

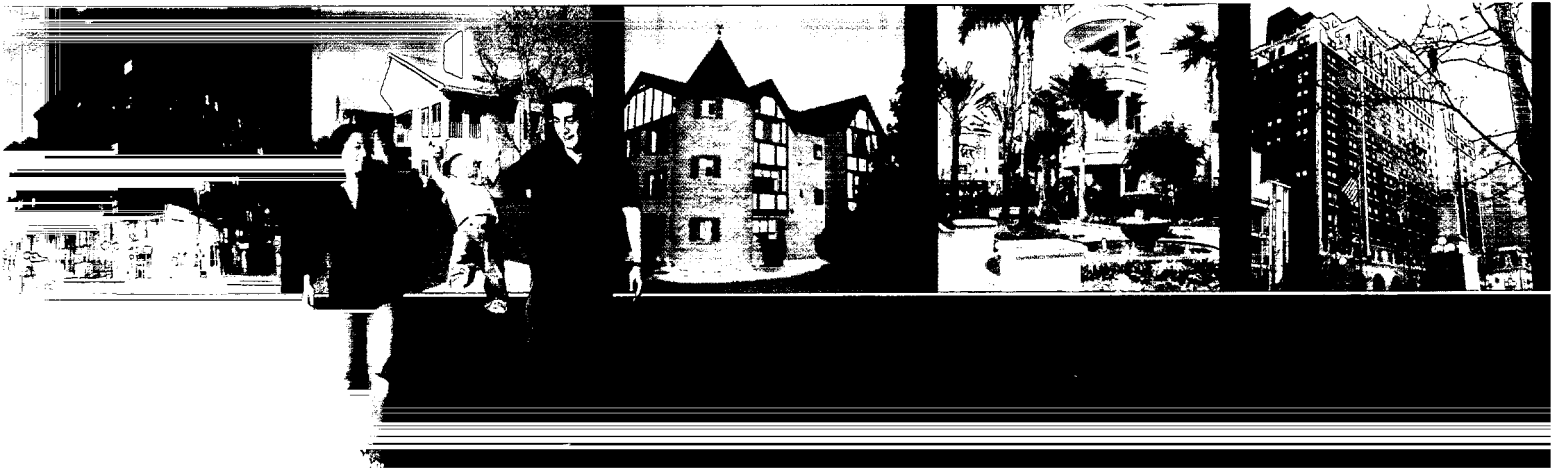
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AIMCO

Apartment Investment and Management Company



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Letter to Shareholders

Dear Fellow Shareholders,

2004 was a year of recovery and substantial improvement for Aimco. Shareholder results are summarized below:

| Total Returns | |
|---------------------------|---------|
| Aimco | + 20.3% |
| S&P 500 | + 10.9% |
| Morgan Stanley REIT Index | + 31.5% |

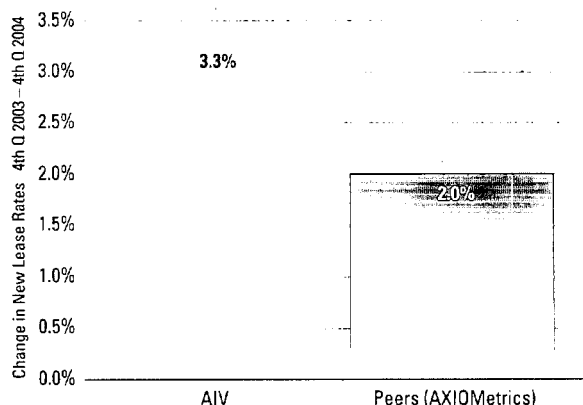
| Per Share Performance | | | |
|-----------------------|------|------|--------|
| | 2003 | 2004 | |
| Earnings | 0.70 | 1.88 | + 169% |
| FFO | 3.23 | 2.79 | - 14% |
| AFFO | 2.59 | 2.19 | - 15% |

The context for these results was an easing, but not ending, of the apartment recession as job growth in the national economy translated into improved demand for rental apartments. At the same time, low interest rates fueled strong demand by apartment investors, creating the paradox of high investment values notwithstanding generally weak operating results.

The most important focus for Aimco was to improve conventional property operations with an emphasis on the consistent execution of careful processes for customer acquisition, customer selection and customer service. These efforts were supported by a high rate of spending to upgrade the physical condition of Aimco properties and by increased attention to the recruitment, training and compensation of Aimco team members.

In the first half of the year, these initiatives depressed occupancy levels, increased expenses and lowered Aimco profitability. By year's end, the same efforts were producing more positive results; for example, internal measures of customer satisfaction improved significantly and third-party reports showed Aimco leading its peers in increasing both rental rates and occupancies.

Increase in Effective Market Rents
Aimco vs. Peer Group



Executive Vice President Jeff Adler deserves credit for his leadership of conventional property operations. He has been ably assisted by Division Vice Presidents Tony D'Alto, Peter Kompaniez, Ron Monson and David Zweig. They and their teams have my thanks.

The Aimco portfolio also includes 16 properties whose primary customers are graduate and undergraduate students. During 2004, Executive Vice President Randy Fein was successful in building University Communities as an autonomous team dedicated to the special requirements of students.

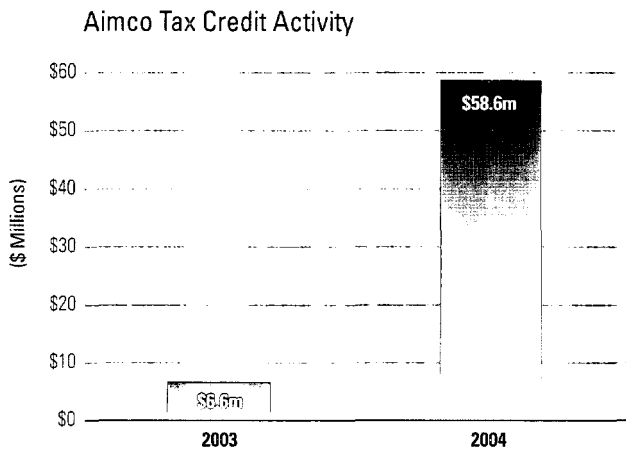
A second focus for Aimco was its portfolio of affordable properties. During the year, there was a continuation of the past several years' efforts to improve operations and to sell properties that are inconsistent with our long-term investment strategy. In addition, we also expanded efforts to build this business by redeveloping properties with tax credit equity.

Tax credits are a big business. They provide the equity capital to fund the development of an estimated 100,000 rental units each year. Tax credits are awarded by governmental entities to encourage the development of properties

for middle and lower income residents. Tax credits are purchased by large corporations for use in reduction of federal taxes.

Aimco has a number of advantages in building this business: a national operating platform, redevelopment expertise and the interest of large corporations to purchase tax credit positions in Aimco-sponsored properties. Aimco earns income from providing services, such as property management, redevelopment and tax credit placement, and retains an equity interest in the long-term ownership of the properties funded with tax credit equity.

During 2004, Aimco Capital secured and placed \$58.6 million in tax credits to fund the acquisition and redevelopment of seven Aimco properties with 1,610 units. We expect these totals to grow under the leadership of David Robertson, President of Aimco Capital, and his lieutenants, Executive Vice President Lance Graber and Senior Vice Presidents Michael Hornbrook, Brian Shuman and Derik Hart. I thank them and their teams for the excellent results achieved last year.



Redevelopment is an important part of the Aimco plan for value creation. Aimco has consistently invested in older properties where land values are a high percentage of investment value, say 40 to 60%, as opposed to the 10 to 20% typical in

newer properties. Over a longer term, we see opportunities to create value by upgrading and redeveloping such properties to benefit from the underlying land values. These efforts range from capital improvements such as upgrading apartment finishes with crown molding and tile floors to more thoroughgoing renovations where rooms are reconfigured, windows are replaced, kitchens remodeled and building systems upgraded. Where appropriate, Aimco will even increase the use of the property beyond its current density and build totally new buildings.

Belmont Place in Atlanta is an example where the land value supported demolition of existing buildings and the construction of new apartments. We expect such activities to play an increasing role in Aimco during 2005 and the years ahead.

These efforts have been led by Executive Vice President Joe DeTuno, overseeing redevelopment planning, and by Senior Vice President Gary Polodna, who heads Construction Services. Considerable progress was made during 2004, and I am grateful to them and their teams for their hard work. Joe has decided for family reasons to return to California where he will continue with Aimco as a redevelopment leader; we will miss him in Denver. Gary and his team had numerous accomplishments during 2004, but perhaps none was more dramatic than preparing for, and cleaning up after, the four hurricanes that struck Florida within 44 days. Their work was remarkable.

We call the ongoing acquisitions and dispositions of Aimco properties Portfolio Management. Currently, Aimco has identified 377 conventional properties and 38 markets as "core" and 214 conventional properties and 32 markets as "non-core". The decisions about what is core and what is not are based on numerous factors including



the size and growth prospects of the market, location values and the number of Aimco properties within the market.

In the past four years, 53 new investments have been made in core markets and 229 non-core properties have been sold with Aimco exiting 28 markets. We expect this process to be largely completed during the next two or three years. We measure progress, in part, by the expected rental rate growth of the Aimco portfolio. During 2004, more than three quarters of Aimco conventional rents were earned at core properties and, at year's end, their expected annual rental rate growth was about 80 basis points higher than that expected for non-core properties.

During 2004, the demand for condominiums produced the opportunity to sell certain core properties at attractive prices...generally higher than the cost of their replacement. Aimco sold seven such properties and redeployed the capital, often within the same market, to acquire newer and better-located properties with superior prospects.

Aimco Chief Investment Officer Harry Alcock oversees these efforts. Assisted by a team of professionals including Senior Vice President Patrick Slavin, Harry oversaw the sale of \$1.4 billion of real estate and the purchase of \$400 million during 2004. He was busy and deserves our thanks.

The historically low interest rates of the past few years have permitted Aimco to lower its cost of capital while increasing financial liquidity.

Over the past two years, Aimco has lowered its weighted average cost of capital by 104 basis points. At year's end, Aimco enjoyed ample liquidity with \$105 million in cash and \$358 million available on its line of credit.

As Aimco began 2005, it faced relatively modest near-term debt maturities, but owed \$1.5 billion with interest rates that fluctuate with short-term interest rates, which seem on the rise. About one-half of this floating rate debt is tax exempt with interest rate fluctuations that tend to be substantially more muted than are taxable interest rates. If short-term interest rates rise as expected, Aimco will face higher interest expense but will also receive higher interest income on its cash balances and loans receivable. The net effect is expected to be negative but not unduly so.

Aimco finances...and much of all Aimco activities...are overseen by Chief Financial Officer Paul McAuliffe, assisted in the capital markets by a team led by Executive Vice President Patti Fielding. They have enjoyed considerable success as measured by Aimco's cost of capital, the long duration and limited maturities of its borrowings, and the reduced risk that results from the sensible use of non-recourse debt and preferred equities. Their contribution is much appreciated.

Pat Heath has been a key member of this team, serving as Aimco Treasurer. Pat is an Aimco "original," having worked with Peter Kompaniez at one of the Aimco predecessor companies prior to the Aimco IPO in 1994. She has chosen to retire from Aimco to open a woodworking business with her husband Dave and will be sorely missed. We wish them all good fortune and expect their new undertaking will be well known for the quality of its products and the character of its proprietors.

Aimco provides accounting, information technology, human resources and legal services to support its business teams. Tom Herzog, Aimco Chief Accounting Officer, has had a large impact during his first year with Aimco by working to improve the clarity and timeliness of Aimco financial reporting. Tom also works with



Senior Vice President Scott Wesson to oversee substantial and continuing efforts to digitize Aimco business processes where appropriate. I thank them both.

Human Resources were a priority for Aimco during 2004. We recruited a number of new and promising leaders while also working to improve the training of Aimco team members. This will be a continuing priority as we see clearly that Aimco success turns on the quality and motivation of the Aimco team members. Executive Vice President Jim Purvis has led these efforts and I thank him and his colleagues.

Aimco legal efforts have been focused on compliance with the numerous laws and regulations that govern our business. In every instance, Aimco seeks to be an exemplary corporate citizen, meeting the spirit as well as the letter of the law.

The legal matter that received the most attention during 2004 was the ongoing review of Aimco financial statements by the staff of the Securities and Exchange Commission. We have cooperated fully and worked diligently for its resolution. We treat this as of the utmost importance because, both as a company and as individuals, we value our good name and the quality of our financial reporting.

In these sensitive and important areas, Aimco has been well served by Miles Cortez, its General Counsel, whose reputation for integrity, intellect and civility is well founded. Miles has been ably assisted by his legal team including, in particular, Lisa Cohn and Chad Asarch, Senior Vice Presidents and Assistant General Counsels, and by Patti Shwayder, Senior Vice President for Government Relations and Communications. Lisa has overseen all matters of corporate governance

and Chad oversees both the documentation of real estate transactions and the protection of Aimco's property rights. Patti has a far-ranging portfolio, including the important relationship with the Department of Housing and Urban Development as well as working with local land use authorities.

As we begin 2005, the Aimco team is upbeat about our prospects for the New Year. The economy continues to produce jobs and we expect increasing demand for apartments. We have a good plan for meeting our corporate vision to "consistently provide quality apartment homes in a respectful environment delivered by a team of people who care." We are optimistic about the growth prospects for Aimco Capital. We can see the tangible work done to upgrade our properties even as we work to upgrade the resources available to our team.

As we face these opportunities, I am grateful for the advice and friendship provided by my fellow directors: Jim Bailey, Dick Ellwood, Lanny Martin (our lead independent director), Dusty Rhodes and Mike Stein, who joined the Board in October and who holds the important position of Chairman of the Audit Committee.

I appreciate your interest in Aimco and look forward to seeing you at our Annual Meeting to be held at the corporate offices in Denver on April 29, 2005.

Sincerely,

Terry Considine, Chairman/CEO



Building the Foundation

A Vision for Aimco's Second Decade

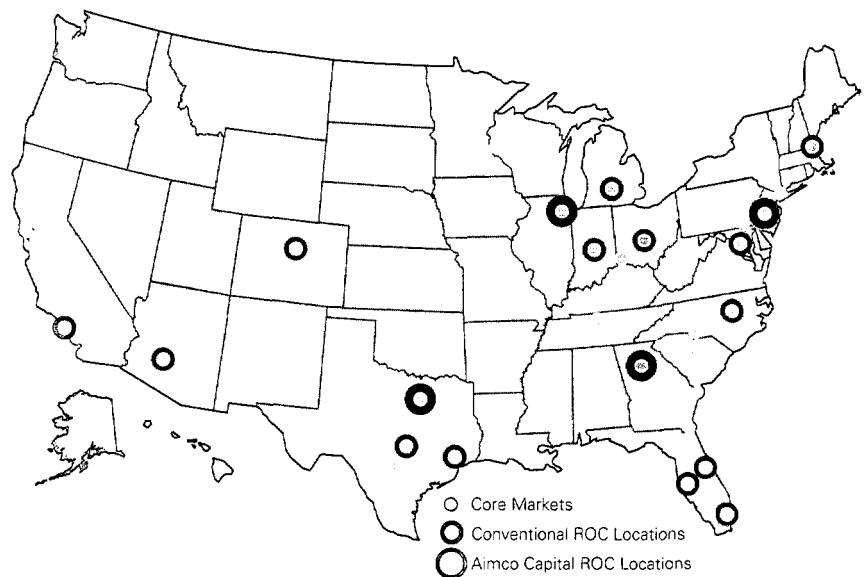
As America's largest owner and operator of apartment communities, Aimco reached a milestone in 2004: the company celebrated its 10-year anniversary as a public company and began its second decade with renewed focus, vigor and vision.

Founded in 1994 by a group headed by Terry Consideine, Aimco is a Real Estate Investment Trust (REIT) with headquarters in Denver, Colorado. The Aimco vision is to consistently provide quality apartment homes in a respectful environment delivered by a team of people who care. Twenty-two regional operating centers bring local management, financial and community expertise to Aimco's portfolio diversified in 47 states, the District of Columbia and Puerto Rico. The Aimco team of nearly 7,000 colleagues conducts the company business with a passion for hard work, innovation and sincere caring for the people and communities they serve.

For much of the past decade, Aimco doubled its size every 18 months. Following its initial public offering (IPO) in 1994, Aimco grew from 132 properties with 29,343 apartment homes to more than 379,000 units in 2,100 properties before paring back to 1,500 properties with approximately 264,000 units at year's end. Aimco managed assets have grown from \$315 million to more than \$13 billion today.

An investment in Aimco has yielded results: a \$10,000 investment at the IPO was worth more than \$43,000 at year's end – for a total return of nearly 336% and an annual return of 15.1%. Aimco shares are included in the S&P 500 index of America's largest companies and Aimco is ranked as one of the most admired real estate companies in Fortune Magazine's annual poll.

Aimco prepared for its second decade by renewing and refining the company vision and goals. The "New Aimco" renewed its commitment to the shared values of integrity, collaboration, respect, customer service and a culture of performance. Brought to life, these values lay the foundation for future profitability through increased focus on, and investment in, operating results, an improved portfolio and motivated people.



Building Performance

Conventional Real Estate Operations

Aimco's primary business is owning and operating rental apartment communities. At year-end 2004, the Aimco conventional portfolio included 591 properties with 164,807 units in prime locations throughout the nation. Providing quality, service and value at every price point, Aimco communities range from urban high-rises to park-like suburban settings.

During 2004, Aimco refined its business strategies, implementing new pricing, resident quality and customer service initiatives to compete successfully in the challenging apartment market. Improved rental rates were achieved by a new systematized pricing process that uses

real-time information to price each unit, floor plan by floor plan. Greater selectivity in choosing residents lowered bad debt and improved the quality and stability of Aimco communities.

Aimco focuses its passion for excellent customer service through numerous and regular measurements of customer satisfaction. Service quality, timeliness and overall resident satisfaction improved significantly during 2004. To attract new residents, Aimco developed new team training, repositioned media and marketing, and standardized leasing practices. A new customer contact center helps prospective residents make appointments to view apartments where they want to live.



California Chic – The Lakes at South Coast, in Costa Mesa, is California living at its best. Exotic landscaping, crystal-clear lakes, tumbling waterfalls and resort-style pools and spas characterize this upscale community located just seconds from the world-renowned Performing Arts Center and South Coast Plaza. Residents enjoy country club amenities including a fitness center, clubhouse and lighted tennis and racquetball courts. Aimco offers more than 70 properties in California, one of the company's growing core markets.



Lofty Ideas – With 12-foot-high windows and 16-foot ceilings, Riverloft near Center City Philadelphia provides the finest in loft living. The 184-unit community, redeveloped three years ago, won five awards from the Apartment Association of Greater Philadelphia in 2004 – for overall community excellence, curb appeal/mid-rise, leasing excellence, maintenance excellence and marketing brochure.



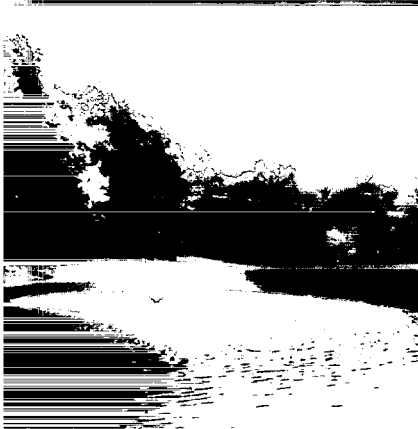
During 2004, these new tools increased inquiries, property visits, rental applications and occupancy rates. Resident retention, product quality and cost management will continue to be high priorities in 2005.

Aimco Capital Affordable Housing

Established in 2002, Aimco Capital is one of the largest owners and operators of affordable properties in the United States. Led by a management team dedicated to the unique facets of affordable multi-family housing, Aimco Capital at year's end included 415 properties with 49,853 apartment homes. The Aimco Capital team also provides asset management services to affiliated partnerships owning an

additional 41,233 units. Aimco Capital properties are most often subsidized by HUD or financed with tax credits. Affordable communities are managed with the special needs of residents as a priority: Aimco Capital is a leader in providing Neighborhood Networks computer centers as well as Resident Service Coordinators committed to helping senior residents – often in partnership with HUD, local businesses and non-profit organizations.

Aimco Capital had a strong performance in 2004. At year's end, average occupancy improved to 95.1% with average rent of \$651 per unit. Aimco Capital's Transaction and Asset Management teams completed more than 150 transactions during 2004,



■ **Michigan Milestone** – Ramblewood Apartments in Grand Rapids won the top prize – best overall star community – in the 2004 GLAStar Awards competition sponsored by the Property Manager Association of Michigan. One of the city's premier apartment communities, Ramblewood features 185 wooded acres, two swimming pools, a tennis and health club and its own shopping center.



■ **Award-winning Affordable** – The renovation of the Pavilion in Philadelphia is a winner by all accounts. The \$3.3 million renovation, completed in 2004, preserved the 296-unit high-rise as affordable housing and now offers senior residents a new lobby and entry, new elevators and a new office. Pavilion won awards for curb appeal, maintenance and overall excellence from the Apartment Association of Philadelphia.

Winding trails throughout the property provide opportunities for exercise or just enjoy the scenery.

"Your staff at Lazy Hollow is the best, and I so appreciate their efforts to keep these apartments comfortable, clean, safe and beautiful. It is a wonderful place to call home."

Resident, Lazy Hollow, Columbia, MD.

generating transaction revenue of more than \$30 million – an increase of 60% over 2003. Aimco Capital's syndication group placed approximately \$60 million of tax credit equity, which funded redevelopment of properties with more than 1,600 apartment homes. Aimco Capital will focus on growing and diversifying its business during 2005.

University Communities

Aimco established the University Communities division in 2003 with the goal of becoming the most significant operator

in the student housing sector. In 2004, the division managed 16 properties with 4,277 apartments. Partnering with the California State Teachers' Retirement System (CalSTRS), the division is actively acquiring multi-family properties both on its own and in partnership with major universities. Two well-located properties with 504 units were added to this portfolio in 2004 – one next to Duke University in Durham, North Carolina, and one adjoining the campus of the University of Notre Dame in South Bend, Indiana. A dedicated property management and acquisition team guides operations and future growth.



Student Center –

The Belmont (above) was acquired by Aimco in partnership with CalSTRS for \$31.4 million. The 312 apartments are within walking distance of the

fast-growing Duke University Medical Center. Students enjoy the widescreen TV at Naismith Hall, a student housing facility at the University of Kansas in Lawrence (left).

Building the Portfolio

The Benefits of Size and Scale

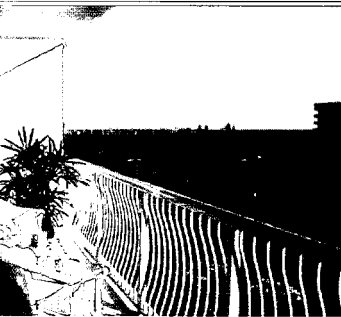
Aimco's vast portfolio of properties presents opportunities to leverage scale and gain operating efficiencies. Aimco has determined that its core business should be located in 38 target markets throughout the United States. Concentration in these "core markets" will provide economies of scale, pricing and marketing power. To that end, Aimco has exited 28 markets since 2001 and plans to exit an additional 32 markets over the next three years. In 2004, Aimco sold 107 properties for gross

proceeds of \$1.36 billion and acquired 13 properties for a gross purchase price of \$404 million. The acquired properties are newer, better-located and command higher rents than the properties sold. Properties purchased in 2004 are well-located in major markets such as New York City, Miami, Los Angeles and Chicago, and several occupy prime waterfront locations.



Manhattan Expansion –

Stonybrook is one of 20 apartment buildings acquired by Aimco during the last two years in New York City. The \$51 million, 28-story high-rise boasts 200 apartments and ground-floor retail space located on New York's Upper West Side. Built in 1928, the former hotel has been substantially renovated and features a dramatic lobby and atrium, and modern athletic facility.



Resort Living –

Bay Parc Plaza, with stunning views of Biscayne Bay and beautiful beach frontage, was purchased in 2004, adding to Aimco's upscale portfolio in South Florida. The 38-story, 471-unit community is located in Miami's rapidly growing Biscayne Corridor. Built in 2000, the \$64 million community features 24-hour concierge service and a fitness center, as well as easy access to Miami's entertainment district.



Great Lake Location –

Hyde Park Tower is located in Chicago with unobstructed views of Lake Michigan. Residents of this 155-unit high-rise enjoy proximity to the University of Chicago. This \$19 million acquisition provides the best of urban living in one of Aimco's core markets.

"We love it here. We feel like we are in a fine resort. Whenever we need anything, the staff are eager and happy to help." – Resident, Stonybrook, Tucson, AZ.

Investing in Communities

Aimco improves the quality of its communities by strategic remodeling and redevelopment. Aimco investment policy targets older properties in superior locations where enduring land values hold the potential for redevelopment. During 2004, Aimco invested \$137 million in the redevelopment of 34 properties, including 22 conventional and 12 affordable communities. Aimco targets 30-40 well-located properties each year for

redevelopment. Investments of \$2 million to \$10 million per property are guided by a dedicated construction services group, based in regional offices. Typical renovations include remodeled kitchens and bathrooms, fitness and community centers and improved landscaping to increase curb appeal. Aimco plans nearly \$225 million in gross redevelopment expenditures in 2005 to improve communities and offer more to residents.



▲ Texas Transformation –

Arbors on Westheimer in Houston was remodeled to provide enhanced curb appeal and new recreational opportunities for residents. The \$4.2 million renovation includes new siding, firewalks, front doors, waterjet lighting and parking improvements. An older restaurant was transformed into a new leasing office and clubhouse, enjoyed by residents and the Aimco team alike.



▲ The Sound of Music –

Franklin Oaks is located in the heart of Nashville's country music scene – home to industry executives, stars and those who would like to be! The \$4.4 million renovation of the 468-unit community added a soundproof music rehearsal room and studio featuring the latest recording technology. The studio has attracted local talent who stop by to jam or just relax and enjoy.



▲ Colorado Construction –

The newly remodeled, 296-unit Peakview Place apartments in a suburb of Denver offer residents a new modern clubhouse and fitness center, as well as interior upgrades featuring new berber carpet, and new countertops and cabinetry. The \$4 million redevelopment includes landscaping and safety lighting – a benefit to the entire neighborhood.

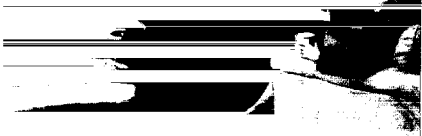


■ Southern Belle – Belmont Place, an upscale 326-unit apartment community in the Atlanta suburb of Marietta, Georgia, was redeveloped in 2004. Scheduled for completion in 2005, the \$32 million redevelopment features a resort-style pool with extensive tanning decks, a state-of-the-art business center, and a clubhouse with a grand piano for evening entertainment.

The Best Amenities

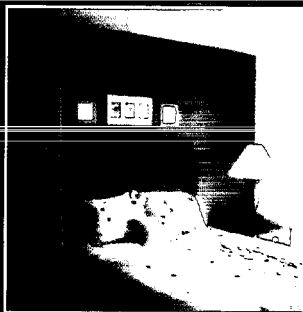
Aimco prides itself on catering to residents in every walk of life – with amenities that range from state-of-the-art fitness and business centers, and community social clubs and events, to specialized services for seniors and children. A community that is right for everyone is just a click away by visiting www.aimco.com. Aimco's 24-hour service guarantee is standard, as well as its Good Neighbor Policy and no-hassle Coast-to-Coast transfer program. Aimco

rewards loyalty with a dedicated HomePlanner option that offers special benefits for those wishing to purchase a home. Many apartment homes can be customized by adding designer paint, carpet and other upgrades. Aimco residents can choose from an array of communities with options that make renting an apartment a convenient and sensible lifestyle choice.



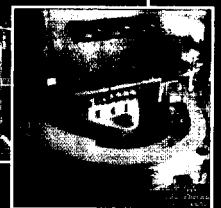
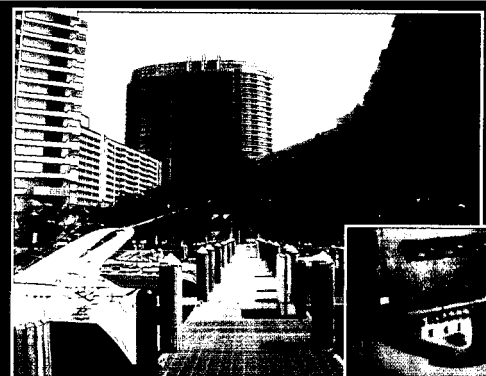
Cyber Café –

Indoor pool with a retractable roof, a new fitness center, gourmet coffee bar, cyber café and on-site store are some of the amenities that won Elm Creek in Elmhurst, Illinois, several prestigious awards from the Chesapeake Apartment Association in 2004. Elm Creek was recognized for best community amenities, and for best floor plan for its Concourse apartments.



Custom Design –

Paint your wall? Choose the carpet? Customizing an apartment is a reality at Steeplechase, in Plano, Texas. In fact, most Aimco Dallas properties offer upgrades to fit a myriad of tastes. The designer paint, berber carpet and wood-look flooring are options that complement Aimco's accent wall program, introduced in 2004.



Miami to the Max –

The Flamingo South Beach is the ultimate in apartment living. A world-class high-rise that occupies the site of the historic Flamingo Hotel, this premier community boasts cutting edge amenities including boat slips and a 14,000-square-foot athletic club – complete with smoothie bar and separate mind and body studio. Spectacular views of the bay and ocean complement spacious interiors, tropical gardens, dog parks and, of course, concierge services and valet parking.

"The peace of mind I have knowing that someone as competent as you is in charge of the community I live in is invaluable. I hope this note helps give you a small sense of satisfaction knowing that your work is excellent."

– Resident, Malibu Canyon, Calabasas, CA.

Our People

Aimco Builds Community

Aimco knows that buildings and land are only part of a winning formula: it's our team of dedicated people and our residents who make every Aimco apartment a home. Service is top priority at every Aimco community. Our award-winning communities have dedicated managers, sales professionals and service experts available around the clock. New Directors of Service Quality are focused on providing a quality experience for all Aimco residents in communities across

the country. Aimco team members are compensated based on their success in meeting resident needs linked to overall community performance. "America Comes Home to Aimco" is more than a slogan – it's a way of life for nearly a million people each year who enjoy Aimco's commitment to quality and exceptional service.



▣ Serving Residents – Sandra Pinal Del Rio is resident services coordinator at Villa De Guadalupe in San Jose, California. She was honored by Aimco in 2004 as one of the company's most outstanding coordinators for her work in opening a Neighborhood Networks computer center, which provides on-site computer resources to senior residents.

▣ Trained for Service – The "Top Gun" program in Indianapolis trains Aimco's maintenance team in leadership skills, teamwork and an emphasis on customer service. The brainchild of Andy Bohr (above right), director of construction services for the Indianapolis ROC, the program offers maintenance personnel not only a job, but also a career path. Specialized instruction in electrical, plumbing, heating and drywall help enhance technical skills. New classes are added each year.



Aimco In Action

During 2004, Aimco launched a new philanthropic initiative to commemorate the company's 10th anniversary. To give back to communities, Aimco Cares encourages each and every Aimco team member to donate 10 hours of service annually to the cause of his or her choice, while being paid by Aimco. This amounts to over \$1 million worth of donated time. Designed to make us better partners, better neighbors and a better place to work, Aimco Cares has inspired teams across

the country to log hundreds of service hours in partnership with local non-profit and community organizations such as the Red Cross, Habitat for Humanity and local food banks, shelters and health organizations. Aimco teams are involved in a myriad of activities to better their communities, their neighborhoods and those who need assistance. This personal and company commitment to community has won praise from the Aimco team, residents and those who have received a helping hand.



Star Performers – Aimco's culture of performance rewards commitment to excellence and stellar results. Top-performing sales professionals won a cruise to the Caribbean. They celebrated their achievements with Jeff Adler (center), EVP Conventional Operations, and Victoria Blanton (second from left), VP Sales.



Higher Calling – A new centralized customer contact center in Denver handles inquiries from across the country. Same day scheduling and follow-up is done differently from the center, freeing community sales professionals to spend quality time with prospective residents.



"Since I moved in, I have been so happy with both the apartment and the customer service by the office staff, as well as the all important maintenance men."

Super Job – The 21 top service managers were recognized by their peers and treated to an all-expense paid trip to Super Bowl XXXIX in Jacksonville, Florida. They enjoyed the game with Chairman and CEO Terry Considine (bottom center), Aimco Capital Senior Vice President Brian Shuman (bottom left) and Jeff Adler (bottom right).

Resident, Harbor Town at Jacaranda Plantation, FL



But the Aimco team's passion for service does not stop there. When four hurricanes devastated the southeastern United States within six weeks, the Aimco team risked their lives to ensure the safety of residents in harm's way – while leaving their own families to do so. At Peachtree Park in Atlanta, Aimco team members used the property sign that was upended in the hurricane as a raft to reach and rescue residents in flooded apartments. In West Palm Beach, Florida, the entire Aimco team worked long hours to restore communities

that were without electricity, bringing food, ice and compassion to residents.

This generosity of spirit also extended to foreign shores as team members set up a dedicated fund to contribute to victims of the Christmas tsunami in Southeast Asia.

Passion, performance and pride. Nearly 7,000 Aimco team members are inspired to serve residents and improve communities each and every day. Aimco values are community values. That's why Aimco is America's choice for apartment living.

"We pride ourselves on being good neighbors, attracting quality residents and being good corporate citizens. Our residents and employees are more important to our success than the bricks and mortar of our many buildings." – Terry Considine, Chairman and CEO.



▲ Showing Aimco Cares –
Traveling with Habitat for Humanity, South Florida team members helped build a house for low-income families.

▲ The Aimco Philadelphia team collected
truckloads of cans and donated the proceeds from recycling to Habitat for Humanity, showing that "Aimco CAN Care."

▲ The team at Royal Crest Estates in Fall River, Massachusetts, helped
erect up a building used by seniors and foster grandparents.

Aimco recognizes a special debt to members of the United States armed forces serving in Afghanistan and Iraq. Aimco pays its team members called to active duty their full pay, as well as continued health and life insurance benefits and vacation accrual, recognizing that they are serving us even while away. Extra efforts are made to support military families, especially during holiday times.

"Thanks so much for your gracious generosity. I am so grateful that my husband works for a company (Aimco) that cares for its employees and their families. God Bless!"

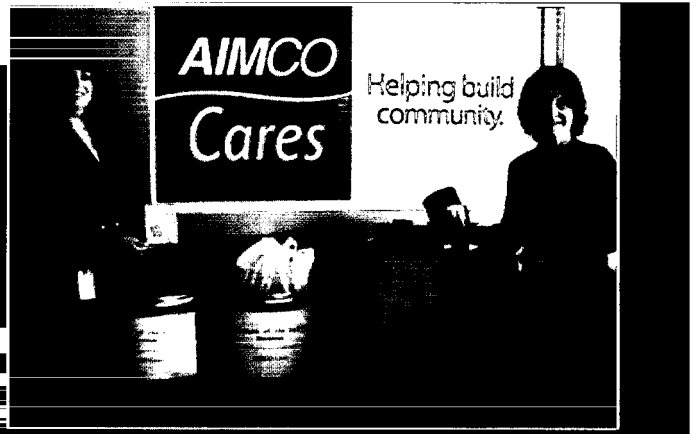
- The Lee Family, Rachel, Jonathon, Terence and Ratara.
Army sergeant Terry Lee is serving in Iraq with the 980th Engineering Battalion.



The Aimco team in Winston-Salem, North Carolina, prepared food for local residents to benefit Meals on Wheels.



Team Houston walked to raise money for juvenile diabetes research in partnership with a local hospital.



The Denver corporate team held a food drive to aid the homeless.

"Maggie's Place exists to help expectant mothers in need, and we always welcome the involvement of companies like Aimco whose employees so generously choose to give their time to help our guests. Aimco Cares is a wonderful program and we wish Aimco employees all the best on their efforts in the Phoenix area and across the country." - Mary Peterson, co-founder of Maggie's Place in Phoenix, AZ.

Board of Directors

Terry Considine

Chairman of the Board and
Chief Executive Officer

James N. Bailey

Chairman of the Nominating and
Corporate Governance Committee ⁽¹⁾ ⁽²⁾
Senior Managing Director, Cambridge
Associates, LLC

Richard S. Ellwood ⁽¹⁾ ⁽²⁾ ⁽³⁾

J. Landis Martin

Chairman of the Compensation and
Human Resources Committee and
Lead Independent Director ⁽¹⁾ ⁽³⁾
Chairman and Chief Executive Officer,
Titanium Metals Corporation

Thomas L. Rhodes ⁽¹⁾ ⁽²⁾ ⁽³⁾

Chairman and President,
National Review

Michael A. Stein

Chairman of the Audit Committee ⁽²⁾ ⁽³⁾
Vice President and Chief Financial
Officer, ICOS Corporation

⁽¹⁾ Member of the Audit Committee

⁽²⁾ Member of the Compensation and
Human Resources Committee

⁽³⁾ Member of the Nominating and
Corporate Governance Committee

Advisory Board

Roy H. Lambert, Sr.

Vero Beach, Florida

Richard Morton

Miami, Florida

Emeritus

Charles R. Considine

Executive Officers

Jeffrey W. Adler

Executive Vice President
Property Operations

Harry G. Alcock

Executive Vice President and
Chief Investment Officer

Miles Cortez

Executive Vice President,
General Counsel and Secretary

Randall J. Fein

Executive Vice President
University Communities

Patti K. Fielding

Executive Vice President
Securities & Debt; Treasurer

Lance J. Graber

Executive Vice President
Aimco Capital Transactions, East

Thomas M. Herzog

Senior Vice President and
Chief Accounting Officer

Paul J. McAuliffe

Executive Vice President and
Chief Financial Officer

James G. Purvis

Executive Vice President
Human Resources

David R. Robertson

Executive Vice President,
President and Chief Executive
Officer, Aimco Capital

Senior, Divisional and Regional Vice Presidents

CORPORATE

Chad G. Asarch

Senior Vice President,
Assistant General Counsel and
Assistant Secretary

Lisa R. Cohn

Senior Vice President,
Assistant General Counsel and
Assistant Secretary

Steven Cordes

Senior Vice President
Capital Markets

Stephen D. Crane

Senior Vice President
Property Tax

Melanie French

Senior Vice President
Learning and Development

Patricia K. Heath

Senior Vice President

Becky Holeman

Senior Vice President

Martha L. Long

Senior Vice President
Partnership Transactions

Dennis Martin

Senior Vice President
Financial Planning and Analysis

J. William Montgomery

Senior Vice President
Internal Audit

Patti Shwayder

Senior Vice President
Government Relations and
Communications

Patrick F. Slavin

Senior Vice President
Sales and Dispositions

James M. Wallace

Senior Vice President
Tax

R. Scott Wesson

Senior Vice President
Chief Information Officer

CONVENTIONAL PROPERTY OPERATIONS

Michael Karsner

Senior Vice President
Conventional Operations

Lou Lavaux

Senior Vice President
Conventional Operations

Leeann Morein

Senior Vice President
Procurement and Income
Development

Division Vice Presidents

Anthony D'Alto

Division Vice President, Gulf

Peter K. Kompaniez

Division Vice President, Pacific

Ronald D. Monson

Division Vice President, Midwest

David J. Zweig

Division Vice President, East

Regional Vice Presidents

John Angelo

Regional Vice President, Orlando

Lynn Bora

Regional Vice President, Boston

Keith Dodds

Regional Vice President, Raleigh

Paul Hemmert

Regional Vice President, Dallas

Jeffrey Kimes

Regional Vice President, Denver

Dan J. Kistel

Regional Vice President, Tampa

Dawn Lawless

Regional Vice President, Michigan

V. Larry Miller

Regional Vice President, Houston

Stephen C. Peters

Regional Vice President, Phoenix

Warren J. Sander

Regional Vice President, Atlanta

Kevin Sheehan

Regional Vice President, Rockville

Thomas Seeger

Regional Vice President, Chicago

Charles Viale

Regional Vice President, Indianapolis

Michele M. Wilson

Regional Vice President, Philadelphia

AIMCO CAPITAL

Jimmy K. Arnold

Regional Vice President
Aimco Capital Operations, West

William M. Kozey

Regional Vice President
Aimco Capital Operations, Midwest

Carl J. Ruff, Sr.

Senior Vice President
Aimco Capital Operations, Southeast

O. Cooper Winston

Regional Vice President
Aimco Capital Operations, Northeast

Derik Hart

Senior Vice President
Aimco Capital Transactions, West

Michael J. Hornbrook

Senior Vice President
Aimco Capital Syndication and Tax
Credit Placement

Charles McKinney

Senior Vice President
Aimco Capital Asset Management

Brian Shuman

Senior Vice President
Aimco Capital Finance and Operations

Jeffrey Sussman

Senior Vice President
Legal

REDEVELOPMENT

David Douglas

Senior Vice President, Redevelopment

Joseph DeTuno

Senior Vice President, Redevelopment

David Gazek

Senior Vice President, Redevelopment

Alice Rebechini

Senior Vice President, Redevelopment

CONSTRUCTION SERVICES

Gary Holt

Senior Vice President
Construction Services, West and
South Central

Brad T. Hodack

Senior Vice President
Construction Services, Midwest,
Southeast and South Atlantic

Randall J. Mullen

Senior Vice President
Construction Services, Northeast

Gary Polodna

Senior Vice President
Head of Construction Services

Corporate Information

CORPORATE OFFICE

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4582 South Ulster Street Parkway
Suite 1100
Denver, CO 80237
Telephone 303.757.8101
Toll Free 888.789.8600

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<http://www.aimco.com>

STOCK LISTING

New York Stock Exchange Symbols:
AIV, AIVPRG, AIVPRO, AIVPRR,
AIVPRT, AIVPRU, AIVPRV, AIVPRY

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Tel: 800.730.6001
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INDEPENDENT AUDITORS

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LEGAL COUNSEL

Skadden, Arps, Slate, Meagher &
Flom LLP



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Telephone 303.757.8101 ■ Toll Free 888.789.8600 ■ www.aimco.com

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 1-13232

Apartment Investment and Management Company

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

84-1259577

(I.R.S. Employer
Identification No.)

4582 South Ulster Street Parkway, Suite 1100
Denver, Colorado

(Address of principal executive offices)

80237

(Zip Code)

Registrant's Telephone Number, including Area Code: (303) 757-8101

Securities Registered Pursuant to Section 12(b) of the Act:

| <u>Title of Each Class</u> | <u>Name of Each Exchange on Which Registered</u> |
|--|--|
| Class A Common Stock | New York Stock Exchange |
| Class G Cumulative Preferred Stock | New York Stock Exchange |
| Class Q Convertible Cumulative Preferred Stock | New York Stock Exchange |
| Class R Cumulative Preferred Stock | New York Stock Exchange |
| Class T Cumulative Preferred Stock | New York Stock Exchange |
| Class U Cumulative Preferred Stock | New York Stock Exchange |
| Class V Cumulative Preferred Stock | New York Stock Exchange |
| Class Y Cumulative Preferred Stock | New York Stock Exchange |

Securities Registered Pursuant to Section 12(g) of the Act: none

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant, was approximately \$2.9 billion as of June 30, 2004. As of February 28, 2005, there were 94,877,048 shares of Class A Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be issued in conjunction with the registrant's annual meeting of stockholders to be held April 29, 2005 are incorporated by reference into Part III of this Annual Report.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

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For the Fiscal Year Ended December 31, 2004

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FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements in certain circumstances. In addition to historical information, this Annual Report on Form 10-K ("Annual Report") contains or may contain certain information that is forward-looking, including, without limitation, statements regarding the effect of acquisitions, our future financial performance and the effect of government regulations. When used in this Annual Report, the words "may," "will," "expect," "intend," "plan," "believe," "anticipate," "estimate," "continue" or other similar words or expressions are generally intended to identify forward-looking statements. You should not place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of this Annual Report. Actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors including, without limitation: national and local economic conditions; the general level of interest rates; the terms of governmental regulations that affect us and interpretations of those regulations; the competitive environment in which we operate; financing risks, including the risk that our cash flows from operations may be insufficient to meet required payments of principal and interest; real estate risks, including variations of real estate values and the general economic climate in local markets and competition for tenants in such markets; acquisition and development risks, including failure of such acquisitions to perform in accordance with projections; litigation, including costs associated with prosecuting or defending claims and any adverse outcomes; and possible environmental liabilities, including costs that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by us. In addition, our current and continuing qualification as a real estate investment trust involves the application of highly technical and complex provisions of the Internal Revenue Code and depends on our ability to meet the various requirements imposed by the Internal Revenue Code, through actual operating results, distribution levels and diversity of stock ownership. Readers should carefully review our financial statements and the notes thereto, as well as the section entitled "Risk Factors" described in Item 1 of this Annual Report and the other documents we file from time to time with the Securities and Exchange Commission.

PART I

Item 1. *Business*

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, engaged in the acquisition, ownership, management and redevelopment of apartment properties. As of December 31, 2004, we owned or managed a real estate portfolio of 1,499 apartment properties containing 263,734 apartment units located in 47 states, the District of Columbia and Puerto Rico. Based on apartment unit data compiled by the National Multi Housing Council, as of December 31, 2004, we were the largest REIT owner and operator of apartment properties in the United States. Our portfolio includes garden style, mid-rise and high-rise properties.

We own an equity interest in, and consolidate the majority of, the properties in our owned real estate portfolio. These properties represent the consolidated real estate holdings in our financial statements, which we refer to as consolidated properties. In addition, we have an equity interest in, but do not consolidate for financial statement purposes, certain properties that are accounted for under the equity method. These properties represent our investment in unconsolidated real estate partnerships in our financial statements, which we refer to as unconsolidated properties. Additionally, we manage (both property and asset) but do not own an equity interest in other properties, although in certain cases we may indirectly own generally less than one percent of the

operations of such properties through a partnership syndication or other fund. Our equity holdings and managed properties are as follows as of December 31, 2004:

| | <u>Total Portfolio</u> | |
|--|------------------------|----------------|
| | <u>Properties</u> | <u>Units</u> |
| Consolidated properties | 676 | 169,932 |
| Unconsolidated properties | 330 | 44,728 |
| Property managed for third parties | 72 | 7,841 |
| Asset managed for third parties | <u>421</u> | <u>41,233</u> |
| Total | <u>1,499</u> | <u>263,734</u> |

Through our wholly owned subsidiaries, AIMCO-GP, Inc. and AIMCO-LP, Inc., we own a majority of the ownership interests in AIMCO Properties, L.P., which we refer to as the Aimco Operating Partnership. As of December 31, 2004, we held approximately a 90% interest 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 OP Units, partnership preferred units, or preferred OP Units, and high performance partnership units, or High Performance Units. Generally after a holding period of twelve months, holders of common OP Units may redeem such units for cash or, at the Aimco Operating Partnership's option, Aimco Class A Common Stock, which we refer to as Common Stock. At December 31, 2004, 94,853,696 shares of our Common Stock were outstanding and the Aimco Operating Partnership had 10,840,754 common OP Units and equivalents outstanding for a combined total of 105,694,450 shares of Common Stock and OP Units outstanding (excluding preferred OP Units).

Since our initial public offering in July 1994, we have completed numerous transactions, expanding our portfolio of owned or managed properties from 132 properties with 29,343 apartment units to 1,499 properties with 263,734 apartment units as of December 31, 2004. These transactions have included purchases of properties and interests in entities that own or manage properties, as well as corporate mergers.

Except as the context otherwise requires, "we," "our," "us" and the "Company" refer to Aimco, the Aimco Operating Partnership and Aimco's consolidated corporate subsidiaries and consolidated real estate partnerships, collectively. As used herein, and except where the context otherwise requires, "partnership" refers to a limited partnership or a limited liability company and "partner" refers to a limited partner in a limited partnership or a member in a limited liability company.

Available Information

Our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any amendments to any of those reports that we file with the Securities and Exchange Commission are available free of charge as soon as reasonably practicable through our website at www.aimco.com. The information contained on our website is not incorporated into this Annual Report. Our Common Stock is listed on the New York Stock Exchange under the symbol "AIV."

