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

Detriments to CPF XIX. The merger is not expected to have any detriments to CPF XIX.

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

Increased Interest in CPF XIX. Upon completion of the merger, the Aimco Entities' limited partner interest in the net book value of CPF XIX will increase from 68.04% to 100%, or from a deficit of \$5.32 million to a deficit of \$7.82 million as of December 31, 2012, and their limited partner interest in the losses from continuing operations of CPF XIX will increase from 68.04% to 100%, or from \$1.94 million to \$2.85 million for the period ended December 31, 2012.

Upon completion of the merger, Aimco OP will be the sole limited partner of CPF XIX. 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 XIX's properties.

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

Material United States Federal Income Tax Consequences of the Merger

For a discussion of the material United States federal income tax consequences of the merger, see *Material United States Federal Income Tax Considerations - United States Federal Income Tax Consequences Relating to the Merger*, beginning on page 67.

Fairness of the Transaction

Factors in Favor of Fairness Determination. The Aimco Entities (including Fox Partners II as general partner of CPF XIX) believe that the merger is advisable, fair to and in the best interests of CPF XIX and its unaffiliated limited partners. In support of such determination, the Aimco Entities considered the following factors:

The merger consideration of \$364.65 per Limited Partnership Unit was based on separate, independent third party appraisals of each of CPF XIX's two properties by both CRA and KTR, independent valuation firms. The merger consideration was calculated on the basis of the higher of the two appraisals for each of the properties.

In the case of both the Peak Property and the Lakeside Property, the appraisals upon which the merger consideration was based exceeded the appraised values obtained in connection with the refinancings of mortgages on those properties carried out in 2009 and 2011.

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 underlying properties, such as sales commissions or prepayment penalties that would apply (based on current interest

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rates) if the Peak Property or the Lakeside Property were sold after the expiration of the current lockout period (during which a prepayment of the mortgage debt is prohibited) in June 2013.

The merger consideration is equal to the Aimco Entities' estimate of going concern value, calculated as the aggregate appraised value of CPF XIX's properties, plus the amount of its other assets, less the amount of CPF XIX'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 properties is less than the prepayment penalties that would be payable (based on current interest rates) upon a sale of the Peak Property and the Lakeside Property after the expiration of the current lockout period.

The merger consideration exceeds the net book value per unit (a deficit of \$87.65 per Limited Partnership Unit at December 31, 2012).

Limited partners may defer recognition of taxable gain by electing to receive OP Units in the merger, except in those jurisdictions where the law prohibits the offer of OP Units (or registration or qualification would be prohibitively costly, and 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 67).

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

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

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

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 and the Aimco Subsidiary are very likely to complete the merger on a timely basis.

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

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

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The merger consideration is greater than the prices at which Limited Partnership Units have recently sold in the secondary market (\$20.00 to \$226.78 per Limited Partnership Unit from January 1, 2012 through March 31, 2013).

The merger consideration is greater than the prices at which Limited Partnership Units have historically sold in the secondary market (\$25.00 to \$241.10 per Limited Partnership Unit from January 1, 2010 through December 31, 2011).

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

Fox Partners II, the general partner of CPF XIX, has substantial conflicts of interest with respect to the merger as a result of (i) the fiduciary duties it owes to unaffiliated limited partners, who have an interest in receiving the highest possible consideration, and (ii) the fiduciary duties it owes to its general partners, one of which is an indirect subsidiary of Aimco, which has an interest in obtaining the CPF XIX properties for the lowest possible consideration.

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The terms of the merger 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 CPF XIX's properties 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 merger may recognize taxable gain and that gain could exceed the merger consideration.

Limited partners who receive OP Units in the merger could recognize taxable gain 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 67.