Financial Information About Industry Segments

We operate in two reportable segments: real estate (owning and operating apartments) and investment management business (providing property management and other services relating to the apartment business to third parties and affiliates). For further information on these segments, see Note 18 of the consolidated financial statements in Item 8, and Management's Discussion and Analysis in Item 7.

Business Overview

Our principal objective is to increase long-term stockholder value, which we believe results from increasing asset values, increasing operating cash flows and long-term, predictable Funds From Operations, or FFO (as defined by the National Association of Real Estate Investment Trusts), per share of Common Stock, less capital

spending for replacements. For a description of the meaning of FFO and its use and limitations as an operating measure, see the discussion titled "Funds From Operations" in Item 7.

We strive to meet our objectives by focusing on property operations, generation of fees, portfolio management, reinvestment in properties, increasing land values through entitlements, managing our cost of capital by using leverage that is largely long-term, non-recourse and property specific, and managing our general and administrative costs through increasing productivity.

Property Operations

We divide property operations into two business components: conventional and affordable. Our conventional operations, which typically are market-rate apartments with rents paid by the resident, include 591 properties with 164,807 units and also include our university communities portfolio (16 properties with 4,277 units). Aimco Capital conducts our affordable operations of 415 properties with 49,853 units, which typically are apartments with rents set by a government agency and frequently subsidized or paid by a government agency.

Our property operations are characterized by diversification of product, location and price point. We operate a broad range of property types, from suburban garden-style to urban high-rise properties in 47 states, the District of Columbia and Puerto Rico at a broad range of average monthly rental rates, with most between \$500 and \$1,100 per month, and reaching as much as \$6,000 per month at some of our premier properties. This geographic diversification insulates us, to some degree, from inevitable downturns in any one market.

Conventional

Our conventional operations are organized into four divisions, each of which is supervised by a Division Vice President, or DVP, and as of December 31, 2004, are further sub-divided into 17 regional operating centers, or ROCs, and a university communities group. Each ROC is supervised by a Regional Vice President, or RVP. The ROCs are generally smaller business units with specialized operational, financial and human resource leadership. We seek to improve the operating results from our property operations by, among other methods, combining centralized financial control and uniform operating procedures with localized property management decision-making and market knowledge. To manage our nationwide portfolio more efficiently and to increase the benefits from our local management expertise, we have given direct responsibility for operations to the RVP with oversight from extensive regular reviews with senior management. To enable the RVPs to focus on sales and service, as well as improve financial control and budgeting, we have dedicated a regional financial officer to support each RVP and have an expanded construction services group to handle all work on site beyond routine maintenance, thus reducing the need for RVPs to spend time on oversight of construction projects. We continue to improve our corporate-level oversight of conventional property operations by developing better systems, standardizing business goals, operational measurements and internal reporting, and enhancing financial controls over field operations. Many changes were made during 2003 and 2004 that we believe will enable our regional and community managers to benefit from more organizational clarity, more and better information, and more tools to help them make quicker, better decisions closer to the property and to the customer, including the areas discussed below:

- *Customer Service.* We are changing our operating culture to become more focused on our customers, by emphasizing customer service and evaluating our performance through a customer satisfaction tracking system. We increased training at the community level and elevated the role of the service manager in enhancing the experience of our residents. These changes included an increased emphasis on our service order intake process and implementation of standardized preventive and proactive maintenance programs.
- *Resident Selection and Retention.* In apartment properties, neighbors are a part of the product, together with the location of the property and the physical quality of the apartment units. Part of our conventional operations strategy is to focus on resident acquisition and retention — attracting and retaining credit-worthy residents who are good neighbors. In addition to the customer service initiatives discussed above, we enhanced our resident acquisition and retention processes by: implementing structured goals and coaching for all of our sales personnel; refining the content and placement of our advertising; standardizing the content and timing of our phone and email responses to customer inquiries, including

the implementation of a tracking system for inquiries; and standardizing our renewal communication programs. We standardized residential financial stability requirements and raised the standard across our portfolio to reduce turnover costs and improve retention. Additionally, we have implemented policies and monitoring practices to maintain our resident quality. We believe that the costs exceed the benefits when higher occupancy results from lowering of financial stability standards.

- *Revenue Increases.* We increase rents where feasible and seek to improve occupancy rates. We are also focused on the automation of on-site operations, as we believe that timely and accurate collection of property performance and resident profile data will enable us to maximize revenue through better property management and leasing decisions. We have standardized policies for new and renewal pricing with timely data and analyses by floor-plan, thereby enabling us to maximize our ability to modify pricing, even in challenging sub-markets. In addition, we intend to continue our emphasis on the quality of our on-site employees through recruiting, training and retention programs, which we believe lead to increased occupancy rates through improved customer service and enhanced performance.
- *Controlling Expenses.* Cost controls are accomplished by local focus at the ROC level and by taking advantage of economies of scale at the corporate level. As a result of the size of our portfolio and our creation of regional concentrations of properties, we have the ability to spread over a large property base fixed costs for general and administrative expenditures and certain operating functions, such as purchasing, insurance and information technology. We are currently implementing a local vendor consolidation program and an electronic procurement system to provide better ongoing control over purchasing decisions and to take advantage of volume discounts.
- *Ancillary Services.* We believe that our ownership and management of properties provide us with unique access to a customer base that allows us to provide additional services and thereby increase occupancy and rents, while also generating incremental revenue. We currently provide cable television, telephone services, appliance rental, and carport, garage and storage space rental at certain properties.

University Communities

We established University Communities as an autonomous division in 2003 with the goal of becoming the most significant operator in the student-housing sector. In 2004, the division managed 16 properties with 4,277 apartments and maintained academic year occupancy at 93% through focused attention on student leasing. University Communities is actively acquiring multi-family and residence hall properties both on its own, through our joint venture with the California State Teachers Retirement System (CalSTRS), and in partnership with major universities. In 2004, we added two well-located properties with 504 units to this portfolio, one next to Duke University in Durham, North Carolina and one adjoining the campus of the University of Notre Dame in South Bend, Indiana.

Aimco Capital

We are among the largest owners and operators of affordable properties in the United States. We formed Aimco Capital in 2002 to focus on our affordable housing properties, the operations of which are most often subsidized or financed by the United States Department of Housing and Urban Development, or HUD, state housing agencies or tax credit financing. Aimco Capital has organized its property operations and asset management under a management team dedicated to this sector. Aimco Capital operates its affordable properties through four ROCs. Affordable properties tend to have stable rents and occupancy due to government subsidies and thus are much less affected by market circumstances.

Aimco Capital also generates income from asset management (compliance oversight for its owned and operated affordable portfolio as well as two other large portfolios that are asset managed only) and transactional activity related to its affordable holdings. Currently, Aimco Capital generates revenue primarily from: current asset management fees; deferred asset management fees; refinancing and disposition fees; developer fees; and syndication fees. In addition, Aimco Capital is exploring other sources of revenue related to the tax credit redevelopment process. We believe that Aimco Capital is well positioned as it has the national structure, knowledge and pipeline to grow as a more autonomous operation with dedicated capital.

Portfolio Management

Conventional

We view our conventional property portfolio in terms of “core” and “non-core” properties. Core properties are those properties that are located in selected markets, many where population and employment growth are expected to exceed national trends and where we believe that we can become a regionally significant owner. We categorize core properties among: “preferred markets” — which are typically coastal, with high barriers to entry and home prices and median incomes above the national average; “growth markets” — which are typically in sunbelt regions with expectations of above average job growth; and “stable markets” — which are located in Midwest areas with limited new construction but also limited job growth. We intend to hold and improve core properties over the long-term and seek an allocation of properties among the above three categories in order to reduce volatility of our overall property operations. At December 31, 2004, we had 377 conventional core properties in 38 selected markets. Within our core portfolio, the largest single market (Washington, D.C.) contributed approximately 11%, and the five largest markets (Washington, D.C., greater Los Angeles, Philadelphia, Chicago and Miami-Fort Lauderdale) together contributed approximately 32%, to income before depreciation and interest expense, or net operating income. At December 31, 2004, we had 214 conventional non-core properties. Non-core properties are those properties located in 32 other markets or in less favored locations within the 38 selected markets, which we generally intend to hold for investment for the intermediate term. During 2005, we expect to exit an additional 10-12 markets and over the next several years we expect to exit the remaining markets in which we hold our non-core properties.

Portfolio management includes expanding our core portfolio through acquisitions of properties located in selected markets throughout the United States. We specifically seek investments in a variety of asset qualities and types in the selected markets at a purchase price below replacement cost. Currently, we acquire properties and property interests primarily in three ways:

- the direct acquisition of a property or portfolio of properties;
- acquisition of a portfolio of properties through a purchase from, or a merger or business combination with, an entity that owns or controls the property or portfolio being acquired; and
- the purchase from third parties, subject to our fiduciary duties, of additional interests in partnerships where we own a general partnership interest. These are typically executed for cash or OP Units. Since 1996, we have completed over 2,800 tender offers with respect to various partnerships resulting in over 171,000 transactions totaling \$891 million in cash paid and OP Units issued to purchase additional interests in such partnerships.

In 2004, we completed direct acquisitions of 11 conventional core properties, containing approximately 1,880 residential units for an aggregate purchase price of approximately \$361 million and acquired additional interests in 147 partnerships for approximately \$50 million (including transaction costs).

Portfolio management also includes dispositions of properties located in other markets, properties located in less desirable sub-markets or properties that do not meet our long-term investment criteria. Additionally, from time to time, we may dispose of certain core properties that are consistent with our long-term investment strategy but offer attractive returns, such as in sales to buyers who intend to convert the properties to condominiums. The sales of core and non-core properties partially fund our acquisitions. In 2004, we sold 40 non-core properties generating net cash proceeds to us, after repayment of existing debt, payment of transaction costs and distributions to limited partners, of \$147 million. Additionally, in 2004, we sold seven core properties and one land parcel, generating net cash proceeds to us, after repayment of existing debt, payment of transaction costs and distributions to limited partners, of \$338 million.

Aimco Capital

The portfolio management strategy for Aimco Capital is similar to that of our Conventional portfolio. Aimco Capital seeks to dispose of properties that are inconsistent with our long-term investment strategy and Aimco Capital’s operations. During 2004, we sold 60 non-core properties from within the Aimco Capital portfolio,

generating net cash proceeds to us, after repayment of existing debt, payment of transaction costs and distributions to limited partners, of \$45 million. At December 31, 2004 within the Aimco Capital portfolio, we had 415 properties, of which approximately two-thirds were non-core properties, which we generally intend to hold for investment for the intermediate term. During 2005, we intend to sell approximately the same number of Aimco Capital properties as we sold in 2004.

Rezoning and Entitlements

Rezoning and entitlements are another aspect of portfolio management. Rezoning and entitlements provide us the opportunity to enhance the value of our existing portfolio by obtaining local approvals required to add dwelling or residential units to a site, which should enable us to realize upside in land values through increasing density of use. To date, we have identified 12 properties with an aggregate value in excess of \$700 million where we believe there exists this opportunity. These properties are typically well located and were built 30 or more years ago. These properties were built at lower densities than the local zoning laws currently provide.

Reinvestment in Properties

We believe that the physical condition and amenities of our apartment properties are important factors in our ability to maintain and increase rental rates. In 2004, we spent \$77.2 million, or \$483 per owned apartment unit, for Capital Replacements, which are expenditures that represent the share of expenditures that are deemed to replace the consumed portion of acquired capital assets. Additionally, we spent \$82.4 million for Capital Improvements, which are non-redevelopment capital expenditures that are made to enhance the value, profitability or useful life of an asset from its original purchase condition.

In addition to maintenance and improvements of our properties, we focus on the redevelopment of certain properties each year. We believe redevelopment of certain properties in superior locations provides advantages over ground-up development, enabling us to generate rents comparable to new properties with relatively lower financial risk, in less time and with reduced delays associated with governmental permits and authorizations. We undertake two types of redevelopment projects including: major projects, where a substantial number or all available units are vacated for significant renovations to the property; and moderate projects, where there is significant renovation, such as exteriors, common areas or unit improvements, typically done upon lease expirations without the need to vacate units on any wholesale or substantial basis. We have a specialized Redevelopment and Construction Services Group, which includes engineers, architects and construction managers, to oversee these projects. As of December 31, 2004, we had 34 projects at various stages of redevelopment, which included 10 properties for which redevelopment activities were complete but the property operations of which had not yet stabilized. Of the 24 active projects, 14 are conventional properties (one major project and 13 moderate projects) and 10 are affordable redevelopments. During 2004, redevelopment expenditures totaled \$137 million, of which our share totaled \$89 million. Redevelopment expenditures for our one active major project in Marietta, GA will be approximately \$32.2 million (our share \$18.4 million), of which approximately \$11.3 million (our share \$6.5 million) remains to be spent. Total redevelopment expenditures for our 13 active conventional moderate projects will be approximately \$100.3 million (our share \$75.2 million), of which approximately \$81.5 million (our share \$60.1 million) remains to be spent. Total redevelopment expenditures for our 10 affordable redevelopments will be approximately \$106.0 million, of which approximately \$54.3 million remains to be spent, most of which will be funded by third-party tax credit equity and tax-exempt debt. Additionally, we have four major projects, 25 moderate projects and seven affordable redevelopments under review for possible commencement in 2005.

Cost of Capital

We are focused on minimizing our cost of capital. In 2004, we modified our credit facility and term debt, resulting in lower interest rate spreads, extended maturity dates, and more operating and financial covenant flexibility. We also refinanced \$734 million in property debt at an average rate of 4.48% generating a savings of approximately 2.0% over prior rates. Additionally, we have reduced our cost of capital through the redemption of higher cost preferred securities with proceeds from the issuance of lower cost preferred securities.

Productivity

Over the past several years, we have had growth in our general and administrative spending as a result of the building of our infrastructure in certain areas in which we had needs, including, operational systems, information technology and other automation, human resources, and expanded accounting, legal, and financial planning and analysis functions. We are focused on containing this spending going forward through enhanced productivity and process improvements.

Taxation

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, which we refer to as the Code, commencing with our taxable year ended December 31, 1994, and intend to continue to operate in such a manner. Our current and continuing qualification as a REIT depends on our ability to meet the various requirements imposed by the Code, which are related to organizational structure, distribution levels, diversity of stock ownership and certain restrictions with regard to owned assets and categories of income. If we qualify for taxation as a REIT, we will generally not be subject to United States Federal corporate income tax on our taxable income that is currently distributed to stockholders. This treatment substantially eliminates the "double taxation" (at the corporate and stockholder levels) that generally results from investment in a corporation.

Even if we qualify as a REIT, we may be subject to United States Federal income and excise taxes in various situations, such as on our undistributed income. We also will be required to pay 100% tax on non-arms length transactions between us and a TRS (described below) and on any net income from sales of property that the Internal Revenue Service, IRS, successfully asserts was property held for sale to customers in the ordinary course. We and our stockholders may be subject to state or local taxation in various state or local jurisdictions, including those in which we transact business or our stockholders reside. Any taxes imposed on us would reduce our operating cash flow and net income. The state and local tax laws may not conform to the United States Federal income tax treatment.

Certain of our operations (property management, asset management, risk, etc.) are conducted through taxable REIT subsidiaries, each of which we refer to as a TRS. A TRS is a C-corporation that has not elected REIT status and as such is subject to United States Federal corporate income tax. We use the TRS format to facilitate our ability to offer certain services and activities to our residents that are not generally considered as qualifying REIT activities.

Competition

In attracting and retaining residents to occupy our properties we compete with numerous other housing alternatives. Our properties compete directly with other rental apartments, as well as with condominiums and single-family homes that are available for rent or purchase in the markets in which our properties are located. Principal factors of competition include rent or price charged, attractiveness of the location and property and quality and breadth of services. The number of competitive properties in a particular area has a material effect on our ability to lease apartment units at our properties and on the rents we charge. Additionally, we compete with other real estate investors, including other apartment REITs, pension and investment funds, partnerships and investment companies in acquiring, redeveloping and managing apartment properties. This affects our ability to acquire properties we want to add to our portfolios and the price that we pay in such acquisitions.

Regulation

General

Apartment properties are subject to various laws, ordinances and regulations, including regulations relating to recreational facilities such as swimming pools, activity centers and other common areas. Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions, as well as changes in laws affecting development, construction and safety requirements, may result in significant unanticipated expenditures, which would adversely affect our net income

and cash flows from operating activities. In addition, future enactment of rent control or rent stabilization laws or other laws regulating multifamily housing may reduce rental revenue or increase operating costs in particular markets.

Environmental

Various Federal, state and local laws subject property owners or operators to liability for management, and the costs of removal or remediation, of certain hazardous substances present on a property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of the hazardous substances. The presence of, or the failure to manage or remedy properly, hazardous substances may adversely affect occupancy at affected apartment communities and the ability to sell or finance affected properties. In addition to the costs associated with investigation and remediation actions brought by government agencies, the presence of hazardous substances on a property could result in claims by private plaintiffs for personal injury, disease, disability or other infirmities. Various laws also impose liability for the cost of removal, remediation or disposal of hazardous substances through a licensed disposal or treatment facility. Anyone who arranges for the disposal or treatment of hazardous substances is potentially liable under such laws. These laws often impose liability whether or not the person arranging for the disposal ever owned or operated the disposal facility. In connection with the ownership, operation and management of properties, we could potentially be liable for environmental liabilities or costs associated with our properties or properties we acquire or manage in the future.

We are aware of lawsuits against owners and managers of multifamily properties asserting claims of personal injury and property damage caused by the presence of mold, some of which have resulted in substantial monetary judgments or settlements. We have only limited insurance coverage for property damage loss claims arising from the presence of mold and for personal injury claims related to mold exposure. We have a national policy and procedures to prevent or eliminate mold from our properties. Our policy and procedures are based on guidelines established by various Federal, state and local bodies. We believe that our measures will eliminate, or at least minimize, the effects that mold could have on our residents. To date, we have not incurred any material costs or liabilities relating to claims of mold exposure or to abate mold conditions. Because the law regarding mold is unsettled and subject to change we can make no assurance that liabilities resulting from the presence of or exposure to mold will not have a material adverse effect on our consolidated financial condition or results of operations.

Insurance

Our primary lines of insurance coverage are property, general liability and workers' compensation. We believe that our insurance coverages adequately insure our properties against the risk of loss attributable to fire, earthquake, hurricane, tornado, flood and other perils and adequately insure us against other risks. Our coverage includes deductibles, retentions and limits that are customary in the industry. We have established loss prevention, loss mitigation, claim handling, litigation management and loss reserving procedures to manage our exposure.

Employees

We currently have approximately 6,800 employees, of which approximately 5,700 are at the property level, performing various on-site functions, with the balance managing corporate and regional operations, including investment and debt transactions, legal, financial reporting, accounting, information systems, human resources and other support functions. Unions represent approximately 200 of our employees. We have never experienced a work stoppage and believe we maintain satisfactory relations with our employees.

Risk Factors

The risk factors noted in this section and other factors noted throughout this Annual Report, describe certain risks and uncertainties that could cause our actual results to differ materially from those contained in any forward-looking statement.

Changes in the real estate market may limit our ability to generate Funds From Operations.

Our ability to make payments to our investors depends on our ability to generate Funds From Operations in excess of required debt payments and capital expenditure requirements. Funds From Operations and the value of our properties may be adversely affected by events or conditions beyond our control, including:

- the general economic climate;
- competition from other apartment communities and other housing options;
- local conditions, such as an increase in unemployment or an increase in the supply of apartments, that might adversely affect apartment occupancy or rental rates;
- changes in governmental regulations and the related cost of compliance;
- increases in operating costs (including real estate taxes) due to inflation and other factors, which may not be offset by increased rents;
- changes in tax laws and housing laws, including the enactment of rent control laws or other laws regulating multifamily housing;
- changes in interest rates and the availability of financing; and
- the relative illiquidity of real estate investments.

If we are not able successfully to acquire, operate, redevelop and expand properties, our growth and results of operations will be adversely affected.

The selective acquisition, redevelopment and expansion of properties are one component of our growth strategy. However, we may not be able to complete successfully transactions in the future. Although we seek to acquire, operate, redevelop and expand properties only when such activities increase our net income on a per share basis, such transactions may fail to perform in accordance with our expectations. When we redevelop or expand properties, we are subject to the risks that:

- costs may exceed original estimates;
- occupancy and rental rates at the property may be below our projections;
- financing may not be available on favorable terms or at all;
- redevelopment and leasing of the properties may not be completed on schedule; and
- we may experience difficulty or delays in obtaining necessary zoning, land-use, building, occupancy and other governmental permits and authorizations.

We may have difficulty integrating any acquired businesses or properties.

We have grown rapidly. Since our initial public offering in July 1994, we have completed numerous acquisition transactions, expanding our portfolio of owned or managed properties from 132 properties with 29,343 apartment units to 1,499 properties with 263,734 apartment units as of December 31, 2004. These acquisitions have included purchases of properties and interests in entities that own or manage properties, as well as corporate mergers. Our ability to successfully integrate acquired businesses and properties depends, among other things, on our ability to:

- attract and retain qualified personnel;
- integrate the personnel and operations of the acquired businesses;
- maintain standards, controls, procedures and policies; and
- maintain adequate accounting and information systems.

We can provide no assurance that we will be able to accomplish these goals and successfully integrate any acquired businesses or properties. If we fail to integrate successfully such businesses, our results of operations could be adversely affected.

We may be subject to litigation associated with partnership acquisitions that could increase our expenses and prevent completion of beneficial transactions.

We have engaged in, and intend to continue to engage in, the selective acquisition of interests in partnerships that own apartment properties. In some cases, we have acquired the general partner of a partnership and then made an offer to acquire the limited partners' interests in the partnership. In these transactions, we may be subject to litigation based on claims that we, as the general partner, have breached our fiduciary duty to our limited partners or that the transaction violates the relevant partnership agreement or state law. Although we intend to comply with our fiduciary obligations and the relevant partnership agreements, we may incur additional costs in connection with the defense or settlement of this type of litigation. In some cases, this type of litigation may adversely affect our desire to proceed with, or our ability to complete, a particular transaction. Any litigation of this type could also have a material adverse effect on our financial condition or results of operations.

Our existing and future debt financing could render us unable to operate, result in foreclosure on our properties or prevent us from making distributions on our equity.

Our strategy is generally to incur debt to increase the return on our equity while maintaining acceptable interest coverage ratios. We seek to maintain a ratio of free cash flow to combined interest expense and preferred stock dividends of greater than 2:1 and to match debt maturities to the character of the assets financed. For the year ended December 31, 2004, however, we had a ratio of free cash flow to combined interest expense and preferred stock dividends of 1.5:1, and this ratio in prior periods has also deviated from our goal. In addition, our Board of Directors could change this strategy at any time and increase our leverage. Our organizational documents do not limit the amount of debt that we may incur, and we have significant amounts of debt outstanding. Payments of principal and interest may leave us with insufficient cash resources to operate our properties or pay distributions required to be paid in order to maintain our qualification as a REIT. We are also subject to the risk that our cash flow from operations will be insufficient to make required payments of principal and interest, and the risk that existing indebtedness may not be refinanced or that the terms of any refinancing will not be as favorable as the terms of existing indebtedness. If we fail to make required payments of principal and interest on any debt, our lenders could foreclose on the properties securing such debt, which would result in loss of income and asset value to us. As of December 31, 2004, substantially all of the properties that we owned or controlled were encumbered by debt.

Increases in interest rates would increase our interest expense.

As of December 31, 2004, we had approximately \$1,533.2 million of variable-rate indebtedness outstanding. Based on this level of debt, an increase in interest rates of 1% would result in our income and cash flows being reduced by \$15.3 million on an annual basis and could reduce our ability to service our indebtedness and make dividends or other distributions. Of the total debt subject to variable interest rates, floating rate tax-exempt bond financing was \$741.8 million. Floating rate tax-exempt bond financing is benchmarked against the Bond Market Association Municipal Swap Index, or the BMA Index, which since 1981 has averaged 52.1% of the 10-year Treasury Yield. If this relationship continues, an increase in the 10-year Treasury Yield, of 1% (0.52% in tax-exempt interest rates) would result in our income before minority interests and cash flows being reduced by \$11.8 million on an annual basis.

Covenant restrictions may limit our ability to make payments to our investors.

Some of our debt and other securities contain covenants that restrict our ability to make distributions or other payments to our investors unless certain financial tests or other criteria are satisfied. Our credit facility provides that we may make distributions to our investors during any 12-month period in an aggregate amount that does not exceed the greater of 95% of our Funds From Operations for such period or such amount as may be necessary to maintain our REIT status.

Our outstanding classes of preferred stock prohibit the payment of dividends on our Common Stock if we fail to pay the dividends to which the holders of the preferred stock are entitled. If we are unable to pay dividends on our Common Stock, we may fail to qualify as a REIT. This would subject us to corporate taxation and reduce our ability to make distributions to our investors.

We depend on distributions and other payments from our subsidiaries that they may be prohibited from making to us.

All of our properties are owned, and all of our operations are conducted, by the Aimco Operating Partnership and our other subsidiaries. As a result, we depend on distributions and other payments from our subsidiaries in order to satisfy our financial obligations and make payments to our investors. The ability of our subsidiaries to make such distributions and other payments depends on their earnings and may be subject to statutory or contractual limitations. As an equity investor in our subsidiaries, our right to receive assets upon their liquidation or reorganization will be effectively subordinated to the claims of their creditors. To the extent that we are recognized as a creditor of such subsidiaries, our claims may still be subordinate to any security interest in or other lien on their assets and to any of their debt or other obligations that are senior to our claims.

Laws benefiting disabled persons may result in our incurrence of unanticipated expenses.

Under the Americans with Disabilities Act of 1990, or ADA, all places intended to be used by the public are required to meet certain Federal requirements related to access and use by disabled persons. Likewise, the Fair Housing Amendments Act of 1988, or FHAA, requires apartment properties first occupied after March 13, 1990 to be accessible to the handicapped. These and other Federal, state and local laws may require modifications to our properties, or restrict renovations of the properties. Noncompliance with these laws could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, which could result in substantial capital expenditures. Although we believe that our properties are substantially in compliance with present requirements, we may incur unanticipated expenses to comply with the ADA and the FHAA.

Affordable housing regulations may limit rent increases at some of our properties, reducing our revenue and, in some cases, causing us to sell properties that we might otherwise continue to own.

As of December 31, 2004, we owned an equity interest in 415 affordable properties and managed for third parties and affiliates 409 properties that benefit from governmental programs intended to provide housing to people with low or moderate incomes. These programs, which are usually administered by HUD or state housing finance agencies, typically provide mortgage insurance, favorable financing terms or rental assistance payments to the property owners. As a condition of the receipt of assistance under these programs, the properties must comply with various requirements, which typically limit rents to pre-approved amounts. If permitted rents on a property are insufficient to cover costs, a sale of the property may become necessary, which could result in a loss of management fee revenue. We usually need to obtain the approval of HUD in order to manage, or acquire a significant interest in, a HUD-assisted property. We may not always receive such approval.

We depend on our senior management

Our success depends upon the retention of our senior management, including Terry Considine, our chief executive officer and president. We cannot assure you that we would be able to find qualified replacements for the individuals who make up our senior management if their services were no longer available. The loss of services of one or more members of our senior management team could have a material adverse effect on our business, financial condition and results of operations. We do not currently maintain key-man life insurance for any of our employees. The loss of any member of senior management could adversely affect our ability to pursue effectively our business strategy.

We may fail to qualify as a REIT.

We believe that we operate, and have always operated, in a manner that enables us to meet the requirements for qualification as a REIT for Federal income tax purposes. Our continued qualification as a REIT will depend on our satisfaction of certain asset, income, investment, organizational, distribution, stockholder ownership and other requirements on a continuing basis. Our ability to satisfy the asset tests depends upon our analysis of the fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with the REIT income and quarterly asset requirements also depends upon our ability to manage successfully the composition of our income and assets on an ongoing basis. Moreover, the proper classification of an instrument as debt or equity for Federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT qualification requirements. Accordingly, there can be no assurance that the Internal Revenue Service, or the IRS, will not contend that our interests in subsidiaries or other issuers constitutes a violation of the REIT requirements. Moreover, future economic, market, legal, tax or other considerations may cause us to fail to qualify as a REIT, or our Board of Directors may determine to revoke our REIT status. If we fail to qualify as a REIT, we will not be allowed a deduction for dividends paid to our stockholders in computing our taxable income, and we will be subject to Federal income tax at regular corporate rates, including any applicable alternative minimum tax. This would substantially reduce our funds available for payment to our investors. Unless entitled to relief under certain provisions of the Code, we also would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT.

In addition, our failure to qualify as a REIT would trigger the following consequences:

- we would be obligated to repurchase certain classes of our preferred stock, plus accrued and unpaid dividends to the date of repurchase; and
- we would be in default under our primary credit facilities and certain other loan agreements.

REIT distribution requirements limit our available cash.

As a REIT, we are subject to annual distribution requirements, which limit the amount of cash we retain for other business purposes, including amounts to fund our growth. We generally must distribute annually at least 90% of our net REIT taxable income, excluding any net capital gain, in order for our distributed earnings not to be subject to corporate income tax. We intend to make distributions to our stockholders to comply with the requirements of the Code. However, differences in timing between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis to meet the 90% distribution requirement of the Code.

Legislative or other actions affecting REITs could have a negative effect on us.

The rules dealing with Federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the United States Treasury Department. Changes to the tax laws, which may have retroactive application, could adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. For example, under legislation effective January 1, 2001, if any of our taxable REIT subsidiaries were deemed to operate or manage a health care or lodging facility, we would fail to qualify as a REIT. Although we believe that, since January 1, 2001, none of our taxable REIT subsidiaries have operated or managed any health care or lodging facilities, the statute provides little guidance as to the definition of a health care or lodging facility. Accordingly, we cannot assure that the IRS will not contend that any of our taxable REIT subsidiaries operate or manage a health care or lodging facility, resulting in our disqualification as a REIT.

A reduction, in 2003, in the maximum tax rate applicable to dividends may make REIT investments less attractive.

Tax legislation enacted in 2003 reduced (through 2008) the maximum tax rate for dividends payable to individuals from 38.6% to 15%. Dividends payable by REITs are generally not eligible for the reduced rates.

Although this legislation does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals to perceive investments in REITs to be relatively less attractive than investments in the capital stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the capital stock of REITs, including our Common Stock. In addition, the relative attractiveness of real estate in general may be adversely affected by the newly favorable tax treatment given to corporate dividends, which could negatively affect the value of our real estate assets.

The FBI has issued alerts regarding potential terrorist threats involving apartment buildings — a risk for which we are only partially insured.

From time to time, the Federal Bureau of Investigation, or FBI, and the United States Department of Homeland Security issue alerts regarding potential terrorist threats involving apartment buildings. Threats of future terrorist attacks, such as those announced by the FBI and the Department of Homeland Security, could have a negative effect on rent and occupancy levels at our properties. The effect that future terrorist activities or threats of such activities could have on our business is uncertain and unpredictable. If we incur a loss at a property as a result of an act of terrorism, we could lose all or a portion of the capital we have invested in the property, as well as the future revenue from the property. Since September 2001, our lenders have increased their scrutiny regarding terrorism exposure, and we have sometimes been required to purchase terrorism insurance. In all cases, we have purchased insurance that exceeds the minimum requirements of our lenders. Currently, these costs have not had a negative effect on our consolidated financial condition or results of operations.

The market place for insurance coverage is uncertain and in some cases insurance is becoming more expensive and more difficult to obtain.

The current insurance market is characterized by volatility with respect to premiums, deductibles and coverage. For certain types of coverage, such as property coverage, we are currently experiencing stable or declining premiums. For other types of coverage, however, such as liability and executive coverage, we continue to experience rising premiums, higher deductibles, and more restrictive coverage language. Although we make use of many alternative methods of risk financing that enable us to insulate ourselves to some degree from variations in coverage language and cost, sustained deterioration in insurance marketplace conditions may have a negative effect on our operating results.

Limits on ownership of shares in our charter may result in the loss of economic and voting rights by purchasers that violate those limits.

Our charter limits ownership of our Common Stock by any single stockholder to 8.7% of our outstanding shares of Common Stock, or 15% in the case of certain pension trusts, registered investment companies and Mr. Considine. Our charter also limits ownership of our Common Stock and preferred stock by any single stockholder to 8.7% of the value of the outstanding Common Stock and preferred stock, or 15% in the case of certain pension trusts, registered investment companies and Mr. Considine. The charter also prohibits anyone from buying shares of our capital stock if the purchase would result in us losing our REIT status. This could happen if a transaction results in fewer than 100 persons owning all of our shares of capital stock or results in five or fewer persons, applying certain attribution rules of the Code, owning 50% or more of the value of all of our shares of capital stock. If anyone acquires shares in excess of the ownership limit or in violation of the ownership requirements of the Code for REITs:

- the transfer will be considered null and void;
- we will not reflect the transaction on our books;
- we may institute legal action to enjoin the transaction;
- we may demand repayment of any dividends received by the affected person on those shares;
- we may redeem the shares;

- the affected person will not have any voting rights for those shares; and
- the shares (and all voting and dividend rights of the shares) will be held in trust for the benefit of one or more charitable organizations designated by us.

We may purchase the shares of capital stock held in trust at a price equal to the lesser of the price paid by the transferee of the shares or the then current market price. If the trust transfers any of the shares of capital stock, the affected person will receive the lesser of the price paid for the shares or the then current market price. An individual who acquires shares of capital stock that violate the above rules bears the risk that the individual:

- may lose control over the power to dispose of such shares;
- may not recognize profit from the sale of such shares if the market price of the shares increases;
- may be required to recognize a loss from the sale of such shares if the market price decreases; and
- may be required to repay to us any distributions received from us as a result of his or her ownership of the shares.

Our charter may limit the ability of a third party to acquire control of us.

The 8.7% ownership limit discussed above may have the effect of precluding acquisition of control of us by a third party without the consent of our Board of Directors. Our charter authorizes our Board of Directors to issue up to 510,587,500 shares of capital stock. As of December 31, 2004, 426,157,976 shares were classified as Common Stock and 84,429,524 shares were classified as preferred stock. Under our charter, our Board of Directors has the authority to classify and reclassify any of our unissued shares of capital stock into shares of capital stock with such preferences, rights, powers and restrictions as our Board of Directors may determine. The authorization and issuance of a new class of capital stock could have the effect of delaying or preventing someone from taking control of us, even if a change in control were in our stockholders' best interests.

Maryland business statutes may limit the ability of a third party to acquire control of us.

As a Maryland corporation, we are subject to various Maryland laws that may have the effect of discouraging offers to acquire us and increasing the difficulty of consummating any such offers, even if our acquisition would be in our stockholders' best interests. The Maryland General Corporation Law restricts mergers and other business combination transactions between us and any person who acquires beneficial ownership of shares of our stock representing 10% or more of the voting power without our Board of Directors' prior approval. Any such business combination transaction could not be completed until five years after the person acquired such voting power, and generally only with the approval of stockholders representing 80% of all votes entitled to be cast and 66⅔% of the votes entitled to be cast, excluding the interested stockholder, or upon payment of a fair price. Maryland law also provides generally that a person who acquires shares of our capital stock that represent 10% or more of the voting power in electing directors will have no voting rights unless approved by a vote of two-thirds of the shares eligible to vote. Additionally, Maryland law provides, among other things, that the board of directors has broad discretion in adopting stockholders' rights plans and has the sole power to fix the record date, time and place for special meetings of the stockholders. In addition, Maryland law provides that corporations that:

- have at least three directors who are not employees of the entity or related to an acquiring person; and
- are subject to the reporting requirements of the Securities Exchange Act of 1934,

may elect in their charter or bylaws or by resolution of the board of directors to be subject to all or part of a special subtitle that provides that:

- the corporation will have a staggered board of directors;
- any director may be removed only for cause and by the vote of two-thirds of the votes entitled to be cast in the election of directors generally, even if a lesser proportion is provided in the charter or bylaws;

- the number of directors may only be set by the board of directors, even if the procedure is contrary to the charter or bylaws;
- vacancies may only be filled by the remaining directors, even if the procedure is contrary to the charter or bylaws; and
- the secretary of the corporation may call a special meeting of stockholders at the request of stockholders only on the written request of the stockholders entitled to cast at least a majority of all the votes entitled to be cast at the meeting, even if the procedure is contrary to the charter or bylaws.

To date, we have not made any of the elections described above.

Item 2. Properties

Our properties are located in 47 states, the District of Columbia and Puerto Rico. As of December 31, 2004, our conventional properties are operated through 17 regional operating centers and a university communities group. Affordable property operations are managed through Aimco Capital and are operated through four regional operating centers. The following table sets forth information on all of our property operations as of December 31, 2004 and 2003:

| <u>Regional Operating Center</u> | <u>December 31, 2004</u> | | <u>December 31, 2003</u> | |
|---|-----------------------------|------------------------|-----------------------------|------------------------|
| | <u>Number of Properties</u> | <u>Number of Units</u> | <u>Number of Properties</u> | <u>Number of Units</u> |
| Conventional: | | | | |
| Atlanta, GA | 31 | 8,644 | 37 | 10,826 |
| Austin, TX | 24 | 5,388 | — | — (1) |
| Boston, MA | 16 | 5,745 | 14 | 5,385 |
| Chicago, IL | 36 | 9,697 | 41 | 10,747 |
| Columbia, SC | 61 | 14,414 | 64 | 14,979 |
| Dallas, TX | 36 | 8,867 | 63 | 14,837 |
| Denver, CO | 34 | 7,572 | 34 | 7,572 |
| Houston, TX | 37 | 9,776 | 37 | 9,776 |
| Indianapolis, IN | 37 | 11,191 | 41 | 11,925 |
| Los Angeles, CA | 38 | 10,468 | 43 | 11,900 |
| Michigan | 26 | 9,507 | 58 | 16,629 |
| Ohio | 30 | 6,099 | — | — (1) |
| Philadelphia, PA | 16 | 7,451 | 17 | 7,681 |
| Phoenix, AZ | 36 | 10,001 | 42 | 11,388 |
| Rockville, MD | 38 | 14,024 | 39 | 14,502 |
| South Florida | 15 | 5,862 | 17 | 6,507 |
| Tampa/Orlando, FL | 54 | 14,931 | 59 | 16,102 |
| University Communities | <u>16</u> | <u>4,277</u> | <u>14</u> | <u>3,773</u> |
| Total conventional owned and managed | <u>581</u> | <u>163,914</u> | <u>620</u> | <u>174,529</u> |
| Affordable (Aimco Capital): | | | | |
| Midwest | 63 | 8,324 | 102 | 14,067 |
| Northeast | 108 | 16,280 | 132 | 19,023 |
| Southeast | 109 | 10,025 | 116 | 11,472 |
| West | <u>86</u> | <u>8,872</u> | <u>100</u> | <u>9,647</u> |
| Total affordable owned and managed | <u>366</u> | <u>43,501</u> | <u>450</u> | <u>54,209</u> |
| Owned but not managed | 59 | 7,245 | 50 | 8,257 |
| Property managed for third parties | 72 | 7,841 | 96 | 11,137 |
| Asset managed for third parties | <u>421</u> | <u>41,233</u> | <u>413</u> | <u>39,428</u> |
| Total | <u>1,499</u> | <u>263,734</u> | <u>1,629</u> | <u>287,560</u> |

(1) As of December 31, 2003, we operated our conventional properties through 15 regional operating centers. The regional operating centers in Austin, TX and Ohio were added during 2004.

At December 31, 2004, we owned an equity interest in and consolidated 676 properties containing 169,932 apartment units, which we refer to as “consolidated.” These consolidated properties contain, on average, 251 apartment units, with the largest property containing 2,899 apartment units. These properties offer residents a

range of amenities, including swimming pools, clubhouses, spas, fitness centers, tennis courts and saunas. Many of the apartment units offer design and appliance features such as vaulted ceilings, fireplaces, washer and dryer hook-ups, cable television, balconies and patios. Additional information on our consolidated properties is contained in "Schedule III, Real Estate and Accumulated Depreciation" in this Annual Report. At December 31, 2004, we held an equity interest in and did not consolidate 330 properties containing 44,728 apartment units, which we refer to as "unconsolidated." In addition, we provided property management services for third parties owning 72 properties containing 7,841 apartment units, and asset management services for third parties owning 421 properties containing 41,233 apartment units, although in certain cases we may indirectly own generally less than one percent of the operations of such properties through a partnership syndication or other fund.

Substantially all of our consolidated properties are encumbered by mortgage indebtedness. At December 31, 2004, our consolidated properties were encumbered by aggregate mortgage indebtedness totaling \$5,604.7 million (not including \$50.2 million of mortgage indebtedness included within liabilities related to assets held for sale), having an aggregate weighted average interest rate of 5.95%. Such mortgage indebtedness was secured by 648 properties with a combined net book value of \$8,687.0 million. Included in the 648 properties, we had a total of 48 mortgage loans, with an aggregate principal balance outstanding of \$539.2 million, that were each secured by property and cross-collateralized with certain (but not all) other mortgage loans within this group of 48 mortgage loans. See Note 6 of the consolidated financial statements in Item 8 for additional information about our indebtedness.

Item 3. *Legal Proceedings*

See the information under the caption "Legal Matters" in Note 9 of the consolidated financial statements in Item 8 for information regarding legal proceedings, which information is incorporated by reference in this Item 3.

Item 4. *Submission of Matters to a Vote of Security Holders*

None.

PART II

Item 5. *Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Our Common Stock has been listed and traded on the NYSE under the symbol "AIV" since July 22, 1994. The following table sets forth the quarterly high and low sales prices of our Common Stock, as reported on the NYSE, and the dividends declared for the periods indicated:

| <u>Quarter Ended</u> | <u>High</u> | <u>Low</u> | <u>Dividends Declared (per share)</u> |
|--------------------------|-------------|------------|---------------------------------------|
| 2004 | | | |
| December 31, 2004 | \$39.25 | \$34.60 | \$0.60 |
| September 30, 2004 | 36.95 | 30.85 | 0.60 |
| June 30, 2004 | 31.50 | 26.45 | 0.60 |
| March 31, 2004 | 36.00 | 30.18 | 0.60 |
| 2003 | | | |
| December 31, 2003 | 42.05 | 33.00 | 0.60 |
| September 30, 2003 | 39.85 | 34.11 | 0.60 |
| June 30, 2003 | 39.81 | 33.67 | 0.82 |
| March 31, 2003 | 39.19 | 34.64 | 0.82 |

On February 28, 2005, the closing price of our Common Stock was \$38.26 per share, as reported on the NYSE and there were 94,877,048 shares of Common Stock outstanding, held by 3,868 stockholders of record. The number of holders does not include individuals or entities who beneficially own shares but whose shares are held of record by a broker or clearing agency, but does include each such broker or clearing agency as one recordholder.

As a REIT, we are required to distribute annually to holders of common stock at least 90% of our "real estate investment trust taxable income," which, as defined by the Code and United States Department of Treasury regulations, is generally equivalent to net taxable ordinary income. We measure our economic profitability and intend to pay regular dividends to our stockholders based on Funds From Operations, less Capital Replacements during the relevant period. Future payment of dividends are at the discretion of our Board of Directors and will depend on numerous factors including our financial condition, capital requirements, the annual distribution requirements under the provisions of the Code applicable to REITs and such other factors as our Board of Directors deems relevant.

From time to time, we issue shares of Common Stock in exchange for common and preferred OP Units tendered to the Aimco Operating Partnership for redemption in accordance with the terms and provisions of the agreement of limited partnership of the Aimco Operating Partnership. Such shares are issued based on an exchange ratio of one share for each common OP Unit or applicable conversion ratio for preferred OP Units. The shares are generally issued in exchange for OP Units in private transactions exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof. During the three and twelve months ended December 31, 2004, approximately 23,000 and 735,000 shares of Common Stock were issued in exchange for common OP Units. During the three and twelve months ended December 31, 2004, approximately 365 and 8,000 shares of Common Stock were issued in exchange for preferred OP Units.

The following table summarizes repurchases of our equity securities in the year ended December 31, 2004 (1):

| <u>Fiscal period</u> | <u>Total Number of Shares Purchased</u> | <u>Average Price Paid per Share</u> | <u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u> | <u>Maximum Number of Shares that May Yet Be Purchased Under Plans or Programs (in millions)</u> |
|--|---|-------------------------------------|---|---|
| January 1 — January 31, 2004 | — | — | — | 1.9 |
| February 1 — February 29, 2004 | 397,272(2) | \$31.70 | 397,272 | 1.5 |
| March 1 — March 31, 2004 | — | — | — | 1.5 |
| April 1 — April 30, 2004 | — | — | — | 1.5 |
| May 1 — May 31, 2004 | — | — | — | 1.5 |
| June 1 — June 30, 2004 | — | — | — | 1.5 |
| July 1 — July 31, 2004 | — | — | — | 1.5 |
| August 1 — August 31, 2004 | — | — | — | 1.5 |
| September 1 — September 30, 2004 | — | — | — | 1.5 |
| October 1 — October 31, 2004 | — | — | — | 1.5 |
| November 1 — November 30, 2004 | — | — | — | 1.5 |
| December 1 — December 31, 2004 | — | — | — | 1.5 |
| Total | <u>397,272</u> | <u>\$31.70</u> | <u>397,272</u> | |

- (1) Our Board of Directors has, from time to time, authorized us to repurchase shares of our outstanding capital stock. Currently, we are authorized to repurchase up to a total of approximately 1.5 million shares of either our Common Stock or preferred stock. These repurchases may be made from time to time in the open market or in privately negotiated transactions, subject to applicable law.
- (2) Of these shares of Common Stock repurchased, 110,000 were purchased in open-market transactions and 287,272 were purchased in a privately negotiated transaction.

Item 6. Selected Financial Data

The following selected financial data is based on our audited historical financial statements. This information should be read in conjunction with such financial statements, including the notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein or in previous filings with the Securities and Exchange Commission.

| | For the Years Ended December 31, | | | | |
|--|--|--------------|--------------|--------------|--------------|
| | 2004 | 2003(1) | 2002(1) | 2001(1) | 2000(1) |
| | (Dollar amounts in thousands, except per share data) | | | | |
| OPERATING DATA: | | | | | |
| Total revenues | \$ 1,468,915 | \$ 1,394,705 | \$ 1,266,919 | \$ 1,168,556 | \$ 893,172 |
| Total expenses | (1,140,157) | (975,686) | (801,593) | (787,063) | (651,168) |
| Operating income | 328,758 | 419,019 | 465,326 | 381,493 | 242,004 |
| Income from continuing operations | 55,696 | 64,148 | 148,606 | 89,806 | 81,010 |
| Income from discontinued operations, net | 211,758 | 94,709 | 20,440 | 17,546 | 18,168 |
| Cumulative effect of change in accounting principle | (3,957) | — | — | — | — |
| Net income | 263,497 | 158,857 | 169,046 | 107,352 | 99,178 |
| Net income attributable to preferred stockholders | 88,804 | 93,565 | 93,558 | 90,331 | 63,183 |
| Net income attributable to common stockholders | 174,693 | 65,292 | 75,488 | 17,021 | 35,995 |
| OTHER INFORMATION: | | | | | |
| Total consolidated properties (end of period) | 676 | 679 | 728 | 557 | 566 |
| Total consolidated apartment units (end of period) | 169,932 | 174,172 | 187,506 | 157,256 | 153,872 |
| Total unconsolidated properties (end of period) | 330 | 441 | 511 | 569 | 683 |
| Total unconsolidated apartment units (end of period) | 44,728 | 62,823 | 73,924 | 91,512 | 111,748 |
| Units managed for others (end of period)(2) | 49,074 | 50,565 | 56,722 | 31,520 | 60,669 |
| Earnings (loss) per common share — basic: | | | | | |
| Income (loss) from continuing operations (net of income attributable to preferred stockholders) | \$ (0.36) | \$ (0.32) | \$ 0.64 | \$ (0.01) | \$ 0.26 |
| Net income attributable to common stockholders | \$ 1.88 | \$ 0.70 | \$ 0.88 | \$ 0.23 | \$ 0.53 |
| Earnings (loss) per common share — diluted: | | | | | |
| Income (loss) from continuing operations (net of income attributable to preferred stockholders) | \$ (0.36) | \$ (0.32) | \$ 0.63 | \$ (0.01) | \$ 0.26 |
| Net income attributable to common stockholders | \$ 1.88 | \$ 0.70 | \$ 0.87 | \$ 0.23 | \$ 0.52 |
| Dividends declared per common share | \$ 2.40 | \$ 2.84 | \$ 3.28 | \$ 3.16 | \$ 2.80 |
| BALANCE SHEET INFORMATION: | | | | | |
| Real estate, net of accumulated depreciation | \$ 8,785,046 | \$ 8,145,443 | \$ 7,969,033 | \$ 5,903,281 | \$ 5,410,663 |
| Total assets | 10,072,241 | 10,087,394 | 10,309,101 | 8,300,672 | 7,699,874 |
| Total indebtedness | 5,988,372 | 5,731,701 | 5,560,096 | 4,101,516 | 3,896,506 |
| Stockholders' equity | 3,008,160 | 2,860,657 | 3,163,387 | 2,710,615 | 2,501,657 |

- (1) Certain reclassifications have been made to 2003, 2002, 2001, and 2000 amounts to conform to the 2004 presentation. These reclassifications primarily represent presentation changes related to discontinued operations resulting from the 2002 adoption of Statement of Financial Accounting Standards No. 144. Also, effective January 1, 2001, as a result of the REIT Modernization Act permitting REITs to own taxable REIT subsidiaries, we began consolidating our previously unconsolidated taxable REIT subsidiaries. Prior to this date, we did not control such subsidiaries, which were accounted for under the equity method, and as a result, the periods prior to 2001 are not comparable.
- (2) In 2004, 2003 and 2002, includes approximately 41,233, 39,428 and 45,187 units, respectively, that are only asset managed by us, and not also property managed, although in certain cases we may indirectly own generally less than one percent of the operations of such properties through a partnership syndication or other fund.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Overview

We are a self-administered and self-managed real estate investment trust, or REIT, engaged in the ownership, acquisition, management and redevelopment of apartment properties. Our property operations are characterized by diversification of product, location and price point. As of December 31, 2004, we owned or managed 1,499 apartment properties containing 263,734 units located in 47 states, the District of Columbia and Puerto Rico. Our primary sources of income and cash are rents associated with apartment leases.

The key financial indicators that we use in managing our business and in evaluating our financial condition and operating performance are: Funds From Operations, or FFO; FFO less spending for Capital Replacements, or AFFO; same store property operating results; net operating income; net operating income less spending for Capital Replacements; financial coverage ratios; and leverage as shown on our balance sheet. These terms are defined and described in the sections captioned "Funds From Operations" and "Capital Expenditures" below. The key macro-economic factors and non-financial indicators that affect our financial condition and operating performance are: rates of job growth; unemployment rates; single-family and multifamily housing starts; and interest rates.

Because our operating results depend primarily on income from our properties, the supply and demand for apartments substantially influences our results. Additionally, the level of expenses required to operate and maintain our properties and the pace and price at which we redevelop, acquire and dispose of our apartment properties can affect our operating results. Our cost of capital is affected by the conditions in the capital and credit markets and the terms that we negotiate for our equity and debt financings.

We have grown rapidly over the past decade, and during the past three years our growth has moderated. During 2004, the apartment industry continued to face a challenging operating environment — job growth at a pace slower than anticipated, low interest rates and an abundant supply of housing alternatives. In addition, we experienced greater difficulty as compared to our peers because our property operating systems and structure were not as effective in meeting the challenges presented by the apartment markets. The effect of these operational challenges was mitigated by a favorable investment climate in which we were able to sell properties at attractive prices, generally higher than the cost of replacement.

In response to this challenging operating environment and our specific operational issues, during late 2003 and throughout 2004 we adjusted our business strategies to compete successfully in challenging times and to be ready to maximize our opportunities as the economy improves. We focused on a number of areas related to improving operations, including those related to customer service, resident selection and retention, marketing, pricing, and operating cost management. Our resident selection initiatives designed to make our communities more desirable places to live and work, which drives better financial performance from higher and more stable occupancy levels, increased pricing power and reduced costs. In combination, our initiatives are resulting in improved customer service, better pricing decisions, increased resident quality, a focus on sales and marketing and higher employee satisfaction. Our revenue building initiatives are largely completed with processes in place for continued improvement in resident quality, pricing, sales and marketing.

Our focus in 2005 will be to continue to increase revenue and work on cost management and productivity initiatives including centralizing purchasing, restructuring business processes, using technology to increase efficiency and implementing structured monthly reporting to identify issues and improve effectiveness of spending. We believe that our improvement efforts are working and have resulted in a positive trend in certain operating results and are the foundation for long-term benefits that we began to realize in the second half of 2004 and expect to continue throughout 2005 and beyond. These initiatives and others have also resulted in improved asset quality, and we will continue to seek opportunities to reinvest in our properties through capital expenditures and to manage our portfolio through property sales and acquisitions.

The following discussion and analysis of the results of our operations and financial condition should be read in conjunction with the financial statements.

Results of Operations

Overview

2004 compared to 2003

We recognized net income of \$263.5 million and net income attributable to common stockholders of \$174.7 million for the year ended December 31, 2004, compared to net income of \$158.9 million and net income attributable to common stockholders of \$65.3 million for the year ended December 31, 2003, increases of \$104.6 million and \$109.4 million, respectively. These increases were principally due to the following items, all of which are discussed in further detail within this section:

- an increase in net gain on disposition of real estate (including the gain recognized in discontinued operations and the gain related to unconsolidated entities and other); and
- an increase in activity fees and asset management revenues.

These increases were partially offset by:

- an overall decline in net operating income, which included increases related to acquisitions and newly consolidated properties, offset by a decline in same store net operating results;
- an increase in general and administrative expenses;
- an increase in interest expense; and
- an increase in depreciation and amortization expense.

The following paragraphs discuss these and other items affecting our results of operations in more detail.

2003 compared to 2002

We recognized net income of \$158.9 million and net income attributable to common stockholders of \$65.3 million for the year ended December 31, 2003, compared to net income of \$169.0 million and net income attributable to common stockholders of \$75.5 million for the year ended December 31, 2002, decreases of \$10.1 million and \$10.2 million, respectively. These decreases were principally due to the following items, all of which are discussed in further detail within this section:

- an overall decline in net operating income, which included increases related to acquisitions and newly consolidated properties, offset by a decline in same store net operating results;
- an increase in depreciation and amortization expenses;
- an increase in interest expense;
- a decrease in interest income; and
- a decrease in property management revenues.

These decreases were partially offset by:

- an increase in net gain on disposition of real estate (including the gain recognized in discontinued operations and the gain relating to unconsolidated entities); and
- lower minority interest allocations as a result of lower property operating results.

Rental Property Operations

Our operating income is primarily generated from the operations of our consolidated properties. The principal components within our total consolidated property operations are: consolidated same store properties, which consist of all conventional properties that were owned, stabilized and consolidated for all comparable periods presented; and other consolidated entities, which include acquisition, newly consolidated, affordable and redevelopment properties.

The following table summarizes the overall performance of our consolidated properties for the years ended December 31, 2004, 2003 and 2002 (in thousands):

| | Year Ended December 31, | | |
|--|-------------------------|-------------------|-------------------|
| | 2004 | 2003 | 2002 |
| Rental and other property revenues | \$1,401,653 | \$1,336,515 | \$1,188,747 |
| Property operating expenses | <u>668,807</u> | <u>585,185</u> | <u>465,318</u> |
| Net operating income | <u>\$ 732,846</u> | <u>\$ 751,330</u> | <u>\$ 723,429</u> |

For the year ended December 31, 2004, compared to the year ended December 31, 2003, net operating income for our consolidated property operations decreased by \$18.5 million, or 2.5%. This decrease was principally due to a \$40.3 million decrease in consolidated same store net operating income (see further discussion of same store results under the heading "Conventional Same Store Property Operating Results"). Additionally, there was a \$6.6 million decrease related to net casualty losses and other costs primarily resulting from hurricanes and tropical storms in the third quarter of 2004, which damaged over 100 of our properties and \$4.0 million in higher property management costs. These decreases were offset by an \$18.2 million increase related to operations of newly consolidated properties, which are properties that had been previously unconsolidated and accounted for by the equity method (42 properties first consolidated in 2004, which includes 24 properties that were consolidated due to the adoption of Financial Accounting Standards Board Interpretation No. 46, *Consolidation of Variable Interest Entities*, or FIN 46, and 12 properties that were first consolidated after the first quarter of 2003) and a \$16.0 million increase related to operations of acquisition properties, which were principally comprised of The Palazzo at Park La Brea and 10 other properties purchased in 2004, and three properties purchased in 2003.

For the year ended December 31, 2003, compared to the year ended December 31, 2002, net operating income for our consolidated property operations increased by \$27.9 million, or 3.9%. This increase was principally due to \$62.2 million related to operations of newly consolidated properties (19 properties first consolidated in 2003 and 78 properties first consolidated in 2002) and \$34.6 million related to operations of acquisition properties, which were principally comprised of three properties purchased in 2003, 115 properties acquired in the March 2002 acquisition of Casden Properties, Inc., 11 properties acquired in the August 2002 acquisition of New England area properties, and two properties purchased in 2002. This was partially offset by a \$71.1 million decrease in consolidated same store net operating income (see further discussion of same store results under the heading "Conventional Same Store Property Operating Results").

Conventional Same Store Property Operating Results

Same store operating results is a key indicator we use to assess the performance of our property operations and to understand the period over period operations of a consistent portfolio of properties. We define "same store" properties as conventional properties in which our ownership interest exceeds 10% and the operations of which are stabilized for all periods presented. To ensure comparability, the information for all periods shown is based on current period ownership. The following table summarizes the conventional rental property operations on a "same store" basis (which is not in accordance with generally accepted accounting principles, or GAAP)

and reconciles them to consolidated rental property operations (which is in accordance with GAAP) described in the above comparative discussions (dollars in thousands):

| | <u>Year Ended December 31,</u> | | |
|---|--------------------------------|------------------|------------------|
| | <u>2004</u> | <u>2003</u> | <u>2002</u> |
| Our share of same store revenues | \$890,441 | \$897,271 | \$931,966 |
| Our share of same store expenses | 402,152 | 381,052 | 342,792 |
| Our share of same store net operating income | 488,289 | 516,219 | 589,174 |
| Adjustments to reconcile same store net operating income to real estate segment net operating income(1) | 244,557 | 235,111 | 134,255 |
| Real estate segment net operating income | <u>\$732,846</u> | <u>\$751,330</u> | <u>\$723,429</u> |
| Same store statistics for three year period: | | | |
| Properties | 499 | 499 | 499 |
| Apartment units | 139,102 | 139,102 | 139,102 |
| Average physical occupancy | 90.1% | 91.7% | 92.6% |
| Average rent /unit/month | \$ 685 | \$ 686 | \$ 705 |

(1) Includes: (i) minority partners' share of consolidated, less our share of unconsolidated, property revenues and property operating expenses (at current period ownership); (ii) property revenues and property operating expenses related to consolidated properties other than same store properties (e.g., affordable, acquisition and redevelopment properties); and (iii) eliminations and other adjustments made in accordance with GAAP.

For the year ended December 31, 2004, compared to the year ended December 31, 2003, our share of same store net operating income decreased \$27.9 million, or 5.4%. Revenues decreased \$6.8 million, or 0.8%, primarily due to lower occupancy (down 1.6%), and slightly lower average rent (down \$1 per unit), offset by higher utility reimbursements from residents and lower bad debt expense. Expenses increased by \$21.1 million, or 5.5%, primarily due to: an increase of \$18.9 million in compensation and benefit expense related to a new employee health plan, merit increases and increased staffing levels; an increase of \$3.7 million in utilities due to the increase in the cost of natural gas; and an increase of \$3.9 million in marketing and administrative expenses associated with our efforts to increase occupancy. These increases were partially offset by a decrease in property taxes related to successful appeals and changes in estimates related to assessments.

For the year ended December 31, 2003, compared to the year ended December 31, 2002, our share of same store net operating income decreased \$73.0 million, or 12.4%. Revenues decreased \$34.7 million, or 3.7%, primarily due to lower average rent (down \$19 per unit), lower occupancy (down 0.9%), and increased bad debt. Expenses increased by \$38.3 million, or 11.2%, primarily due to: an increase of \$10.1 million in turnover, marketing and administrative costs in 2003 related to focused efforts to improve property appearance and the condition of units ready to be occupied; \$9.6 million in contract services and repairs and maintenance primarily driven by seasonal factors such as landscaping and snow removal due to more severe winter conditions in 2003 than in 2002; \$6.0 million in utilities due to the increase in the cost of natural gas, electric, water and sewer; and \$4.8 million in property hazard insurance due to increased casualty losses.

Property Management

We earn income from property management primarily from unconsolidated real estate partnerships for which we are the general partner. The income is primarily in the form of fees generated through property management and other associated activities. Our revenue from property management decreases as we consolidate real estate partnerships and the income generated is therefore eliminated in consolidation. We expect this trend to continue as we increase our ownership in more of these partnerships or otherwise determine that consolidation is required by GAAP. Additionally, our revenue decreases as properties within our unconsolidated real estate partnerships are sold. Offsetting the revenue earned in property management are the direct expenses associated with property management.

The following table summarizes the overall performance of our property management business for the years ended December 31, 2004, 2003 and 2002 (in thousands):

| | Year Ended December 31, | | |
|---|-------------------------|-----------------|-----------------|
| | 2004 | 2003 | 2002 |
| Property management revenues, primarily from affiliates | \$32,461 | \$37,992 | \$56,550 |
| Property management expenses | 9,199 | 8,106 | 7,340 |
| Net operating income from property management | <u>\$23,262</u> | <u>\$29,886</u> | <u>\$49,210</u> |

For the year ended December 31, 2004, compared to the year ended December 31, 2003, net operating income from property management decreased by \$6.6 million, or 22.2%. For the year ended December 31, 2003, compared to the year ended December 31, 2002, net operating income from property management decreased by \$19.3 million, or 39.3%. In both periods the decreases were principally due to an increase in consolidated real estate partnerships, which required elimination of fee income and associated property operating expense related to such partnerships, and the sales of properties within our unconsolidated partnerships (53 properties in 2004 and 37 properties in 2003) that had previously generated property management revenues.

Activity Fees and Asset Management

Activity fees are generated from transactional activity including dispositions, syndications, tax credit redevelopments and refinancings. These transactions occur on varying timetables, thus the income generated may vary from period to period. The majority of these fees are generated by transactions related to affordable properties within the Aimco Capital portfolio. Asset management revenue is from the financial management of properties, rather than management of day-to-day property operations. Asset management revenue includes deferred asset management fees that are recognized once a transaction or improvement in operations has occurred to generate available cash. Offsetting the revenue earned in activity fees and asset management are the direct expenses associated with these activities.

The following table summarizes the overall performance of our activity fees and asset management for the years ended December 31, 2004, 2003 and 2002 (in thousands):

| | Year Ended December 31, | | |
|--|-------------------------|-----------------|-----------------|
| | 2004 | 2003 | 2002 |
| Activity fees and asset management revenues, primarily from affiliates | \$34,801 | \$20,198 | \$21,622 |
| Activity and asset management expenses | 11,802 | 8,367 | 9,747 |
| Net operating income from activity fees and asset management ... | <u>\$22,999</u> | <u>\$11,831</u> | <u>\$11,875</u> |

Included in the activity fees and asset management revenues, primarily from affiliates for the years ended December 31, 2004, 2003 and 2002, were \$30.3 million, \$18.9 million and \$19.7 million, respectively, of fees related to affordable properties within the Aimco Capital portfolio.

For the year ended December 31, 2004, compared to the year ended December 31, 2003, net operating income from activity fees and asset management increased by \$11.2 million, or 94.4%. This overall increase was principally a result of increased activity fees related to disposition, refinancing and developer activities of \$7.3 million, \$2.3 million and \$3.0 million, respectively, due to a greater number of transactions in 2004 than in 2003. Additionally, there was an increase of \$2.9 million related to the recognition of deferred asset management fees resulting from closed transactions and improved operations. These increases were offset by a \$2.1 million decrease related to syndication fees and \$3.4 million in higher expenses associated with these activities.

For the year ended December 31, 2003, compared to the year ended December 31, 2002, net operating income from activity fees and asset management decreased by \$0.04 million. This overall decrease was principally a result of decreased activity fees related to disposition and refinancing activities of \$2.6 million and \$2.3 million, respectively, due to a fewer number of transactions in 2003 than in 2002. Additionally, there was a decrease of \$3.5 million related to the recognition of deferred asset management fees resulting from fewer closed

transactions in 2003. These decreases were offset by a \$6.6 million increase related to syndication fees and lower expenses of \$1.4 million associated with these activities.

Depreciation and Amortization

For the year ended December 31, 2004, compared to the year ended December 31, 2003, depreciation and amortization increased \$37.2 million, or 11.2%. This increase was principally due to \$11.3 million and \$7.2 million of additional depreciation related to the newly consolidated and acquisition properties, respectively, as well as \$10.5 million from the completion of certain redevelopment properties. Additionally, \$7.1 million of the increase resulted from additional depreciation on certain assets where, based on a periodic review, the estimated useful lives were reduced.

For the year ended December 31, 2003, compared to the year ended December 31, 2002, depreciation and amortization increased \$63.5 million, or 23.7%. This increase was principally due to \$23.4 million and \$23.5 million of additional depreciation related to the acquisition properties and the newly consolidated properties, respectively, as well as \$12.3 million of additional depreciation related to new capital spending on same store properties. Additionally, amortization of intangibles increased \$2.7 million as a result of additional amortization recognized due to the termination of certain management contracts acquired in the Casden Transactions.

General and Administrative Expenses

For the year ended December 31, 2004, compared to the year ended December 31, 2003, general and administrative expenses increased \$29.4 million, or 60.5%. This increase was principally due to: \$15.5 million in higher compensation related to increased staffing levels, merit increases and variable compensation; \$7.7 million related to increased health insurance costs and the effect of a favorable change in 2003 related to our accrual for insurance claims incurred but not reported (IBNR); \$3.2 million in increased amortization of restricted stock and stock option compensation; and \$3.1 million in legal costs and compliance costs primarily related to the internal control reporting requirements of Section 404 of the Sarbanes-Oxley Act of 2002.

For the year ended December 31, 2003, compared to the year ended December 31, 2002, general and administrative expenses remained relatively flat decreasing \$0.4 million, or 0.8%. This decrease was principally due to: \$6.0 million related to lower health insurance costs and the effect of a favorable change in our IBNR accrual in 2003; and \$2.9 million in lower salaries, primarily related to lower variable compensation. These decreases were offset by an \$8.7 million increase in consulting fees associated with the implementation of site level software and legal fees.

Other Expenses (Income), Net

Other expenses (income), net includes tax provision/benefit, franchise taxes, risk management activities related to our unconsolidated partnerships and partnership expenses.

For the year ended December 31, 2004, compared to the year ended December 31, 2003, other expenses (income), net changed \$9.7 million from income of \$6.3 million in 2003 to expense of \$3.4 million in 2004. This change was principally due to a \$10.8 million lower tax benefit recognized in 2004 as compared to 2003, due primarily to an \$8.0 million benefit related to the reversal of a deferred income tax asset valuation allowance (see further discussion in Note 10 of the consolidated financial statements in Item 8). In the year ended December 31, 2004, there was a tax benefit of \$7.2 million recorded, as compared to \$18.0 million in the year ended December 31, 2003.

For the year ended December 31, 2003, compared to the year ended December 31, 2002, other expenses (income), net changed \$8.3 million from expense of \$2.0 million in 2002 to income of \$6.3 million in 2003. This change was principally due to a \$15.1 million higher tax benefit recognized in 2003 as compared to 2002, partially offset by \$2.4 million in higher franchise taxes and \$1.3 million in decreased risk operations due to increased legal expenses. In the year ended December 31, 2003, there was a tax benefit of \$18.0 million recorded, as compared to \$2.9 million in the year ended December 31, 2002. See discussion above on the 2003 tax activity.

Interest Income

Interest income consists primarily of interest and accretion on general partner notes receivable from our unconsolidated real estate partnerships. Transactions that result in accretion occur on varying timetables and thus the income generated may vary from period to period.

For the year ended December 31, 2004, as compared to the year ended December 31, 2003, interest income increased \$7.6 million, or 30.8%. This increase was principally a result of \$5.0 million in higher interest due from general partner notes receivable, and \$3.0 million in higher accretion income.

For the year ended December 31, 2003, as compared to the year ended December 31, 2002, interest income decreased \$51.6 million, or 67.5%. This decrease was principally a result of: \$33.5 million in reduced accretion income; \$11.1 million in lower interest due from general partner notes receivable resulting from the consolidation of real estate partnerships, and therefore the elimination of interest income, as well as the collection of outstanding notes receivable; and \$7.7 million related to gain recognized in second quarter 2002 on the sale of certain tax-exempt bonds.

Recovery of (Provision for) Losses on Notes Receivable

For the year ended December 31, 2004, as compared to the year ended December 31, 2003, recovery of (provision for) losses on notes receivable changed \$3.9 million from a provision of \$2.2 million in 2003 to a recovery of \$1.8 million in 2004. For the year ended December 31, 2003, as compared to the year ended December 31, 2002, provision for losses on notes receivable decreased \$6.8 million.

The provision or recovery in each period was determined based on our periodic review of the collectibility of each loan made to affiliated partnerships within our loan receivable portfolio as well as actual cash collections. We continue to monitor these loans and assess the collectibility of each loan on a periodic basis and record provisions as necessary based on the projected operating cash flows of the underlying real estate assets.

Interest Expense

For the year ended December 31, 2004, compared to the year ended December 31, 2003, interest expense, which includes the amortization of deferred financing costs, increased \$24.8 million, or 7.3%. This increase was principally due to: \$9.9 million resulting from interest on the additional debt related to the newly consolidated properties; \$9.6 million resulting from interest on the additional debt related to acquisition properties; and a \$4.7 million decrease in capitalized interest due to redevelopment properties being placed in service. Additionally, an \$8.8 million increase related to the credit facility and term loan (of which \$1.8 million was associated with the write-off of deferred loan costs related to the November 2004 modification of the credit facility and term loan and \$0.8 million related to the payoff of the indebtedness incurred to complete the Casden Transactions) due to higher average principal balances along with a higher weighted average interest rate. The November 2004 modification reduced the spread over LIBOR by an average of 1.25%, which will favorably impact interest expense related to our revolving credit facility and \$300 million term loan. These increases were partially offset by lower weighted average effective interest rates on mortgage debt due to refinancings that occurred in 2003 and 2004.

For the year ended December 31, 2003, as compared to the year ended December 31, 2002, interest expense increased \$47.0 million, or 16.0%. This increase was principally due to \$26.6 million and \$21.3 million of additional interest on the debt related to the newly consolidated properties and the acquisition properties, respectively.

Deficit Distributions to Minority Partners

When real estate partnerships consolidated in our financial statements make cash distributions to partners in excess of the carrying amount of the minority interest, we record a charge equal to the amount of such distribution, even though there is no economic effect or cost.

For the year ended December 31, 2004, as compared to the year ended December 31, 2003, deficit distributions to minority partners decreased \$4.6 million, or 20.4%. For the year ended December 31, 2003, as compared to the year ended December 31, 2002, deficit distributions to minority partners decreased \$4.9 million, or 17.8%. Each of these decreases were due to reduced levels of distributions being made by the consolidated real estate partnerships as a result of lower refinancing activity and decreased operating results, as well as our increased ownership of such partnerships.

Equity in Earnings (Losses) of Unconsolidated Real Estate Partnerships

For the year ended December 31, 2004, as compared to the year ended December 31, 2003, equity in losses of unconsolidated real estate partnerships decreased \$4.7 million, or 72.5%. This decrease in loss was principally the result of increased ownership in certain unconsolidated partnerships and better property operating results at certain properties.

For the year ended December 31, 2003, as compared to the year ended December 31, 2002, equity in earnings (losses) of unconsolidated real estate partnerships changed \$7.1 million from equity in earnings of \$0.7 million in 2002 to equity in losses of \$6.4 million in 2003. This increase was principally the result of the purchase of equity interests in unconsolidated real estate partnerships that resulted in these properties becoming consolidated. Such real estate partnerships owned better performing properties that are now contributing to consolidated rental revenues and expenses. In addition, the remaining properties within unconsolidated real estate partnerships had decreased earnings driven by lower property operating results in 2003 than in 2002.

Gain (Loss) on Dispositions of Real Estate Related to Unconsolidated Entities and Other

Gain on dispositions of real estate related to unconsolidated entities and other includes our share of gain related to dispositions of real estate within our unconsolidated real estate partnerships, gain on dispositions of non-depreciable assets and costs related to asset disposal activities. Gains (losses) on properties sold are determined on a property-by-property basis and are not comparable period to period.

For the year ended December 31, 2004, as compared to the year ended December 31, 2003, gain on dispositions of real estate related to unconsolidated entities and other increased \$65.5 million. This increase was principally due to a \$34.6 million gain on the sale of a parcel of land located in Florida, and \$17.4 million gain from the sale of one of our unconsolidated core properties.

For the year ended December 31, 2003, as compared to the year ended December 31, 2002, gain on dispositions of real estate related to unconsolidated entities and other increased \$25.5 million. Included in 2002 was a loss of approximately \$28.0 million that resulted primarily from a change in estimate due to better insight into information related to the finalization of the recording of purchase price accounting to appropriate entities acquired in past acquisitions and the related historical estimation process in determining the carrying value of assets sold. The recognition of this amount in 2002 was considered to be a change in estimate associated with the historical estimated gain or loss on the sale of these properties. The recognition of this change in estimate resulted in a decrease in basic and diluted earnings per share of \$0.28 for the year ended December 31, 2002.

Minority Interest in Consolidated Real Estate Partnerships

For the year ended December 31, 2004, as compared to the year ended December 31, 2003, minority interest in consolidated real estate partnerships changed \$17.5 million. For the year ended December 31, 2003, as compared to the year ended December 31, 2002, minority interest in consolidated real estate partnerships changed \$13.5 million. The changes in both periods were principally a result of decreased earnings caused by lower property operating results than in the prior year.

Income from Discontinued Operations, Net

For properties accounted for as held for sale, the results of operations for properties sold during the period or designated as held for sale at the end of the period are required to be classified as discontinued operations. The property-specific components of net earnings that are classified as discontinued operations include all property-

related revenues and operating expenses, depreciation expense recognized prior to the classification as held for sale, property-specific interest expense to the extent there is secured debt on the property and the associated minority interest. In addition, any impairment losses on assets held for sale, and the net gain on the eventual disposal of properties held for sale are reported as discontinued operations.

For the years ended December 31, 2004, 2003, and 2002, income from discontinued operations, net totaled \$211.8 million, \$94.7 million and \$20.4 million, respectively, which includes income from operations of \$6.6 million, \$15.4 million and \$35.6 million, respectively. In 2004, the income from operations included 68 properties that were sold or classified as held for sale during 2004. In 2003 and 2002, the income from operations included 140 properties and 182 properties, respectively, that were sold or classified as held for sale in 2002, 2003 and 2004. Due to varying number of properties and the timing of sales, the income from operations is not comparable year to year.

During 2004, we sold 54 properties, resulting in a net gain on sale of approximately \$233.9 million (which is net of \$16.0 million of related taxes). Additionally, we recognized \$7.3 million in impairment losses on assets sold or held for sale in 2004. During 2003, we sold 72 properties, resulting in a net gain on sale of approximately \$89.7 million (which is net of \$12.1 million of related taxes). Additionally, we recognized \$9.0 million in impairment losses on assets sold or held for sale in 2003. During 2002, we sold 42 properties, resulting in a net loss on sale of approximately \$8.5 million (including \$2.5 million of related taxes). Additionally, we recognized \$2.9 million in impairment losses on assets sold or held for sale in 2002.

Gains (losses) on properties sold are determined on a property-by-property basis and are not comparable period to period. See Note 15 of the consolidated financial statements in Item 8 for more details on discontinued operations.

Cumulative Effect of Change in Accounting Principle

On March 31, 2004, we recorded a \$4.0 million cumulative effect of change in accounting principle related to the adoption of FIN 46. This charge is attributable to our recognition of cumulative losses allocable to minority interest that would otherwise have resulted in minority interest deficits. See Note 2 of the consolidated financial statements in Item 8 for further information.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with GAAP, which requires us to make estimates and assumptions. We believe that the following critical accounting policies involve our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Impairment of Long-Lived Assets

Real estate and other long-lived assets to be held and used are stated at cost, less accumulated depreciation and amortization, unless the carrying amount of the asset is not recoverable. If events or circumstances indicate that the carrying amount of a property may not be recoverable, we make an assessment of its recoverability by comparing the carrying amount to our estimate of the undiscounted future cash flows, excluding interest charges, of the property. If the carrying amount exceeds the aggregate undiscounted future cash flows, we recognize an impairment loss to the extent the carrying amount exceeds the estimated fair value of the property.

Real estate investments are subject to varying degrees of risk. Several factors may adversely affect the economic performance and value of our real estate investments. These factors include:

- the general economic climate;
- competition from other apartment communities and other housing options;
- local conditions, such as an increase in unemployment or an increase in the supply of apartments, that might adversely affect apartment occupancy or rental rates;
- changes in governmental regulations and the related cost of compliance;

- increases in operating costs (including real estate taxes) due to inflation and other factors, which may not be offset by increased rents;
- changes in tax laws and housing laws, including the enactment of rent control laws or other laws regulating multifamily housing;
- changes in market capitalization rates; and
- the relative illiquidity of such investments.

Any adverse changes in these factors could cause an impairment in our long-lived assets, including real estate, goodwill and investments in unconsolidated real estate partnerships. Based on periodic tests of recoverability of long-lived assets, we have determined that the carrying amount for our properties to be held and used is recoverable and, therefore, we did not record any impairment losses related to such properties during the years ended December 31, 2004, 2003 and 2002.

Notes Receivable and Interest Income Recognition

Notes receivable from unconsolidated real estate partnerships consist primarily of subordinated notes receivable from partnerships in which we are the general partner. The ultimate repayment of these notes is subject to a number of variables, including the performance and value of the underlying real estate property and the claims of unaffiliated mortgage lenders. Our notes receivable include loans extended by us that we carry at the face amount plus accrued interest, which we refer to as "par value notes," and loans extended by predecessors whose positions we generally acquired at a discount, which we refer to as "discounted notes."

We record interest income on par value notes as earned in accordance with the terms of the related loan agreements. We discontinue the accrual of interest on such notes when the notes are impaired, as discussed below, or when there is otherwise significant uncertainty as to the collection of interest. We record income on such nonaccrual loans using the cost recovery method, under which we apply cash receipts first to the recorded amount of the loan; thereafter, any additional receipts are recognized as income.

We recognize interest income on discounted notes receivable based upon whether the amount and timing of collections are both probable and reasonably estimable. We consider collections to be probable and reasonably estimable when the borrower has entered into certain closed or pending transactions (which include real estate sales, refinancings, foreclosures and rights offerings) that provide a reliable source of repayment. In such instances, we recognize accretion income, on a prospective basis using the effective interest method over the estimated remaining term of the loans, equal to the difference between the carrying amount of the discounted notes and the estimated collectible value. We record income on all other discounted notes using the cost recovery method. For the year ended December 31, 2004, if we had not been able to complete certain transactions, our accretion income would have decreased by \$6.3 million (\$0.06 per basic and diluted share). Accretion income recognized in any given period is based on our ability to complete transactions to monetize the notes receivable and the difference between the carrying value and the estimated collectible value of the notes; therefore, accretion income varies on a period by period basis and could be lower or higher than in prior periods.

Allowance for Losses on Notes Receivable

We assess the collectibility of notes receivable on a periodic basis, which assessment consists primarily of an evaluation of cash flow projections of the borrower to determine whether estimated cash flows are sufficient to repay principal and interest in accordance with the contractual terms of the note. We recognize impairments on notes receivable when it is probable that principal and interest will not be received in accordance with the contractual terms of the loan. The amount of the impairment to be recognized generally is based on the fair value of the partnership's real estate that represents the primary source of loan repayment. In certain instances where other sources of cash flow are available to repay the loan, the impairment is measured by discounting the estimated cash flows at the loan's original effective interest rate.

During the year ended December 31, 2004, we recorded \$1.8 million in net recovery of impairment losses on notes receivable. During the years ended December 31, 2003 and 2002, we identified and recorded

\$2.2 million, and \$9.0 million in impairment losses on notes receivable (net of recoveries), respectively. We will continue to evaluate the collectibility of these notes, and we may adjust related allowances in the future due to changes in market conditions and other factors.

Capitalized Costs

We capitalize direct and allocable indirect costs (including salaries, interest, real estate taxes and other costs) incurred in connection with redevelopment, Capital Improvement and Capital Replacement activities. We charge to expense as incurred indirect costs that do not relate to the above activities, including general and administrative expenses. The amounts capitalized depend on the volume and costs of such activities. Based on the level of capital spending during the year ended December 31, 2004, if capital activities had increased or decreased during the period by 10%, our income before minority interest would have increased or decreased, respectively, by approximately \$5.1 million. See further discussion under the heading "Capital Expenditures."

Funds From Operations

Funds From Operations, or FFO, is a non-GAAP financial measure that we believe, when considered with the financial data 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, computed in accordance with GAAP, excluding gains (or losses) 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 (diluted) by subtracting redemption related preferred stock issuance costs and dividends on preferred stock, adding back dividends/distributions on dilutive preferred securities and adding back the interest expense on dilutive mandatorily redeemable convertible preferred securities. FFO should not be considered an alternative to net income or net cash flows from operating activities, as calculated in accordance with GAAP, as an indication of our performance or as a measure of liquidity. FFO is not necessarily indicative of cash available to fund future cash needs. In addition, although FFO is a measure used for comparability in assessing the performance of real estate investment trusts, there can be no assurance that our basis for computing FFO is comparable with that of other real estate investment trusts.

For the years ended December 31, 2004, 2003 and 2002, our FFO is calculated as follows (amounts in thousands):

| | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--|--------------------------|--------------------------|-------------------------|
| Net income attributable to common stockholders(1) | \$ 174,693 | \$ 65,292 | \$ 75,488 |
| Adjustments: | | | |
| Depreciation and amortization(2) | 368,844 | 331,609 | 268,085 |
| Depreciation and amortization related to non-real estate assets | (18,349) | (20,370) | (19,070) |
| Depreciation on rental property related to minority partners' interest(3) | (43,387) | (28,714) | (22,542) |
| Depreciation on rental property related to unconsolidated entities .. | 22,360 | 25,817 | 33,549 |
| (Gain) loss on disposition of real estate related to unconsolidated entities and other | (68,634) | (3,178) | 22,362 |
| Gain on dispositions of non-depreciable assets | 38,977 | — | — |
| Deficit distributions to minority partners, net(4) | 18,007 | 22,629 | 27,535 |
| Cumulative effect of change in accounting principle | 3,957 | — | — |
| Discontinued operations: | | | |
| Depreciation on rental property, net of minority partners' interest(3) | 12,404 | 37,349 | 48,458 |
| (Gain) loss on dispositions of real estate, net of minority partners' interest(3) | (249,944) | (101,849) | 6,021 |
| (Recovery of deficit distributions) deficit distributions to minority partners(4) | (3,863) | (10,686) | 765 |
| Income tax arising from disposals' | 16,015 | 12,134 | 2,507 |
| Minority interest in Aimco Operating Partnership's share of above adjustments | (10,289) | (29,910) | (44,500) |
| Preferred stock dividends | 85,315 | 85,920 | 93,558 |
| Redemption related preferred stock issuance costs | <u>3,489</u> | <u>7,645</u> | <u>—</u> |
| Funds From Operations | \$ 349,595 | \$ 393,688 | \$492,216 |
| Preferred stock dividends | (85,315) | (85,920) | (93,558) |
| Redemption related preferred stock issuance costs | (3,489) | (7,645) | — |
| Dividends/distributions on dilutive preferred securities | 2,798 | 11,330 | 38,091 |
| Interest expense on mandatorily redeemable convertible preferred securities | <u>—</u> | <u>987</u> | <u>1,161</u> |
| Funds From Operations attributable to common stockholders — diluted | <u>\$ 263,589</u> | <u>\$ 312,440</u> | <u>\$437,910</u> |
| Weighted average number of common shares, common share equivalents and dilutive preferred securities outstanding: | | | |
| Common shares and equivalents(5) | 93,252 | 92,968 | 86,773 |
| Dilutive preferred securities | <u>1,106</u> | <u>3,639</u> | <u>9,588</u> |
| Total | <u><u>94,358</u></u> | <u><u>96,607</u></u> | <u><u>96,361</u></u> |

Notes:

- (1) Represents our numerator for earnings per common share calculated in accordance with GAAP.
- (2) Includes amortization of management contracts where we are the general partner. Such management contracts were established in certain instances where we acquired a general partner interest in either a consolidated or an unconsolidated partnership. Because the recoverability of these management contracts

depends primarily on the operations of the real estate owned by the limited partnerships, we believe it is consistent with the White Paper to add back such amortization, as the White Paper directs the add-back of amortization of assets uniquely significant to the real estate industry.

- (3) "Minority partners' interest," means minority interest in our consolidated real estate partnerships.
- (4) In accordance with GAAP, deficit distributions to minority partners are charges recognized in our income statement when cash is distributed to a non-controlling partner in a consolidated real estate partnership in excess of the positive balance in such partner's capital account, which is classified as minority interest on our balance sheet. We record these charges for GAAP purposes even though there is no economic effect or cost. Deficit distributions to minority partners occur when the fair value of the underlying real estate exceeds its depreciated net book value because the underlying real estate has appreciated or maintained its value. As a result, the recognition of expense for deficit distributions to minority partners represents, in substance, either (a) our recognition of depreciation previously allocated to the non-controlling partner or (b) a cost related to the non-controlling partner's share of real estate appreciation. Based on White Paper guidance that requires real estate depreciation and gains to be excluded from FFO, we add back deficit distributions and subtract related recoveries in our reconciliation of net income to FFO.
- (5) Represents our denominator for earnings per common share — diluted calculated in accordance with GAAP plus additional common share equivalents that are dilutive for FFO.

Liquidity and Capital Resources

Liquidity is the ability to meet present and future financial obligations either through the sale or maturity of existing assets or by the acquisition of additional funds through working capital management. Both the coordination of asset and liability maturities and effective working capital management are important to the maintenance of liquidity. Our primary source of liquidity is cash flow from our operations. Additional sources are proceeds from property sales and proceeds from refinancings of existing mortgage loans and borrowings under new mortgage loans.

Our principal uses for liquidity include normal operating activities, payments of principal and interest on outstanding debt, capital expenditures, dividends paid to stockholders and distributions paid to partners, and acquisitions of, and investments in, properties. We use our cash provided by operating activities to meet short-term liquidity needs. In the event that the cash provided by operating activities is not sufficient to cover our short-term liquidity demands, we have additional means, such as short-term borrowing availability and proceeds from property sales and refinancings, to help us meet our short-term liquidity demands. We use our revolving credit facility for general corporate purposes and to fund investments on an interim basis. We expect to meet our long-term liquidity requirements, such as debt maturities and property acquisitions, through long-term borrowings, both secured and unsecured, the issuance of debt or equity securities (including OP Units), the sale of properties and cash generated from operations.

At December 31, 2004, we had \$105.3 million in cash and cash equivalents, a decrease of \$9.1 million from December 31, 2003, which cash is principally from sales and refinancing transactions that has yet to be distributed or applied to the outstanding balance on the revolving credit facility (see Note 8 to the consolidated financial statements in Item 8). At December 31, 2004, we had \$282.0 million of restricted cash (including \$12.6 million of restricted cash that is included within Assets Held for Sale), primarily consisting of reserves and escrows held by lenders for bond sinking funds, capital expenditures, property taxes and insurance. In addition, cash, cash equivalents and restricted cash are held by partnerships that are not presented on a consolidated basis. The following discussion relates to changes in cash due to operating, investing and financing activities, which are presented in our Consolidated Statements of Cash Flows in Item 8.

Operating Activities

For the year ended December 31, 2004, our net cash provided by operating activities of \$365.5 million was primarily from operating income from our consolidated properties, which is determined by rental rates, occupancy levels and operating expenses related to our portfolio of properties. This decreased \$98.4 million compared with the year ended December 31, 2003, driven primarily by lower property operating results.

Investing Activities

For the year ended December 31, 2004, our net cash provided by investing activities of \$336.9 million primarily resulted from proceeds received from sales of properties, offset by the acquisition of The Palazzo at Park La Brea and several other properties (see Note 3 of the consolidated financial statements in Item 8 for further information on acquisitions), as well as investments in our existing real estate assets through capital spending (see further discussion on capital expenditures under the heading "Capital Expenditures").

Although we hold all of our properties for investment, we sell properties when they do not meet our investment criteria or are located in areas that we believe do not justify our continued investment when compared to alternative uses for our capital. In the year ended December 31, 2004, we sold 54 consolidated properties, three consolidated land parcels, and 53 unconsolidated properties. These properties were sold for an aggregate sales price of \$1.4 billion, of which \$1.0 billion related to the consolidated properties and land parcels. The sale of the consolidated properties generated proceeds totaling \$971.6 million, after the payment of transaction costs. Our share of the total net proceeds from the sale of the 107 properties and three land parcels, after repayment of existing debt, payment of transaction costs and distributions to limited partners, was \$530.3 million, of which \$60.9 million related to the unconsolidated properties. Of the \$60.9 million, \$39.0 million was received as of December 31, 2004, and was included in our distributions received from investments in unconsolidated real estate partnerships. These proceeds were used to repay a portion of our outstanding short-term indebtedness, redeem preferred securities, and for other corporate purposes.

We are currently marketing for sale certain properties that are inconsistent with our long-term investment strategy. Additionally, from time to time, we may market certain properties that are consistent with our long-term investment strategy but offer attractive returns, such as sales to buyers who intend to convert the properties to condominiums. Gross sales proceeds from 2005 dispositions are expected to be \$500 million to \$550 million, and we plan to use such proceeds to reduce debt, fund capital expenditures on existing assets, fund property and partnership acquisitions, and for other operating needs and corporate purposes.

Financing Activities

For the year ended December 31, 2004, net cash used in financing activities of \$711.5 million primarily related to payments on our secured notes payable, the repayment in full of the term loan we entered into in connection with the Casden Transactions, payment of our dividends, and the full or partial redemptions of mandatorily redeemable preferred securities, the Class P Convertible Cumulative Preferred Stock, the Class D Cumulative Preferred Stock and the Class N Cumulative Preferred Stock. These were offset by proceeds from the issuance of Class U Cumulative Preferred Stock, Class V Cumulative Preferred Stock, Class Y Cumulative Preferred Stock and mortgage loans (see notes to the consolidated financial statements in Item 8 for further details on these activities).

Mortgage Debt

At December 31, 2004, we had \$5.6 billion in consolidated mortgage debt outstanding as compared to \$5.2 billion outstanding at December 31, 2003. During the year ended December 31, 2004, we refinanced or closed mortgage loans on 38 consolidated properties generating \$444.3 million of proceeds from borrowings with a weighted average interest rate of 4.03%. Our share of the net proceeds after repayment of existing debt, payment of transaction costs and distributions to limited partners, was \$120.2 million. In addition, we closed mortgage loans on 22 unconsolidated properties, with a weighted average interest rate of 4.04%. Our share of the net proceeds from these 22 mortgage loans totaled \$26.2 million and are included in our distributions received from investments in unconsolidated real estate partnerships within investing activities. We used our total net proceeds from all loans closed of \$146.4 million to repay existing short-term debt and for other corporate purposes. In 2005, we intend to continue to refinance mortgage debt to generate proceeds in amounts exceeding our scheduled amortizations and maturities.

During the year ended December 31, 2004, we closed five mortgage loans totaling \$126.8 million, with a weighted average interest rate of 3.40%, to finance our acquisitions.

Revolving Credit Facility and Term Loans

On November 2, 2004, we entered into an Amended and Restated Senior Secured Credit Agreement, which we refer to as the Credit Agreement, with a syndicate of financial institutions. The Credit Agreement replaced our previous two separate credit agreements. The original aggregate commitment under the Credit Agreement is \$750 million, comprised of \$450 million of revolving loan commitments and a \$300 million term loan tranche. Proceeds from the term loan made on the closing date were used to repay the outstanding indebtedness under our previous loan facilities and for other corporate purposes. Proceeds from the revolving loans made on the closing date were used to repay outstanding indebtedness under the previous loan facilities. The term loan matures on November 2, 2009 and the revolving loans mature on November 2, 2007. See Note 8 of the consolidated financial statements in Item 8 for detailed information on the Credit Agreement.

At December 31, 2004, the outstanding principal balance of the term loan was \$300.0 million at an interest rate of 4.18% (based on LIBOR plus 2.00%). The proceeds of future term loans are generally permitted to be used to fund general working capital and other corporate purposes.

At December 31, 2004, the outstanding principal balance of the revolving loans was \$68.7 million at an interest rate of 4.64% (based on various weighted average LIBOR and base rate borrowings outstanding with various maturities). The amount available under the revolving credit facility at December 31, 2004 was \$358.2 million (after giving effect to \$23.1 million outstanding for undrawn letters of credit issued under the revolving credit facility). The proceeds of future revolving loans are generally permitted to be used to fund working capital and for other corporate purposes.

Additionally, during 2004, we repaid \$104.4 million of indebtedness that was incurred in connection with the Casden Transactions.

Equity Transactions

During the year ended December 31, 2004, we issued \$522.5 million of new preferred securities with rates ranging from 7.75% to 8.5%. With proceeds from these issuances, we redeemed or exchanged \$336.2 million of outstanding preferred securities with rates ranging from 8.75% to 9.00%. Additionally, we redeemed all outstanding shares of Class S Cumulative Redeemable Preferred Stock for \$98.9 million (see Notes 7 and 13 to the consolidated financial statements in Item 8).

Under our shelf registration, which was declared effective in April 2004, we had approximately \$877 million of debt and equity securities available and the Aimco Operating Partnership had \$500 million of debt available as of December 31, 2004 (see Notes 12 and 13 to the consolidated financial statements in Item 8 for further details on the shelf registration statement and preferred securities). We intend to continue to issue preferred securities in both public offerings and private placements to generate proceeds that we will use to redeem higher cost preferred securities, to finance acquisitions of real estate interests and for other corporate purposes.

Our Board of Directors has, from time to time and most recently in 2001, authorized us to repurchase shares of our outstanding capital stock. Currently, we are authorized to repurchase up to a total of approximately 1.5 million shares of either our Common Stock or preferred stock. These repurchases may be made from time to time in the open market or in privately negotiated transactions, subject to applicable law. On February 18, 19 and 24, 2004, we purchased in the open market 30,000, 60,000 and 20,000 shares of Common Stock, respectively, at an average price per share of approximately \$32.03, \$32.17 and \$31.26, respectively. Additionally, on February 24, 2004, we completed the purchase of 287,272 shares of Common Stock at a price of \$31.60 per share in a privately negotiated transaction.

The dividend paid in February 2005 of \$0.60 per share represents a distribution of 120% of diluted Adjusted Funds From Operations, which we refer to as AFFO, and 83% of diluted FFO for the quarter ended December 31, 2004.

Capital Expenditures

Effective January 1, 2004, we classify all capital spending as Capital Replacements (which we refer to as CR), Capital Improvements (which we refer to as CI) or redevelopment. We believe the new classifications are simpler to apply, allow more discrete differentiation between categories, facilitate sound economic decisions, and assist investors and analysts in better understanding our capital spending.

Non-redevelopment capitalizable expenditures are apportioned between CR and CI based on the useful life of the capital item under consideration and the period we have owned the property (i.e., the portion that was consumed during our ownership of the item represents CR; the portion of the item that was consumed prior to our ownership represents CI).

For the year ended December 31, 2004, we spent a total of \$77.2 million on CR. These are expenditures that represent the share of expenditures that are deemed to replace the consumed portion of acquired capital assets. For the year ended December 31, 2004, we spent a total of \$82.4 million and \$88.8 million, respectively, on CI and redevelopment. CI expenditures represent all non-redevelopment capital expenditures that are made to enhance the value, profitability or useful life of an asset from its original purchase condition, and redevelopment expenditures represent expenditures that substantially upgrade the property.

The table below details our share of actual spending, on both consolidated and unconsolidated real estate partnerships, for CR, CI and redevelopment for the year ended December 31, 2004 on a per unit and total dollar basis (based on approximately 160,000 ownership equivalent units), and reconciles it to our Consolidated Statement of Cash Flows for the same period (in thousands, except per unit amounts).

| | <u>Actual Cost</u> | <u>Cost Per Unit</u> |
|---|--------------------|----------------------|
| Capital Replacements Detail: | | |
| Building interiors | \$ 14,839 | \$ 93 |
| Includes: hot water heaters, kitchen/bath | | |
| Building exteriors | 12,011 | 75 |
| Includes: roofs, exterior painting, electrical, plumbing | | |
| Landscaping and grounds | 7,928 | 50 |
| Includes: parking lot improvements, pool improvements | | |
| Turnover related | 29,311 | 183 |
| Includes: carpet, vinyl, tile, appliance, and fixture replacements | | |
| Capitalized payroll and other indirect costs | <u>13,152</u> | <u>82</u> |
| Total our share of Capital Replacements | <u>\$ 77,241</u> | <u>\$483</u> |
| Capital Replacements: | | |
| Conventional | \$ 67,491 | |
| Affordable | <u>9,750</u> | |
| Total our share of Capital Replacements | <u>77,241</u> | |
| Capital Improvements: | | |
| Conventional | 62,339 | |
| Affordable | <u>20,030</u> | |
| Total our share of Capital Improvements | <u>82,369</u> | |
| Redevelopment: | | |
| Conventional | 75,259 | |
| Affordable | <u>13,550</u> | |
| Total our share of redevelopment | <u>88,809</u> | |
| Total our share of capital expenditures | <u>248,419</u> | |
| Plus minority partners' share of consolidated spending | 68,027 | |
| Less our share of unconsolidated spending | <u>(14,509)</u> | |
| Total capital expenditures per Consolidated Statement of Cash Flows | <u>\$301,937</u> | |

Included in the above spending for CI and redevelopment, is approximately \$26.6 million of our share of capitalized payroll and other indirect costs related to these activities for the year ended December 31, 2004.

We funded all of the above capital expenditures with cash provided by operating activities, working capital, and borrowings under the revolving credit facility.

Contractual Obligations

This table summarizes information contained elsewhere in this Annual Report regarding payments due under contractual obligations and commitments as of December 31, 2004 (amounts in thousands):

| | <u>Total</u> | <u>Less than One Year</u> | <u>1-3 Years</u> | <u>3-5 Years</u> | <u>More than 5 Years</u> |
|--|--------------------|-------------------------------|--------------------|------------------|------------------------------|
| Scheduled long-term debt maturities | \$5,604,653 | \$254,840 | \$1,006,250 | \$600,811 | \$3,742,752 |
| Secured credit facility and term loans | 368,700 | — | 68,700 | 300,000 | — |
| Mandatorily redeemable preferred securities(1) | 15,019 | — | — | — | 15,019 |
| Redevelopment and other construction commitments | 72,706 | 69,943 | 2,254 | 509 | — |
| Commitments to purchase real estate(2) | 485,500 | 485,500 | — | — | — |
| Leases for space occupied | 46,926 | 7,262 | 14,292 | 11,337 | 14,035 |
| Development fee payments(3) | 22,500 | 10,000 | 12,500 | — | — |
| Total | <u>\$6,616,004</u> | <u>\$827,545</u> | <u>\$1,103,996</u> | <u>\$912,657</u> | <u>\$3,771,806</u> |

- (1) Mandatorily redeemable preferred securities were fully redeemed on January 11, 2005 (see Note 22 of the consolidated financial statements in Item 8 for further information).
- (2) Of the \$485.5 million total: \$201 million was associated with our commitment to purchase Westwood (a commitment entered into in connection with the Casden Transactions), which commitment was extinguished on January 3, 2005; and \$199 million was associated with our commitment to acquire the Palazzo East at Park La Brea (a commitment entered into in connection with the Casden Transactions), which transaction was completed on February 28, 2005. As a result, as of February 28, 2005 the total remaining commitment to purchase real estate is \$85.5 million. See Notes 9 and 22 of the consolidated financial statements in Item 8.
- (3) The development fee payments above were established in connection with the Casden Transactions and our commitment as it relates to the Casden Development Company, LLC. We agreed to pay \$2.5 million per quarter for five years (up to an aggregate amount of \$50.0 million) to Casden Development Company, LLC as a retainer on account for redevelopment services on our assets.

Future Capital Needs

In addition to the items set forth in “Contractual Obligations” above, we expect to fund any future acquisitions, additional redevelopment projects and capital improvements principally with proceeds from property sales (including tax-free exchange proceeds), short-term borrowings, debt and equity financings and operating cash flows.

Off-Balance Sheet Arrangements

We own general and limited partner interests in unconsolidated real estate partnerships, which interests were acquired through portfolio acquisitions, individual property purchases and separate offers to other limited partners. Our total ownership interests in these unconsolidated real estate partnerships ranges typically from less than 1% to 50%. However, based on the provisions of the related partnership agreements, which grant varying degrees of control, we are not deemed to have control of these partnerships sufficient to require or permit consolidation for accounting purposes. The requirement or ability to consolidate a real estate partnership is determined by FIN 46 (see Note 2 of the consolidated financial statements in Item 8). There are no lines of credit, side agreements, or any other derivative financial instruments related to or between our unconsolidated real estate partnerships and us and no material exposure to financial guarantees (see Note 9 of the consolidated financial statements in Item 8). Accordingly, our maximum risk of loss related to these unconsolidated real estate partnerships is limited to the aggregate carrying amount of our investment in the unconsolidated real estate partnerships and any outstanding notes receivable as reported in our consolidated financial statements. See Note 4

of the consolidated financial statements in Item 8 for additional information on our unconsolidated real estate partnerships.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our primary market risk exposure relates to changes in interest rates. We are not subject to any foreign currency exchange rate risk or commodity price risk, or any other material market rate or price risks. We use predominantly long-term, fixed-rate and self-amortizing non-recourse mortgage debt in order to avoid the refunding and repricing risks of short-term borrowings. We use short-term debt financing and working capital primarily to fund short-term uses and acquisitions and generally expect to refinance such borrowings with cash from operating activities, property sales proceeds, long-term debt or equity financings.

We had \$1,533.2 million of floating rate debt outstanding at December 31, 2004. Of the total floating rate debt, the major components were floating rate tax-exempt bond financing (\$741.8 million), floating rate secured notes (\$422.7 million), revolving loans (\$68.7 million), and the term loan (\$300.0 million). Based on this level of debt, an increase in interest rates of 1% would result in our income before minority interests and cash flows being reduced by \$15.3 million on an annual basis. Historically, changes in tax-exempt interest rates have been at a ratio of less than 1:1 with changes in taxable interest rates. Floating rate tax-exempt bond financing is benchmarked against the BMA Index, which since 1981 has averaged 52.1% of the 10-year Treasury Yield. If this relationship continues, an increase in the 10-year Treasury Yield, of 1% (0.52% in tax-exempt interest rates) would result in our income before minority interests and cash flows being reduced by \$11.8 million on an annual basis. At December 31, 2004, we had \$4,455.2 million of fixed-rate debt outstanding. As of December 31, 2003, based on our level of floating rate debt of \$1,599.0 million, an increase in interest rates of 1% would have resulted in our income before minority interests and cash flows being reduced by \$16.0 million on an annual basis. The potential reduction of income before minority interests and cash flows due to an increase in interest rates decreased \$0.7 million for 2004 compared to 2003 due to lower floating rate balances resulting from the redemption of Class S Cumulative Redeemable Preferred Stock and repayment of a portion of the term loan.

We believe that the fair value of our floating rate secured tax-exempt bond debt and floating rate secured long-term debt as of December 31, 2004 approximate their carrying values. The fair value for our fixed-rate debt agreements were estimated based on the quoted market rate for the same or similar issues. The combined carrying amount of our fixed-rate secured tax-exempt bonds and fixed rate secured notes payable at December 31, 2004 was \$4.4 billion compared to the computed fair value of \$4.8 billion (see Note 2 to the consolidated financial statements in Item 8).

As of December 31, 2004, the scheduled principal amortization and maturity payments for our consolidated secured notes payable and consolidated secured tax-exempt bonds were as follows (dollars in thousands):

| | <u>Amortization</u> | <u>Maturities</u> | <u>Total</u> | <u>Percentage</u> |
|------------------|---------------------|-------------------|--------------------|-------------------|
| 2005..... | \$128,720 | \$126,120 | \$ 254,840 | 4.5% |
| 2006..... | 133,238 | 495,054 | 628,292 | 11.2 |
| 2007..... | 140,490 | 237,468 | 377,958 | 6.7 |
| 2008..... | 145,163 | 178,215 | 323,378 | 5.8 |
| 2009..... | 152,794 | 124,639 | 277,433 | 5.0 |
| Thereafter | | | <u>3,742,752</u> | <u>66.8</u> |
| | | | <u>\$5,604,653</u> | <u>100.0%</u> |

Item 8. Financial Statements and Supplementary Data

The independent registered public accounting firm's report, consolidated financial statements and schedule listed in the accompanying index are filed as part of this report and incorporated herein by this reference. See "Index to Financial Statements" on page F-1 of this Annual Report.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, our chief executive officer and chief financial officer have concluded that, as of the end of such period, our disclosure controls and procedures are adequate.

Management's Report on Internal Control Over Financial Reporting

Management of the company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2004. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*.

Based on our assessment, management concluded that, as of December 31, 2004, the company's internal control over financial reporting is effective.

The company's independent registered public accounting firm has issued an audit report on our assessment of the company's internal control over financial reporting.

Changes in Internal Control over Financial Reporting

There have been no significant changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during fourth quarter 2004 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors of Apartment Investment and Management Company

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Apartment Investment and Management Company (the "Company") maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Apartment Investment and Management Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Apartment Investment and Management Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Apartment Investment and Management Company as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2004, and our report dated March 10, 2005 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Denver, Colorado
March 10, 2005

Item 9B. *Other Information*

None.

PART III

Item 10. *Directors and Executive Officers of the Registrant*

The information required by this item is presented under the captions "Board of Directors and Officers," "Corporate Governance Matters — Code of Ethics" and "Other Matters — Section 16(a) Beneficial Ownership Reporting Compliance" in the proxy statement for our 2005 annual meeting of stockholders and is incorporated herein by reference.

Item 11. *Executive Compensation*

The information required by this item is presented under the captions "Corporate Governance Matters — Compensation of Directors," "Corporate Governance Matters — Compensation and Human Resources Committee Interlocks and Insider Participation," "Compensation and Human Resources Committee Report to Stockholders," "Summary Compensation Table," "Option/SAR Grants in Last Fiscal Year," "Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values," "Employment Arrangements" and "Stock Price Performance Graph" in the proxy statement for our 2005 annual meeting of stockholders and is incorporated herein by reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this item is presented under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Securities Authorized for Issuance Under Equity Compensation Plans" in the proxy statement for our 2005 annual meeting of stockholders and is incorporated herein by reference.

Item 13. *Certain Relationships and Related Transactions*

The information required by this item is presented under the caption "Certain Relationships and Related Transactions" in the proxy statement for our 2005 annual meeting of stockholders and is incorporated herein by reference.

Item 14. *Principal Accountant Fees and Services*

The information required by this item is presented under the caption "Principal Accountant Fees and Services" in the proxy statement for our 2005 annual meeting of stockholders and is incorporated herein by reference.

PART IV

Item 15. *Exhibits, Financial Statement Schedules*

(a)(1) The financial statements listed in the Index to Financial Statements on Page F-1 of this report are filed as part of this report and incorporated herein by reference.

(a)(2) The financial statement schedule listed in the Index to Financial Statements on Page F-1 of this report is filed as part of this report and incorporated herein by reference.

(a)(3) The Exhibit Index is incorporated herein by reference.

INDEX TO EXHIBITS(1)(2)

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 2.1 | Agreement and Plan of Merger, dated as of December 3, 2001, by and among Apartment Investment and Management Company, Casden Properties, Inc. and XYZ Holdings LLC (Exhibit 2.1 to Aimco's Current Report on Form 8-K, filed December 6, 2001, is incorporated herein by this reference) |
| 3.1 | Charter |
| 3.2 | Bylaws (Exhibit 3.2 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2001, is incorporated herein by this reference) |
| 10.1 | Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 29, 1994 as amended and restated as of October 1, 1998 (Exhibit 10.8 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998, is incorporated herein by this reference) |
| 10.2 | First Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of November 6, 1998 (Exhibit 10.9 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998, is incorporated herein by this reference) |
| 10.3 | Second Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of December 30, 1998 (Exhibit 10.1 to Amendment No. 1 to Aimco's Current Report on Form 8-K/A, filed February 11, 1999, is incorporated herein by this reference) |
| 10.4 | Third Amendment to Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of February 18, 1999 (Exhibit 10.12 to Aimco's Annual Report on Form 10-K for the year ended December 31 1998, is incorporated herein by this reference) |
| 10.5 | Fourth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of March 25, 1999 (Exhibit 10.2 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1999, is incorporated herein by this reference) |
| 10.6 | Fifth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of March 26, 1999 (Exhibit 10.3 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1999, is incorporated herein by this reference) |
| 10.7 | Sixth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of March 26, 1999 (Exhibit 10.1 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1999, is incorporated herein by this reference) |
| 10.8 | Seventh Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 27, 1999 (Exhibit 10.1 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999, is incorporated herein by this reference) |
| 10.9 | Eighth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of December 14, 1999 (Exhibit 10.9 to Aimco's Annual Report on Form 10-K for the year ended December 31, 1999, is incorporated herein by reference) |
| 10.10 | Ninth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of December 21, 1999 (Exhibit 10.10 to Aimco's Annual Report on Form 10-K for the year ended December 31, 1999, is incorporated hereby by reference) |
| 10.11 | Tenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of December 21, 1999 (Exhibit 10.11 to Aimco's Annual Report on Form 10-K for the year ended December 31, 1999, is incorporated herein by reference) |
| 10.12 | Eleventh Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of January 13, 2000 (Exhibit 10.12 to Aimco's Annual Report on Form 10-K for the year ended December 31, 1999, is incorporated herein by reference) |
| 10.13 | Twelfth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of April 19, 2000 (Exhibit 10.2 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000, is incorporated herein by this reference) |

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 10.14 | Thirteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of August 7, 2000 (Exhibit 10.1 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended June 30, 2000, is incorporated herein by this reference) |
| 10.15 | Fourteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 12, 2000 (Exhibit 10.1 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended September 30, 2000, is incorporated herein by this reference) |
| 10.16 | Fifteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 15, 2000 (Exhibit 10.2 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended September 30, 2000, is incorporated herein by this reference) |
| 10.17 | Sixteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 15, 2000 (Exhibit 10.3 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended September 30, 2000, is incorporated herein by this reference) |
| 10.18 | Seventeenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of November 10, 2000 (Exhibit 10.4 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended September 30, 2000, is incorporated herein by this reference) |
| 10.19 | Eighteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of November 16, 2000 (Exhibit 10.19 to Aimco's Annual Report on Form 10-K/A for the fiscal year 2000, is incorporated herein by this reference) |
| 10.20 | Nineteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of February 28, 2001 (Exhibit 10.20 to Aimco's Annual Report on Form 10-K/A for the fiscal year 2000, is incorporated herein by this reference) |
| 10.21 | Twentieth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of March 19, 2001 (Exhibit 10.21 to Aimco's Annual Report on Form 10-K/A for the fiscal year 2000, is incorporated herein by this reference) |
| 10.22 | Twenty-first Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of May 10, 2001 (Exhibit 10.1 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended June 30, 2001, is incorporated herein by this reference) |
| 10.23 | Twenty-second Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of June 20, 2001 (Exhibit 10.2 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended June 30, 2001, is incorporated herein by this reference) |
| 10.24 | Twenty-third Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 20, 2001 (Exhibit 10.3 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended June 30, 2001, is incorporated herein by this reference) |
| 10.25 | Twenty-fourth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of August 1, 2001 (Exhibit 10.4 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended June 30, 2001, is incorporated herein by this reference) |
| 10.26 | Twenty-fifth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 2, 2001 (Exhibit 10.5 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended June 30, 2001, is incorporated herein by this reference) |
| 10.27 | Twenty-sixth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 2, 2001 (Exhibit 10.6 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended June 30, 2001, is incorporated herein by this reference) |

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 10.28 | Twenty-seventh Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 2, 2001 (Exhibit 10.7 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended June 30, 2001, is incorporated herein by this reference) |
| 10.29 | Twenty-eighth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of March 25, 2002 (Exhibit 10.1 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended March 31, 2002, is incorporated herein by this reference) |
| 10.30 | Twenty-ninth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of March 11, 2002 (Exhibit 10.2 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended March 31, 2002, is incorporated herein by this reference) |
| 10.31 | Thirtieth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of April 1, 2002 (Exhibit 10.3 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended March 31, 2002, is incorporated herein by this reference) |
| 10.32 | Thirty-first Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of April 10, 2002 (Exhibit 10.4 to the Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended March 31, 2002, is incorporated herein by this reference) |
| 10.33 | Thirty-second Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of May 14, 2002 (Exhibit 10.1 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2002, is incorporated herein by this reference) |
| 10.34 | Thirty-third Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of November 27, 2002 (Exhibit 10.34 to Aimco's Annual Report on Form 10-K for the year ended December 31, 2002, is incorporated herein by this reference) |
| 10.35 | Thirty-fourth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of April 29, 2003 (Exhibit 10.1 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, is incorporated herein by this reference) |
| 10.36 | Thirty-fifth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of April 30, 2003 (Exhibit 10.2 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, is incorporated herein by this reference) |
| 10.37 | Thirty-sixth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 16, 2003 (Exhibit 10.1 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003, is incorporated herein by this reference) |
| 10.38 | Thirty-seventh Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 24, 2003 (Exhibit 10.2 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003, is incorporated herein by this reference) |
| 10.39 | Thirty-eighth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of January 30, 2004 (Exhibit 10.39 to Aimco's Annual Report on Form 10-K for the year ended December 31, 2003, is incorporated herein by this reference) |
| 10.40 | Thirty-ninth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of March 17, 2004 (Exhibit 10.1 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004, is incorporated herein by this reference) |
| 10.41 | Fortieth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of June 18, 2004 (Exhibit 10.1 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004, is incorporated herein by this reference) |
| 10.42 | Forty-First Amendment to Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 24, 2004 (Exhibit 4.1 to AIMCO Properties, L.P.'s Current Report on Form 8-K dated September 24, 2004, is incorporated herein by this reference) |

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 10.43 | Forty-Second Amendment to Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 30, 2004 (Exhibit 4.2 to AIMCO Properties, L.P.'s Current Report on Form 8-K dated September 24, 2004, is incorporated herein by this reference) |
| 10.44 | Forty-Third Amendment to Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 30, 2004 (Exhibit 4.1 to AIMCO Properties, L.P.'s Current Report on Form 8-K dated September 29, 2004, is incorporated herein by this reference) |
| 10.45 | Forty-fourth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of December 21, 2004 (Exhibit 4.1 to AIMCO Properties, L.P.'s Current Report on Form 8-K dated September 29, 2004, is incorporated herein by this reference) |
| 10.46 | Forty-fifth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of February 18, 2005 (Exhibit 4.1 to AIMCO Properties, L.P.'s Current Report on Form 8-K dated February 18, 2005, is incorporated herein by this reference) |
| 10.47 | Forty-sixth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of February 28, 2005 (Exhibit 4.1 to AIMCO Properties, L.P.'s Current Report on Form 8-K dated February 28, 2005, is incorporated herein by this reference) |
| 10.48 | Amended and Restated Secured Credit Agreement, dated as of November 2, 2004, by and among Aimco, AIMCO Properties, L.P., AIMCO/Bethesda Holdings, Inc., and NHP Management Company as the borrowers and Bank of America, N.A., Keybank National Association, and the Lenders listed therein (Exhibit 4.1 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004, is incorporated herein by this reference) |
| 10.49 | Master Indemnification Agreement, dated December 3, 2001, by and among Apartment Investment and Management Company, AIMCO Properties, L.P., XYZ Holdings LLC, and the other parties signatory thereto (Exhibit 2.3 to Aimco's Current Report on Form 8-K, filed December 6, 2001, is incorporated herein by this reference) |
| 10.50 | Tax Indemnification and Contest Agreement, dated December 3, 2001, by and among Apartment Investment and Management Company, National Partnership Investments, Corp., and XYZ Holdings LLC and the other parties signatory thereto (Exhibit 2.4 to Aimco's Current Report on Form 8-K, filed December 6, 2001, is incorporated herein by this reference) |
| 10.51 | Limited Liability Company Agreement of AIMCO JV Portfolio #1, LLC dated as of December 30, 2003 by and among AIMCO BRE I, LLC, AIMCO BRE II, LLC and SRV-AJVP#1, LLC (Exhibit 10.54 to Aimco's Annual Report on Form 10-K for the year ended December 31, 2003, is incorporated herein by this reference) |
| 10.52 | Employment Contract executed on July 29, 1994 by and between AIMCO Properties, L.P. and Terry Considine (Exhibit 10.44C to Aimco's Annual Report on Form 10-K for the year ended December 31, 1994, is incorporated herein by this reference)* |
| 10.53 | Apartment Investment and Management Company 1997 Stock Award and Incentive Plan (October 1999) (Exhibit 10.26 to Aimco's Annual Report on Form 10-K for the year ended December 31, 1999, is incorporated herein by this reference)* |
| 10.54 | Form of Restricted Stock Agreement (1997 Stock Award and Incentive Plan) (Exhibit 10.11 to Aimco's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1997, is incorporated herein by this reference)* |
| 10.55 | Form of Incentive Stock Option Agreement (1997 Stock Award and Incentive Plan) (Exhibit 10.42 to Aimco's Annual Report on Form 10-K for the year ended December 31, 1998, is incorporated herein by this reference)* |
| 10.56 | Amended and Restated Apartment Investment and Management Company Non-Qualified Employee Stock Option Plan (Annex B to Aimco's Proxy Statement for the Annual Meeting of Stockholders to be held on April 24, 1997, is incorporated herein by this reference)* |
| 10.57 | The 1996 Stock Incentive Plan for Officers, Directors and Key Employees of Ambassador Apartments, Inc., Ambassador Apartments, L.P., and Subsidiaries, as amended March 20, 1997 (Exhibit 10.42 to Ambassador Apartments, Inc. Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated herein by this reference)* |
| 21.1 | List of Subsidiaries |

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 23.1 | Consent of Independent Registered Public Accounting Firm |
| 31.1 | Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 99.1 | Agreement re: disclosure of long-term debt instruments |

- (1) Schedule and supplemental materials to the exhibits have been omitted but will be provided to the Securities and Exchange Commission upon request.
- (2) The file reference number for all exhibits is 001-13232, and all such exhibits remain available pursuant to the Records Control Schedule of the Securities and Exchange Commission.
- * Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 14th day of March 2005.

APARTMENT INVESTMENT AND
MANAGEMENT COMPANY

/s/ TERRY CONSIDINE

Terry Considine
*Chairman of the Board,
Chief Executive Officer and President*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|---|---|----------------|
| <u>/s/ TERRY CONSIDINE</u> Terry Considine | Chairman of the Board, Chief Executive Officer and President (principal executive officer) | March 14, 2005 |
| <u>/s/ PAUL J. MCAULIFFE</u> Paul J. McAuliffe | Executive Vice President and Chief Financial Officer (principal financial officer) | March 14, 2005 |
| <u>/s/ THOMAS M. HERZOG</u> Thomas M. Herzog | Senior Vice President and Chief Accounting Officer (principal accounting officer) | March 14, 2005 |
| <u>/s/ JAMES N. BAILEY</u> James N. Bailey | Director | March 14, 2005 |
| <u>/s/ RICHARD S. ELLWOOD</u> Richard S. Ellwood | Director | March 14, 2005 |
| <u>/s/ J. LANDIS MARTIN</u> J. Landis Martin | Director | March 14, 2005 |
| <u>/s/ THOMAS L. RHODES</u> Thomas L. Rhodes | Director | March 14, 2005 |
| <u>/s/ MICHAEL A. STEIN</u> Michael A. Stein | Director | March 14, 2005 |

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

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| All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto | |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and Board of Directors Apartment Investment and Management Company

We have audited the accompanying consolidated balance sheets of Apartment Investment and Management Company as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2004. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Apartment Investment and Management Company at December 31, 2004 and 2003, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with United States generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, in 2004 the Company adopted the provisions of Financial Accounting Standards Board Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Apartment Investment and Management Company's internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 10, 2005 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Denver, Colorado
March 10, 2005

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED BALANCE SHEETS

As of December 31, 2004 and 2003

(In thousands, except share data)

| | <u>2004</u> | <u>2003</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| Real estate: | | |
| Land | \$ 2,211,109 | \$ 1,959,382 |
| Buildings and improvements | 8,588,649 | 7,887,573 |
| Total real estate | <u>10,799,758</u> | <u>9,846,955</u> |
| Less accumulated depreciation | <u>(2,014,712)</u> | <u>(1,701,512)</u> |
| Net real estate | 8,785,046 | 8,145,443 |
| Cash and cash equivalents | 105,343 | 114,432 |
| Restricted cash | 269,368 | 242,066 |
| Accounts receivable | 75,044 | 64,341 |
| Accounts receivable from affiliates | 39,216 | 55,003 |
| Deferred financing costs | 72,426 | 69,402 |
| Notes receivable from unconsolidated real estate partnerships | 165,289 | 139,930 |
| Notes receivable from non-affiliates | 31,716 | 68,771 |
| Investment in unconsolidated real estate partnerships | 188,137 | 230,054 |
| Other assets | 287,381 | 266,685 |
| Assets held for sale | 53,275 | 691,267 |
| Total assets | <u>\$10,072,241</u> | <u>\$10,087,394</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Secured tax-exempt bond financing | \$ 1,133,794 | \$ 1,064,250 |
| Secured notes payable | 4,470,859 | 4,118,445 |
| Mandatorily redeemable preferred securities | 15,019 | 113,619 |
| Term loans | 300,000 | 354,387 |
| Credit facility | 68,700 | 81,000 |
| Total indebtedness | <u>5,988,372</u> | <u>5,731,701</u> |
| Accounts payable | 34,663 | 30,765 |
| Accrued liabilities and other | 400,971 | 366,644 |
| Deferred income | 47,203 | 25,573 |
| Security deposits | 38,063 | 38,099 |
| Deferred income taxes payable, net | 20,139 | 19,993 |
| Liabilities related to assets held for sale | 50,829 | 515,595 |
| Total liabilities | <u>6,580,240</u> | <u>6,728,370</u> |
| Minority interest in consolidated real estate partnerships | 211,804 | 194,462 |
| Minority interest in Aimco Operating Partnership | 272,037 | 303,905 |
| Stockholders' equity: | | |
| Preferred Stock, perpetual | 891,500 | 555,250 |
| Preferred Stock, convertible | 150,000 | 299,992 |
| Class A Common Stock, \$.01 par value, 426,157,976 and 444,962,738 shares authorized, 94,853,696 and 93,887,040 shares issued and outstanding, at December 31, 2004 and 2003, respectively | 949 | 939 |
| Additional paid-in capital | 3,070,073 | 3,053,312 |
| Unvested restricted stock | (19,740) | (10,772) |
| Notes due on common stock purchases | (36,725) | (40,046) |
| Distributions in excess of earnings | <u>(1,047,897)</u> | <u>(998,018)</u> |
| Total stockholders' equity | <u>3,008,160</u> | <u>2,860,657</u> |
| Total liabilities and stockholders' equity | <u>\$10,072,241</u> | <u>\$10,087,394</u> |

See notes to consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2004, 2003 and 2002

(In thousands, except per share data)

| | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--|-------------------|------------------|------------------|
| REVENUES: | | | |
| Rental and other property revenues | \$1,401,653 | \$1,336,515 | \$1,188,747 |
| Property management revenues, primarily from affiliates | 32,461 | 37,992 | 56,550 |
| Activity fees and asset management revenues, primarily from affiliates | 34,801 | 20,198 | 21,622 |
| Total revenues | <u>1,468,915</u> | <u>1,394,705</u> | <u>1,266,919</u> |
| EXPENSES: | | | |
| Property operating expenses | 668,807 | 585,185 | 465,318 |
| Property management expenses | 9,199 | 8,106 | 7,340 |
| Activity and asset management expenses | 11,802 | 8,367 | 9,747 |
| Depreciation and amortization | 368,844 | 331,609 | 268,085 |
| General and administrative expenses | 78,093 | 48,670 | 49,068 |
| Other expenses (income), net | 3,412 | (6,251) | 2,035 |
| Total expenses | <u>1,140,157</u> | <u>975,686</u> | <u>801,593</u> |
| Operating income | 328,758 | 419,019 | 465,326 |
| Interest income | 32,470 | 24,824 | 76,425 |
| Recovery of (provision for) losses on notes receivable | 1,765 | (2,183) | (9,006) |
| Interest expense | (366,617) | (341,771) | (294,741) |
| Deficit distributions to minority partners, net | (18,007) | (22,629) | (27,535) |
| Equity in (losses) earnings of unconsolidated real estate partnerships | (1,768) | (6,428) | 694 |
| Impairment losses related to unconsolidated real estate partnerships | (3,426) | (4,122) | (5,540) |
| Gain (loss) on dispositions of real estate related to unconsolidated entities and other .. | 68,634 | 3,178 | (22,362) |
| Income before minority interests, discontinued operations and cumulative effect of change in accounting principle | 41,809 | 69,888 | 183,261 |
| Minority interests: | | | |
| Minority interest in consolidated real estate partnerships | 17,304 | (147) | (13,693) |
| Minority interest in Aimco Operating Partnership, preferred | (7,858) | (9,312) | (10,874) |
| Minority interest in Aimco Operating Partnership, common | 4,441 | 3,719 | (10,088) |
| Total minority interests | <u>13,887</u> | <u>(5,740)</u> | <u>(34,655)</u> |
| Income from continuing operations | 55,696 | 64,148 | 148,606 |
| Income from discontinued operations, net | 211,758 | 94,709 | 20,440 |
| Income before cumulative effect of change in accounting principle | 267,454 | 158,857 | 169,046 |
| Cumulative effect of change in accounting principle | (3,957) | — | — |
| Net income | 263,497 | 158,857 | 169,046 |
| Net income attributable to preferred stockholders | 88,804 | 93,565 | 93,558 |
| Net income attributable to common stockholders | <u>\$ 174,693</u> | <u>\$ 65,292</u> | <u>\$ 75,488</u> |
| Earnings (loss) per common share — basic: | | | |
| Income (loss) from continuing operations (net of preferred dividends) | \$ (0.36) | \$ (0.32) | \$ 0.64 |
| Income from discontinued operations | 2.28 | 1.02 | 0.24 |
| Cumulative effect of change in accounting principle | (0.04) | — | — |
| Net income attributable to common stockholders | <u>\$ 1.88</u> | <u>\$ 0.70</u> | <u>\$ 0.88</u> |
| Earnings (loss) per common share — diluted: | | | |
| Income (loss) from continuing operations (net of preferred dividends) | \$ (0.36) | \$ (0.32) | \$ 0.63 |
| Income from discontinued operations | 2.28 | 1.02 | 0.24 |
| Cumulative effect of change in accounting principle | (0.04) | — | — |
| Net income attributable to common stockholders | <u>\$ 1.88</u> | <u>\$ 0.70</u> | <u>\$ 0.87</u> |
| Weighted average common shares outstanding | <u>93,118</u> | <u>92,850</u> | <u>85,698</u> |
| Weighted average common shares and equivalents outstanding | <u>93,118</u> | <u>92,850</u> | <u>86,773</u> |
| Dividends declared per common share | <u>\$ 2.40</u> | <u>\$ 2.84</u> | <u>\$ 3.28</u> |

See notes to consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2004, 2003 and 2002
(In thousands)

| | Preferred Stock | | Class A Common Stock | | Additional Paid-In Capital | Unvested Restricted Stock | Notes Due on Common Stock Purchases | Distributions in Excess of Earnings | Total |
|--|-----------------|--------------------|----------------------|--------------|----------------------------|---------------------------|-------------------------------------|-------------------------------------|--------------------|
| | Shares Issued | Amount | Shares Issued | Amount | | | | | |
| BALANCE DECEMBER 31, 2001 | 41,644 | \$1,124,467 | 74,499 | \$745 | \$2,209,803 | \$ (5,775) | \$(46,460) | \$ (572,165) | \$2,710,615 |
| Net proceeds from issuances of Preferred Stock | 2,000 | 50,000 | — | — | 511 | — | — | — | 50,511 |
| Net proceeds from issuances of Class A Common stock | — | — | 8,000 | 80 | 367,673 | — | — | — | 367,753 |
| Conversion of Aimco Operating Partnership units to Class A Common Stock | — | — | 1,100 | 11 | 45,830 | — | — | — | 45,841 |
| Conversion of Classes B, K, L, and P Preferred Stock to Class A Common Stock | (7,919) | (229,455) | 5,699 | 57 | 229,398 | — | — | — | — |
| Conversion of mandatorily redeemable convertible preferred securities to Class A Common Stock | — | — | 107 | 1 | 5,467 | — | — | — | 5,468 |
| Repayment of notes receivable from officers | — | — | — | — | — | — | 5,251 | — | 5,251 |
| Purchase of stock by officers and awards of restricted stock, net of forfeitures | — | — | 268 | 3 | 13,373 | (5,537) | (7,755) | — | 84 |
| Stock options and warrants exercised | — | — | 567 | 6 | 12,151 | — | — | — | 12,157 |
| Amortization of unvested restricted stock | — | — | — | — | — | 4,233 | — | — | 4,233 |
| Class A Common Stock issued as consideration for Casden Transactions | — | — | 3,508 | 35 | 164,847 | — | — | — | 164,882 |
| Class A Common Stock issued as consideration for acquisition of interest in real estate | — | — | 22 | — | 1,004 | — | — | — | 1,004 |
| Net income | — | — | — | — | — | — | — | 169,046 | 169,046 |
| Dividends paid — Class A Common Stock | — | — | — | — | — | — | — | (278,867) | (278,867) |
| Dividends paid — Preferred Stock | — | — | — | — | — | — | — | (94,591) | (94,591) |
| BALANCE DECEMBER 31, 2002 | 35,725 | 945,012 | 93,770 | 938 | 3,050,057 | (7,079) | (48,964) | (776,577) | 3,163,387 |
| Net proceeds from issuances of Preferred Stock | 6,000 | 150,000 | — | — | (5,192) | — | — | — | 144,808 |
| Conversion of Aimco Operating Partnership units to Class A Common Stock | — | — | 338 | 3 | 12,032 | — | — | — | 12,035 |
| Conversion of Preferred Operating Partnership units to Class A Common Stock | — | — | 22 | — | 884 | — | — | — | 884 |
| Redemption of Preferred Stock | (9,600) | (239,770) | — | — | — | — | — | — | (239,770) |
| Class A Common Stock received under Casden indemnification agreement and other activity | — | — | (585) | (6) | (25,520) | — | — | — | (25,526) |
| Conversion of mandatorily redeemable convertible preferred securities to Class A Common Stock | — | — | 1 | — | 50 | — | — | — | 50 |
| Repayment of notes receivable from officers | — | — | — | — | — | — | 10,518 | — | 10,518 |
| Purchase of stock by officers and awards of restricted stock, net of forfeitures | — | — | 265 | 3 | 9,968 | (7,781) | (1,600) | — | 590 |
| Stock options exercised | — | — | 72 | 1 | 2,343 | — | — | — | 2,344 |
| Amortization of stock option fair value and unvested restricted stock | — | — | — | — | 892 | 4,088 | — | — | 4,980 |
| Class A Common Stock issued as consideration for acquisition of interest in real estate | — | — | 4 | — | 153 | — | — | — | 153 |
| Net income | — | — | — | — | — | — | — | 158,857 | 158,857 |
| Dividends paid — Class A Common Stock | — | — | — | — | — | — | — | (285,054) | (285,054) |
| Redemption related preferred stock issuance costs | — | — | — | — | 7,645 | — | — | (7,645) | — |
| Dividends paid — Preferred Stock | — | — | — | — | — | — | — | (87,599) | (87,599) |
| BALANCE DECEMBER 31, 2003 | 32,125 | 855,242 | 93,887 | 939 | 3,053,312 | (10,772) | (40,046) | (998,018) | 2,860,657 |
| Net proceeds from issuances/exchanges of Preferred Stock | 18,805 | 372,500 | — | — | (12,828) | — | — | — | 359,672 |
| Conversion of Aimco Operating Partnership units to Class A Common Stock | — | — | 735 | 7 | 23,315 | — | — | — | 23,322 |
| Conversion of Preferred Operating Partnership units to Class A Common Stock | — | — | 8 | — | 259 | — | — | — | 259 |
| Conversion of mandatorily redeemable convertible preferred securities to Class A Common Stock | — | — | 2 | — | 100 | — | — | — | 100 |
| Repurchase of Class A Common Stock | — | — | (397) | (4) | (12,594) | — | — | — | (12,598) |
| Redemption/exchange of Preferred Stock | (11,355) | (186,242) | — | — | 149 | — | — | — | (186,093) |
| Repayment of notes receivable from officers | — | — | — | — | — | — | 4,639 | — | 4,639 |
| Casden note receivable and legal settlement fair value contingent consideration adjustment | — | — | — | — | (4,848) | — | — | — | (4,848) |
| Purchase of stock by officers and awards of restricted stock and unrestricted stock awards, net of forfeitures | — | — | 550 | 6 | 16,234 | (13,871) | (1,318) | — | 1,051 |
| Stock options exercised | — | — | 69 | 1 | 1,882 | — | — | — | 1,883 |
| Amortization of stock option fair value and unvested restricted stock | — | — | — | — | 1,603 | 4,903 | — | — | 6,506 |
| Net income | — | — | — | — | — | — | — | 263,497 | 263,497 |
| Dividends paid — Class A Common Stock | — | — | — | — | — | — | — | (225,903) | (225,903) |
| Redemption related preferred stock issuance costs | — | — | — | — | 3,489 | — | — | (3,489) | — |
| Dividends paid — Preferred Stock | — | — | — | — | — | — | — | (83,984) | (83,984) |
| BALANCE DECEMBER 31, 2004 | <u>39,575</u> | <u>\$1,041,500</u> | <u>94,854</u> | <u>\$949</u> | <u>\$3,070,073</u> | <u>\$(19,740)</u> | <u>\$(36,725)</u> | <u>\$(1,047,897)</u> | <u>\$3,008,160</u> |

See notes to consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2004, 2003 and 2002
(In thousands)

| | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|---|-------------------|-------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | \$ 263,497 | 158,857 | 169,046 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 368,844 | 331,609 | 268,085 |
| Deficit distributions to minority partners, net | 18,007 | 22,629 | 27,535 |
| Equity in losses (earnings) of unconsolidated real estate partnerships | 1,768 | 6,428 | (694) |
| (Gain) loss on dispositions of real estate related to unconsolidated entities and other | (68,634) | (3,178) | 22,362 |
| Impairment losses related to unconsolidated real estate partnerships | 3,426 | 4,122 | 5,540 |
| Deferred income tax provision (benefit) | 706 | (11,215) | (1,815) |
| Cumulative effect of change in accounting principle | 3,957 | — | — |
| Minority interest in Aimco Operating Partnership | 3,417 | 5,593 | 20,962 |
| Minority interest in consolidated real estate partnerships | (17,304) | 147 | 13,693 |
| Stock-based compensation expense | 6,506 | 4,980 | 4,233 |
| Amortization of deferred loan costs and other | 5,484 | (5,002) | (12,353) |
| Discontinued operations: | | | |
| Depreciation and amortization | 13,883 | 41,607 | 54,897 |
| (Recovery of deficit distributions) deficit distributions to minority partners, net | (3,863) | (10,686) | 765 |
| (Gain) loss on dispositions of real estate, net of minority partners' interest | (249,944) | (101,849) | 6,021 |
| Impairment losses on real estate assets sold or held for sale | 7,289 | 8,991 | 2,937 |
| Minority interest in consolidated real estate partnerships | 445 | 2,203 | 2,019 |
| Minority interest in Aimco Operating Partnership | 25,307 | 12,074 | 2,946 |
| Changes in operating assets and operating liabilities: | | | |
| Accounts receivable | (2,067) | 5,763 | (1,904) |
| Other assets | (11,406) | 5,632 | (2,510) |
| Accounts payable, accrued liabilities and other | (3,795) | (14,826) | (73,812) |
| Total adjustments | <u>102,026</u> | <u>305,022</u> | <u>338,907</u> |
| Net cash provided by operating activities | <u>365,523</u> | <u>463,879</u> | <u>507,953</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchases of real estate | (280,002) | (126,046) | (578,745) |
| Capital expenditures | (301,937) | (245,528) | (270,096) |
| Proceeds from dispositions of real estate | 971,568 | 697,642 | 370,837 |
| Funds held in escrow from tax-free exchanges | 5,489 | (21,643) | — |
| Purchases of non-real estate related corporate assets | (28,270) | (23,621) | (3,164) |
| Proceeds from sale of investments and other assets | — | 6,730 | 22,747 |
| Cash from newly consolidated properties | 14,765 | 5,835 | 13,602 |
| Purchases of general and limited partnership interests and other assets | (104,441) | (51,356) | (75,985) |
| Originations of notes receivable from unconsolidated real estate partnerships | (76,157) | (71,969) | (109,475) |
| Proceeds from repayment of notes receivable | 79,599 | 60,576 | 83,332 |
| Cash paid in connection with merger/acquisition related costs | (15,861) | (16,383) | (260,874) |
| Distributions received from investments in unconsolidated real estate partnerships | 72,160 | 64,046 | 10,780 |
| Net cash provided by (used in) investing activities | <u>336,913</u> | <u>278,283</u> | <u>(797,041)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from secured notes payable borrowings | 501,611 | 445,793 | 956,565 |
| Principal repayments on secured notes payable | (728,084) | (755,786) | (642,745) |
| Proceeds from tax-exempt bond financing | 69,471 | 14,505 | 297,551 |
| Principal repayments on tax-exempt bond financing | (188,577) | (77,793) | (423,613) |
| Net borrowings (paydowns) on term loans and revolving credit facility | (66,687) | 29,376 | 192,509 |
| Proceeds from other borrowings | 38,871 | — | — |
| Payment of loan costs | (17,576) | (19,516) | (17,384) |
| Proceeds from issuance (redemption) of mandatorily redeemable preferred securities | (98,875) | 97,250 | — |
| Proceeds from issuance of Class A Common Stock, High Performance Units and exercise of options/warrants | 3,164 | 4,552 | 373,504 |
| Proceeds from issuance of preferred stock, net | 359,672 | 144,808 | 50,511 |
| Redemptions of preferred stock | (186,093) | (239,770) | — |
| Principal repayments received on notes due on Class A Common Stock purchases | 4,639 | 10,518 | 5,251 |
| Repurchase of Class A Common Stock and redemption of OP Units | (18,410) | (1,287) | (684) |
| Payment of Class A Common Stock dividends | (225,903) | (285,054) | (278,867) |
| Contributions from minority interest | 44,292 | 100,684 | — |
| Payment of distributions to minority interest | (119,056) | (107,964) | (109,366) |
| Payment of preferred stock dividends | (83,984) | (87,599) | (94,591) |
| Net cash (used in) provided by financing activities | <u>(711,525)</u> | <u>(727,283)</u> | <u>308,641</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (9,089) | 14,879 | 19,553 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 114,432 | 99,553 | 80,000 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>\$ 105,343</u> | <u>\$ 114,432</u> | <u>\$ 99,553</u> |

See notes to consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2004, 2003 and 2002

(In thousands)

| | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--|-------------|-------------|-------------|
| SUPPLEMENTAL CASH FLOW INFORMATION: | | | |
| Interest paid | \$383,758 | \$386,812 | \$ 347,352 |
| Non Cash Transactions Associated with the Acquisition of Real Estate and Interests in Unconsolidated Real Estate Partnerships: | | | |
| Secured debt assumed in connection with purchase of real estate | 83,114 | 45,009 | — |
| Issuance of OP Units for interests in unconsolidated real estate partnerships and other interests | 2,147 | 841 | 22,460 |
| OP Units issued for acquisitions of real estate | 462 | — | — |
| Non Cash Transactions Associated with Mergers: | | | |
| Real estate | — | (63,535) | 1,076,569 |
| Investments in and notes receivable, primarily from unconsolidated real estate partnerships | — | (2,163) | 41,722 |
| Restricted cash | — | 11,979 | 70,095 |
| Other assets | — | 3,349 | 42,336 |
| Secured debt | — | — | 684,661 |
| Accounts payable, accrued and other liabilities | — | 49,770 | 129,668 |
| Deferred income tax payable, net | — | 600 | 2,147 |
| OP Units issued | — | — | 41,491 |
| Class A Common Stock issued | — | — | 164,882 |
| Non Cash Transactions Associated with Consolidation of Assets: | | | |
| Real estate | 231,932 | 152,248 | 743,014 |
| Investments in and notes receivable primarily from affiliated entities | (40,178) | (52,478) | (271,231) |
| Restricted cash | 21,105 | 4,737 | 19,492 |
| Other assets | 26,639 | 5,235 | 44,294 |
| Secured debt | 204,243 | 101,962 | 488,464 |
| Accounts payable, accrued and other liabilities | 21,394 | 7,030 | 39,960 |
| Minority interest in consolidated real estate partnerships | 29,439 | 6,585 | 16,337 |
| Other: | | | |
| Conversion of Common OP Units for Class A Common Stock | 23,322 | 12,035 | 45,841 |
| Conversion of Preferred OP Units for Class A Common Stock | 259 | 884 | — |
| Origination of notes receivable from officers for Class A Common Stock purchases | 1,528 | 1,600 | 7,755 |
| Conversion of Preferred Stock into Class A Common Stock | — | 50 | 234,923 |
| Exchanges of Preferred Stock | 150,000 | — | — |
| Tenders payable for purchase of limited partner interests | 2,799 | 10,037 | 340 |

See notes to consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004

Note 1 — Organization

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, engaged in the acquisition, ownership, management and redevelopment of apartment properties. As of December 31, 2004, we owned or managed a real estate portfolio of 1,499 apartment properties containing 263,734 apartment units located in 47 states, the District of Columbia and Puerto Rico. Based on apartment unit data compiled by the National Multi Housing Council, as of December 31, 2004, we were the largest REIT owner and operator of apartment properties in the United States.

As of December 31, 2004, we:

- owned an equity interest in and consolidated 169,932 units in 676 properties (which we refer to as “consolidated”), of which 169,276 units were also managed by us;
- owned an equity interest in and did not consolidate 44,728 units in 330 properties (which we refer to as “unconsolidated”), of which 38,129 units were also managed by us; and
- provided services or managed, for third-party owners, 49,074 units in 493 properties, primarily pursuant to long-term agreements (including 41,233 units in 421 properties that are asset managed only, and not also property managed), although in certain cases we may indirectly own generally less than one percent of the operations of such properties through a partnership syndication or other fund.

Through our wholly owned subsidiaries, AIMCO-GP, Inc. and AIMCO-LP, Inc., we own a majority of the ownership interests in AIMCO Properties, L.P., which we refer to as the Aimco Operating Partnership. As of December 31, 2004, we held approximately a 90% interest 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 OP Units, partnership preferred units, or preferred OP Units, and high performance partnership units, or High Performance Units. The Aimco Operating Partnership’s income is allocated to holders of common OP Units based on the weighted average number of common OP Units outstanding during the period. The Aimco Operating Partnership records the issuance of common OP Units and the assets acquired in purchase transactions based on the market price of Aimco’s Class A Common Stock at the date of execution of the purchase contract. The holders of the common OP Units receive distributions, prorated from the date of issuance, in an amount equivalent to the dividends paid to holders of Aimco Class A Common Stock. Holders of common OP Units may redeem such units for cash or, at the Aimco Operating Partnership’s option, Aimco Class A Common Stock, which we refer to as Common Stock. During 2004, 2003 and 2002, the weighted average ownership interest in the Aimco Operating Partnership held by the common OP Unit holders was 10%, 11%, and 13%, respectively. Preferred OP Units entitle the holders thereof to a preference with respect to distributions or upon liquidation. At December 31, 2004, 94,853,696 shares of our Common Stock were outstanding and the Aimco Operating Partnership had 10,840,754 common OP Units and equivalents outstanding for a combined total of 105,694,450 shares of Common Stock and OP Units outstanding (excluding preferred OP Units).

Except as the context otherwise requires, “we,” “our,” “us” and the “Company” refer to Aimco, the Aimco Operating Partnership and Aimco’s consolidated corporate subsidiaries and consolidated real estate partnerships, collectively.

Note 2 — Basis of Presentation and Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Aimco, the Aimco Operating Partnership, consolidated corporate subsidiaries and consolidated real estate partnerships. As used herein, and except where the context otherwise requires, “partnership” refers to a limited partnership or a limited liability company and “partner” refers to a limited partner in a limited partnership or a member in a limited liability company. Interests held in consolidated real estate partnerships by limited partners other than us are reflected as minority interest in consolidated real estate partnerships. All significant intercompany balances and transactions have been eliminated in consolidation. The assets of consolidated real estate partnerships owned or controlled by Aimco or the Aimco Operating Partnership generally are not available to pay creditors of Aimco or the Aimco Operating Partnership.

As a result of the adoption of Financial Accounting Standards Board, or FASB, Interpretation No. 46 (revised December 2003), Consolidation of Variable Interest Entities, or FIN 46, as of March 31, 2004, we consolidate all variable interest entities for which we are the primary beneficiary. See below for additional information about the adoption of FIN 46.

Adoption of New Accounting Pronouncements

FASB Interpretation No. 46

As of March 31, 2004, we adopted FIN 46 and applied its requirements to all entities in which we hold a variable interest. FIN 46 addresses the consolidation by business enterprises of variable interest entities. Generally, a variable interest entity, or VIE, is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support; (b) as a group the holders of the equity investment at risk lack (i) the ability to make decisions about an entity’s activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests and substantially all of the entity’s activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. FIN 46 requires a VIE to be consolidated in the financial statements of the entity that is determined to be the primary beneficiary of the VIE. The primary beneficiary generally is the entity that will receive a majority of the VIE’s expected losses, receive a majority of the VIE’s expected residual returns, or both.

Upon adoption of FIN 46, we determined that we were the primary beneficiary of 27 previously unconsolidated and five previously consolidated VIEs. These VIEs consisted of partnerships that are engaged, directly or indirectly, in the ownership and management of 29 apartment properties with 3,478 units. The initial consolidation of the previously unconsolidated entities as of March 31, 2004 resulted in an increase in our consolidated total assets (primarily real estate), liabilities (primarily indebtedness) and minority interest of approximately \$113.5 million, \$90.6 million and \$26.8 million, respectively. We recorded a charge of approximately \$4.0 million for the cumulative effect on retained earnings resulting from the adoption of FIN 46. This charge is attributable to our recognition of cumulative losses allocable to minority interests that would otherwise have resulted in minority interest deficits.

As of December 31, 2004, we were the primary beneficiary of and consolidated 39 VIEs, which owned 35 apartment properties with 4,730 units. Real estate with a carrying value of \$104.1 million collateralized the debt of those VIEs. The creditors of the consolidated VIEs do not have recourse to our general credit. As of December 31, 2004, we also held variable interests in 61 VIEs for which we were not the primary beneficiary. Those 61 VIEs consist primarily of partnerships, in which we acquired an interest prior to the adoption of FIN 46, that are engaged, directly or indirectly, in the ownership and management of 67 apartment properties with 7,407 units. We are involved with those VIEs as a non-controlling equity holder, lender, management agent, or through other contractual relationships. Our maximum exposure to loss as a result of our involvement with unconsolidated VIEs is limited to our recorded investments in and receivables from those VIEs totaling

\$37.5 million at December 31, 2004. We may be subject to additional losses to the extent of any financial support that we voluntarily provide in the future.

Statement of Financial Accounting Standards No. 150

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*, or SFAS 150, which establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The requirements of SFAS 150 apply to the classification and measurement of freestanding financial instruments, including those that comprise more than one option or forward contract. SFAS 150 requires that certain financial instruments, such as mandatorily redeemable securities, put options, forward purchase contracts, and obligations that can be settled with shares, be classified as liabilities, where in some cases these have previously been classified as equity or between the liabilities and equity section of the consolidated balance sheet. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. We adopted SFAS 150 as of July 1, 2003 and now present mandatorily redeemable securities within the scope of SFAS 150 as liabilities (see Note 7).

In September 2003, financial statement issuers first became aware that the FASB intended for SFAS 150 to also apply to the non-controlling interests in consolidated finite life partnerships. However, on October 29, 2003, the FASB indefinitely deferred the provisions of SFAS 150 that were intended to apply to non-controlling interests in consolidated finite life partnerships. Minority interest in consolidated real estate partnerships consists primarily of equity interests held by limited partners in consolidated real estate partnerships that have finite lives. The terms of the related partnership agreements generally require the partnership to be liquidated following the sale of the partnership's real estate. As the general partner in these partnerships, we ordinarily control the execution of real estate sales and other events that could lead to the liquidation, redemption or other settlement of minority interests. The aggregate carrying value of minority interests in consolidated real estate partnerships is approximately \$211.8 million at December 31, 2004. The aggregate fair value of these interests varies based on the fair value of the real estate owned by the partnerships. Based on the number of classes of finite-life minority interests, the number of properties in which there is direct or indirect minority ownership, complexities in determining the allocation of liquidation proceeds among partners and other factors, management believes it is impracticable to determine the required payment to the minority interests at December 31, 2004 in an assumed liquidation. As a result of real estate depreciation that is recognized in our financial statements and appreciation in the fair value of real estate that is not recognized in our financial statements, we believe that the aggregate fair value of our minority interests exceeds their aggregate carrying value. As a result of our ability to control real estate sales and other events that require payment of minority interests and our expectation that proceeds from real estate sales will be sufficient to liquidate related minority interests, we anticipate that the eventual payment of these minority interests will not have an adverse impact on our financial condition.

Acquisition of Real Estate Assets and Related Depreciation and Amortization

We capitalize the purchase price and incremental direct costs associated with the acquisition of properties as the cost of the assets acquired. In accordance with Statement of Financial Accounting Standards No. 141, *Business Combinations*, or SFAS 141, we allocate the cost of acquired properties to land, building, furniture, fixtures and equipment and intangibles, such as the value of above and below market leases, and origination costs associated with the in-place leases. In order to allocate purchase price on these various components we perform the following procedures for properties we acquire:

1. Determine the "as-if vacant" fair value of the physical property acquired (this value assumes the property goes "dark");
2. Allocate the "as-if vacant" fair value among land, building, improvements (based on real estate valuation techniques), and furniture, fixtures and equipment; and
3. Compute the difference between the purchase price of the property and the "as-if vacant" fair value and allocate such difference to leases in-place (based on the nature of our business, customer relationship

value is assumed to be zero), which will represent the total intangible assets. The fair value of the leases in-place are comprised of:

- a. The value of the above and/or below market leases in-place. Above-market and below-market in-place lease values are computed based on the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management's estimate of fair market lease rates for the corresponding in-place leases, measured over the period, including estimated lease renewals for below-market leases, that the leases are expected to remain in effect.
- b. Avoided leasing commissions and other costs that were incurred to execute leases.
- c. The value associated with lost rents during the absorption period (estimates of lost rental revenue during the expected lease-up periods based on current market demand).

The values of the above and below market leases are amortized over the remaining terms of the associated lease, including estimated lease renewals for below-market leases, to rental income. For the values associated with avoided leasing commissions and other costs that were incurred to execute leases and the value associated with lost rents during the absorption period, amortization expense is recorded over the expected terms of the associated leases. If a resident vacates the unit prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related intangible will be written off.

Depreciation for all tangible real estate assets is calculated using the straight-line method over their estimated useful lives. Acquired buildings and improvements are depreciated over a composite life of 14 to 52 years, based on the age, condition and other physical characteristics of the property. Furniture, fixtures and equipment associated with acquired properties are depreciated over five years.

Capital Expenditures and Related Depreciation

We capitalize direct and certain indirect costs incurred in connection with our capital expenditure activities, including redevelopment and construction projects, other tangible property improvements, and replacements of existing property components. Direct costs consist of costs that are directly identifiable with a specific project and include payroll costs associated with time spent by site employees in connection with the planning, execution and control of the project. Indirect costs consist of interest, property taxes, and certain other costs, including an allocation of costs incurred by certain departments that perform activities that clearly relate to capital projects. Costs incurred in connection with capital projects are capitalized where the direct costs of the project, excluding direct labor, exceed \$250. Expenditures for ordinary repairs, maintenance and resident turnover costs are expensed as incurred. We charge to expense as incurred indirect costs that do not relate to the above activities, including general and administrative expenses.

The costs of capital projects are depreciated over the estimated useful life of the related component or improvement, which is generally five to fifteen years. Certain homogeneous items that are purchased in bulk on a recurring basis, such as carpeting and appliances, are depreciated using group methods that reflect the average estimated useful life of the items in each group. Except in the case of property casualties, where the net book value of lost property is written off in the determination of casualty gains or losses, we generally do not recognize any expense in connection with the replacement of an existing property component because normal replacements are considered in determining the estimated useful lives used in connection with our composite and group depreciation methods.

For the years ended December 31, 2004, 2003 and 2002, the amounts of capitalized interest were \$9.5 million, \$14.5 million and \$16.8 million, respectively. Additionally, for the years ended December 31, 2004, 2003 and 2002, we capitalized payroll and indirect costs totaling \$46.7 million, \$45.4 million and \$46.0 million, respectively.

Impairment of Long-Lived Assets

Real estate and other long-lived assets to be held and used are stated at cost, less accumulated depreciation and amortization, unless the carrying amount of the asset is not recoverable. If events or circumstances indicate

that the carrying amount of a property may not be recoverable, we make an assessment of its recoverability by comparing the carrying amount to our estimate of the undiscounted future cash flows, excluding interest charges, of the property. If the carrying amount exceeds the aggregate undiscounted future cash flows, we recognize an impairment loss to the extent the carrying amount exceeds the estimated fair value of the property. Based on periodic tests of recoverability of long-lived assets, we have determined that the carrying amount for our properties to be held and used is recoverable and, therefore, we did not record any impairment losses related to such properties for the years ended December 31, 2004, 2003 and 2002.

Cash Equivalents

We consider highly liquid investments with an original maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash includes capital replacement reserves, tax-free exchange funds, completion repair reserves, bond sinking fund amounts and tax and insurance escrow accounts held by lenders.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are generally comprised of amounts receivable from residents, amounts receivable from non-affiliated real estate partnerships for which we provide property management and other services and other miscellaneous receivables from non-affiliated entities. We evaluate all accounts receivable from residents and establish an allowance, after the application of security deposits and other anticipated recoveries, for accounts greater than 30 days past due for current residents and all receivables due from former residents. Accounts receivable from residents are stated net of allowances for doubtful accounts of approximately \$2.4 million and \$3.6 million as of December 31, 2004 and 2003, respectively.

We evaluate all accounts receivable from non-affiliated entities and establish an allowance for amounts that are considered to be uncollectible. Accounts receivable relating to non-affiliated entities are stated net of allowances for doubtful accounts of approximately \$4.5 million and \$4.6 million as of December 31, 2004 and 2003, respectively.

Accounts Receivable and Allowance for Doubtful Accounts from Affiliates

Accounts receivable from affiliates are generally comprised of receivables related to property management and other services provided to unconsolidated real estate partnerships in which we have an ownership interest. We evaluate all accounts receivable balances from affiliates on a periodic basis, and establish an allowance for the amounts deemed to be uncollectible. Accounts receivable from affiliates are stated net of allowances for doubtful accounts of approximately \$4.4 million and \$3.0 million as of December 31, 2004 and 2003, respectively.

Deferred Costs

We defer lender fees and other direct costs incurred in obtaining financing and amortize the cost over the terms of the related loan agreements. Amortization of these costs is included in interest expense.

We defer leasing commissions and other direct costs incurred in connection with successful leasing efforts and amortize the costs over the terms of the related leases. Amortization of these costs is included in property operating expenses.

Advertising Costs

We generally expense all advertising costs as incurred to property operating expense. Total advertising expense for the years ended December 31, 2004, 2003 and 2002 was \$29.0 million, \$28.7 million and \$19.6 million, respectively.

Notes Receivable from Unconsolidated Real Estate Partnerships and Related Interest Income and Provision for Losses

Notes receivable from unconsolidated real estate partnerships consist primarily of subordinated notes receivable from partnerships in which we are the general partner. The ultimate repayment of these notes is subject to a number of variables, including the performance and value of the underlying real estate property and the claims of unaffiliated mortgage lenders. Our notes receivable include loans extended by us that we carry at the face amount plus accrued interest, which we refer to as "par value notes," and loans extended by predecessors whose positions we generally acquired at a discount, which we refer to as "discounted notes."

We record interest income on par value notes as earned in accordance with the terms of the related loan agreements. We discontinue the accrual of interest on such notes when the notes are impaired, as discussed below, or when there is otherwise significant uncertainty as to the collection of interest. We record income on such nonaccrual loans using the cost recovery method, under which we apply cash receipts first to the recorded amount of the loan; thereafter, any additional receipts are recognized as income.

We recognize interest income on discounted notes receivable based upon whether the amount and timing of collections are both probable and reasonably estimable. We consider collections to be probable and reasonably estimable when the borrower has entered into certain closed or pending transactions (which include real estate sales, refinancings, foreclosures and rights offerings) that provide a reliable source of repayment. In such instances, we recognize accretion income, on a prospective basis using the effective interest method over the estimated remaining term of the loans, equal to the difference between the carrying amount of the discounted notes and the estimated collectible value. We record income on all other discounted notes using the cost recovery method.

We assess the collectibility of notes receivable on a periodic basis, which assessment consists primarily of an evaluation of cash flow projections of the borrower to determine whether estimated cash flows are sufficient to repay principal and interest in accordance with the contractual terms of the note. We recognize impairments on notes receivable when it is probable that principal and interest will not be received in accordance with the contractual terms of the loan. The amount of the impairment to be recognized generally is based on the fair value of the partnership's real estate that represents the primary source of loan repayment. In certain instances where other sources of cash flow are available to repay the loan, the impairment is measured by discounting the estimated cash flows at the loan's original effective interest rate.

Investments in Unconsolidated Real Estate Partnerships

We own general and limited partner interests in real estate partnerships that own apartment properties. We account for investments in real estate partnerships that we do not consolidate under the equity method. Under the equity method, our share of the earnings or losses of the entity for the periods being presented is included in equity in earnings (losses) from unconsolidated real estate partnerships, except for our share of impairments and property disposition gains related to such entities, which we report separately in the consolidated statements of income.

Intangible Assets

At December 31, 2004 and 2003, other assets included goodwill of \$88.1 million and \$99.8 million, respectively, associated with the purchase of affordable properties and other businesses that we had previously amortized on a straight-line basis. We account for goodwill and other intangible assets in accordance with the requirements of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, or SFAS 142. SFAS 142 does not permit amortization of goodwill and other intangible assets with indefinite lives, but requires an annual impairment test of such assets. The first step of the impairment test compares the fair value of reporting units with their carrying amounts, including goodwill. Based on the application of the goodwill impairment test set forth in SFAS 142, we determined that our goodwill was not impaired in 2004, 2003 or 2002. The 2004 decrease in goodwill was attributable to a change in the accounting for our investment in a previously consolidated entity that we now account for under the equity method.

Other assets also includes intangible assets for purchased management contracts with finite lives that we amortize on a straight-line basis over terms ranging from five to twenty years and intangible assets for in-place leases as discussed under *Acquisition of Real Estate Assets and Related Depreciation and Amortization*.

Capitalized Software Costs

Purchased software and other costs related to software developed for internal use are capitalized during the application development stage and are amortized using the straight-line method over the estimated useful life of the software, generally five years. We write off the costs of software development projects when it is no longer probable that the software will be completed and placed in service. During 2004, we wrote off \$1.1 million of software development costs. For the years ended December 31, 2004, 2003 and 2002, we capitalized software development costs totaling \$18.1 million, \$18.9 million and \$8.0 million, respectively. At December 31, 2004 and 2003, other assets included \$43.4 million and \$36.7 million of net capitalized software, respectively.

Minority Interest in Consolidated Real Estate Partnerships

We reflect unaffiliated partners' interests in consolidated real estate partnerships as minority interest in consolidated real estate partnerships. Minority interest in consolidated real estate partnerships represents the minority partners' share of the underlying net assets of our consolidated real estate partnerships. When these consolidated real estate partnerships make cash distributions to partners in excess of the carrying amount of the minority interest, we generally record a charge equal to the amount of such excess distribution, even though there is no economic effect or cost. We report this charge in the consolidated statements of income as deficit distributions to minority partners. We allocate partnership losses to minority partners to the extent of the carrying amount of the minority interest. We generally record a charge when partnership losses exceed the carrying amount of the minority interest, even though there is no economic effect or cost. We report this charge in the consolidated statements of income within minority interest in consolidated real estate partnerships. We do not record charges for distributions or losses in certain limited instances where the minority partner has a legal obligation and financial capacity to contribute additional capital to the partnership. For the years ended December 31, 2004, 2003, and 2002, we recorded charges for partnership losses resulting from depreciation of approximately \$5.2 million, \$1.5 million, and \$7.0 million, respectively, that were not allocated to minority partners because the losses exceeded the carrying amount of the minority interest.

Revenue Recognition

Our properties have operating leases with apartment residents with terms generally of twelve months or less. We recognize rental revenue related to these leases, net of any concessions, on a straight-line basis over the term of the lease. We recognize revenues from property management, asset management, syndication, development and other services when the related fees are earned and are realized or realizable.

Stock-Based Compensation

Effective January 1, 2003, we adopted the accounting provisions of Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation*, or SFAS 123, as amended by Statement of Financial Accounting Standards No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure-an amendment of FASB Statement No. 123*, or SFAS 148, and applied the prospective method set forth in SFAS 148 with respect to the transition. Under this method, we apply the fair value recognition provisions of SFAS 123 to all employee awards granted, modified, or settled on or after January 1, 2003, which has resulted in recognition of compensation expense related to stock options based on the fair value of the stock options. For stock options granted prior to January 1, 2003, we apply Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, or APB 25, and related interpretations. Under APB 25, because the exercise price of our employee stock options equaled the market price of the underlying stock on the date of grant, no compensation expense related to such options has been recognized. We recognize compensation expense for stock options accounted for under SFAS 123 and restricted stock awards ratably over the period the awards vest. Compensation expense is reversed as forfeitures occur.

For purposes of the pro forma disclosures below, the estimated fair values for all awards made prior to January 1, 2003 are amortized over the respective vesting period for each such option and are shown as expense as if SFAS 123 had been applied to all such awards. Pro forma information regarding net income and earnings per share is required by SFAS 123, which also requires that the information be determined as if we had accounted for our employee stock options granted subsequent to December 31, 1994 under the fair value method. The fair value for our options granted over the last three years was estimated at the date of grant using a Black-Scholes valuation model with the following assumptions:

| | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--|-------------|-------------|-------------|
| Risk free interest rate | 3.5% | 3.5% | 4.2% |
| Expected dividend yield | 7.5% | 9.0% | 7.5% |
| Volatility factor of the expected market price of our Common Stock | 0.191 | 0.195 | 0.210 |
| Weighted average expected life of options | 5.0 years | 5.0 years | 4.5 years |
| Weighted average fair value of options granted during the year . . | \$2.24 | \$2.26 | \$3.52 |

The Black-Scholes valuation model was developed for use in estimating the fair value of traded options and does not take into account vesting requirements or restrictions on transferability. In addition, the valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Our employee stock options have characteristics significantly different from those of traded options, and changes in the subjective input assumptions can materially affect the fair value estimate.

The following table illustrates the effect on net income and earnings per share if the fair value based method had been applied to all outstanding and unvested awards in each period presented. Our pro forma information for the years ended December 31, 2004, 2003 and 2002 is as follows (in thousands, except per share data):

| | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--|------------------|-----------------|-----------------|
| Net income attributable to common stockholders, as reported | \$174,693 | \$65,292 | \$75,488 |
| Add: Stock-based employee compensation expense included in reported net income: | | | |
| Restricted stock awards | 4,903 | 4,088 | 4,233 |
| Stock options | 1,603 | 892 | — |
| Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards: | | | |
| Restricted stock awards | (4,903) | (4,088) | (4,233) |
| Stock options | (4,289) | (4,744) | (6,921) |
| Add: Additional minority interest in Aimco Operating Partnership | <u>276</u> | <u>435</u> | <u>871</u> |
| Pro forma net income attributable to common stockholders | <u>\$172,283</u> | <u>\$61,875</u> | <u>\$69,438</u> |
| Basic earnings per common share: | | | |
| Reported | \$ 1.88 | \$ 0.70 | \$ 0.88 |
| Pro forma | \$ 1.85 | \$ 0.67 | \$ 0.81 |
| Diluted earnings per common share: | | | |
| Reported | \$ 1.88 | \$ 0.70 | \$ 0.87 |
| Pro forma | \$ 1.85 | \$ 0.67 | \$ 0.80 |

The effects of applying SFAS 123 in calculating pro forma income attributable to common stockholders and pro forma basic and diluted earnings per share may not necessarily be indicative of the effects of applying SFAS 123 to future years' earnings. As discussed in Note 21, we are required to change our method of accounting for stock-based compensation in 2005.

Discontinued Operations

In accordance with Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment of Long-Lived Assets to be Disposed Of*, or SFAS 144, we classify certain properties as held for sale (see Note 15). The property operating income, interest expense and interest income are presented in discontinued operations in both current periods and all comparable periods presented. In addition, depreciation is not recorded on properties held for sale, however, depreciation expense recorded prior to classification as held for sale is included in discontinued operations. The net gain on sale and any impairment losses are presented in discontinued operations when recognized.

Derivative Financial Instruments

We primarily use long-term, fixed-rate and self-amortizing non-recourse debt in order to avoid, among other things, risk related to fluctuating interest rates. For our variable-rate debt, we are sometimes required by our lenders to limit our exposure to interest rate fluctuations by entering into interest rate swap or cap agreements. The interest rate swap agreements moderate our exposure to interest rate risk by converting the variable-rate debt to a fixed rate. The interest rate cap agreements effectively limit our exposure to interest rate risk by providing a ceiling on the underlying variable interest rate. The fair values of these instruments are reflected as assets or liabilities in the balance sheet, and periodic changes in fair value are included in interest expense. These instruments are not material to our financial position and results of operations.

Insurance

We believe that our insurance coverages insure our properties adequately against the risk of loss attributable to fire, earthquake, hurricane, tornado, flood, and other perils. In addition, we reinsure substantial portions of our property, workers' compensation, health, and general liability insurance coverage. Losses are accrued based upon our estimates of the aggregate liability for claims incurred using certain actuarial assumptions followed in the insurance industry and based on our experience.

Income Taxes

We have elected to be taxed as a REIT, as defined under the Internal Revenue Code of 1986, as amended. As a REIT, we generally will not be subject to United States Federal income taxes at the corporate level on our net income that is distributed to our stockholders if we distribute at least 90% of our REIT taxable income to our stockholders. If our taxable income exceeds our dividends in a tax year, REIT tax rules allow us to "throw back" dividends from the subsequent tax year in order to avoid current taxation on undistributed income. Throwing back of dividends can result in excise taxes. REITs are also subject to a number of other organizational and operational requirements. If we fail to qualify as a REIT in any taxable year, our taxable income will be subject to United States Federal income tax at regular corporate rates (including any applicable alternative minimum tax). Even if we qualify as a REIT, we may be subject to certain state and local income taxes and to United States Federal income tax. We also will be required to pay a 100% tax on non-arms length transactions between us and a taxable REIT subsidiary and on any net income from sales of property that the IRS successfully asserts was property held for sale to customers in the ordinary course.

Certain of our operations (property management, asset management, risk, etc.) are conducted through taxable REIT subsidiaries, which are subsidiaries of the Aimco Operating Partnership and each of which we refer to as a TRS. A TRS is a C-corporation that has not elected REIT status and as such is subject to United States Federal corporate income tax. We use the TRS format to facilitate our ability to offer certain services and activities to our residents that are not generally considered as qualifying REIT activities.

For our taxable REIT subsidiaries, deferred income taxes result from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for Federal income tax purposes, and are measured using the enacted tax rates and laws that are expected to be in effect when the differences reverse.

Earnings Per Share

We calculate earnings per share based on the weighted average number of shares of Common Stock, common stock equivalents and dilutive convertible securities outstanding during the period (see Note 16).

Fair Value of Financial Instruments

The aggregate fair value of our cash and cash equivalents, receivables, payables and short-term secured debt as of December 31, 2004 approximates their carrying value due to their relatively short-term nature. We further believe that the fair value of our variable rate secured tax-exempt bond debt and secured long-term debt also approximate their carrying value. For notes receivable, fixed rate secured tax-exempt bond debt and secured long-term debt, fair values have been based on estimates using present value techniques. Present value calculations vary significantly depending on the assumptions used, including the discount rate and estimates of future cash flows. We estimate fair value for our fixed rate debt agreements based on the quoted market prices for the same or similar issues. In many cases, the fair value estimates may not be realized in immediate settlement of the instruments. The estimated combined fair value of our notes receivable at December 31, 2004 and December 31, 2003, was approximately \$201 million and \$216 million, respectively. See Note 5 for further details on notes receivable. The estimated combined fair value of our secured tax-exempt bonds and secured notes payable at December 31, 2004 and December 31, 2003, was approximately \$6.0 billion and \$6.0 billion, respectively. See Note 6 for further details on secured tax-exempt bonds and secured notes payable.

Concentration of Credit Risk

Financial instruments that potentially could subject us to significant concentrations of credit risk consist principally of notes receivable. Concentrations of credit risk with respect to notes receivable are limited due to the large number of partnerships comprising our partnership base, the geographic diversity of the underlying properties, and the amount of partnership distributions.

Use of Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts included in the financial statements and accompanying notes thereto. Actual results could differ from those estimates.

Reclassifications

Certain items included in the 2003 and 2002 financial statements amounts have been reclassified to conform to the 2004 presentation.

Note 3 — Acquisitions and Joint Ventures

Real Estate Acquisitions

During 2004, we completed acquisitions of 11 properties (including The Palazzo at Park La Brea), containing approximately 1,880 residential units (and some ground floor retail space) for an aggregate purchase price of approximately \$361 million. Of the 11 properties acquired, six are located in the New York City area, one in Los Angeles, two in Massachusetts, one in Florida and one in the Chicago area. The purchases were funded with cash, tax-free exchange funds, new debt and the assumption of existing debt.

During 2003, we completed acquisitions of two properties (one located in the New York City area and one in Florida) containing 415 residential units and 12 commercial units for an aggregate purchase price of \$96.5 million. The purchases were funded with cash, common OP units, new debt, and the assumption of existing debt.

Acquisitions of Partnership Interests

During 2004 and 2003, we acquired limited partnership interests in 147 partnerships and 166 partnerships, respectively, in which our affiliates served as general partner. In connection with such acquisitions in both consolidated and unconsolidated real estate partnerships, during 2004 we paid approximately \$50 million, which included transaction costs, of which \$48 million was in cash and the remainder in OP Units, and during 2003 we paid approximately \$27 million, which included transaction costs, of which \$26 million was in cash and the remainder in OP Units. The 2004 and 2003 amounts were approximately \$89 million and \$56 million, respectively, in excess of the minority interests' book value in such limited partnerships, which we generally identified to real estate.

In July 2003, we acquired the remaining 50% interest in the partnership that owns Lincoln Place, a 795-unit apartment community in Venice, California, for a purchase price of approximately \$63 million, funded through a combination of cash and assumed non-recourse mortgage debt. During 2001, we acquired an approximate 50% interest in the partnership that owns Lincoln Place, which we funded through the payment of cash and the issuance of Class Nine Partnership Preferred Units, or the Class Nine Preferred Units. In connection with the July 2003 transaction, we repurchased for approximately \$33 million all outstanding Class Nine Preferred Units that were issued in connection with the 2001 purchase and approximately 147,000 common OP Units that had been issued upon conversion of Class Nine Preferred Units issued in the 2001 purchase.

GE Joint Venture

On December 30, 2003 we entered into an equity financing with GE Real Estate in the form of a joint venture, which we refer to as the GE JV. At closing, we contributed to the GE JV interests in 33 of our apartment properties with a total of 9,534 units, and GE Real Estate contributed cash, of which we received approximately \$107 million before transaction costs and funding of reserves. The 33 apartment properties we contributed had an agreed-upon transaction value of approximately \$346 million and mortgage debt of approximately \$204 million that was assumed by the GE JV. In March 2004, we contributed to the GE JV interests in four additional apartment properties with a total of 900 units, and GE Real Estate contributed cash, of which we received approximately \$11.0 million before transaction costs and funding of reserves. The four apartment properties we contributed had an agreed-upon transaction value of approximately \$36.0 million and mortgage debt of approximately \$21.0 million that was assumed by the GE JV. As a result of our control over day-to-day operations, we continue to consolidate the properties contributed to the GE JV in our consolidated financial statements and did not recognize any gain as a result of this transaction. GE Real Estate's interest in these net assets is included in minority interest in consolidated real estate partnerships.

Note 4 — Investments in Unconsolidated Real Estate Partnerships

We owned general and limited partner interests in unconsolidated real estate partnerships owning approximately 330, 441 and 511 properties at December 31, 2004, 2003 and 2002, respectively. We acquired these interests through various transactions, including large portfolio acquisitions and offers to individual limited partners. Our total ownership interests in these unconsolidated real estate partnerships ranges typically from less than 1% to 50%.

The following table provides selected combined financial information for our unconsolidated real estate partnerships as of and for the years ended December 31, 2004, 2003 and 2002 (in thousands):

| | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--|-------------|-------------|-------------|
| Real estate, net of accumulated depreciation | \$1,004,501 | \$1,441,739 | \$1,569,144 |
| Total assets | 1,255,434 | 1,809,990 | 1,880,982 |
| Secured and other notes payable | 1,146,141 | 1,704,963 | 1,787,756 |
| Total liabilities | 1,545,250 | 2,256,370 | 2,306,931 |
| Partners' deficit | (289,816) | (446,380) | (425,949) |
| Rental and other property revenues | 320,687 | 538,759 | 587,199 |
| Property operating expenses | (201,248) | (328,759) | (319,685) |
| Depreciation expense | (72,577) | (110,978) | (123,489) |
| Interest expense | (99,120) | (157,513) | (176,087) |
| Gain on sale | 100,669 | 85,718 | 48,748 |
| Net income | 50,778 | 40,782 | 27,505 |

The decrease in the amounts in the above table from year to year was primarily due to dispositions of real estate owned by our unconsolidated real estate partnerships and our purchase of additional interests in, and resulting consolidation of, various partnerships previously accounted for under the equity method.

As a result of our acquisition of interests in unconsolidated real estate partnerships, the investment in these partnerships at December 31, 2004 and 2003 of \$188.1 million and \$230.1 million, respectively, is approximately \$123.7 million and \$322.7 million, respectively, in excess of our share of the underlying historical partners' deficit of the partnerships. The excess of the cost of the investments acquired over the equity in the underlying historical partners' deficit is primarily ascribed to the fair values of land and buildings owned by the unconsolidated real estate partnerships. We amortize the excess basis related to the buildings over the estimated useful lives of the buildings. Such amortization is recorded as a component of equity in earnings (losses) of unconsolidated real estate partnerships.

Note 5 — Notes Receivable

The following table summarizes our notes receivable at December 31, 2004 and 2003 (in thousands):

| | <u>2004</u> | | | <u>2003</u> | | |
|---|--|-----------------------|------------------|--|-----------------------|------------------|
| | <u>Unconsolidated Real Estate Partnerships</u> | <u>Non-Affiliates</u> | <u>Total</u> | <u>Unconsolidated Real Estate Partnerships</u> | <u>Non-Affiliates</u> | <u>Total</u> |
| Par value notes | \$ 81,217 | \$31,217 | \$112,434 | \$ 63,829 | \$68,431 | \$132,260 |
| Discounted notes | 91,221 | 499 | 91,720 | 86,223 | 340 | 86,563 |
| Allowance for loan losses | <u>(7,149)</u> | <u>—</u> | <u>(7,149)</u> | <u>(10,122)</u> | <u>—</u> | <u>(10,122)</u> |
| Total notes receivable . . | <u>\$165,289</u> | <u>\$31,716</u> | <u>\$197,005</u> | <u>\$139,930</u> | <u>\$68,771</u> | <u>\$208,701</u> |
| Face value of discounted notes . . . | \$132,654 | \$ 1,249 | \$133,903 | \$136,979 | \$ 1,249 | \$138,228 |

Included in notes receivable from unconsolidated real estate partnerships at December 31, 2004 and 2003, are \$31.3 million and \$30.8 million, respectively, in notes that were secured by interests in real estate or interests in real estate partnerships. We earn interest on these secured notes receivable at various annual interest rates ranging between 6.0% and 12.0% and averaging 9.7%.

Included in the notes receivable from non-affiliates at December 31, 2004 and 2003, are \$9.1 million and \$20.9 million, respectively, in notes that were secured by interests in real estate or interests in real estate partnerships. We earn interest on these secured notes receivable at various annual interest rates ranging between 4.0% and 9.0% and averaging 7.3%.

Additionally, included in notes receivable from non-affiliates at December 31, 2004 and 2003 are notes receivable from Alan I. Casden for an aggregate of \$9.4 million and \$35.0 million, respectively. Prior to the March 2002 acquisition of Casden Properties, Inc. (which we refer to as the Casden Transactions) in which we acquired NAPICO, investors holding limited partnership units in various limited partnerships of which NAPICO is the corporate general partner commenced an action (the "REAL Litigation") against NAPICO and certain other defendants. On December 30, 2003, a settlement agreement (the "Settlement Agreement") between NAPICO and Aimco and the prior shareholders of Casden Properties, Inc. closed in accordance with its terms. Among other things, the Settlement Agreement provided that The Casden Company deliver promissory notes (each a Note and collectively, the Notes) to NAPICO in an aggregate amount of \$35 million (\$7 million per year for 5 years), plus interest, on a secured, non-recourse basis. The Notes were secured by (i) approximately 804,000 shares of Common Stock and (ii) cash proceeds of recoveries or settlements that Alan I. Casden or any of his affiliates, or any of the former shareholders of Casden Properties Inc., receive in connection with or related to the REAL Litigation. On September 22, 2004, we entered into an agreement with respect to certain proceeds to be received by Alan I. Casden and Casden's right to deliver Common Stock at an agreed-upon value of \$47 per share in satisfaction of the Notes. Pursuant to this agreement, we received \$20 million in cash as payment in full on the three Notes due in 2004, 2005 and 2006. Thereafter, at various intervals spanning approximately 1.5 years, we will receive cash payments of \$4.0 million, \$3.0 million and \$2.5 million in satisfaction of the Notes due in 2007 and 2008. This transaction resolves a contingency based on the price of our Common Stock related to the Casden Transactions. In accordance with SFAS 141, we recorded a \$4.8 million charge to additional paid-in capital, representing the difference between the \$29.1 million fair value of the consideration to be paid pursuant to the settlement and the \$33.9 million book value of the Notes.

Interest income from total non-impaired par value notes for the years ended December 31, 2004, 2003 and 2002 totaled \$20.5 million, \$15.5 million and \$26.6 million, respectively. For the years ended December 31, 2004, 2003, and 2002, we recognized accretion income on total discounted notes of approximately \$6.3 million (\$0.06 per basic and diluted share), \$3.3 million (\$0.03 per basic and diluted share), and \$36.8 million (\$0.37 per basic and diluted share), respectively.

The activity in the allowance for loan losses in total for both par value notes and discounted notes for the years ended December 31, 2004 and 2003, is as follows (in thousands):

| | <u>2004</u> | <u>2003</u> |
|---|-------------------|-------------------|
| Balance at beginning of year | \$(10,122) | \$ (9,979) |
| Recoveries of (provision for) losses on notes receivable | 1,765 | (2,183) |
| Net reductions due to newly consolidated and property sales | <u>1,208</u> | <u>2,040</u> |
| Balance at end of year | <u>\$ (7,149)</u> | <u>\$(10,122)</u> |

During the year ended December 31, 2004 and 2003, we determined that an allowance for loan losses of \$3.7 million and \$6.6 million, respectively, was required on certain of our par value notes that had carrying values of \$17.1 million and \$16.3 million, respectively. The average recorded investment in the impaired par value notes for the years ended December 31, 2004 and 2003 was \$15.8 million and \$14.6 million, respectively. The remaining \$95.3 million in par value notes receivable at December 31, 2004 is collectible and, therefore, interest income on these par value notes is recognized as it is earned.

As of December 31, 2004 and 2003, we determined that an allowance for loan losses of \$3.4 million and \$3.5 million, respectively, was required on certain of our discounted notes that had carrying values of \$6.0 million and \$4.9 million, respectively. The average recorded investment in the impaired discounted notes for the years ended December 31, 2004 and 2003 was \$5.8 million and \$6.3 million, respectively.

Note 6 — Secured Tax-Exempt Bond Financings and Secured Notes Payable

The following table summarizes our secured tax-exempt bond financings at December 31, 2004 and 2003, the majority of which is non-recourse to us (in thousands):

| | <u>Weighted Average Interest Rate</u> | <u>2004</u> | <u>2003</u> |
|--|---|--------------------|--------------------|
| Fixed rate secured tax-exempt bonds payable | 6.03% | \$ 391,979 | \$ 368,769 |
| Variable rate secured tax-exempt bonds payable | 2.18 | <u>741,815</u> | <u>695,481</u> |
| Total | | <u>\$1,133,794</u> | <u>\$1,064,250</u> |

Fixed rate secured tax-exempt bonds payable mature at various dates through October 2045. Variable rate secured tax-exempt bonds payable mature at various dates through June 2034. Principal and interest on these bonds are generally payable in semi-annual installments or in monthly interest-only payments with balloon payments due at maturity. Certain of our tax-exempt bonds at December 31, 2004 are remarketed periodically by a remarketing agent to maintain a variable yield. If the remarketing agent is unable to remarket the bonds, then the remarketing agent can put the bonds to us. We believe that the likelihood of this occurring is remote. At December 31, 2004, our secured tax-exempt bond financings were secured by 90 properties with a combined net book value of \$1,786.5 million.

The following table summarizes our secured notes payable at December 31, 2004 and 2003, the majority of which are non-recourse to us (in thousands):

| | <u>Weighted Average Interest Rate</u> | <u>2004</u> | <u>2003</u> |
|--|---|--------------------|--------------------|
| Conventional fixed rate secured notes payable | 6.89% | \$4,048,157 | \$3,894,453 |
| Conventional variable rate secured notes payable | 3.64 | 348,670 | 39,664 |
| Secured notes credit facility | 3.21 | <u>74,032</u> | <u>184,328</u> |
| Total | | <u>\$4,470,859</u> | <u>\$4,118,445</u> |

Fixed rate secured notes payable mature at various dates through October 2045. Variable rate secured notes payable mature at various dates through November 2028. Principal and interest are generally payable monthly or in monthly interest-only payments with balloon payments due at maturity. At December 31, 2004, our secured notes payable were secured by 558 properties with a combined net book value of \$6,900.5 million.

We have a secured revolving credit facility that provides for borrowings of up to \$250 million primarily to be used for financing properties that we intend to sell, as well as properties that are under redevelopment. In addition to the amounts in the above table, there were approximately \$10 million and \$9 million of notes that were provided through this facility that are unconsolidated and not included within secured notes payable at December 31, 2004 and 2003, respectively. The interest rate on the notes provided through this facility is the Fannie Mae Discounted Mortgage-Backed Security index plus 0.85%, which interest rate resets monthly. Each such loan under this facility is treated as a separate borrowing and is collateralized by a specific property, and none of the loans is cross-collateralized or cross-defaulted. This facility matures in September 2007, but can be terminated and repaid in full without penalty after September 2005.

Our consolidated debt instruments generally contain covenants common to the type of facility or borrowing, including financial covenants establishing minimum debt service coverage ratios and maximum leverage ratios. At December 31, 2004, we were in material compliance with all financial covenants pertaining to our consolidated debt instruments.

As of December 31, 2004, the scheduled principal amortization and maturity payments for our secured tax-exempt bonds and secured notes payable are as follows (in thousands):

| | <u>Amortization</u> | <u>Maturities</u> | <u>Total</u> |
|------------------|---------------------|-------------------|--------------------|
| 2005 | \$128,720 | \$126,120 | \$ 254,840 |
| 2006 | 133,238 | 495,054 | 628,292 |
| 2007 | 140,490 | 237,468 | 377,958 |
| 2008 | 145,163 | 178,215 | 323,378 |
| 2009 | 152,794 | 124,639 | 277,433 |
| Thereafter | | | <u>3,742,752</u> |
| | | | <u>\$5,604,653</u> |

Note 7 — Mandatorily Redeemable Preferred Securities

In accordance with SFAS 150, we report Trust Based Convertible Preferred Securities, which we refer to as TOPRS, and the Class S Cumulative Redeemable Preferred Stock, which we refer to as the Class S Preferred Stock, within the liabilities section of the consolidated balance sheets as of December 31, 2004 and 2003 (see Note 2 for further details on SFAS 150).

In connection with the Insignia merger in 1998, we assumed the obligations under TOPRS with an aggregate liquidation amount of \$149.5 million. Since 1998, approximately \$134.5 million of the securities have been converted, resulting in \$15.0 million remaining as of December 31, 2004, which also represents the redemption value. The securities mature on September 30, 2016 and require quarterly distributions payable in arrears at the rate of 6.5% per annum. For the years ended December 31, 2004, 2003 and 2002, \$1.0 million, \$1.0 million and \$1.2 million, respectively, of distributions have been recorded to interest expense. The securities are convertible by the holders at any time through September 30, 2016 and may be redeemed by us on or after November 1, 1999. Each \$50 of liquidation value of the securities can be converted into Common Stock at a conversion price of \$49.61, which equates to 1.007 shares of Common Stock. In 2004 and 2003, the holders of the securities converted approximately \$0.1 million and \$0.05 million, respectively, of the securities into approximately 2,000 and 1,000 shares of Common Stock, respectively. On January 11, 2005, we redeemed for cash, all outstanding TOPRS (see Note 22 for further details on the redemption).

On April 30, 2003, we sold 4,000,000 shares (\$100 million) of Class S Preferred Stock through a private placement to an institutional investor. On January 30, 2004, we redeemed 1,015,228 shares of the Class S Preferred Stock at a redemption price of \$24.625 per share. On March 26, 2004, we redeemed the remaining 2,984,772 shares of the Class S Preferred Stock at a redemption price of \$24.75 per share. In accordance with SFAS 150, for the year ended December 31, 2004, we recorded to interest expense approximately \$0.8 million of dividends paid on the Class S Preferred Stock and \$0.4 million resulting from a redemption value adjustment on February 1, 2004. For the year ended December 31, 2003, we recorded to interest expense \$2.0 million of dividends paid on the Class S Preferred Stock and \$0.75 million resulting from a redemption value adjustment.

Note 8 — Term Loans and Credit Facility

On November 2, 2004, we entered into an Amended and Restated Senior Secured Credit Agreement, which we refer to as the Credit Agreement, with a syndicate of financial institutions. In addition to Aimco, the Aimco Operating Partnership and two Aimco subsidiaries, NHP Management Company and AIMCO/Bethesda Holdings, Inc. are also borrowers under the Credit Agreement. The Credit Agreement replaced our previous two separate credit agreements.

The original aggregate commitment under the Credit Agreement is \$750 million, comprised of \$450 million of revolving loan commitments and a \$300 million term loan tranche. The revolving loans bear interest at a rate equal to (i) the LIBOR rate plus a margin that can range from 1.50% to 2.00% (for LIBOR loans) or (ii) the base rate plus a margin that can range from 0% to 0.25% (for base rate loans), in each case, depending on our leverage ratio. The term loan bears interest at a rate equal to (i) the LIBOR rate plus 2.00% (for LIBOR loans) or (ii) the

base rate plus 0.25% (for base rate loans). The default rate of interest for the loan is equal to the applicable rate described above plus 3%. The revolving loans mature on November 2, 2007, and the term loan matures on November 2, 2009.

The Credit Agreement includes customary financial covenants, including the maintenance of specified ratios with respect to total indebtedness to gross asset value, total secured indebtedness to gross asset value, aggregate recourse indebtedness to gross asset value, variable rate debt to total indebtedness, debt service coverage and fixed charge coverage; the maintenance of a minimum adjusted tangible net worth; and limitations regarding the amount of cross-collateralized debt. The Credit Agreement includes other customary covenants, including a restriction on distributions and other restricted payments, but permits distributions during any 12-month period in an aggregate amount of up to 95% of our funds from operations for such period or such amount as may be necessary to maintain our REIT status. The Credit Agreement also permits us to repurchase our Common Stock using up to 80% of sales proceeds in any trailing four-quarter period.

The lenders under the Credit Agreement may accelerate any outstanding loans if, among other things: we fail to make payments when due (subject to applicable grace periods); material defaults occur under other debt agreements; certain bankruptcy or insolvency events occur; material judgments are entered against us; we fail to comply with certain covenants, such as the requirement to deliver financial information or the requirement to provide notices regarding material events (subject to applicable grace periods in some cases); indebtedness is incurred in violation of the covenants; or prohibited liens arise.

Upon entering into the Credit Agreement on November 2, 2004, we borrowed \$300.0 million under the term loan facility, which bears interest at the LIBOR rate plus 2.0%, and \$145.0 million under the revolving credit facility, which currently bears interest at the LIBOR rate plus 1.75%. Proceeds from the term loan were used to repay the outstanding loans under our previous loan facilities and for other corporate purposes. Proceeds from the revolving loans made on the closing date were used to repay outstanding loans under the previous loan facilities. The proceeds of future revolving loans are generally permitted to be used to fund working capital and other corporate purposes.

At December 31, 2004, the outstanding principal balance of the term loan was \$300.0 million at an interest rate of 4.18%. At December 31, 2004, the outstanding principal balance of the revolving loans was \$68.7 million at a weighted average interest rate of 4.64% (based on various weighted average LIBOR and base rate borrowings outstanding with various maturities). The amount available under the revolving facility at December 31, 2004 was \$358.2 million (after giving effect to \$23.1 million outstanding for undrawn letters of credit issued under the revolving facility). As of December 31, 2004, we were in compliance with all financial covenant requirements.

Note 9 — Commitments and Contingencies

Commitments

In connection with the Casden Transactions, we have commitments to:

- purchase, for a contractually agreed minimum consideration of approximately \$199 million, Palazzo East at Park La Brea upon satisfactory completion of construction and attainment of 60% occupancy. Palazzo East at Park La Brea is comprised of a total of 610 units, construction of which was completed in December 2003. The Palazzo East at Park La Brea acquisition was completed on February 28, 2005 (see Note 22). With regard to our previously disclosed commitment to purchase Westwood, on January 3, 2005, we finalized an agreement that extinguished our purchase obligation;
- provide a stand-by facility of \$64.5 million in debt financing associated with the development of Palazzo East at Park La Brea and Westwood (as of December 31, 2004, no funds have been drawn on this stand-by facility). In connection with the Westwood agreement described above, the maximum amount we are required to provide through this stand-by facility was reduced to \$32.1 million. Additionally, with the February 28, 2005 acquisition of Palazzo East at Park La Brea, we are no longer required to provide this stand-by facility;

- invest up to \$50 million for a 20% limited liability company interest in Casden Properties LLC. As of December 31, 2004, we had invested \$39.2 million. Casden Properties LLC intends to pursue new development opportunities in Southern California and other markets. We have an option, but not an obligation, to purchase at completion all multifamily rental projects developed by Casden Properties LLC; and
- pay \$2.5 million per quarter for five years (for an aggregate amount of \$50 million) to Casden Properties LLC as a retainer on account for redevelopment services on our assets (as of December 31, 2004, \$27.5 million has been paid).

Guarantees

In the ordinary course of business, we provide certain guarantees that are covered by the provisions of FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, or FIN 45. These guarantees include: (i) standby letters of credit, which we may provide to enhance credit or guarantee our performance under contractual obligations; (ii) limited guarantees, which we may provide to certain of our lenders and that may require us to provide funds to maintain required loan-to-value ratios; and (iii) guarantees in connection with our syndication of historical and affordable housing tax credits, which we may provide to make available additional funding to cover operating cash flow deficiencies, cover shortfalls related to the delivery of tax credits and cover financing shortfalls related to project development. These guarantees have varying expiration dates ranging from less than one year to fourteen years. The fair values of guarantees that are required to be recognized under FIN 45 are not material to our financial statements.

Legal Matters

In addition to the matters described below, we are a party to various legal actions and administrative proceedings arising in the ordinary course of business, some of which are covered by liability insurance, and none of which we expect to have a material adverse effect on our consolidated financial condition or results of operations.

Limited Partnerships

In connection with our acquisitions of interests in real estate partnerships, we are sometimes subject to legal actions, including allegations that such activities may involve breaches of fiduciary duties to the partners of such real estate partnerships or violations of the relevant partnership agreements. We may incur costs in connection with the defense or settlement of such litigation. We believe that we comply with our fiduciary obligations and relevant partnership agreements. Although the outcome of any litigation is uncertain, we do not expect any such legal actions to have a material adverse effect on our consolidated financial condition or results of operations.

Environmental

Various Federal, state and local laws subject property owners or operators to liability for management, and the costs of removal or remediation, of certain hazardous substances present on a property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of the hazardous substances. The presence of, or the failure to manage or remedy properly, hazardous substances may adversely affect occupancy at affected apartment communities and the ability to sell or finance affected properties. In addition to the costs associated with investigation and remediation actions brought by government agencies, the presence of hazardous substances on a property could result in claims by private plaintiffs for personal injury, disease, disability or other infirmities. Various laws also impose liability for the cost of removal, remediation or disposal of hazardous substances through a licensed disposal or treatment facility. Anyone who arranges for the disposal or treatment of hazardous substances is potentially liable under such laws. These laws often impose liability whether or not the person arranging for the disposal ever owned or operated the disposal facility. In connection with the ownership, operation and management of properties, we could potentially

be liable for environmental liabilities or costs associated with our properties or properties we acquire or manage in the future.

Mold

As previously disclosed, we have been named as a defendant in lawsuits that have alleged personal injury as a result of the presence of mold. In addition, we are aware of lawsuits against owners and managers of multifamily properties asserting claims of personal injury and property damage caused by the presence of mold, some of which have resulted in substantial monetary judgments or settlements. We have only limited insurance coverage for property damage loss claims arising from the presence of mold and for personal injury claims related to mold exposure. We have implemented a national policy and procedures to prevent or eliminate mold from our properties and believe that our measures will eliminate, or at least minimize, the effects that mold could have on our residents. To date, we have not incurred any material costs or liabilities relating to claims of mold exposure or to abate mold conditions. Because the law regarding mold is unsettled and subject to change we can make no assurance that liabilities resulting from the presence of or exposure to mold will not have a material adverse effect on our consolidated financial condition or results of operations.

San Francisco Litigation

As previously disclosed, Aimco and four of its affiliated partnerships were parties to a lawsuit with the City and County of San Francisco and certain of its agents. A settlement agreement among the parties resolving the litigation became effective on November 4, 2004. The settlement was subject to certain previously disclosed conditions subsequent that have been satisfied. We intend to complete a renovation of the properties. The settlement and anticipated renovation of the properties have had no material adverse effect on our consolidated financial condition or results of operations.

National Union Litigation

As previously disclosed, National Program Services, Inc. and Vito Gruppuso (collectively "NPS") were insurance agents who sold to us property insurance issued by National Union Fire Insurance Company of Pittsburgh, Pennsylvania ("National Union"). The financial failure of NPS resulted in defaults under two agreements by which NPS indemnified us from losses relating to the matters described below. As a result of such defaults we had a \$16.7 million insurance-related receivable that was subsequently reduced to \$6.7 million following our settlement with Lumbermens Mutual Casualty Company ("Lumbermens") and an insurance agency. In addition, we have pending litigation against National Union, First Capital Group, a New York based insurance wholesaler, NPS and other agents of National Union, for a refund of at least \$10 million of the prepaid premium plus other damages. The contingent liabilities arising from the NPS defaults also resulted in litigation against us by Cananwill, Inc. ("Cananwill"), a premium funding company, regarding an alleged balance due of \$5.7 million on a premium finance agreement that funded premium payments made to National Union. We are also plaintiffs in litigation against Cananwill and Combined Specialty Insurance Company, formerly known as Virginia Surety Company, Inc., alleging Cananwill's conversion of \$1.6 million of unearned premium belonging to us and misapplication of such funds to the alleged debt asserted in the lawsuit initiated by Cananwill. The matter in which we are plaintiffs has been stayed by the court pending resolution of the action filed by Cananwill against us. The previously disclosed litigation brought by WestRM — West Risk Markets, Ltd. ("WestRM") against XL Reinsurance America, Inc. ("XL"), Greenwich Insurance Company ("Greenwich") and Lumbermens in which we have been made a third party defendant continues. Summary judgment has been entered against defendants XL and Greenwich. Similarly, the previously disclosed litigation brought by Highlands Insurance Company ("Highlands") against Cananwill, XL, Greenwich and us also continues. In those cases in which we are a defendant, we believe that we have meritorious defenses to assert, and we will vigorously defend ourselves against claims brought against us. In addition, we will vigorously prosecute our own claims. Although the outcome of any claim or matter in litigation is uncertain, we do not believe that we will incur any material loss in connection with the insurance-related receivable or that the ultimate outcome of these separate but related matters will have a material adverse effect on our consolidated financial condition or results of operations.

FLSA Litigation

As previously disclosed, the Aimco Operating Partnership and NHP Management Company (“NHPMN”), our affiliate, are defendants in a lawsuit alleging that they willfully violated the Fair Labor Standards Act (“FLSA”) by failing to pay maintenance workers overtime for all hours worked in excess of forty per week. The complaint attempts to bring a collective action under the FLSA and seeks to certify state subclasses in California, Maryland, and the District of Columbia. Specifically, the plaintiffs contend that the Aimco Operating Partnership and NHPMN failed to compensate maintenance workers for time that they were required to be “on-call.” Additionally, the complaint alleges the Aimco Operating Partnership and NHPMN failed to comply with the FLSA in compensating maintenance workers for time that they worked in responding to a call while “on-call.” We have filed an answer to the amended complaint denying the substantive allegations. Discovery relating to the certification of the collective action has concluded and briefing on the matter is underway. Although the outcome of any litigation is uncertain, we do not believe that the ultimate outcome will have a material adverse effect on our consolidated financial condition or results of operations.

SEC Investigation

As previously disclosed, the Central Regional Office of the United States Securities and Exchange Commission (the “SEC”) is conducting a formal investigation relating to certain matters. Although the staff of the SEC is not limited in the areas that it may investigate, we believe the areas of investigation include our miscalculated monthly net rental income figures in third quarter 2003, forecasted guidance, accounts payable, rent concessions, vendor rebates, capitalization of payroll and certain other costs, and tax credit transactions. We are cooperating fully. We are not able to predict when the matter will be resolved. We do not believe that the ultimate outcome will have a material adverse effect on our consolidated financial condition or results of operations.

Operating Leases

We are obligated under office space and equipment non-cancelable operating leases. In addition, we sublease certain of our office space to tenants under non-cancelable subleases. Approximate minimum annual rentals under operating leases and approximate minimum payments to be received under annual subleases are as follows (in thousands):

| | <u>Operating Lease Obligations</u> | <u>Sublease Receivables</u> |
|------------------|--|---------------------------------|
| 2005 | \$ 7,262 | \$1,536 |
| 2006 | 7,226 | 1,485 |
| 2007 | 7,066 | 1,508 |
| 2008 | 6,445 | 1,086 |
| 2009 | 4,892 | 597 |
| Thereafter | <u>14,035</u> | <u>597</u> |
| Total | <u>\$46,926</u> | <u>\$6,809</u> |

Substantially all of the office space and equipment subject to the operating leases described above are for the use of our corporate offices and regional operating centers. Rent expense recognized totaled \$5.8 million, \$6.1 million, and \$5.0 million for the years ended December 31, 2004, 2003 and 2002, respectively. Sublease receipts totaled approximately \$0.9 million, \$1.1 million and \$0.8 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Note 10 — Income Taxes

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities of the taxable REIT subsidiaries for financial reporting purposes and the amounts used for

income tax purposes. Significant components of our deferred tax liabilities and assets are as follows (in thousands):

| | <u>December 31, 2004</u> | <u>December 31, 2003</u> |
|---|------------------------------|------------------------------|
| Deferred tax liabilities: | | |
| Partnership differences | \$50,109 | \$54,317 |
| Depreciation of fixed assets | 3,745 | 956 |
| Interest income | 809 | 8,240 |
| Deferred gains | 13,070 | 5,061 |
| Other | <u>130</u> | <u>3,289</u> |
| Total deferred tax liabilities | <u>\$67,863</u> | <u>\$71,863</u> |
| Deferred tax assets: | | |
| Net operating and capital loss carryforward | \$10,432 | \$16,401 |
| Receivables | 7,350 | 7,887 |
| Accrued liabilities | 11,184 | 8,854 |
| Accrued interest expense | 5,215 | 3,893 |
| Intangibles — management contracts | 10,922 | 12,193 |
| Rehabilitation & Low Income Housing credits | <u>3,830</u> | <u>3,358</u> |
| Total deferred tax assets | 48,933 | 52,586 |
| Valuation allowance for deferred tax assets | <u>(1,209)</u> | <u>(716)</u> |
| Deferred tax assets, net of valuation allowance | <u>47,724</u> | <u>51,870</u> |
| Net deferred tax liabilities | <u>\$20,139</u> | <u>\$19,993</u> |

During the year ended December 31, 2004, we recorded a deferred tax asset related to low income housing credits of approximately \$0.5 million for which a full valuation reserve was recorded. The remaining amount of our valuation reserve relates to tax credits that we do not expect to utilize to reduce future tax obligations.

Significant components of the provision (benefit) for income taxes are as follows and are classified within other expenses (income), net in continuing operations and income from discontinued operations, net in our statements of income for 2004, 2003 and 2002 (in thousands):

| | <u>Year Ended December 31, 2004</u> | <u>Year Ended December 31, 2003</u> | <u>Year Ended December 31, 2002</u> |
|---------------------------------|---|---|---|
| Current: | | | |
| Federal | \$ 7,345 | \$ 4,556 | \$ (302) |
| State | <u>748</u> | <u>840</u> | <u>1,686</u> |
| Total current | <u>8,093</u> | <u>5,396</u> | <u>1,384</u> |
| Deferred: | | | |
| Federal | 634 | (10,065) | (175) |
| State | <u>72</u> | <u>(1,150)</u> | <u>(1,640)</u> |
| Total deferred | <u>706</u> | <u>(11,215)</u> | <u>(1,815)</u> |
| Total provision (benefit) | <u>\$ 8,799</u> | <u>\$ (5,819)</u> | <u>\$ (431)</u> |
| Classification: | | | |
| Continuing operations | \$(7,216) | \$(17,953) | \$(2,938) |
| Discontinued operations | \$16,015 | \$ 12,134 | \$ 2,507 |

Consolidated income (loss) subject to tax is \$20,498,000 for 2004, (\$3,990,000) for 2003, and \$7,171,000 for 2002. The reconciliation of income tax attributable to continuing and discontinued operations computed at the U.S. statutory rate to income tax expense (benefit) is shown below (dollars in thousands):

| | Year Ended December 31, 2004 | | Year Ended December 31, 2003 | | Year Ended December 31, 2002 | |
|--|---------------------------------|--------------|---------------------------------|---------------|---------------------------------|---------------|
| | Amount | Percent | Amount | Percent | Amount | Percent |
| Tax at U.S. statutory rates on consolidated income (loss) subject to tax | \$7,174 | 35.0% | \$(1,396) | 35.0% | \$ 2,510 | 35.0% |
| State income tax, net of Federal tax benefit | 818 | 4.0% | (306) | 7.6% | 46 | 0.7% |
| Effect of permanent differences | 314 | 1.5% | 2,202 | (55.2)% | 4,143 | 62.2% |
| Increase (decrease) valuation allowance | 493 | 2.4% | (6,319) | 158.4% | (7,130) | (103.9)% |
| | <u>\$8,799</u> | <u>42.9%</u> | <u>\$(5,819)</u> | <u>145.8%</u> | <u>\$ (431)</u> | <u>(6.0)%</u> |

During the quarter ended March 31, 2003, in an effort to streamline business processes and operational efficiencies of our property management and services businesses, we contributed all of the capital stock of NHP Management Company to AIMCO/Bethesda Holdings, Inc. (both of which are wholly-owned taxable REIT subsidiaries). In connection with this transaction, we reversed a valuation reserve related to future deductions and tax loss carryforwards of NHP Management Company and thereby recognized approximately \$8.0 million of deferred tax benefits within other expenses (income), net. This deferred tax benefit increased net income by approximately \$7.1 million, net of minority interest, and resulted in an increase in basic and diluted earnings per share of \$0.08 for the year ended December 31, 2003.

Income taxes paid totaled approximately \$2,727,000, \$3,771,000, and \$1,189,000 in the years ended December 31, 2004, 2003 and 2002, respectively.

At December 31, 2004, we had net operating loss carryforwards (NOLs) of approximately \$27.0 million for income tax purposes that expire in years 2017 to 2023. Subject to certain separate return limitations, we may use these NOLs to offset all or a portion of taxable income generated by our taxable REIT subsidiaries. Additionally, at December 31, 2004, we had tax credit carryforwards of approximately \$3.8 million for income tax purposes that expire in years 2012 to 2023.

Earnings and profits, which determine the taxability of dividends to stockholders, differ from net income reported for financial reporting purposes principally due to differences for United States Federal tax purposes in the estimated useful lives and methods used to compute depreciation and the carrying value (basis) of the investments in properties. The following table reconciles our net income to REIT taxable income for the years ended December 31, 2004, 2003 and 2002 (in thousands):

| | 2004 | 2003 | 2002 |
|---|------------------|------------------|------------------|
| Net income | \$263,497 | \$158,857 | \$169,046 |
| Elimination of earnings from taxable REIT subsidiaries | 21,291 | 4,897 | 9,725 |
| Depreciation and amortization expense, not deductible for tax | (731) | (888) | (23,763) |
| Gain on disposition of real estate property | 171,477 | 136,211 | 62,146 |
| Interest income, not currently taxable | (958) | (997) | (18,169) |
| Depreciation timing differences on real estate | 22,503 | 23,263 | 33,777 |
| Dividends on officer stock, not deductible for tax | 1,397 | 2,053 | 2,787 |
| Provision for loan losses | 3,493 | 467 | 6,107 |
| Limited partner deficit allocations, not deductible for tax | 14,381 | 10,791 | 24,551 |
| Transaction and project costs, deductible for tax | 9,013 | 4,030 | 10,525 |
| REIT taxable income | <u>\$505,363</u> | <u>\$338,684</u> | <u>\$276,732</u> |

For income tax purposes, dividends paid to holders of Common Stock primarily consist of ordinary income, return of capital, capital gains, qualified dividends and unrecaptured Sec. 1250 gains, or a combination thereof.

For the years ended December 31, 2004, 2003 and 2002, dividends paid per share were estimated to be taxable as follows:

| | 2004 | | 2003 | | 2002 | |
|----------------------------------|---------------|-------------|---------------|-------------|---------------|-------------|
| | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| Ordinary income | \$0.04 | 2% | \$0.80 | 26% | \$2.00 | 61% |
| Return of capital | — | — | — | — | 0.66 | 20% |
| Capital gains | 1.77 | 74% | 0.77 | 25% | 0.23 | 7% |
| Qualified dividends | 0.03 | 1% | — | — | — | — |
| Unrecaptured Sec.1250 gain | <u>0.56</u> | <u>23%</u> | <u>1.49</u> | <u>49%</u> | <u>0.39</u> | <u>12%</u> |
| | <u>\$2.40</u> | <u>100%</u> | <u>\$3.06</u> | <u>100%</u> | <u>\$3.28</u> | <u>100%</u> |

Note 11 — Transactions Involving Minority Interest in Aimco Operating Partnership

Preferred OP Units

Various classes of preferred OP Units of the Aimco Operating Partnership are outstanding. Depending on the terms of each class, these preferred OP Units are convertible into common OP Units or redeemable for Common Stock and are paid distributions varying from 8% to 9.5% per annum per unit, or equal to the dividends paid on Common Stock based on the conversion terms. As of December 31, 2004, a total of 3.3 million preferred OP Units were outstanding with a redemption value of \$90.5 million, which were redeemable into approximately 2.5 million shares of Common Stock. As of December 31, 2003, a total of 3.3 million preferred OP Units were outstanding with a redemption value of \$90.8 million, which were redeemable into approximately 2.5 million shares of Common Stock.

During the years ended December 31, 2004 and 2003, approximately 10,000 and 32,000 preferred OP Units were tendered for redemption in exchange for approximately 8,000 and 22,000 shares of Common Stock, respectively. During the years ended December 31, 2004 and 2003, there were none and approximately 13,000 preferred OP Units tendered for redemption in exchange for cash. Additionally, in July 2003, we repurchased all outstanding Class Nine Preferred Units for approximately \$27 million (see Note 3 for further information).

Common OP Units

We completed tender offers for limited partnership interests resulting in the issuance of approximately 82,000 and 23,000 common OP Units in 2004 and 2003, respectively. In addition, in December 2003, we issued 88,792 common OP Units valued at \$3.5 million in connection with the acquisition of an individual property.

During the years ended December 31, 2004 and 2003, approximately 160,000 and 35,000 common OP Units, respectively, were redeemed in exchange for cash and approximately 735,000 and 338,000 common OP Units, respectively, were redeemed in exchange for shares of Common Stock.

High Performance Partnership Units

As of December 31, 2004 and 2003, there were 2,379,084 Class I High Performance Partnership Units outstanding. Also outstanding were 4,398 Class V High Performance Partnership Units, or the Class V Units, for which the valuation period began on January 1, 2002 and ended on December 31, 2004, 5,000 Class VI High Performance Partnership Units, or the Class VI Units, for which the valuation period began on January 1, 2003 and will end on December 31, 2005 and 4,109 Class VII High Performance Partnership Units, or the Class VII Units, for which the valuation period began on January 1, 2004 and will end on December 31, 2006. At December 31, 2004, we did not meet the required measurement benchmarks for the Class V Units, Class VI Units or Class VII Units and therefore, we have not recorded any value to such High Performance Partnership Units in the consolidated financial statements as of December 31, 2004 and such High Performance Partnership Units have no dilutive effect.

Note 12 — Registration Statements

On March 26, 2004, we filed a shelf registration statement with the Securities and Exchange Commission, or the SEC, with respect to an aggregate of \$1.05 billion of our debt and equity securities (of which approximately \$50 million was carried over from the 2001 shelf registration statement) and \$500.0 million of debt securities of the Aimco Operating Partnership (all of which was carried forward from the 2001 shelf registration statement). On April 5, 2004, the SEC declared the 2004 shelf registration statement effective. Under this 2004 shelf registration statement, we have approximately \$876.6 million of debt and equity securities, and the Aimco Operating Partnership has \$500.0 million of debt securities, available for sale as of December 31, 2004.

Note 13 — Stockholders' Equity

Preferred Stock

At December 31, 2004 and 2003, we had the following classes of preferred stock outstanding classified as equity:

| <u>Perpetual:</u> | <u>Redemption Date(1)</u> | <u>Conversion Price</u> | <u>Annual Dividend Rate Per Share (paid quarterly)</u> | <u>Balance</u> | |
|--|---------------------------|-------------------------|--|----------------------------|----------------------------|
| | | | | <u>2004 (in thousands)</u> | <u>2003 (in thousands)</u> |
| Class D Cumulative Preferred Stock, \$.01 par value, 4,200,000 shares authorized, 1,250,002 and 2,700,002 shares issued and outstanding(2) | 02/19/2003 | — | 8.75% | \$ 31,250 | \$ 67,500 |
| Class G Cumulative Preferred Stock, \$.01 par value, 4,050,000 shares authorized, 4,050,000 shares issued and outstanding | 07/15/2008 | — | 9.375% | 101,000 | 101,000 |
| Class Q Cumulative Preferred Stock, \$.01 par value, 2,530,000 shares authorized, 2,530,000 shares issued and outstanding | 03/19/2006 | — | 10.10% | 63,250 | 63,250 |
| Class R Cumulative Preferred Stock, \$.01 par value, 6,940,000 shares authorized, 6,940,000 shares issued and outstanding | 07/20/2006 | — | 10.00% | 173,500 | 173,500 |
| Class T Cumulative Preferred Stock, \$.01 par value, 6,000,000 shares authorized, 6,000,000 shares issued and outstanding | 07/31/2008 | — | 8.00% | 150,000 | 150,000 |
| Class U Cumulative Preferred Stock, \$.01 par value, 8,000,000 shares authorized, 8,000,000 and zero shares issued and outstanding(3) | 03/24/2009 | — | 7.75% | 200,000 | — |
| Class V Cumulative Preferred Stock, \$.01 par value, 3,450,000 shares authorized, 3,450,000 and zero shares issued and outstanding(4) | 09/29/2009 | — | 8.00% | 86,250 | — |
| Class Y Cumulative Preferred Stock, \$.01 par value, 3,450,000 shares authorized, 3,450,000 and zero shares issued and outstanding(5) | 12/21/2009 | — | 7.875% | 86,250 | — |
| | | | | <u>891,500</u> | <u>555,250</u> |

| <u>Convertible(6):</u> | <u>Redemption Date(1)</u> | <u>Conversion Price</u> | <u>Annual Dividend Rate Per Share (paid quarterly)</u> | <u>Balance</u> | |
|--|---------------------------|-------------------------|--|----------------------------|----------------------------|
| | | | | <u>2004 (in thousands)</u> | <u>2003 (in thousands)</u> |
| Class N Convertible Cumulative Preferred Stock, \$.01 par value, 4,000,000 shares authorized, zero and 4,000,000 shares issued and outstanding(7) | 09/12/2003 | \$52.50 | 9.00% | — | 100,000 |
| Class O Cumulative Convertible Preferred Stock, \$.01 par value, 1,904,762 shares authorized, zero and 1,904,762 shares issued and outstanding(8) | 09/15/2003 | \$52.50 | 9.00% | — | 100,000 |
| Class P Convertible Cumulative Preferred Stock, \$.01 par value, 4,000,000 shares authorized, zero and 3,999,662 shares issued and outstanding(9) | 03/26/2004 | \$56.00 | 9.00% | — | 99,992 |
| Class W Cumulative Convertible Preferred Stock, \$.01 par value, 1,904,762 shares authorized, 1,904,762 and zero shares issued and outstanding(8) | 09/30/2007 | \$52.50 | 8.10% | 100,000 | — |
| Class X Cumulative Convertible Preferred Stock, \$.01 par value, 2,000,000 shares authorized, 2,000,000 and zero shares issued and outstanding(10) | 03/31/2006 | \$52.50 | 8.50% | 50,000 | — |
| | | | | <u>150,000</u> | <u>299,992</u> |
| Total | | | | <u>\$1,041,500</u> | <u>\$855,242</u> |

- (1) All classes of preferred stock are redeemable, at our option, on and after the dates specified.
- (2) On August 18, 2003, we redeemed 1,499,998 shares of Class D Cumulative Preferred Stock, par value \$0.01 per share, or the Class D Preferred Stock, at a redemption price of \$25 per share, or \$37.5 million, plus an amount equal to accumulated and unpaid dividends through August 18, 2003, for a total of \$25.2066 per share. On November 5, 2004, we redeemed 1,450,000 shares of the Class D Preferred Stock at a redemption price of \$25 per share, or \$36.25 million, plus an amount equal to accumulated and unpaid dividends through November 5, 2004, for a total of \$25.1276 per share.
- (3) On March 24, 2004, we sold 8,000,000 shares of Class U Cumulative Preferred Stock, par value \$0.01 per share, or the Class U Preferred Stock, in a registered public offering. We used the net proceeds of approximately \$193.2 million to redeem a portion of Class S Preferred Stock and the remainder to pay down the revolving credit facility that we later used to redeem Class P Convertible Cumulative Preferred Stock.
- (4) On September 29, 2004, we sold 3,450,000 shares of Class V Cumulative Preferred Stock, par value \$0.01 per share, or the Class V Preferred Stock, in a registered public offering. We used the net proceeds of approximately \$83.2 million to redeem 2,000,000 shares of Class N Convertible Cumulative Preferred Stock, or the Class N Preferred Stock, and the remainder to pay down the revolving credit facility that we later used to redeem 1,450,000 shares of the Class D Preferred Stock (discussed above).
- (5) On December 21, 2004, we sold 3,450,000 shares of Class Y Cumulative Preferred Stock, par value \$0.01 per share, or the Class Y Preferred Stock, in a registered public offering. We used the net proceeds of approximately \$83.5 million to pay down the revolving credit facility, with the intention of redeeming the remaining 1,250,000 shares of the Class D Preferred Stock and the \$15 million of outstanding TOPRS (see Note 22).

- (6) The articles supplementary set forth the relative rights and preferences of each class of securities and as shown above, the dividend rate on each class of convertible securities is the rate specified in the articles supplementary for each class. Such rate can be increased to the rate of the dividends paid on the number of shares of Common Stock into which a share of such preferred security is convertible. The initial conversion price of each class was in excess of the fair market value of a share of Common Stock on the respective dates on which the purchasers of each class agreed to purchase such securities.
- (7) On September 30, 2004, we completed a partial redemption for cash of 2,000,000 outstanding shares of the Class N Preferred Stock for a total redemption price of \$25.68125 per share, which included a redemption price of \$25 per share, \$0.18125 per share of accumulated and unpaid dividends through October 29, 2004, and a 2%, or \$0.50 per share, redemption premium. Additionally, on September 30, 2004, we issued 2,000,000 shares of Class X Cumulative Convertible Preferred Stock, par value \$0.01 per share, or the Class X Preferred Stock, in exchange for 2,000,000 shares of the Class N Preferred Stock in a private transaction. See additional discussion below on the Class X Preferred Stock. The conversion ratio for the Class N Preferred Stock is 0.4762.
- (8) On September 30, 2004, we issued 1,904,762 shares of Class W Cumulative Convertible Preferred Stock, par value \$0.01 per share, or the Class W Preferred Stock, in exchange for all 1,904,762 shares of Class O Cumulative Convertible Preferred Stock, or the Class O Preferred Stock, in a private transaction. Each share of the Class W Preferred Stock is redeemable at our option beginning September 30, 2007 for cash at a price per share equal to 102% of the liquidation preference, plus all accrued and unpaid dividends, if any, to the date fixed for redemption. The conversion ratio for the Class O Preferred Stock and the Class W Preferred Stock is 1.0. Accordingly, upon a conversion of all outstanding shares of Class W Preferred Stock, 1,904,762 shares of Common Stock would be issued.
- (9) On April 21, 2004, we redeemed for cash all 3,999,662 outstanding shares of Class P Convertible Cumulative Preferred Stock, or the Class P Preferred Stock, for a total redemption price of \$25.0375 per share, which included a redemption price of \$25 per share, and \$0.0375 per share of accumulated and unpaid dividends through April 20, 2004. The conversion ratio for the Class P Preferred Stock is 0.4464.
- (10) On September 30, 2004, we issued 2,000,000 shares of the Class X Preferred Stock, in exchange for 2,000,000 shares of the Class N Preferred Stock in a private transaction. Beginning on April 1, 2006, holders of the Class X Preferred Stock are entitled to receive an amount per share equal to the greater of (i) \$2.25 per year (equivalent to 9.0% of the liquidation preference), or (ii) the cash dividends payable on the number of shares of Common Stock into which a share of the Class X Preferred Stock is convertible. Each share of the Class X Preferred Stock is redeemable at our option beginning March 31, 2006 for cash in the amount of \$25 per share, plus all accrued and unpaid dividends, if any, to the date fixed for redemption. Under certain circumstances prior to March 31, 2006, the Class X Preferred Stock may be redeemed at 102% of the liquidation preference. The conversion ratio for the Class X Preferred Stock is 0.4762. Accordingly, upon a conversion of all outstanding shares of Class X Preferred Stock, 952,400 shares of Common Stock would be issued.

All classes of preferred stock are pari passu with each other and are senior to Common Stock. The holders of each class of preferred stock are generally not entitled to vote on matters submitted to stockholders. Dividends on all shares of preferred stock are subject to declaration by our Board of Directors. All of the above outstanding classes of preferred stock have a liquidation preference per share of \$25, with the exception of the Class O Preferred Stock and the Class W Preferred Stock, which both have a liquidation preference per share of \$52.50.

On July 31, 2003, the SEC clarified Emerging Issues Task Force, Topic No. D-42, *The Effect on the Calculation of Earnings Per Share for the Redemption or Induced Conversion of Preferred Stock*, or Topic D-42, which provides that any excess of (a) the fair value of the consideration transferred to the holders of preferred stock redeemed over (b) the carrying amount of the preferred stock should be subtracted from net earnings to determine net earnings available to common stockholders in the calculation of earnings per share. The SEC interpreted Topic D-42 to require that the issuance costs of the preferred securities reduce the carrying amount of the preferred securities, regardless of where in the stockholders' equity section those costs were initially classified on issuance. Under the clarification, these issuance costs must be treated like a preferred dividend and deducted from net income to arrive at net income attributable to common stockholders. The July 2003 clarification of Topic

D-42 was effective for us for the quarter ended September 30, 2003. The partial redemption of the Class D Preferred Stock, the redemption of the Class P Preferred Stock, and the exchanges of the Class N Preferred Stock and the Class O Preferred Stock during the year ended December 31, 2004, resulted in \$3.5 million of redemption related preferred stock issuance costs and a \$1.0 million redemption premium being deducted from net income to arrive at net income attributable to common stockholders and thereby reduced by \$0.05 our earnings per basic and diluted common share for the year ended December 31, 2004. During 2003, the partial redemption of the Class D Preferred Stock and the redemptions of the Class C Cumulative Preferred Stock, the Class H Cumulative Preferred Stock, the Class L Convertible Cumulative Preferred Stock and the Class M Convertible Cumulative Preferred Stock resulted in \$7.7 million of redemption related preferred stock issuance costs being deducted from net income to arrive at net income attributable to common stockholders and thereby reduced by \$0.08 our earnings per basic and diluted common share for the year ended December 31, 2003.

The dividends paid on each class of preferred stock classified as equity for the years ended December 31, 2004, 2003, and 2002 are as follows (in thousands, except per share data):

| Class of Preferred Stock | 2004 | | 2003 | | 2002 | |
|--------------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
| | Amount Per Share(1) | Total Amount Paid | Amount Per Share(1) | Total Amount Paid | Amount Per Share(1) | Total Amount Paid |
| Perpetual: | | | | | | |
| Class C | \$ — | \$ — | \$1.60(6) | \$ 3,840 | \$2.25 | \$ 5,400 |
| Class D | 4.87(2) | 6,090 | 3.21(7) | 8,677 | 2.19 | 9,188 |
| Class G | 2.34 | 9,492 | 2.34 | 9,492 | 2.34 | 9,492 |
| Class H | — | — | 2.01(6) | 4,011 | 2.38 | 4,750 |
| Class Q | 2.53 | 6,388 | 2.53 | 6,389 | 2.53 | 6,388 |
| Class R | 2.50 | 17,350 | 2.50 | 17,350 | 2.32(11) | 16,101 |
| Class S | — | — | 0.23(8) | 908 | — | — |
| Class T | 2.00 | 12,000 | 0.42(9) | 2,501 | — | — |
| Class U | 1.08(3) | 8,655 | — | — | — | — |
| Class V, Y(4) | — | — | — | — | — | — |
| | | <u>59,975</u> | | <u>53,168</u> | | <u>51,319</u> |
| Convertible: | | | | | | |
| Class B | — | — | — | — | 7.95(12) | 3,334 |
| Class K | — | — | — | — | 0.58(12) | 2,500 |
| Class L | — | — | 1.81(6) | 4,532 | 2.21(13) | 7,892 |
| Class M | — | — | 2.42(10) | 2,903 | 2.13 | 2,550 |
| Class N | 2.59(5) | 10,361 | 2.25 | 9,000 | 2.25 | 9,000 |
| Class O | 4.73(5) | 9,000 | 4.73 | 9,000 | 4.73 | 9,000 |
| Class P | 1.16(5) | 4,648 | 2.25 | 8,996 | 2.25 | 8,996 |
| Class W, X(4) | — | — | — | — | — | — |
| | | <u>24,009</u> | | <u>34,431</u> | | <u>43,272</u> |
| Total | | <u>\$83,984</u> | | <u>\$87,599</u> | | <u>\$94,591</u> |

(1) Amounts per share are calculated based on the number of preferred shares outstanding either at the end of each year or as of conversion or redemption date, as noted.

(2) Total amount paid includes dividends paid on 2.7 million shares of Class D Preferred Stock until November 5, 2004, when 1.5 million shares were redeemed for cash.

(3) For the period from the date of issuance to December 31, 2004.

- (4) No dividends were paid during 2004 as preferred shares were issued during the third and fourth quarters of 2004.
- (5) For the period from January 1, 2004 to the date of redemption. For Class N Preferred Stock, includes a 2%, or \$0.50 redemption premium per share, on 2,000,000 shares.
- (6) For the period from January 1, 2003 to the date of redemption.
- (7) Total amount paid includes dividends paid on all 4.2 million shares of Class D Preferred Stock until August 18, 2003, when 1.5 million shares were redeemed for cash.
- (8) For the period from the date of issuance to July 1, 2003 when SFAS 150 required the Class S Preferred Stock to be reclassified from equity to liabilities (see Note 7).
- (9) For the period from the date of issuance to December 31, 2003.
- (10) For the period from January 1, 2003 to the date of redemption. Additionally, the amount per share includes a scheduled increase in the dividend from \$2.13 per share to \$2.31 per share starting after January 13, 2003 and a 2%, or \$0.50 redemption premium per share.
- (11) For the period from the date of issuance to December 31, 2002.
- (12) For the period from January 1, 2002 to the date of conversion to Common Stock.
- (13) Total amount paid includes dividends paid on all 5.0 million shares of Class L Convertible Cumulative Preferred Stock until May 6, 2002, when 2.5 million shares were converted into Common Stock. Additionally, the amount per share includes a scheduled increase in the dividend from \$2.03 per share to \$2.50 per share starting after May 28, 2002.

Common Stock

During 2004 and 2003, we issued approximately 45,000 shares and 50,000 shares, respectively, of Common Stock to certain officers at market prices. In exchange for the shares purchased, the officers executed notes payable totaling \$1.5 million and \$1.6 million, respectively. These notes, which are 25% recourse to the holder, have a 10-year maturity and bear interest either at a fixed rate of 6% annually or a floating rate based on the one-month LIBOR plus 3.85%, which is subject to an annual interest rate cap of typically 7.25%. Total payments on such notes from officers in 2004 and 2003 were \$4.6 million and \$10.5 million, respectively.

In addition, in 2004 and 2003, we issued approximately 532,000 and 235,000 restricted shares of Common Stock, respectively, to certain officers and employees. The restricted stock was recorded at the fair market value of the Common Stock on the date of issuance. These shares of restricted Common Stock may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of and are subject to a risk of forfeiture prior to the expiration of the applicable vesting period (typically ratably over a period of three or five years).

On February 18, 19 and 24, 2004, we purchased on the open market 30,000, 60,000 and 20,000 shares of Common Stock, respectively, at an average price per share of approximately \$32.03, \$32.17 and \$31.26, respectively. Additionally, on February 24, 2004, we completed the purchase of 287,272 shares of Common Stock in a privately negotiated transaction at a price of \$31.60 per share. There were no shares repurchased during the year ended December 31, 2003, however, we accepted approximately 532,000 shares of Common Stock as payment in full of an obligation pursuant to the terms of the settlement agreement associated with the REAL Litigation (described in Note 5).

Note 14 — Stock Option Plans and Stock Warrants

We adopted the Apartment Investment and Management Company 1997 Stock Award and Incentive Plan, or the 1997 Plan, and the Apartment Investment and Management Company Non-Qualified Employee Stock Option Plan, or the Non-Qualified Plan, to attract and retain officers, key employees and independent directors. The 1997 Plan provides for the granting of a maximum of 20,000,000 options to purchase Common Stock. The Non-Qualified Plan provides for the granting of a maximum of 500,000 options to purchase Common Stock. At December 31, 2004, there were approximately 5,000,000 shares available for issuance under these plans. The 1997 Plan allows for the grant of incentive and non-qualified stock options, and together with the Non-Qualified

Plan, which provides for the grant of non-qualified options only, are administered by the Compensation and Human Resources Committee of the Board of Directors. In the case of incentive stock options, the exercise price of the options granted may not be less than the fair market value of the common stock at the date of grant. The term of the incentive and non-qualified options is ten years from the date of grant. The options typically vest over a period of one to five-years from the date of grant. Terms may be modified at the discretion of the Compensation and Human Resources Committee of the Board of Directors.

The 1997 Plan also authorizes grants of restricted stock awards as part of our equity compensation plan. For the years ended December 31, 2004, 2003 and 2002, we granted restricted stock awards of approximately 532,000, 235,000 and 80,000 shares, respectively, with weighted average fair values per share of \$29.56, \$38.09, and \$43.65, respectively. Compensation costs related to these awards is being recognized over the applicable vesting period (typically ratably over a period of three or five years). Dividends paid on restricted stock awards (whether vested or unvested) are charged to distributions in excess of earnings. We evaluate quarterly the previously paid dividends on restricted stock awards that are forfeited to determine whether a reclassification between distributions in excess of earnings and compensation expense should be recorded. Dividends paid on restricted stock awards that were forfeited were immaterial for the years ended December 31, 2004, 2003 and 2002.

On December 2, 1997, Aimco issued warrants, which we refer to as the Oxford Warrants, exercisable to purchase up to an aggregate of 500,000 shares of Common Stock at \$41 per share. The Oxford Warrants were issued to affiliates of Oxford Realty Financial Group, Inc., a Maryland corporation, or Oxford, in connection with the amendment of certain agreements pursuant to which we manage properties formerly controlled by Oxford or its affiliates. The Oxford Warrants were amended in connection with the acquisition of the Oxford entities in September 2000, are currently exercisable and expire on December 31, 2006.

The following table summarizes the option and warrant activity for the years ended December 31, 2004, 2003 and 2002 (in thousands, except price data):

| | 2004 | | 2003 | | 2002 | |
|--|----------------------|---------------------------------|----------------------|---------------------------------|----------------------|---------------------------------|
| | Options and Warrants | Weighted Average Exercise Price | Options and Warrants | Weighted Average Exercise Price | Options and Warrants | Weighted Average Exercise Price |
| Outstanding at beginning of year | 10,607 | \$39.59 | 9,269 | \$40.13 | 8,323 | \$38.71 |
| Granted | 1,219 | 32.19 | 1,757 | 36.37 | 2,070 | 43.79 |
| Exercised | (69) | 29.11 | (72) | 37.46 | (1,054) | 36.05 |
| Forfeited | (419) | 37.81 | (347) | 37.67 | (70) | 41.17 |
| Outstanding at end of year | 11,338 | \$38.87 | 10,607 | \$39.59 | 9,269 | \$40.13 |
| Exercisable at end of year | 7,132 | \$39.47 | 5,844 | \$38.46 | 4,295 | \$38.09 |
| Weighted-average fair value of options granted during the year | | \$ 2.24 | | \$ 2.26 | | \$ 3.52 |

As of December 31, 2004, outstanding and exercisable options and warrants have the following ranges of exercise prices and remaining weighted-average contractual lives (in thousands, except for price data):

| | Range of Exercise Price | | | Total |
|---------------------------------------|-------------------------|--------------------|--------------------|------------|
| | \$17.13 to \$35.94 | \$36.35 to \$39.94 | \$40.00 to \$49.05 | |
| Outstanding: | | | | |
| Number of options and warrants | 1,315 | 6,428 | 3,595 | 11,338 |
| Weighted average exercise price | \$32.12 | \$37.21 | \$44.30 | \$38.87 |
| Weighted average remaining life | 8.73 years | 4.67 years | 6.10 years | 5.59 years |
| Exercisable: | | | | |
| Number of options and warrants | 72 | 4,893 | 2,167 | 7,132 |
| Weighted average exercise price | \$30.08 | \$37.42 | \$44.40 | \$39.47 |
| Weighted average remaining life | 2.05 years | 3.66 years | 5.51 years | 4.21 years |

Note 15 — Discontinued Operations and Assets Held for Sale

In accordance with SFAS 144 we report as discontinued operations real estate assets that meet the definition of a component of an entity and have been sold or meet the criteria to be classified as held for sale under SFAS 144. We included all results of these discontinued operations, less applicable income taxes, in a separate component of income on the consolidated statements of income under the heading "discontinued operations." This treatment resulted in certain reclassifications of 2003 and 2002 financial statement amounts.

At December 31, 2004, we had 14 properties with an aggregate of 2,270 units classified as held for sale. For the years ended December 31, 2004, 2003 and 2002, discontinued operations includes the results of operations of these properties. During the year ended December 31, 2004, we sold 54 properties with an aggregate of 12,248 units. For the years ended December 31, 2004, 2003, and 2002, discontinued operations includes the results of operations of these 54 properties for periods prior to the date of sale. During 2003, we sold 72 properties with an aggregate of 18,291 units. For the years ended December 31, 2003 and 2002, discontinued operations includes the results of operations of these 72 properties for periods prior to the date of sale. During 2002, we sold 42 properties with an aggregate of 8,547 units. For the year ended December 31, 2002, discontinued operations includes the results of operations of these 42 properties for periods prior to the date of sale.

The following is a summary of the components of income from discontinued operations for the years ended December 31, 2004, 2003, and 2002 (dollars in thousands):

| | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--|------------------|------------------|------------------|
| Rental and other property revenues | \$ 89,080 | \$196,204 | \$ 272,811 |
| Property operating expense | (44,305) | (88,099) | (112,777) |
| Depreciation and amortization | (13,883) | (41,607) | (54,897) |
| Other (expenses) income, net | <u>(1,217)</u> | <u>(497)</u> | <u>(331)</u> |
| Operating income | 29,675 | 66,001 | 104,806 |
| Interest income | 153 | 304 | 1,426 |
| Interest expense | (22,821) | (48,729) | (68,597) |
| Minority interest in consolidated real estate partnerships | <u>(445)</u> | <u>(2,203)</u> | <u>(2,019)</u> |
| Income before gain (loss) on dispositions of real estate, impairment losses, deficit distributions to minority partners, income tax and minority interest in Aimco Operating Partnership | 6,562 | 15,373 | 35,616 |
| Gain (loss) on dispositions of real estate, net of minority partners' interest | 249,944 | 101,849 | (6,021) |
| Impairment losses on real estate assets sold or held for sale | (7,289) | (8,991) | (2,937) |
| Recovery of deficit distributions (deficit distributions) to minority partners, net | 3,863 | 10,686 | (765) |
| Income tax arising from disposals | (16,015) | (12,134) | (2,507) |
| Minority interest in Aimco Operating Partnership | <u>(25,307)</u> | <u>(12,074)</u> | <u>(2,946)</u> |
| Income from discontinued operations | <u>\$211,758</u> | <u>\$ 94,709</u> | <u>\$ 20,440</u> |

We are currently marketing for sale certain real estate properties that are inconsistent with our long-term investment strategy. We expect that all properties classified as held for sale will sell within one year from the date classified as held for sale. Assets classified as held for sale of \$53.3 million at December 31, 2004 include real estate net book value of \$51.9 million and restricted cash and other assets of \$1.4 million. Liabilities related to assets classified as held for sale of \$50.8 million at December 31, 2004 include mortgage debt of \$50.2 million. Assets classified as held for sale of \$691.3 million at December 31, 2003 include real estate net book value of \$667.7 million, represented by 68 properties with 14,518 units that were classified as assets held for sale during 2003 and 2004. Liabilities related to assets classified as held for sale of \$515.6 million at December 31, 2003 include mortgage debt of \$506.9 million. The estimated proceeds, less anticipated costs to sell, for certain of these assets were less than the related net book value, and therefore we recorded impairment losses of \$7.3 million, \$9.0 million and \$2.9 million for the years ended December 31, 2004, 2003 and 2002, respectively. We are also marketing for sale certain other properties that do not meet all of the criteria under SFAS 144 to be classified as held for sale.

Note 16 — Earnings per Share

We calculate earnings per share based on the weighted average number of shares of Common Stock, common stock equivalents and dilutive convertible securities outstanding during the period. The following table illustrates the calculation of basic and diluted earnings per share for the years ended December 31, 2004, 2003 and 2002 (in thousands, except per share data):

| | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|---|--------------------|--------------------|------------------|
| Numerator: | | | |
| Income from continuing operations | \$ 55,696 | \$ 64,148 | \$148,606 |
| Less net income attributable to preferred stockholders | <u>(88,804)</u> | <u>(93,565)</u> | <u>(93,558)</u> |
| Numerator for basic and diluted earnings per share — Income (loss) from continuing operations | <u>\$ (33,108)</u> | <u>\$ (29,417)</u> | <u>\$ 55,048</u> |
| Income from discontinued operations | <u>\$211,758</u> | <u>\$ 94,709</u> | <u>\$ 20,440</u> |
| Cumulative effect of change in accounting principle | <u>\$ (3,957)</u> | <u>\$ —</u> | <u>—</u> |
| Net income | \$263,497 | \$158,857 | \$169,046 |
| Less net income attributable to preferred stockholders | <u>(88,804)</u> | <u>(93,565)</u> | <u>(93,558)</u> |
| Numerator for basic and diluted earnings per share — Net income attributable to common stockholders | <u>\$174,693</u> | <u>\$ 65,292</u> | <u>\$ 75,488</u> |
| Denominator: | | | |
| Denominator for basic earnings per share — weighted average number of shares of Common Stock outstanding | 93,118 | 92,850 | 85,698 |
| Effect of dilutive securities: | | | |
| Dilutive potential common shares | — | — | 1,075 |
| Denominator for diluted earnings per share | <u>93,118</u> | <u>92,850</u> | <u>86,773</u> |
| Earnings (loss) per common share: | | | |
| Basic earnings (loss) per common share: | | | |
| Income (loss) from continuing operations (net of income attributable to preferred stockholders) | \$ (0.36) | \$ (0.32) | \$ 0.64 |
| Income from discontinued operations | 2.28 | 1.02 | 0.24 |
| Cumulative effect of change in accounting principle | <u>(0.04)</u> | <u>—</u> | <u>—</u> |
| Net income attributable to common stockholders | <u>\$ 1.88</u> | <u>\$ 0.70</u> | <u>\$ 0.88</u> |
| Diluted earnings (loss) per common share: | | | |
| Income (loss) from continuing operations (net of income attributable to preferred stockholders) | \$ (0.36) | \$ (0.32) | \$ 0.63 |
| Income from discontinued operations | 2.28 | 1.02 | 0.24 |
| Cumulative effect of change in accounting principle | <u>(0.04)</u> | <u>—</u> | <u>—</u> |
| Net income attributable to common stockholders | <u>\$ 1.88</u> | <u>\$ 0.70</u> | <u>\$ 0.87</u> |

The Class W Preferred Stock and the Class X Preferred Stock are convertible into Common Stock (see Note 13). The Class D Preferred Stock, the Class G Cumulative Preferred Stock, the Class Q Cumulative Preferred Stock, the Class R Cumulative Preferred Stock, the Class T Cumulative Preferred Stock, the Class U Preferred Stock, the Class V Preferred Stock and the Class Y Preferred Stock are not convertible. All of our convertible preferred stock is anti-dilutive on an “as converted” basis, therefore, we deduct all of the dividends payable on the convertible preferred stock to arrive at the numerator and no additional shares are included in the denominator when calculating basic and diluted earnings per common share. We have excluded from diluted

earnings per share the common share equivalents related to approximately 12.4 million, 11.8 million and 3.6 million of vested and unvested stock options, shares issued for non-recourse notes receivable, and restricted stock awards for the years ended December 31, 2004, 2003 and 2002, respectively, because their effect would be anti-dilutive. For purposes of calculating diluted earnings per share in accordance with Statement of Financial Accounting Standards No. 128, *Earnings per Share*, we treat the dilutive impact of the unvested portion of restricted shares as common stock equivalents.

Note 17 — Unaudited Summarized Consolidated Quarterly Information and Significant Adjustments

Summarized unaudited consolidated quarterly information for 2004 and 2003 is provided below (amounts in thousands, except per share amounts).

| <u>Year Ended December 31, 2004</u> | <u>Quarter(1)</u> | | | |
|---|-------------------|---------------|--------------|---------------|
| | <u>First</u> | <u>Second</u> | <u>Third</u> | <u>Fourth</u> |
| Rental and other property revenues | \$ 334,247 | \$ 341,588 | \$ 358,273 | \$ 367,545 |
| Property operating expenses | (155,149) | (159,679) | (175,511) | (178,468) |
| Operating income | 87,491 | 87,612 | 84,172 | 69,483 |
| Income from continuing operations | 3,084 | 2,794 | 26,630 | 23,188 |
| Income from discontinued operations | 14,901 | 11,192 | 136,578 | 49,087 |
| Income before cumulative effect of change in accounting principle | 17,985 | 13,986 | 163,208 | 72,275 |
| Cumulative effect of change in accounting principle | (3,957) | — | — | — |
| Net income | 14,028 | 13,986 | 163,208 | 72,275 |
| Earnings (loss) per common share — basic: | | | | |
| Income (loss) from continuing operations (net of income attributable to preferred stockholders) | \$ (0.18) | \$ (0.20) | \$ 0.02 | \$ 0.01 |
| Net income (loss) attributable to common stockholders | \$ (0.06) | \$ (0.08) | \$ 1.49 | \$ 0.53 |
| Earnings (loss) per common share — diluted: | | | | |
| Income (loss) from continuing operations (net of income attributable to preferred stockholders) | \$ (0.18) | \$ (0.20) | \$ 0.02 | \$ 0.01 |
| Net income (loss) attributable to common stockholders | \$ (0.06) | \$ (0.08) | \$ 1.48 | \$ 0.53 |
| Weighted average common shares outstanding | 92,811 | 93,065 | 93,247 | 93,347 |
| Weighted average common shares and common share equivalents outstanding | 92,811 | 93,065 | 93,394 | 93,678 |
| | | | | |
| <u>Year Ended December 31, 2003</u> | <u>Quarter(1)</u> | | | |
| | <u>First</u> | <u>Second</u> | <u>Third</u> | <u>Fourth</u> |
| Rental and other property revenues | \$ 327,141 | \$ 334,780 | \$ 339,401 | \$ 335,193 |
| Property operating expenses | (142,447) | (143,548) | (152,931) | (146,259) |
| Operating income | 109,666 | 112,292 | 105,407 | 91,654 |
| Income from continuing operations | 21,291 | 23,596 | 11,293 | 7,968 |
| Income from discontinued operations | 532 | 35,634 | 29,342 | 29,201 |
| Net income | 21,823 | 59,230 | 40,635 | 37,169 |
| Earnings (loss) per common share — basic: | | | | |
| Income (loss) from continuing operations (net of income attributable to preferred stockholders) | \$ (0.01) | \$ (0.01) | \$ (0.17) | \$ (0.12) |
| Net income attributable to common stockholders | \$ 0.00 | \$ 0.37 | \$ 0.15 | \$ 0.19 |
| Earnings (loss) per common share — diluted: | | | | |
| Income (loss) from continuing operations (net of income attributable to preferred stockholders) | \$ (0.01) | \$ (0.01) | \$ (0.17) | \$ (0.12) |
| Net income attributable to common stockholders | \$ 0.00 | \$ 0.37 | \$ 0.15 | \$ 0.19 |
| Weighted average common shares outstanding | 92,692 | 92,747 | 92,839 | 93,122 |
| Weighted average common shares and common share equivalents outstanding | 92,692 | 92,747 | 92,839 | 93,122 |

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- (1) Certain reclassifications have been made to 2004 and 2003 quarterly amounts to conform to the full year 2004 presentation, including certain intercompany eliminations, as well as the treatment of discontinued operations.

During the quarter ended March 31, 2003, we reversed a valuation reserve against certain deferred tax assets related to future deductions and tax loss carryforwards of NHP Management Company that increased our net income by approximately \$7.1 million and our basic and diluted earnings per share by \$0.08 for the year ended December 31, 2003. See Note 10 for further details.

Note 18 — Business Segments

We have two reportable segments: real estate (owning and operating apartments) and investment management business (providing property management and other services relating to the apartment business to third parties and affiliates). We own and operate properties throughout the United States and Puerto Rico that generate rental and other property related income through the leasing of apartment units to a diverse base of residents. We separately evaluate the performance of each of our properties. However, because each of our properties has similar economic characteristics, the properties have been aggregated into a single apartment communities, or real estate, segment. All real estate revenues are from external customers and no revenues are generated from transactions with other segments. No single resident or related group of residents contributed 10% or more of total revenues during the years ended December 31, 2004, 2003 or 2002.

Statement of Financial Accounting Standards No. 131, *Disclosures about Segments of an Enterprise and Related Information*, or SFAS 131, requires that segment disclosures present the measure(s) used by the chief operating decision maker for purposes of assessing such segments' performance. Our chief operating decision maker is comprised of several members of our executive management team who use several generally accepted industry financial measures to assess the performance of the business including net operating income, free cash flow, funds from operations, and adjusted funds from operations. In 2004, the chief operating decision maker emphasized net operating income as a key measurement of segment profit or loss. Accordingly, below we disclose net operating income for each of our segments. Net operating income is defined as segment revenues (after the elimination of intersegment revenues) less direct segment operating expenses. In 2003, we reported free cash flow as the primary basis for measurement of segment profit or loss. Certain reclassifications have been made to 2003 and 2002 amounts to conform to the 2004 presentation. These reclassifications primarily represent presentation changes related to discontinued operations resulting from the requirements of SFAS 144 and intercompany eliminations.

The following table presents revenues and net operating income for the years ended December 31, 2004, 2003 and 2002, from these segments, and reconciles net operating income of reportable segments to operating income as reported (in thousands):

| | For the Years Ended December 31, | | |
|---|----------------------------------|--------------------|--------------------|
| | 2004 | 2003 | 2002 |
| Revenues: | | | |
| Real estate segment | \$1,401,653 | \$1,336,515 | \$1,188,747 |
| Investment management segment: | | | |
| Gross revenues | 144,304 | 141,942 | 119,331 |
| Elimination of intersegment revenues | <u>(77,042)</u> | <u>(83,752)</u> | <u>(41,159)</u> |
| Net revenues after elimination | <u>67,262</u> | <u>58,190</u> | <u>78,172</u> |
| Total revenues of reportable segments | <u>\$1,468,915</u> | <u>\$1,394,705</u> | <u>\$1,266,919</u> |
| Net operating income: | | | |
| Real estate segment | \$ 732,846 | \$ 751,330 | \$ 723,429 |
| Investment management segment | <u>46,261</u> | <u>41,717</u> | <u>61,085</u> |
| Total net operating income of reportable segments | 779,107 | 793,047 | 784,514 |
| Reconciliation of net operating income of reportable segments to operating income: | | | |
| Depreciation and amortization | (368,844) | (331,609) | (268,085) |
| General and administrative expenses | (78,093) | (48,670) | (49,068) |
| Other (expenses) income, net | <u>(3,412)</u> | <u>6,251</u> | <u>(2,035)</u> |
| Operating income | <u>\$ 328,758</u> | <u>\$ 419,019</u> | <u>\$ 465,326</u> |

| | December 31, 2004 | December 31, 2003 |
|---|----------------------|----------------------|
| | (In thousands) | |
| ASSETS: | | |
| Total assets for reportable segments(1) | \$ 9,715,629 | \$ 9,701,095 |
| Corporate and other assets | <u>356,612</u> | <u>386,299</u> |
| Total consolidated assets | <u>\$10,072,241</u> | <u>\$10,087,394</u> |

(1) Total assets for reportable segments include assets associated with both the real estate and investment management business segments.

Our capital expenditures primarily relate to the real estate segment and totaled \$301.9 million, \$245.5 million and \$270.1 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Note 19 — Transactions with Affiliates

We earn revenue from unconsolidated real estate partnerships in which we are the general partner and have a 23% average ownership interest and earn fees from consolidated real estate partnerships. These revenues and fees include property management services, partnership and asset management services, risk management services and transactional services such as syndication and acquisition, development, refinancing, construction supervisory and disposition. In addition, we are reimbursed for our costs in connection with the management of the unconsolidated real estate partnerships. Fees earned for these services and reimbursement of costs from our unconsolidated real estate partnerships for the years ended December 31, 2004, 2003 and 2002 were \$89.6 million, \$93.1 million and \$104.6 million, respectively, and were recorded within various captions on our consolidated statements of income. The total accounts receivable due from affiliates was \$39.2 million, net of

allowance for doubtful accounts of \$4.4 million, at December 31, 2004, and \$55.0 million, net of allowance for doubtful accounts of \$3.0 million, at December 31, 2003.

Additionally, we earn interest income on notes from unconsolidated and consolidated real estate partnerships, in which we are the general partner and hold either par value or discounted notes. Interest income earned on par value notes from unconsolidated real estate partnerships totaled \$16.8 million, \$14.3 million, and \$26.6 million for the years ended December 31, 2004, 2003 and 2002, respectively. Accretion income earned on discounted notes from unconsolidated real estate partnerships totaled \$6.2 million, \$2.7 million, and \$36.8 million for the years ended December 31, 2004, 2003 and 2002, respectively. See Note 5 for additional information on notes receivable from unconsolidated real estate partnerships.

In the consolidated balance sheets, we eliminate the accounts receivable and notes receivable from affiliates due from consolidated real estate partnerships. We eliminate in the consolidated statements of income the income from services and interest income earned on notes from consolidated real estate partnerships. We eliminate in the consolidated statements of income to the extent of our ownership any intercompany profits on income earned from unconsolidated real estate partnerships.

Note 20 — Employee Benefit Plans

We provide a 401(k) defined-contribution employee savings plan. Effective January 1, 2004, employees who have completed 30 days of service are eligible to participate. Effective January 1, 2004, our matching contributions are made in the following manner: (1) a 100% match on the first 3% of the participant's contribution; (2) a 50% match on the next 2% of the participant's contribution. Previously we matched 50% to 100% of the participant's contributions to the plan up to a maximum of 6% of the participant's contribution and our match percentage was based on employee tenure. Our expense incurred totaled approximately \$3.2 million, \$2.4 million and \$2.6 million in 2004, 2003 and 2002, respectively.

Note 21 — Recent Accounting Developments

Statement of Financial Accounting Standards No. 123 (revised 2004)

In December 2004, the FASB issued SFAS 123R, which supersedes the existing SFAS 123, which we adopted in 2003 using the prospective method of transition as described therein. SFAS 123R requires all share-based employee compensation, including grants of employee stock options, to be recognized in the financial statements based on fair value and requires, at a minimum, a modified prospective application method of adoption. Under this method, the provisions of SFAS 123R will be applied prospectively to new and modified awards granted on or after the required effective date. In addition, compensation expense is required to be recognized over the remaining vesting period for the unvested portion of outstanding awards granted prior to the effective date. The measurement and recognition provisions of SFAS 123R that apply to our stock option plans are similar to those currently being followed by us for awards granted on or after January 1, 2003. The primary change in expense recognition requirements, which also applies to our unvested restricted stock awards, relates to the treatment of forfeitures. Under SFAS 123R, expected forfeitures are required to be estimated in determining periodic compensation expense, whereas we currently recognize forfeitures as they occur. Upon adoption of SFAS 123R, we will estimate forfeitures of unvested awards of stock options and restricted stock and record a cumulative effect of a change in accounting principle to reflect the compensation expense that would not have been recognized in prior periods had forfeitures been estimated prior to the date of adoption. We are required to adopt SFAS 123R as of July 1, 2005, although early adoption is permitted. Upon adoption, our periodic compensation expense will increase due to the recognition of expense for stock options granted prior to January 1, 2003, for which no expense is currently being recognized. Based on preliminary estimates of such additional compensation expense, we do not anticipate that the adoption of SFAS 123R will have a material impact on our financial condition or results of operations.

Statement of Financial Accounting Standards No. 153

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 153, *Exchanges of Nonmonetary Assets — an amendment of APB Opinion No. 29*, or SFAS 153. The guidance in APB Opinion

No. 29, *Accounting for Nonmonetary Transactions*, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. This guidance, however, included certain exceptions to that principle. SFAS 153 amends APB Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS 153 is effective for fiscal periods beginning after June 15, 2005. We do not anticipate that the adoption of SFAS 153 will have a material impact on our financial condition or results of operations.

Statement of Position 03-3

In December 2003, the American Institute of Certified Public Accountants issued Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*, or SOP 03-3. SOP 03-3 addresses accounting for differences between contractual cash flows and cash flows expected to be collected from an investor's initial investment in loans or debt securities (loans) acquired in a transfer if those differences are attributable, at least in part, to credit quality. SOP 03-3 limits the yield that may be accreted to the excess of the investor's estimate of undiscounted expected principal, interest, and other cash flows over the investor's initial investment in the loan. This SOP requires that the excess of contractual cash flows over cash flows expected to be collected not be recognized as an adjustment of yield, loss accrual, or valuation allowance. Subsequent increases in cash flows expected to be collected generally should be recognized prospectively through adjustment of the loan's yield over its remaining life. Decreases in cash flows expected to be collected are required to be recognized as an impairment. SOP 03-3 is effective for loans acquired in fiscal years beginning after December 15, 2004. SOP 03-3 also is required to be applied prospectively to decreases in cash flows expected to be collected that relate to loans previously acquired at a discount. We do not anticipate that the adoption of SOP 03-3 will have a material impact on our financial condition or results of operations.

Emerging Issues Task Force No. 03-16

In March 2004, the Financial Accounting Standards Board ratified the consensus reached by the Emerging Issues Task Force on Issue No. 03-16, EITF 03-16, regarding accounting for investments in limited liability companies. The Task Force reached a consensus that an investment in an LLC that maintains a "specific ownership account" for each investor — similar to a partnership capital account structure — should be viewed as similar to an investment in a limited partnership for purposes of determining whether a noncontrolling investment in an LLC should be accounted for using the cost method or the equity method. EITF 03-16 is effective for reporting periods beginning after June 15, 2004. We do not anticipate that the adoption of EITF No. 03-16 will have a material impact on our financial condition or results of operations.

Note 22 — Subsequent Events

Dividend Declared

On January 28, 2005, our Board of Directors declared a quarterly cash dividend of \$0.60 per common share for the quarter ended December 31, 2004, that was paid on February 28, 2005, to stockholders of record on February 18, 2005.

Redemption of TOPRS

On January 11, 2005, we redeemed for cash all outstanding TOPRS (see Note 7) for a total redemption price of \$50 per security, or \$15.0 million, plus any accrued and unpaid distributions through the redemption date.

Redemption of Class D Preferred Stock

On January 21, 2005, we redeemed for cash the remaining 1.25 million shares outstanding of the Class D Preferred Stock for a total redemption price of \$25.0425 per share, which included a redemption price of \$25 per share, and \$0.0425 per share of accumulated and unpaid dividends through January 21, 2005.

Acquisition of Palazzo East at Park La Brea

On February 28, 2005, we completed the acquisition of Palazzo East at Park La Brea, a mid-rise apartment community with 610 units, for approximately \$199.3 million. Palazzo East at Park La Brea is the third of three phases to be completed as part of the Park La Brea development. In connection with the Casden Transactions, we agreed to purchase all three phases of the Park La Brea development upon completion and attainment of 60% occupancy (see Note 9). For Palazzo East at Park La Brea, we paid approximately \$86.8 million in cash and were required to repay existing mortgage indebtedness of approximately \$113.0 million. The repayment of existing mortgage indebtedness was funded through a variable rate property note of \$112.5 million.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2004
(In Thousands Except Unit Data)

| Property Name | Property Type | Date Consolidated | Location | Year Built | Number of Units | (2) Initial Cost | | | (3) Cost Capitalized and Subsequent to Acquisition | | | December 31, 2004 | | | |
|----------------------------|---------------|-------------------|--------------------|------------|-----------------|------------------|----------------------------|----------|--|----------------------------|-----------|----------------------------|------------|--------------------------|--------------------|
| | | | | | | Land | Buildings and Improvements | Total | Land | Buildings and Improvements | Total | Buildings and Improvements | Total | Accumulated Depreciation | Total Depreciation |
| 100 Forest Place | High Rise | Dec-97 | Oak Park, IL | 1987 | 234 | \$ 2,664 | \$ 18,815 | \$ 1,808 | \$ 20,624 | \$ 2,664 | \$ 20,624 | \$ 23,287 | \$ (5,148) | \$ 18,139 | \$ 13,854 |
| 173 E. 90th | High Rise | May-04 | New York, NY | 1910 | 72 | 12,046 | 4,535 | 2 | 4,537 | 12,046 | 16,583 | 16,583 | (101) | 16,482 | 10,039 |
| 236 — 238 East 88th Street | High Rise | Jan-04 | New York, NY | 1900 | 47 | 8,738 | 2,914 | 174 | 3,087 | 8,738 | 11,825 | 11,825 | (81) | 11,744 | 7,497 |
| 306 East 89th Street | High Rise | Jul-04 | New York, NY | 1930 | 20 | 2,564 | 940 | 26 | 966 | 2,564 | 3,531 | 3,531 | (15) | 3,516 | — |
| 311 & 313 East 73rd Street | Mid-Rise | Mar-03 | New York, NY | 1904 | 34 | 5,322 | 1,459 | 276 | 1,735 | 5,322 | 7,056 | 7,056 | (134) | 6,922 | 3,009 |
| 452 East 78th Street | High Rise | Jan-04 | New York, NY | 1900 | 13 | 1,957 | 608 | 7 | 615 | 1,957 | 2,572 | 2,572 | (17) | 2,555 | 1,744 |
| 510 East 88th Street | High Rise | Jan-04 | New York, NY | 1900 | 20 | 3,137 | 1,002 | 72 | 1,074 | 3,137 | 4,211 | 4,211 | (32) | 4,180 | 2,870 |
| 6111 At Ridgeway Crossing | Garden | Dec-97 | Memphis, TN | 1984 | 584 | 1,750 | 10,479 | 5,819 | 16,298 | 1,750 | 16,298 | 18,048 | (5,993) | 12,055 | 8,176 |
| Abington I | Garden | Jan-02 | Indianapolis, IN | 1979 | 108 | 726 | 3,037 | 617 | 3,655 | 726 | 4,381 | 4,381 | (625) | 3,756 | 2,132 |
| Abington II | Garden | Oct-02 | Indianapolis, IN | 1980 | 220 | 1,357 | 6,274 | 512 | 6,786 | 1,357 | 8,143 | 8,143 | (1,297) | 6,846 | 4,606 |
| Alliance Towers | High Rise | Mar-02 | Lombard, IL | 1971 | 101 | 530 | 1,934 | 437 | 2,371 | 530 | 2,901 | 2,901 | (254) | 2,647 | 2,296 |
| Anchorage Apartments | Garden | Nov-96 | League City, TX | 1985 | 264 | 1,155 | 7,172 | 2,046 | 9,218 | 1,155 | 10,373 | 10,373 | (2,256) | 8,117 | 3,941 |
| Anthratic | High Rise | Mar-02 | Pittston, PA | 1981 | 121 | 670 | 2,524 | 141 | 2,666 | 670 | 3,336 | 3,336 | (337) | 2,999 | 3,032 |
| Apartment, The | Garden | Jul-00 | Omaha, NE | 1973 | 204 | 934 | 8,778 | 934 | 9,270 | 934 | 10,203 | 10,203 | (3,909) | 6,295 | 4,235 |
| Apple Creek (TX) | Garden | Jan-00 | Temple, TX | 1984 | 176 | 479 | 3,752 | 477 | 4,229 | 479 | 4,708 | 4,708 | (1,224) | 3,484 | 1,403 |
| Arbors | Garden | May-98 | Deland, FL | 1987 | 224 | 1,507 | 9,075 | 948 | 10,023 | 1,507 | 11,530 | 11,530 | (3,006) | 8,524 | 7,605 |
| Arbors (Grovetree), The | Garden | Oct-97 | Tempe, AZ | 1967 | 200 | 1,086 | 6,208 | 1,086 | 7,294 | 1,092 | 8,387 | 8,387 | (2,195) | 6,192 | 3,094 |
| Arbours of Heritage, The | Garden | Jul-00 | Hermitage, TN | 1972 | 350 | 1,727 | 14,758 | 2,175 | 16,933 | 1,727 | 18,659 | 18,659 | (6,800) | 11,859 | 5,650 |
| Armitage Commons | Mid Rise | Mar-02 | Chicago, IL | 1983 | 104 | 1,070 | 4,292 | 624 | 4,916 | 1,070 | 5,986 | 5,986 | (443) | 5,542 | 5,082 |
| Arrowsmith | Garden | Mar-02 | Corpus Christi, TX | 1980 | 70 | 240 | 968 | 294 | 1,262 | 240 | 1,502 | 1,502 | (170) | 1,332 | 1,413 |
| Aravada House | High Rise | Nov-04 | Aravada, CO | 1977 | 88 | 965 | 3,314 | — | 3,314 | 965 | 4,279 | 4,279 | (14) | 4,266 | 4,298 |
| Ashford, The | Garden | Dec-95 | Atlanta, GA | 1968 | 221 | 2,771 | 8,366 | 23,034 | 31,399 | 2,771 | 34,170 | 34,170 | (4,910) | 29,260 | 5,910 |
| Ashland Manor | High Rise | Mar-02 | East Moline, IL | 1977 | 189 | 205 | 1,162 | 374 | 1,536 | 205 | 1,741 | 1,741 | (186) | 1,556 | 1,416 |
| Aspen Point | Garden | Dec-97 | Aravada, CO | 1972 | 120 | 353 | 3,807 | 3,472 | 7,280 | 353 | 7,633 | 7,633 | (2,452) | 5,181 | — |
| Aspen Station | Garden | Oct-01 | Richmond, VA | 1979 | 232 | 2,466 | 7,874 | 484 | 8,358 | 2,466 | 10,825 | 10,825 | (2,478) | 8,347 | 6,917 |
| Aspen Stratford B | High Rise | Oct-02 | Newark, NJ | 1920 | 60 | 358 | 2,887 | 384 | 3,271 | 358 | 3,629 | 3,629 | (1,602) | 2,027 | 1,799 |
| Aspen Stratford C | High Rise | Oct-02 | Newark, NJ | 1920 | 56 | 363 | 2,818 | 327 | 3,145 | 363 | 3,508 | 3,508 | (1,533) | 1,975 | 1,588 |
| Autumn of Plantation | Mid Rise | Aug-98 | Plantation, FL | 1980 | 210 | 1,806 | 10,385 | 1,041 | 11,426 | 1,806 | 13,233 | 13,233 | (2,944) | 10,288 | 7,137 |
| Autumn Run (IL) | Garden | Oct-02 | Naperville, IL | 1984 | 320 | 1,888 | 17,335 | 901 | 18,886 | 1,888 | 20,124 | 20,124 | (6,832) | 13,291 | 12,038 |
| Autumn Woods | Garden | Sep-00 | Jackson, MI | 1973 | 112 | 1,059 | 3,705 | 1,004 | 4,709 | 1,059 | 5,768 | 5,768 | (1,146) | 4,622 | 2,858 |
| Basley Park Commons | Mid Rise | Apr-02 | Jamaica, NY | 1982 | 212 | 1,765 | 12,309 | 1,374 | 13,683 | 1,765 | 15,448 | 15,448 | (2,245) | 13,203 | 11,823 |
| Baldwin Oaks | Mid Rise | Oct-99 | Parsippany, NJ | 1980 | 251 | 746 | 8,316 | 795 | 9,311 | 746 | 10,057 | 10,057 | (4,329) | 5,728 | 6,937 |
| Bangor House | High Rise | Mar-02 | Bangor, ME | 1979 | 121 | 1,140 | 4,595 | 369 | 6,104 | 1,140 | 6,104 | 6,104 | (311) | 5,793 | 3,188 |
| Bank Lofts | High Rise | Apr-01 | Denver, CO | 1920 | 117 | 3,525 | 9,125 | 497 | 9,622 | 3,525 | 13,147 | 13,147 | (1,531) | 11,615 | 7,671 |
| Bannock Arms | Garden | Mar-02 | Boise, ID | 1978 | 66 | 275 | 1,102 | 134 | 1,236 | 275 | 1,511 | 1,511 | (175) | 1,336 | 1,504 |
| Barcelona | Garden | Oct-99 | Houston, TX | 1963 | 127 | 772 | 4,264 | 1,047 | 5,310 | 772 | 6,082 | 6,082 | (1,190) | 4,892 | 7,261 |
| Bay Parc Plaza | High Rise | Sep-04 | Miami, FL | 2000 | 471 | 22,640 | 41,853 | 76 | 41,929 | 22,640 | 64,569 | 64,569 | (381) | 64,188 | 48,181 |
| Bay Ridge at Nishua | Garden | Jan-03 | Nashua, NH | 1984 | 412 | 3,187 | 39,809 | 398 | 40,206 | 3,187 | 43,393 | 43,393 | (7,117) | 36,276 | 23,773 |
| Bayberry Hill Estates | Garden | Aug-02 | Frammingham, MA | 1971 | 424 | 18,915 | 35,945 | 2,256 | 38,201 | 18,915 | 57,116 | 57,116 | (3,492) | 53,623 | 30,843 |
| Bayhead Village | Garden | Oct-00 | Indianapolis, IN | 1978 | 202 | 1,434 | 5,139 | 1,041 | 6,179 | 1,434 | 7,613 | 7,613 | (1,297) | 6,316 | 3,477 |
| Baymeadows | Garden | Oct-99 | Jacksonville, FL | 1972 | 904 | 4,534 | 35,294 | 8,125 | 43,419 | 4,534 | 47,953 | 47,953 | (14,040) | 33,913 | 24,510 |
| Beacon Hill | High Rise | Mar-02 | Hillsdale, MI | 1980 | 198 | 1,380 | 5,524 | 975 | 6,488 | 1,380 | 7,878 | 7,878 | (839) | 7,040 | 5,719 |
| Beau Jardin | Garden | Apr-01 | West Lafayette, IN | 1968 | 252 | 5,460 | 5,291 | 1,520 | 6,811 | 5,460 | 12,271 | 12,271 | (1,717) | 10,555 | 4,608 |
| Bedford House | Mid Rise | Mar-02 | Falmouth, KY | 1979 | 48 | 230 | 919 | 104 | 1,023 | 230 | 1,253 | 1,253 | (132) | 1,121 | 1,102 |

December 31, 2004

| Property Name | Property Type | Date Consolidated | Location | Year Built | Number of Units | (2) Initial Cost | | Cost Capitalized and Subsequent to Acquisition | (3) Buildings and Improvements | | Total | Accumulated Depreciation | Total Cost Net of Accumulated Depreciation | Encumbrances |
|-----------------------------|---------------|-------------------|-----------------------|------------|-----------------|------------------|----------------------------|--|--------------------------------|----------------------------|---------|--------------------------|--|--------------|
| | | | | | | Land | Buildings and Improvements | | Land | Buildings and Improvements | | | | |
| Beech Lake | Garden | May-99 | Durham, NC | 1986 | 345 | 2,222 | 12,641 | 1,596 | 2,222 | 14,237 | 16,459 | (3,824) | 12,634 | 10,559 |
| Beech's Farm | Garden | Oct-00 | Columbia, MD | 1983 | 135 | 3,873 | 3,447 | 956 | 3,873 | 4,403 | 8,277 | (847) | 7,430 | 3,795 |
| Belmont Place | Garden | Jul-00 | Marietta, GA | 1972 | 326 | 11,312 | 2,345 | 17,850 | 11,312 | 20,195 | 31,507 | (225) | 31,282 | — |
| Bent Oaks | Garden | May-98 | Austin, TX | 1978 | 146 | 6,423 | 6,423 | 694 | 1,096 | 7,116 | 8,212 | (2,156) | 6,057 | 3,690 |
| Bent Tree (NC) | Garden | Sep-00 | Greensboro, NC | 1986 | 244 | 2,637 | 9,790 | 1,203 | 2,637 | 10,993 | 13,630 | (1,623) | 12,006 | 7,334 |
| Bent Tree I | Garden | Oct-02 | Indianapolis, IN | 1983 | 240 | 1,879 | 6,430 | 414 | 1,879 | 6,844 | 8,723 | (974) | 7,749 | 4,000 |
| Bent Tree III — Verandas | Garden | Sep-00 | Indianapolis, IN | 1985 | 96 | 1,774 | 3,379 | 456 | 1,774 | 3,835 | 5,609 | (563) | 5,046 | 2,995 |
| Berger Apartments | Mid Rise | Mar-02 | New Haven, CT | 1981 | 145 | 1,152 | 4,657 | 609 | 1,152 | 5,265 | 6,417 | (676) | 5,741 | 2,895 |
| Berkley Gardens | High Rise | Mar-02 | Marietta, VA | 1981 | 132 | 264 | 825 | 873 | 264 | 1,698 | 1,962 | (501) | 1,461 | 1,024 |
| Big Walnut | Garden | Apr-02 | Columbus, OH | 1968 | 251 | 583 | 9,721 | 890 | 583 | 10,611 | 11,994 | (4,352) | 6,843 | 5,451 |
| Billmore Towers | High Rise | Mar-02 | Dayton, OH | 1980 | 230 | 1,630 | 6,411 | 7,390 | 1,630 | 13,801 | 15,431 | (867) | 14,564 | 10,908 |
| Bluffs (IN), The | Garden | Dec-98 | Lafayette, IN | 1982 | 181 | 979 | 5,556 | 1,261 | 979 | 6,817 | 7,796 | (2,236) | 5,560 | 3,259 |
| Boston Lofts | High Rise | Apr-01 | Denver, CO | 1890 | 158 | 3,446 | 20,884 | 698 | 3,446 | 21,581 | 25,028 | (3,259) | 21,768 | 15,383 |
| Boulder Creek | Garden | Jul-94 | Boulder, CO | 1972 | 221 | 755 | 7,730 | 15,807 | 755 | 23,537 | 24,292 | (7,962) | 16,329 | 14,926 |
| Boulevard Tower | High Rise | Mar-02 | Bronx, NY | 1967 | 332 | 1,992 | 7,960 | 2,988 | 1,992 | 10,948 | 12,940 | (1,373) | 11,566 | 4,565 |
| Braesview | Garden | May-98 | San Antonio, TX | 1982 | 396 | 3,135 | 17,813 | 2,041 | 3,135 | 19,855 | 22,990 | (6,004) | 16,986 | 11,765 |
| Brandywine | Garden | Jul-94 | St. Petersburg, FL | 1971 | 477 | 1,437 | 12,725 | 3,012 | 1,437 | 15,737 | 17,174 | (9,298) | 7,876 | 8,927 |
| Brant Rock Condominiums | Garden | Oct-97 | Houston, TX | 1984 | 84 | 337 | 1,976 | 773 | 337 | 2,748 | 3,085 | (873) | 2,213 | 981 |
| Breakers, The | Garden | Oct-98 | Daytona Beach, FL | 1985 | 208 | 1,008 | 5,507 | 1,660 | 1,008 | 7,167 | 8,175 | (2,040) | 6,135 | 3,578 |
| Brentwood Apartments | Garden | Nov-96 | Lake Jackson, TX | 1980 | 104 | 592 | 2,741 | 791 | 592 | 3,531 | 4,123 | (1,138) | 2,986 | 1,384 |
| Briarcliffe | Garden | Oct-00 | Lansing, MI | 1974 | 308 | 3,195 | 9,586 | 1,564 | 3,195 | 11,580 | 14,346 | (2,278) | 12,067 | 6,314 |
| Briarwest | Garden | Oct-99 | Houston, TX | 1970 | 380 | 2,467 | 13,868 | 1,626 | 2,467 | 15,949 | 17,961 | (3,511) | 14,450 | 7,261 |
| Briarwood | Garden | Oct-99 | Houston, TX | 1970 | 351 | 2,040 | 11,890 | 1,906 | 2,040 | 13,796 | 15,836 | (3,015) | 12,821 | 7,261 |
| Brigewater Apartments, The | Garden | Nov-96 | Tomball, TX | 1978 | 206 | 969 | 5,976 | 2,152 | 969 | 8,128 | 9,097 | (1,500) | 7,597 | 3,420 |
| Brighton Crest | Garden | Jan-00 | Marietta, GA | 1987 | 320 | 2,090 | 13,241 | 1,990 | 2,090 | 14,831 | 16,925 | (6,031) | 10,894 | 9,887 |
| Brinton Manor | Garden | Sep-03 | Pittsburgh, PA | 1971 | 219 | 367 | 5,251 | 1,390 | 367 | 6,641 | 7,008 | (2,086) | 4,922 | 1,594 |
| Brinton Towers | High Rise | Mar-02 | Pittsburgh, PA | 1973 | 190 | 280 | 4,210 | 851 | 280 | 5,061 | 5,341 | (2,770) | 2,571 | 2,582 |
| Broadcast Center | Garden | Mar-02 | Los Angeles, CA | 1990 | 279 | 27,248 | 41,244 | 1,762 | 27,248 | 43,007 | 70,255 | (3,513) | 66,742 | 34,000 |
| Broadmoor Ridge | Garden | Dec-97 | Colorado Springs, CO | 1974 | 200 | 460 | 2,917 | 10,167 | 460 | 13,085 | 13,545 | (1,902) | 11,643 | 8,040 |
| Broadmoor, The | Garden | May-98 | Austin, TX | 1984 | 200 | 1,370 | 8,361 | 816 | 1,370 | 9,177 | 10,547 | (2,475) | 8,072 | 6,000 |
| Brook Run | Garden | May-98 | Arlington Heights, IL | 1985 | 182 | 2,245 | 12,936 | 1,236 | 2,245 | 14,172 | 16,417 | (4,361) | 12,056 | 11,800 |
| Brookdale Lakes | Garden | May-98 | Naperville, IL | 1990 | 200 | 2,709 | 15,346 | 1,127 | 2,709 | 16,473 | 19,182 | (4,890) | 14,292 | 11,405 |
| Brookview | Garden | Dec-97 | Montgomery, AL | 1975 | 64 | 86 | 1,545 | 424 | 86 | 1,969 | 2,054 | (400) | 1,654 | 420 |
| Brookwood Apartments (IN) | Garden | Apr-01 | Indianapolis, IN | 1967 | 476 | 4,631 | 11,022 | 2,681 | 4,631 | 13,704 | 18,335 | (2,735) | 15,600 | 9,377 |
| Burgundy Court | Garden | Apr-00 | Cincinnati, OH | 1969 | 234 | 1,848 | 9,619 | 913 | 1,848 | 10,532 | 12,380 | (2,436) | 9,944 | 5,913 |
| Burke Shire Commons | Garden | Mar-01 | Burke, VA | 1986 | 360 | 4,689 | 22,607 | 1,418 | 4,689 | 24,025 | 28,714 | (5,079) | 23,635 | 18,530 |
| Cache Creek Apartment Homes | Mid-Rise | Jun-04 | Clearlake, CA | 2002 | 80 | 1,545 | 9,405 | 430 | 1,545 | 9,835 | 11,380 | (566) | 10,814 | 2,386 |
| Calhoun Beach Club | High Rise | Dec-98 | Minneapolis, MN | 1928/1998 | 332 | 11,708 | 73,334 | 39,826 | 11,708 | 113,160 | 124,868 | (17,695) | 107,173 | 45,032 |
| Campbell Heights | High Rise | Oct-02 | Washington, D.C. | 1978 | 170 | 750 | 6,719 | 265 | 750 | 6,984 | 7,733 | (1,413) | 6,320 | 8,438 |
| Canoga Park | Garden | Mar-02 | North Hollywood, CA | 1983 | 14 | 161 | 639 | 18 | 161 | 657 | 818 | (73) | 745 | 679 |
| Canterbury Green Apartments | Garden | Dec-99 | Fort Wayne, IN | 1979 | 1,988 | 13,659 | 73,160 | 12,706 | 13,659 | 85,866 | 98,525 | (17,459) | 82,066 | 46,258 |
| Canyon Crest | Garden | Jan-03 | Littleton, CO | 1966 | 90 | 1,335 | 6,071 | 292 | 1,335 | 6,363 | 7,698 | (1,417) | 6,281 | 3,298 |
| Canyon Terrace | Garden | Mar-02 | Saugus, CA | 1960 | 130 | 7,300 | 6,602 | 829 | 7,300 | 6,731 | 14,731 | (880) | 13,851 | 5,839 |
| Cape Cod | Garden | May-98 | San Antonio, TX | 1985 | 212 | 1,307 | 7,012 | 639 | 1,307 | 7,652 | 8,959 | (2,095) | 6,864 | 4,275 |
| Captiva Club | Garden | Dec-96 | Tampa, FL | 1973 | 357 | 1,600 | 6,870 | 10,359 | 1,600 | 17,230 | 18,830 | (4,848) | 13,982 | 7,798 |
| Carriage Hill | Garden | Jul-00 | East Lansing, MI | 1972 | 143 | 836 | 8,888 | 1,020 | 836 | 9,908 | 10,744 | (3,238) | 7,507 | 4,875 |
| Carriage House | Garden | Oct-99 | Gastonia, NC | 1971 | 102 | 426 | 3,426 | 723 | 426 | 4,148 | 4,574 | (1,665) | 2,909 | 1,810 |
| Casa de Las Hermanitas | Garden | Mar-02 | Los Angeles, CA | 1982 | 88 | 1,815 | 4,143 | 63 | 1,815 | 4,207 | 6,022 | (513) | 5,509 | 2,187 |
| Castle Court | High Rise | May-04 | Bristol, MA | 1974 | 240 | 14,226 | 8,756 | 457 | 14,226 | 9,212 | 23,438 | (191) | 23,246 | 11,435 |
| Castle Park | Mid Rise | Mar-02 | St. Louis, MO | 1983 | 209 | 1,710 | 6,896 | 898 | 1,710 | 7,794 | 9,504 | (968) | 8,536 | 9,056 |

December 31, 2004

| Property Name | Property Type | Date Consolidated | Year Built | Number of Units | Location | (2) Initial Cost | | Cost Capitalized to Subsequent Acquisition | Buildings and Improvements | | Land | Total | Accumulated Depreciation | Total Net of Accumulated Depreciation | Encumbrances |
|--------------------------------|---------------|-------------------|------------|-----------------|-----------------------|----------------------------|----------------------------|--|----------------------------|--------|--------|----------|--------------------------|---------------------------------------|--------------|
| | | | | | | Buildings and Improvements | | | Buildings and Improvements | Total | | | | | |
| | | | | | | Land | Buildings and Improvements | | | | | | | | |
| Castlewood | Garden | Mar-02 | 1980 | 96 | Davenport, IA | 585 | 2,351 | 672 | 3,023 | 585 | 3,608 | (306) | 3,302 | 3,574 | |
| Cedar Brooke Apartments | Garden | Apr-00 | 1971 | 158 | Independence, MO | 1,012 | 4,810 | 615 | 5,428 | 1,012 | 6,438 | (3,178) | 3,260 | 5,410 | |
| Cedar Rim | Garden | Apr-00 | 1980 | 104 | New Castle, WA | 790 | 5,592 | 717 | 6,310 | 790 | 7,100 | (2,495) | 4,606 | 4,951 | |
| Centennial | Garden | Mar-02 | 1983 | 88 | Fort Wayne, IN | 550 | 2,207 | 319 | 2,526 | 550 | 3,076 | (316) | 2,760 | 2,989 | |
| Center City | Mid-Rise | Mar-02 | 1981 | 176 | Hazleton, PA | 925 | 3,724 | 478 | 4,302 | 925 | 5,127 | (933) | 4,194 | 3,972 | |
| Center Square | High Rise | Oct-99 | 1975 | 350 | Doylstown, PA | 582 | 4,190 | 1,954 | 6,144 | 582 | 6,726 | (1,463) | 5,263 | 9,376 | |
| Charleston Landing | Garden | Sep-00 | 1985 | 300 | Braunton, FL | 7,606 | 8,656 | 1,237 | 14,228 | 7,606 | 17,499 | (938) | 16,562 | 10,750 | |
| Chatham Harbor | Garden | Oct-99 | 1985 | 324 | Altamonte Springs, FL | 2,288 | 13,068 | 1,160 | 14,228 | 2,288 | 16,516 | (2,668) | 13,849 | 8,663 | |
| Chelsea Ridge Apartments | Garden | Apr-01 | 1966 | 835 | Wappingers Falls, NY | 10,403 | 33,000 | 4,203 | 37,203 | 10,403 | 47,606 | (10,198) | 37,408 | 34,851 | |
| Cherry Ridge Terrace | Garden | Mar-02 | 1983 | 62 | Northern Cambria, PA | 372 | 1,490 | 150 | 1,640 | 372 | 2,012 | (257) | 1,755 | 1,436 | |
| Chesapeake (Lost Mill) | Garden | Sep-04 | 1984 | 124 | Austin, TX | 438 | 3,512 | 63 | 3,575 | 438 | 4,013 | (748) | 3,265 | 1,135 | |
| Chesapeake Apartments | Garden | Jan-96 | 1983 | 320 | Houston, TX | 775 | 7,317 | 1,943 | 9,260 | 775 | 10,035 | (2,727) | 7,308 | 6,093 | |
| Chesapeake Landing I | Garden | Sep-00 | 1986 | 416 | Aurora, IL | 16,065 | 16,860 | 1,553 | 18,413 | 16,065 | 34,478 | (3,538) | 30,939 | 24,949 | |
| Chesapeake Landing II | Garden | Mar-01 | 1987 | 184 | Aurora, IL | 2,001 | 7,980 | 731 | 8,711 | 2,001 | 10,712 | (1,637) | 9,075 | 6,642 | |
| Chesapeake Landing III | Garden | Oct-99 | 1986 | 314 | Middletown, CT | 3,001 | 20,143 | 1,052 | 21,195 | 3,001 | 24,196 | (4,948) | 19,247 | 16,070 | |
| Chestnut Hill (CT) | Garden | Apr-00 | 1963 | 821 | Indianapolis, IN | 6,481 | 49,463 | 6,728 | 56,192 | 6,481 | 62,674 | (15,159) | 47,515 | 24,291 | |
| Chestnut Hill (PA) | Garden | Jun-04 | 1976 | 187 | Indianapolis, IN | 886 | 5,854 | 97 | 5,951 | 886 | 6,837 | (2,094) | 4,743 | 2,915 | |
| Cheswick | Garden | Mar-02 | 1979 | 151 | Ypsilanti, MI | 960 | 3,814 | 331 | 4,145 | 960 | 5,105 | (435) | 4,670 | 2,010 | |
| Chidester Place | High Rise | Oct-02 | 1985 | 362 | Antioch, TN | 2,502 | 10,930 | 436 | 2,502 | 2,502 | 13,869 | (1,524) | 12,345 | 8,320 | |
| Chimney Top | Garden | Jun-04 | 1979 | 198 | Columbia, MD | 1,838 | 7,516 | 185 | 7,701 | 1,838 | 9,539 | (2,359) | 7,180 | 5,151 | |
| Chimneys of Cradle Rock | Garden | Oct-02 | 1981 | 200 | Kettering, OH | 1,496 | 6,088 | 377 | 6,466 | 1,496 | 7,962 | (753) | 7,210 | 5,300 | |
| Chimneys of Oak Creek I | Garden | Jun-04 | 1988 | 908 | Kettering, OH | 908 | 7,106 | 466 | 7,571 | 908 | 8,480 | (2,172) | 6,307 | 6,000 | |
| Chimneys of Oak Creek II | Garden | Jul-00 | 1973 | 261 | El Paso, TX | 1,011 | 8,488 | 362 | 8,850 | 1,011 | 9,861 | (3,828) | 6,033 | 5,527 | |
| Citadel | Garden | Jul-00 | 1974 | 122 | Colorado Springs, CO | 897 | 6,789 | 623 | 7,412 | 897 | 8,309 | (2,475) | 5,833 | 2,450 | |
| Citadel Village | Garden | Jun-98 | 1985 | 198 | Redlands, CA | 1,117 | 6,642 | 1,340 | 7,982 | 1,117 | 9,100 | (2,101) | 6,998 | 4,325 | |
| Citrus Grove | Garden | Jun-98 | 1985 | 198 | Redlands, CA | 1,117 | 6,642 | 1,340 | 7,982 | 1,117 | 9,100 | (2,101) | 6,998 | 4,325 | |
| Citrus Sunset | Garden | Jul-98 | 1985 | 97 | Visita, CA | 663 | 3,992 | 769 | 4,762 | 663 | 5,425 | (1,225) | 4,200 | 5,900 | |
| City Heights | High Rise | Mar-02 | 1978 | 151 | Wilkes-Barre, PA | 755 | 3,044 | 178 | 3,223 | 755 | 3,978 | (388) | 3,590 | 3,209 | |
| City Line | Garden | Mar-02 | 1976 | 200 | Hampton, VA | 500 | 2,014 | 234 | 2,248 | 500 | 2,748 | (199) | 2,549 | 2,389 | |
| Coatesville Towers | High Rise | Mar-02 | 1979 | 90 | Coatesville, PA | 500 | 2,011 | 257 | 2,268 | 500 | 2,768 | (292) | 2,475 | 2,261 | |
| Cold Harbor | Garden | Dec-04 | 1977 | 156 | Coatesville, VA | 339 | 5,695 | 300 | 5,995 | 339 | 6,334 | (2,322) | 3,812 | 3,141 | |
| Colonial Crest | Garden | Dec-99 | 1965 | 208 | Mechanicsville, VA | 903 | 4,593 | 2,263 | 6,856 | 903 | 7,759 | (1,736) | 6,023 | 1,479 | |
| Colonnade Gardens (Femtree) | Garden | Oct-97 | 1973 | 196 | Phoenix, AZ | 766 | 4,346 | 1,417 | 5,763 | 766 | 6,529 | (1,622) | 4,907 | 2,292 | |
| Colony at El Conquistador, The | Garden | Jun-98 | 1986 | 166 | Bradenton, FL | 1,121 | 6,360 | 864 | 7,223 | 1,121 | 8,344 | (1,829) | 6,516 | 2,920 | |
| Colony at Kenilworth | Garden | Oct-99 | 1966 | 383 | Towson, MD | 2,336 | 19,722 | 3,783 | 23,504 | 2,336 | 25,840 | (10,546) | 15,294 | 13,199 | |
| Colony of Springdale | Garden | Dec-03 | 1969 | 261 | Springdale, OH | 1,894 | 9,908 | 1,927 | 11,835 | 1,894 | 13,729 | (4,757) | 8,973 | 4,873 | |
| Columbus Avenue | Mid-Rise | Sep-03 | 1880 | 70 | New York, NY | 34,148 | 10,825 | 835 | 11,660 | 34,148 | 45,808 | (877) | 44,931 | 19,666 | |
| Cooper's Pond | Garden | Oct-02 | 1986 | 192 | North Charleston, SC | 764 | 7,615 | 169 | 7,783 | 764 | 8,547 | (3,193) | 5,355 | 3,799 | |
| Copper Chase Apartments | Garden | Jan-00 | 1978 | 463 | Tampa, FL | 1,529 | 14,199 | 1,748 | 15,947 | 1,529 | 17,475 | (6,321) | 11,154 | 9,998 | |
| Copper Mill Apartments | Garden | Dec-96 | 1982 | 316 | Katy, TX | 1,742 | 7,010 | 2,698 | 9,707 | 1,742 | 11,449 | (3,500) | 7,949 | 6,175 | |
| Copperfield Apartments I & II | Garden | Oct-02 | 1987 | 192 | Richmond, VA | 1,077 | 9,064 | 168 | 9,232 | 1,077 | 10,309 | (3,507) | 6,802 | 5,452 | |
| Coral Garden Apartments | Garden | Nov-96 | 1983 | 196 | Houston, TX | 940 | 7,900 | 1,267 | 9,167 | 940 | 10,106 | (1,979) | 8,128 | 4,163 | |
| Country Club Heights | Garden | Jul-94 | 1983 | 670 | Las Vegas, NV | 3,190 | 12,589 | 5,607 | 18,197 | 3,190 | 21,387 | (8,794) | 12,593 | 10,361 | |
| Country Club Villas | Garden | Jul-94 | 1976 | 200 | Quincy, IL | 676 | 4,257 | 4,275 | 8,542 | 676 | 10,647 | (434) | 10,213 | 8,577 | |
| Country Club West | Garden | May-98 | 1984 | 282 | Amarillo, TX | 1,049 | 5,991 | 2,475 | 8,124 | 1,049 | 9,214 | (3,136) | 6,078 | 4,590 | |
| Country Lakes I | Garden | Apr-01 | 1986 | 288 | Greeley, CO | 2,848 | 16,160 | 1,206 | 17,366 | 2,848 | 20,214 | (5,197) | 15,016 | 10,572 | |
| Country Lakes II | Garden | May-97 | 1982 | 240 | Naperville, IL | 1,420 | 10,832 | 1,420 | 12,252 | 1,420 | 13,672 | (3,420) | 10,252 | 9,934 | |
| Courtyard Park | Garden | May-98 | 1986 | 400 | Naperville, IL | 5,166 | 29,430 | 2,495 | 31,925 | 5,166 | 37,091 | (8,154) | 28,937 | 13,168 | |
| Covenry Square Apartments | Garden | Nov-96 | 1986 | 248 | Fort Collins, CO | 2,727 | 15,459 | 880 | 16,339 | 2,727 | 19,066 | (4,749) | 14,318 | 9,375 | |
| Creekside | Garden | Jan-00 | 1983 | 270 | Houston, TX | 700 | 5,072 | 2,761 | 7,833 | 700 | 8,533 | (2,096) | 6,437 | 4,342 | |
| | | | 1974 | 328 | Denver, CO | 1,754 | 13,865 | 749 | 14,615 | 1,754 | 16,368 | (5,261) | 11,107 | 5,952 | |

December 31, 2004

| Property Name | Property Type | Date Consolidated | Location | Year Built | Number of Units | (2) Initial Cost | | | (3) Cost Capitalized and Subsequent to Acquisition | | | Buildings and Improvements | Land | Total | Accumulated Depreciation | Total Cost Net of Depreciation | Encumbrances |
|------------------------------------|---------------|-------------------|-----------------------|------------|-----------------|------------------|----------------------------|---------|--|----------------------------|---------|----------------------------|----------|---------|--------------------------|--------------------------------|--------------|
| | | | | | | Land | Buildings and Improvements | Total | Land | Buildings and Improvements | Total | | | | | | |
| Creekside (CA) | Garden | Mar-02 | Simi Valley, CA | 1985 | 397 | 24,595 | 18,818 | 43,413 | 2,254 | 21,072 | 24,595 | 45,667 | (2,826) | 42,841 | 19,070 | | |
| Creekside Gardens | Garden | Mar-02 | Loveland, CO | 1983 | 50 | 350 | 1,401 | 1,751 | 80 | 1,481 | 350 | 1,831 | (195) | 1,636 | 1,840 | | |
| Creekview | Garden | Mar-02 | Stroudsburg, PA | 1982 | 80 | 400 | 1,610 | 2,010 | 187 | 1,797 | 400 | 2,197 | (204) | 1,993 | 1,766 | | |
| Crescent Gardens | Mid Rise | Mar-02 | West Hollywood, CA | 1982 | 130 | 15,382 | 10,215 | 25,597 | 799 | 11,014 | 15,382 | 26,396 | (1,362) | 25,034 | 10,700 | | |
| Crockett Manor | Garden | Mar-04 | Trenton, TN | 1982 | 38 | 42 | 1,394 | 1,436 | 4 | 1,398 | 42 | 1,440 | (46) | 1,393 | 980 | | |
| Crossings Of Bellevue | Garden | May-98 | Nashville, TN | 1985 | 300 | 2,588 | 14,954 | 17,542 | 2,007 | 16,961 | 2,588 | 19,549 | (5,443) | 14,106 | 7,235 | | |
| Crossroads | Garden | May-98 | Phoenix, AZ | 1982 | 316 | 2,180 | 12,661 | 14,841 | 1,440 | 17,041 | 2,180 | 19,221 | (4,137) | 15,084 | 5,895 | | |
| Crows Nest Condominiums | Garden | Nov-96 | League City, TX | 1984 | 176 | 939 | 5,831 | 6,770 | 1,099 | 7,869 | 939 | 8,808 | (1,639) | 7,169 | 2,329 | | |
| Cypress Landing | Garden | Dec-96 | Savannah, GA | 1984 | 200 | 1,083 | 5,696 | 6,779 | 1,731 | 8,510 | 1,083 | 9,593 | (2,286) | 7,307 | 4,793 | | |
| Daugette Tower | High Rise | Mar-02 | Gadsden, AL | 1979 | 101 | 540 | 2,178 | 2,718 | 897 | 3,075 | 540 | 3,615 | (311) | 3,304 | 1,101 | | |
| Deer Creek | Garden | Apr-00 | Plainsboro, NJ | 1975 | 288 | 2,091 | 16,981 | 19,072 | 1,832 | 20,904 | 2,091 | 22,995 | (6,139) | 16,856 | 12,585 | | |
| Deercross | Garden | Oct-02 | Blue Ash, OH | 1985 | 336 | 4,634 | 13,916 | 18,550 | 291 | 18,842 | 4,634 | 23,476 | (4,591) | 18,885 | 11,444 | | |
| Deercross (IN) | Garden | Oct-00 | Indianapolis, IN | 1979 | 372 | 3,225 | 10,400 | 13,625 | 1,416 | 15,041 | 3,225 | 18,266 | (2,491) | 15,775 | 8,491 | | |
| Deerfield Apartments | Garden | Apr-01 | Jacksonville, FL | 1989 | 256 | 3,476 | 6,690 | 10,166 | 1,183 | 11,349 | 3,476 | 14,825 | (1,315) | 13,510 | 7,509 | | |
| Delhaven Manor | Mid Rise | Mar-02 | Jackson, MS | 1983 | 104 | 575 | 2,304 | 2,879 | 447 | 2,752 | 575 | 3,327 | (292) | 3,034 | 3,810 | | |
| Denny Park | Garden | Mar-02 | North Hollywood, CA | 1984 | 17 | 394 | 1,579 | 1,973 | 27 | 1,606 | 394 | 2,000 | (159) | 1,841 | 1,162 | | |
| Doral Oaks | Garden | Dec-97 | Temple Terrace, FL | 1967 | 252 | 2,095 | 3,943 | 6,038 | 10,632 | 2,095 | 14,575 | (3,444) | 13,226 | 5,306 | | | |
| Douglasston Villas and Townhomes | Garden | Aug-99 | Altamonte Springs, FL | 1979 | 234 | 1,666 | 9,353 | 11,019 | 1,835 | 12,854 | 1,666 | 14,520 | (3,017) | 11,503 | 6,466 | | |
| Dunes Apartment Homes, The | Garden | Oct-99 | Indian Harbor, FL | 1963 | 200 | 1,099 | 6,120 | 7,219 | 989 | 8,207 | 1,099 | 9,306 | (2,243) | 7,063 | 3,743 | | |
| Dunwoody Park | Garden | Jul-94 | Dunwoody, GA | 1980 | 318 | 1,838 | 10,513 | 12,351 | 3,370 | 15,721 | 1,838 | 17,559 | (5,200) | 12,359 | 9,719 | | |
| Eagle's Nest | Garden | May-98 | San Antonio, TX | 1973 | 226 | 1,053 | 5,981 | 7,034 | 812 | 7,846 | 1,053 | 8,899 | (2,407) | 6,492 | 4,010 | | |
| East Central Towers | Mid Rise | Mar-02 | Fort Wayne, IN | 1980 | 167 | 800 | 3,203 | 4,003 | 112 | 4,115 | 800 | 4,915 | (995) | 3,920 | 3,383 | | |
| East Farm Village | High Rise | Mar-02 | East Haven, CT | 1981 | 240 | 2,800 | 11,188 | 13,988 | 601 | 14,589 | 2,800 | 17,389 | (1,250) | 16,139 | 8,879 | | |
| Easton Village Condominiums I & II | Garden | Nov-96 | Houston, TX | 1983 | 146 | 1,071 | 9,790 | 10,861 | 989 | 11,850 | 1,071 | 12,921 | (3,091) | 9,830 | 3,477 | | |
| Echo Valley | Mid Rise | Mar-02 | West Warwick, RI | 1978 | 100 | 550 | 2,294 | 2,844 | 657 | 3,501 | 550 | 4,051 | (352) | 3,699 | — | | |
| Edgewater | High Rise | Mar-02 | Springfield, MA | 1974 | 366 | 1,500 | 6,241 | 7,741 | 1,313 | 9,054 | 1,500 | 10,554 | (931) | 9,623 | 6,083 | | |
| Elm Creek | Mid Rise | Dec-97 | Elmhurst, IL | 1986 | 372 | 5,533 | 30,830 | 36,363 | 3,046 | 39,409 | 5,533 | 44,942 | (7,323) | 37,619 | 19,895 | | |
| Essex Park | Garden | Oct-99 | Columbia, SC | 1971 | 323 | 1,126 | 9,686 | 10,812 | 1,369 | 12,181 | 1,126 | 13,307 | (4,488) | 8,819 | 6,314 | | |
| Evanston Place | High Rise | Dec-97 | Evanston, IL | 1988 | 189 | 3,232 | 25,546 | 28,778 | 1,258 | 30,036 | 3,232 | 33,268 | (5,691) | 27,345 | 15,996 | | |
| Fairlane East | Garden | Jan-01 | Dearborn, MI | 1973 | 244 | 6,642 | 13,807 | 20,449 | 1,616 | 22,065 | 6,642 | 28,707 | (3,078) | 25,629 | 10,913 | | |
| Fairway | Garden | Jan-00 | Plano, TX | 1978 | 256 | 3,087 | 5,214 | 8,301 | 679 | 8,980 | 3,087 | 12,067 | (2,908) | 9,159 | 5,913 | | |
| Fairway View I | Garden | Oct-99 | Baton Rouge, LA | 1972 | 242 | 1,187 | 9,684 | 10,871 | 774 | 11,645 | 1,187 | 12,828 | (4,409) | 8,419 | 4,802 | | |
| Fairway View II | Garden | Oct-99 | Baton Rouge, LA | 1981 | 204 | 1,287 | 9,052 | 10,339 | 699 | 11,038 | 1,287 | 12,325 | (3,878) | 8,447 | 5,015 | | |
| Fairways | Garden | Jul-94 | Chandler, AZ | 1986 | 352 | 1,830 | 15,738 | 17,568 | 4,218 | 21,786 | 1,830 | 23,616 | (7,243) | 16,373 | 8,622 | | |
| Falls of Belts Ferry, The | Garden | May-98 | Maricopa, AZ | 1987 | 720 | 6,568 | 37,283 | 43,851 | 3,638 | 47,489 | 6,568 | 54,057 | (12,437) | 41,620 | 22,450 | | |
| Falls on Bull Creek, The | Garden | May-98 | Austin, TX | 1986 | 344 | 2,645 | 15,011 | 17,656 | 9,037 | 26,693 | 2,645 | 29,338 | (6,241) | 23,097 | 10,100 | | |
| Farmingdale | Mid Rise | Oct-00 | Darien, IL | 1975 | 240 | 1,948 | 15,174 | 17,122 | 740 | 17,862 | 1,948 | 19,810 | (2,488) | 17,322 | 8,220 | | |
| Ferntree | Garden | Mar-01 | Phoenix, AZ | 1970 | 219 | 2,078 | 13,752 | 15,830 | 669 | 16,499 | 2,078 | 18,577 | (1,987) | 16,590 | 13,748 | | |
| Fieldcrest (FL) | Garden | Oct-98 | Jacksonville, FL | 1982 | 240 | 1,332 | 7,617 | 8,949 | 1,342 | 10,291 | 1,332 | 11,623 | (2,458) | 9,165 | 5,446 | | |
| Fisherman's Landing | Garden | Sep-98 | Temple Terrace, FL | 1986 | 256 | 1,673 | 9,446 | 11,119 | 2,327 | 13,446 | 1,673 | 15,119 | (2,929) | 12,190 | 4,713 | | |
| Fisherman's Wharf Apartments | Garden | Dec-97 | Bradenton, FL | 1984 | 200 | 1,276 | 7,170 | 8,446 | 1,324 | 9,770 | 1,276 | 11,046 | (2,461) | 8,585 | 5,306 | | |
| Flamingo South Beach | High Rise | Nov-96 | Clute, TX | 1981 | 360 | 1,257 | 7,584 | 8,841 | 2,824 | 11,665 | 1,257 | 12,918 | (2,941) | 9,977 | 2,837 | | |
| Foothill Place | Garden | Sep-97 | Miami Beach, FL | 1960 | 1,688 | 90,432 | 248,099 | 338,531 | 248,099 | 16,682 | 355,212 | (22,967) | 332,245 | 80,586 | | | |
| Four Winds | Garden | Jul-00 | Salt Lake City, UT | 1973 | 450 | 3,881 | 21,694 | 25,575 | 3,881 | 29,456 | 3,881 | 33,337 | (8,198) | 25,139 | 10,100 | | |
| Fox Crest | Garden | Oct-02 | Overland Park, KS | 1986 | 350 | 1,797 | 16,653 | 18,450 | 1,012 | 19,462 | 1,797 | 21,259 | (6,829) | 14,430 | 8,669 | | |
| Fox Run | Garden | Jan-03 | Waukegan, IL | 1974 | 245 | 2,136 | 12,319 | 14,455 | 144 | 14,600 | 2,136 | 16,736 | (794) | 15,832 | 7,113 | | |
| Foxhase | Garden | Jan-00 | Plainsboro, NJ | 1973 | 776 | 6,799 | 48,766 | 55,565 | 7,438 | 63,003 | 6,799 | 69,792 | (16,577) | 53,215 | 32,240 | | |
| Foxfire | Garden | Dec-97 | Alexandria, VA | 1947 | 2,113 | 15,420 | 96,062 | 111,482 | 13,770 | 125,252 | 15,420 | 140,672 | (32,019) | 108,653 | 141,949 | | |
| Foxtree | Garden | Oct-99 | Doraville, GA | 1971 | 266 | 1,397 | 10,287 | 11,684 | 1,544 | 13,228 | 1,397 | 14,625 | (4,134) | 10,491 | 6,265 | | |
| Foxtree | Garden | Oct-97 | Tempe, AZ | 1976 | 487 | 2,458 | 13,927 | 16,385 | 4,229 | 20,614 | 2,458 | 23,072 | (5,504) | 17,568 | 7,172 | | |

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| Property Name | Property Type | Date Consolidated | Location | Year Built | Number of Units | (2) Initial Cost | | (3) Cost Capitalized and Subsequent to Acquisition | | Buildings and Improvements | Land | Total | Accumulated Depreciation | Net of Depreciation | Encumbrances |
|----------------------------|---------------|-------------------|---------------------|------------|-----------------|----------------------------|--------|--|--------|----------------------------|--------|---------|--------------------------|---------------------|--------------|
| | | | | | | Buildings and Improvements | Land | Buildings and Improvements | Land | | | | | | |
| Frankford Place | Garden | Jul-94 | Carrollton, TX | 1982 | 274 | 1,125 | 6,083 | 2,465 | 1,125 | 8,547 | 9,672 | (3,252) | 6,420 | 5,033 | |
| Franklin Oaks | Garden | May-98 | Franklin, TN | 1987 | 468 | 3,936 | 22,832 | 7,210 | 3,936 | 30,042 | 33,978 | (8,008) | 25,971 | 15,005 | |
| Freedom Place Club | Garden | Oct-97 | Jacksonville, FL | 1988 | 352 | 2,289 | 12,982 | 1,883 | 2,289 | 14,866 | 17,155 | (4,284) | 12,871 | 5,622 | |
| Friendship Arms | Mid Rise | Mar-02 | Hyattsville, MD | 1979 | 151 | 970 | 3,887 | 550 | 970 | 4,438 | 5,408 | (695) | 4,713 | 5,678 | |
| Gary Manor | High Rise | Mar-02 | Gary, IN | 1980 | 198 | 1,090 | 4,370 | 260 | 1,090 | 4,630 | 5,720 | (504) | 5,216 | 5,336 | |
| Gates Manor | Garden | Mar-04 | Clinton, TN | 1981 | 80 | 266 | 2,225 | 19 | 266 | 2,244 | 2,510 | (585) | 1,926 | 1,855 | |
| Gateway Village | Garden | Mar-04 | Hillsborough, NC | 1980 | 64 | 436 | 1,666 | 76 | 436 | 1,742 | 2,178 | (328) | 1,850 | 1,590 | |
| Georgetown (MA) | Garden | Mar-02 | Frammingham, MA | 1964 | 207 | 12,352 | 13,168 | 735 | 12,352 | 13,904 | 26,256 | (1,423) | 24,833 | 15,755 | |
| Gholson Hotel | Mid Rise | Mar-02 | Ranger, TX | 1984 | 50 | 325 | 1,334 | 46 | 325 | 1,705 | 1,705 | (169) | 1,537 | 1,500 | |
| Gladys Hampton Houses | High Rise | Oct-02 | New York, NY | 1980 | 205 | 1,009 | 7,662 | 1,116 | 1,009 | 8,778 | 9,787 | (1,773) | 8,013 | 7,598 | |
| Glen Hollow | Garden | Dec-99 | Charlotte, NC | 1972 | 336 | 2,157 | 10,062 | 2,335 | 2,157 | 12,398 | 14,555 | (2,456) | 12,099 | 6,661 | |
| Glenbridge Manors | Garden | Sep-03 | Cincinnati, OH | 1978 | 290 | 1,059 | 17,925 | 11,479 | 1,059 | 29,404 | 30,463 | (1,647) | 28,816 | 21,000 | |
| Governor's Park (AR) | Garden | Apr-00 | Little Rock, AR | 1985 | 154 | 755 | 5,950 | 336 | 755 | 6,286 | 7,041 | (2,354) | 4,687 | 3,407 | |
| Governor's Park (CO) | Garden | Jan-00 | Fr. Collins, CO | 1982 | 188 | 1,119 | 9,110 | 645 | 1,119 | 9,754 | 10,873 | (3,222) | 7,651 | 6,510 | |
| Granada | Mid Rise | Aug-02 | Frammingham, MA | 1958 | 72 | 4,577 | 4,058 | 168 | 4,577 | 4,226 | 8,802 | (607) | 8,195 | 5,268 | |
| Grand Pointe | Garden | Dec-99 | Columbia, MD | 1974 | 325 | 2,715 | 16,771 | 2,037 | 2,715 | 18,808 | 21,523 | (3,615) | 17,908 | 10,272 | |
| Greens (AZ) | Garden | Jul-94 | Chandler, AZ | 2000 | 324 | 2,303 | 713 | 22,542 | 2,303 | 23,254 | 25,557 | (3,091) | 22,466 | 15,939 | |
| Greenspoint Apartments | Garden | Jan-00 | Phoenix, AZ | 1985 | 336 | 2,184 | 13,895 | 977 | 2,184 | 14,872 | 17,056 | (5,735) | 11,321 | 8,039 | |
| Greenrice | Garden | Dec-96 | Carrollton, TX | 1983 | 365 | 1,873 | 9,848 | 3,459 | 1,873 | 13,307 | 15,180 | (3,671) | 11,510 | 8,959 | |
| Hamlin Estates | Garden | Mar-02 | North Hollywood, CA | 1983 | 30 | 1,010 | 1,691 | 37 | 1,010 | 1,728 | 2,738 | (205) | 2,533 | 1,618 | |
| Hampton Greens | Garden | Oct-02 | Dallas, TX | 1986 | 309 | 1,781 | 10,170 | 502 | 1,781 | 10,673 | 12,454 | (4,252) | 8,202 | 5,184 | |
| Hampton Hill Apartments | Garden | Nov-96 | Houston, TX | 1984 | 332 | 1,311 | 7,122 | 2,826 | 1,311 | 9,948 | 11,259 | (2,794) | 8,466 | 5,529 | |
| Harbor Ridge II | Garden | Mar-04 | Maneville, OH | 1985 | 24 | 263 | 1,279 | 70 | 263 | 1,349 | 1,612 | (198) | 1,414 | 823 | |
| Harbor Ridge III | Garden | Mar-00 | Maineville, OH | 1985 | 48 | 457 | 2,119 | 19 | 457 | 2,138 | 2,596 | (33) | 2,563 | 1,598 | |
| Harbor Town at Jacaranda | Garden | Sep-00 | Plantation, FL | 1988 | 280 | 9,930 | 10,643 | 2,145 | 9,930 | 12,788 | 22,717 | (2,401) | 20,316 | 11,800 | |
| Harbour, The | Garden | Mar-01 | Melbourne, FL | 1987 | 162 | 4,652 | 3,083 | 1,188 | 4,652 | 4,271 | 8,924 | (1,296) | 7,628 | — | |
| Harris Park Apartments | Garden | Dec-97 | Rochester, NY | 1968 | 114 | 475 | 2,786 | 850 | 475 | 3,635 | 4,110 | (1,073) | 3,037 | 818 | |
| Hastings Place Apartments | Garden | Nov-96 | Houston, TX | 1984 | 176 | 934 | 5,021 | 1,993 | 934 | 7,014 | 7,948 | (1,402) | 6,546 | 3,892 | |
| Heather Ridge (AZ) | Garden | May-98 | Phoenix, AZ | 1983 | 252 | 1,610 | 9,141 | 1,069 | 1,610 | 10,210 | 11,820 | (3,086) | 8,734 | 4,995 | |
| Heather Ridge (TX) | Garden | Dec-00 | Hemet, CA | 1983 | 80 | 700 | 2,802 | 272 | 700 | 3,074 | 3,774 | (369) | 3,405 | 3,359 | |
| Hemet Estates | Garden | Mar-02 | Alta Loma, CA | 1986 | 232 | 1,203 | 6,430 | 1,552 | 1,203 | 7,982 | 9,185 | (1,295) | 7,890 | 7,264 | |
| Heritage Park at Alta Loma | Garden | Jan-01 | Escondido, CA | 1986 | 196 | 1,012 | 7,330 | 296 | 1,012 | 7,626 | 8,638 | (2,519) | 6,118 | 7,299 | |
| Heritage Park Escondido | Garden | Oct-00 | Livermore, CA | 1988 | 167 | 832 | 9,001 | 421 | 832 | 9,421 | 10,254 | (1,955) | 8,299 | 7,432 | |
| Heritage Park Livermore | Garden | Oct-00 | Montclair, CA | 1985 | 144 | 692 | 4,149 | 309 | 692 | 4,458 | 5,150 | (766) | 4,384 | 4,620 | |
| Heritage Square | Garden | Mar-02 | Texas City, TX | 1983 | 50 | 668 | 859 | 98 | 668 | 957 | 1,625 | (137) | 1,488 | 1,578 | |
| Heritage Village Anaheim | Garden | Mar-02 | Anaheim, CA | 1986 | 196 | 1,784 | 8,251 | 505 | 1,784 | 8,756 | 10,540 | (2,794) | 7,747 | 8,838 | |
| Hibben Ferry I | Garden | Apr-00 | Mt. Pleasant, SC | 1983 | 240 | 1,465 | 8,889 | 944 | 1,465 | 9,833 | 11,298 | (1,794) | 9,504 | 5,985 | |
| Hickory Hill | Garden | Oct-02 | Fredrick, MD | 1981 | 162 | 756 | 5,724 | 270 | 756 | 5,994 | 6,750 | (1,171) | 5,578 | 5,058 | |
| Hidden Cove (CA) | Garden | Jul-98 | Escondido, CA | 1985 | 334 | 3,043 | 17,615 | 3,633 | 3,043 | 21,249 | 24,292 | (5,397) | 18,894 | 17,797 | |
| Hidden Cove (MI) | Garden | Apr-00 | Belleville, MI | 1976 | 120 | 463 | 5,334 | 522 | 463 | 5,857 | 6,320 | (2,895) | 3,425 | 2,622 | |
| Hidden Harbour | Garden | Oct-02 | Melbourne, FL | 1985 | 216 | 2,587 | 8,050 | 260 | 2,587 | 8,310 | 10,897 | (1,168) | 9,729 | 7,142 | |
| Hidden Lake | Garden | May-98 | Tampa, FL | 1983 | 267 | 1,361 | 7,765 | 1,229 | 1,361 | 8,994 | 10,355 | (2,621) | 7,734 | 4,573 | |
| Hiddentre | Garden | Oct-97 | East Lansing, MI | 1966 | 261 | 1,470 | 8,340 | 2,057 | 1,470 | 10,396 | 11,866 | (3,180) | 8,687 | 3,559 | |
| Hilcrest Townhomes | Town | Jan-03 | Woodridge, IL | 1968 | 176 | 3,308 | 13,056 | 325 | 3,308 | 13,381 | 16,689 | (3,154) | 13,535 | 6,213 | |
| Highland Park | Home | Dec-96 | Fort Worth, TX | 1985 | 500 | 6,247 | 9,246 | 4,048 | 6,247 | 13,295 | 19,542 | (4,446) | 15,095 | 10,601 | |
| Highland Ridge | Garden | Sep-04 | Allania, GA | 1984 | 219 | 1,361 | 6,806 | 963 | 1,361 | 7,769 | 9,130 | (1,806) | 7,325 | — | |
| Highlawn Place | High Rise | Mar-02 | Huntington, WV | 1977 | 133 | 550 | 2,204 | 232 | 550 | 2,987 | 2,987 | (253) | 2,734 | 2,267 | |
| Hillcrest (CA) | Garden | Mar-02 | Los Angeles, CA | 1989 | 315 | 33,322 | 47,216 | 2,063 | 33,322 | 49,279 | 82,602 | (4,199) | 78,403 | 47,827 | |

| Property Name | Property Type | Date Consolidated | Year Built | Number of Units | (2) Initial Cost | | Cost Capitalized and Subsequent to Acquisition | Buildings and Improvements | Land | Buildings and Improvements | Total | Accumulated Depreciation | Net of Accumulated Depreciation | Encumbrances |
|-----------------------------|---------------|-------------------|------------|-----------------|----------------------------|----------------|--|----------------------------|--------|----------------------------|----------|--------------------------|---------------------------------|--------------|
| | | | | | Buildings and Improvements | Land | | | | | | | | |
| | | | | | (1) Total Cost | (3) Total Cost | | | | | | | | |
| Hillmeade | Garden | Nov-94 | 1985 | 288 | 2,872 | 16,069 | 9,262 | 2,872 | 25,331 | 28,203 | (10,678) | 17,525 | 8,948 | |
| Hills at the Arboretum, The | Garden | Oct-97 | 1978 | 327 | 1,367 | 7,764 | 11,614 | 1,367 | 19,378 | 20,745 | (3,761) | 16,984 | 14,566 | |
| Hollymead Square | Garden | Mar-00 | 1978 | 100 | 404 | 3,063 | 436 | 404 | 3,499 | 3,903 | (1,902) | 2,001 | 3,197 | |
| Hopkins Village | Mid-Rise | Sep-03 | 1979 | 165 | 870 | 4,207 | 536 | 870 | 4,743 | 5,613 | (2,241) | 3,372 | 3,228 | |
| Hudson Gardens | Garden | Mar-02 | 1983 | 41 | 940 | 5,548 | 95 | 940 | 1,644 | 2,006 | (2,377) | 1,048 | 3,501 | |
| Hunt Club (IN) | Garden | Oct-99 | 1972 | 200 | 825 | 5,629 | 950 | 825 | 6,579 | 7,404 | (3,476) | 3,928 | 3,501 | |
| Hunt Club (MD) | Garden | Sep-00 | 1986 | 336 | 18,141 | 13,149 | 1,595 | 18,141 | 14,744 | 32,885 | (3,165) | 29,720 | 19,031 | |
| Hunt Club (NC) | Garden | Apr-02 | 1983 | 128 | 971 | 4,101 | 656 | 971 | 4,757 | 5,247 | (4,134) | 29,285 | 21,500 | |
| Hunt Club (PA) | Garden | Sep-00 | 1986 | 320 | 17,392 | 13,653 | 2,374 | 17,392 | 16,027 | 33,419 | (4,134) | 29,285 | 21,500 | |
| Hunt Club (SC) | Garden | Sep-03 | 1987 | 204 | 4,172 | 7,435 | 529 | 4,172 | 7,964 | 12,136 | (850) | 11,286 | 5,385 | |
| Hunt Club (TX) | Garden | Mar-01 | 1988 | 384 | 10,505 | 11,920 | 1,002 | 10,505 | 12,922 | 23,428 | (2,767) | 20,661 | 19,936 | |
| Hunt Club I | Garden | Oct-00 | 1988 | 296 | 2,537 | 8,872 | 1,277 | 2,537 | 10,149 | 12,686 | (1,969) | 10,716 | 9,953 | |
| Hunt Club II | Garden | Mar-01 | 1988 | 144 | 1,653 | 6,049 | 445 | 1,653 | 6,495 | 8,148 | (1,215) | 6,932 | 5,313 | |
| Hunter's Chase | Garden | Jan-01 | 1985 | 320 | 7,827 | 8,668 | 867 | 7,827 | 9,535 | 17,362 | (1,496) | 15,865 | 10,376 | |
| Hunter's Chase I (OH) | Garden | Jun-04 | 1985 | 292 | 1,606 | 10,816 | 601 | 1,606 | 11,418 | 13,024 | (3,836) | 9,188 | 8,374 | |
| Hunter's Creek | Garden | May-99 | 1981 | 146 | 661 | 3,818 | 914 | 661 | 4,733 | 5,394 | (1,446) | 3,948 | 2,812 | |
| Hunter's Crossing (VA) | Garden | Apr-01 | 1967 | 164 | 2,244 | 7,763 | 922 | 2,244 | 8,685 | 10,929 | (2,135) | 8,794 | 4,150 | |
| Hunters Glen | Garden | Apr-98 | 1983 | 72 | 300 | 1,731 | 411 | 300 | 2,142 | 2,443 | (595) | 1,847 | 745 | |
| Hunters Glen IV | Garden | Oct-99 | 1976 | 264 | 2,175 | 14,947 | 2,141 | 2,175 | 17,088 | 19,263 | (6,359) | 12,904 | 11,626 | |
| Hunters Glen V | Garden | Oct-99 | 1977 | 304 | 2,617 | 17,915 | 2,888 | 2,617 | 20,504 | 23,121 | (7,550) | 15,571 | 13,284 | |
| Hunters Glen VI | Garden | Oct-99 | 1977 | 328 | 2,409 | 16,305 | 2,810 | 2,409 | 19,116 | 21,525 | (7,781) | 13,744 | 13,826 | |
| Huntington Athletic Club | Garden | Oct-99 | 1986 | 212 | 1,655 | 11,293 | 1,478 | 1,655 | 12,771 | 14,426 | (4,605) | 9,821 | 6,574 | |
| Hyde Park Tower | High Rise | Oct-04 | 1990 | 155 | 3,047 | 16,499 | 11 | 3,047 | 16,510 | 19,442 | (1,114) | 19,442 | 15,554 | |
| Indian Creek Village | Garden | Oct-99 | 1972 | 273 | 2,358 | 11,454 | 2,609 | 2,358 | 14,062 | 16,420 | (5,892) | 10,528 | 8,901 | |
| Indian Oaks | Garden | Mar-02 | 1986 | 254 | 23,927 | 15,801 | 1,053 | 23,927 | 16,854 | 40,781 | (2,065) | 38,716 | 15,500 | |
| Island Club | Garden | Oct-02 | 1984 | 308 | 2,073 | 10,780 | 1,092 | 2,073 | 11,192 | 17,359 | (3,297) | 14,062 | 8,440 | |
| Island Club (Beville) | Garden | Oct-00 | 1986 | 204 | 6,801 | 9,465 | 1,492 | 6,801 | 10,527 | 13,265 | (2,637) | 10,628 | 9,371 | |
| Island Club (CA) | Garden | Oct-00 | 1986 | 204 | 6,801 | 9,465 | 1,492 | 6,801 | 10,527 | 13,265 | (2,637) | 10,628 | 9,371 | |
| Island Club (MD) | Garden | Mar-01 | 1986 | 592 | 18,185 | 28,428 | 4,337 | 18,185 | 32,765 | 50,950 | (4,763) | 46,187 | 37,664 | |
| Island Club (Palm Aire) | Garden | Oct-00 | 1988 | 260 | 7,692 | 7,652 | 2,719 | 7,692 | 15,293 | 17,672 | (2,405) | 15,266 | 11,081 | |
| Island Club (Palm Aire) | Garden | Oct-97 | 1985 | 216 | 1,267 | 7,191 | 1,353 | 1,267 | 8,544 | 9,811 | (2,600) | 7,211 | 3,398 | |
| Island Club (Palm Aire) | Garden | Oct-97 | 1985 | 234 | 2,697 | 16,332 | 1,465 | 2,697 | 17,797 | 20,494 | (6,221) | 14,273 | 7,636 | |
| Jefferson Place | Garden | Nov-94 | 1977 | 78 | 142 | 3,696 | 26 | 142 | 3,722 | 3,864 | (71) | 3,793 | 1,214 | |
| Jenny Lind Hall | High Rise | Mar-04 | 1980 | 80 | 185 | 2,055 | 218 | 185 | 2,272 | 2,458 | (900) | 1,557 | 1,592 | |
| Jersey Park | Garden | Dec-03 | 1980 | 80 | 185 | 2,055 | 218 | 185 | 2,272 | 2,458 | (900) | 1,557 | 1,592 | |
| Key Towers | High Rise | Apr-01 | 1964 | 140 | 1,526 | 7,050 | 965 | 1,526 | 8,015 | 9,541 | (1,784) | 7,758 | 5,145 | |
| King's Crossing | Garden | Jul-02 | 1983 | 168 | 4,429 | 7,531 | 186 | 4,429 | 7,717 | 12,146 | (2,747) | 9,399 | 5,752 | |
| Kirkwood House | High Rise | Sep-04 | 1979 | 261 | 1,774 | 6,663 | 92 | 1,774 | 6,756 | 8,530 | (2,667) | 5,862 | 4,798 | |
| Knolls, The | Garden | Jul-02 | 1972 | 262 | 3,214 | 15,312 | 2,380 | 3,214 | 17,692 | 20,906 | (6,101) | 14,804 | 9,045 | |
| Knollwood | Garden | Jul-00 | 1972 | 326 | 1,824 | 14,272 | 2,225 | 1,824 | 16,497 | 18,321 | (6,417) | 11,904 | 6,780 | |
| La Collina | Garden | Oct-99 | 1984 | 264 | 1,378 | 9,169 | 367 | 1,378 | 9,536 | 10,914 | (1,231) | 9,684 | 6,145 | |
| La Jolla | Garden | May-98 | 1975 | 300 | 2,074 | 11,809 | 1,066 | 2,074 | 12,875 | 14,949 | (3,863) | 11,086 | 7,425 | |
| La Jolla de Tucson | Garden | May-98 | 1978 | 223 | 1,342 | 7,816 | 1,017 | 1,342 | 8,833 | 10,175 | (2,999) | 7,175 | 4,927 | |
| Lake Casleton | Garden | May-99 | 1997 | 1,261 | 5,183 | 29,611 | 7,768 | 5,183 | 37,380 | 42,563 | (8,539) | 34,024 | 26,731 | |
| Lake Forest Apartments | Garden | Jul-00 | 1971 | 312 | 1,839 | 12,891 | 689 | 1,839 | 13,581 | 15,427 | (5,162) | 10,257 | 8,534 | |
| Lake Johnson Mews | Garden | Oct-99 | 1972 | 201 | 1,271 | 9,442 | 2,988 | 1,271 | 12,429 | 13,700 | (3,653) | 10,047 | 6,514 | |
| Lakehaven I | Garden | Dec-97 | 1984 | 144 | 1,652 | 3,849 | 582 | 1,652 | 4,431 | 6,083 | (2,637) | 3,446 | 5,955 | |
| Lakehaven II | Garden | Dec-97 | 1985 | 348 | 2,822 | 16,128 | 1,391 | 2,822 | 17,519 | 20,341 | (7,116) | 14,238 | 14,983 | |
| Lakes at South Coast, The | Mid Rise | Mar-02 | 1987 | 770 | 55,223 | 65,506 | 4,284 | 55,223 | 69,791 | 125,014 | (7,716) | 117,297 | 75,600 | |
| Lakes, The | Garden | Jan-00 | 1972 | 600 | 2,826 | 18,492 | 2,977 | 2,826 | 21,468 | 24,294 | (8,945) | 15,349 | 12,240 | |
| Lakeside | Garden | Oct-99 | 1972 | 568 | 4,155 | 30,279 | 2,017 | 4,155 | 32,296 | 36,451 | (10,685) | 25,766 | 22,697 | |

December 31, 2004

| Property Name | Property Type | Date Consolidated | Location | Year Built | Number of Units | (1) Initial Cost | | (2) Buildings and Improvements | | (3) Cost Capitalized and Subsequent to Acquisition | | Buildings and Improvements | Total | Accumulated Depreciation | Total Cost Net of Accumulated Depreciation | Encumbrances |
|-------------------------------|---------------|-------------------|----------------------|------------|-----------------|------------------|----------------------------|--------------------------------|----------------------------|--|----------------------------|----------------------------|---------|--------------------------|--|--------------|
| | | | | | | Land | Buildings and Improvements | Land | Buildings and Improvements | Land | Buildings and Improvements | | | | | |
| | | | | | | | | | | | | | | | | |
| Lakeside North at Carrollwood | Garden | Sep-00 | Tampa, FL | 1984 | 168 | 3,168 | 5,358 | 3,168 | 6,055 | 696 | 3,168 | 6,055 | 9,223 | (1,283) | 7,939 | 6,130 |
| Lakeside Place | Garden | Oct-99 | Houston, TX | 1976 | 734 | 4,831 | 36,651 | 4,831 | 40,027 | 3,376 | 4,831 | 40,027 | 44,859 | (15,320) | 29,539 | 21,014 |
| Lakewood | Garden | Jul-02 | Tomball, TX | 1979 | 256 | 803 | 8,349 | 803 | 8,625 | 273 | 803 | 8,625 | 9,425 | (2,732) | 6,693 | 4,927 |
| Lampighter Park | Garden | Apr-00 | Bellevue, WA | 1967 | 174 | 1,994 | 8,583 | 1,994 | 10,617 | 2,034 | 1,994 | 10,617 | 12,611 | (3,249) | 9,362 | 7,326 |
| Landings | Garden | Jan-01 | Indianapolis, IN | 1973 | 150 | 616 | 3,303 | 616 | 4,461 | 1,159 | 616 | 4,461 | 5,077 | (2,021) | 3,056 | 3,204 |
| Landmark | Garden | Apr-00 | Raleigh, NC | 1970 | 292 | 1,198 | 1,198 | 1,198 | 1,668 | 1,198 | 1,668 | 15,402 | 17,070 | (6,664) | 10,406 | 7,000 |
| Las Americas Housing | Garden | Apr-02 | Ponce, Puerto Rico | 1981 | 286 | 1,271 | 10,032 | 1,271 | 10,318 | 1,159 | 1,271 | 10,318 | 11,588 | (3,913) | 7,676 | 7,306 |
| Las Brisas (TX) | Garden | Dec-95 | San Antonio, TX | 1983 | 176 | 1,082 | 5,214 | 1,082 | 6,549 | 1,335 | 1,082 | 6,549 | 7,631 | (2,089) | 5,543 | 3,779 |
| Lasalle | Garden | Oct-00 | San Antonio, TX | 1976 | 145 | 1,162 | 10,453 | 1,162 | 17,735 | 7,282 | 1,162 | 17,735 | 18,897 | (3,364) | 15,533 | 3,444 |
| Latrobe | High Rise | Jan-03 | Washington, DC | 1980 | 176 | 1,199 | 11,350 | 1,199 | 14,327 | 2,977 | 1,199 | 14,327 | 15,526 | (5,014) | 10,513 | 11,193 |
| Lebanon Station | Garden | Oct-99 | Columbus, OH | 1974 | 387 | 1,699 | 9,594 | 1,699 | 11,008 | 1,415 | 1,699 | 11,008 | 12,708 | (3,215) | 9,493 | 6,551 |
| Legend Oaks | Garden | May-98 | Tampa, FL | 1983 | 416 | 2,304 | 13,288 | 2,304 | 2,042 | 2,042 | 15,331 | 17,635 | (4,462) | 13,172 | 6,657 | |
| Leona | Garden | Dec-97 | Uvalde, TX | 1973 | 40 | 100 | 524 | 100 | 895 | 371 | 100 | 895 | 995 | (312) | 683 | 376 |
| Lexington | Garden | Jul-94 | San Antonio, TX | 1981 | 72 | 312 | 1,688 | 312 | 2,312 | 624 | 312 | 2,312 | 2,624 | (852) | 1,772 | 808 |
| Lexington Green | Garden | Oct-99 | Sarasota, FL | 1974 | 267 | 1,466 | 9,956 | 1,466 | 12,004 | 2,048 | 1,466 | 12,004 | 13,470 | (3,990) | 9,480 | 6,310 |
| Lighthouse at Twin Lakes I | Garden | Apr-00 | Bellville, MD | 1969 | 479 | 2,525 | 17,450 | 2,525 | 19,475 | 2,025 | 2,525 | 19,475 | 22,000 | (3,020) | 18,981 | 11,705 |
| Lighthouse at Twin Lakes II | Garden | Apr-00 | Bellville, MD | 1971 | 113 | 697 | 4,855 | 697 | 5,263 | 408 | 697 | 5,263 | 5,960 | (911) | 5,049 | 2,714 |
| Lighthouse at Twin Lakes III | Garden | Apr-00 | Bellville, MD | 1978 | 107 | 483 | 3,408 | 483 | 3,466 | 483 | 483 | 3,466 | 3,949 | (469) | 3,480 | 2,544 |
| Lincbln Place Garden | Garden | Aug-03 | Venice, CA | 1951 | 755 | 43,060 | 94,589 | 43,060 | 101,936 | 7,346 | 43,060 | 101,936 | 144,996 | (5,713) | 139,282 | 72,500 |
| Locust House | High Rise | Mar-02 | Westminster, MD | 1979 | 99 | 650 | 2,604 | 650 | 2,842 | 238 | 650 | 2,842 | 3,492 | (409) | 3,083 | 3,008 |
| Lodge, The | Garden | Jan-00 | Denver, CO | 1973 | 376 | 1,944 | 14,262 | 1,944 | 16,002 | 1,740 | 1,944 | 16,002 | 17,945 | (5,682) | 12,264 | 6,593 |
| Lofi, The | Garden | Oct-99 | Raleigh, NC | 1974 | 184 | 2,012 | 11,902 | 2,012 | 12,771 | 869 | 2,012 | 12,771 | 14,784 | (3,541) | 11,242 | 3,983 |
| Loring Towers (MS) | High Rise | Oct-02 | Minneapolis, MN | 1970 | 230 | 1,399 | 7,445 | 1,399 | 13,577 | 6,132 | 1,399 | 13,577 | 14,977 | (999) | 13,978 | 8,623 |
| Loring Towers Apartments | High Rise | Sep-03 | Salem, MA | 1973 | 250 | 693 | 8,409 | 693 | 10,363 | 2,054 | 693 | 10,363 | 11,056 | (4,526) | 6,530 | 5,401 |
| Los Arboles | Garden | Sep-97 | Chandler, AZ | 1985 | 232 | 1,662 | 9,504 | 1,662 | 11,388 | 1,884 | 1,662 | 11,388 | 13,050 | (3,312) | 9,737 | 6,050 |
| Lynnhaven | Garden | Mar-04 | Durham, NC | 1980 | 75 | 537 | 2,165 | 537 | 2,241 | 76 | 537 | 2,241 | 2,778 | (229) | 2,549 | 2,055 |
| Madera Point | Garden | May-98 | Phoenix, AZ | 1986 | 256 | 2,103 | 12,582 | 2,103 | 13,858 | 1,276 | 2,103 | 13,858 | 15,961 | (4,231) | 11,730 | 8,067 |
| Malibu Canyon | Garden | Mar-02 | Calabasas, CA | 1986 | 698 | 65,407 | 53,438 | 65,407 | 61,646 | 8,208 | 65,407 | 61,646 | 127,053 | (7,644) | 119,409 | 46,900 |
| Maple Bay | Garden | Dec-99 | Virginia Beach, VA | 1971 | 414 | 2,598 | 16,141 | 2,598 | 19,202 | 3,061 | 2,598 | 19,202 | 21,800 | (3,883) | 17,917 | 8,971 |
| Mariners Cove | Garden | Mar-02 | San Diego, CA | 1984 | 500 | — | 66,861 | — | 69,740 | 2,879 | — | 69,740 | 69,740 | (5,554) | 64,187 | 9,622 |
| Mariner's Cove | Garden | Mar-00 | Virginia Beach, VA | 1974 | 458 | 1,517 | 10,034 | 1,517 | 25,537 | 15,503 | 1,517 | 25,537 | 27,054 | (5,370) | 21,684 | 12,382 |
| Mayfair Village | Garden | Nov-00 | West Lafayette, IN | 1964 | 72 | 977 | 1,283 | 977 | 1,624 | 342 | 977 | 1,624 | 2,601 | (382) | 2,219 | 1,169 |
| Meadow Creek | Garden | Jul-94 | Boulder, CO | 1972 | 332 | 1,435 | 24,532 | 1,435 | 27,891 | 3,359 | 1,435 | 27,891 | 29,326 | (7,205) | 22,121 | 6,007 |
| Meadows | Garden | Dec-00 | Austin, TX | 1983 | 100 | 580 | 3,667 | 580 | 3,982 | 315 | 580 | 3,982 | 4,562 | (1,422) | 3,140 | 2,502 |
| Merrill House | High Rise | Jan-00 | Fairfax, VA | 1962 | 159 | 1,836 | 10,831 | 1,836 | 12,310 | 1,479 | 1,836 | 12,310 | 14,146 | (1,998) | 12,147 | 6,630 |
| Mesa Ridge | Garden | May-98 | San Antonio, TX | 1986 | 200 | 1,210 | 6,863 | 1,210 | 7,477 | 614 | 1,210 | 7,477 | 8,687 | (2,357) | 6,330 | 4,275 |
| Michigan Apartments | Garden | Dec-99 | Indianapolis, IN | 1965 | 253 | 516 | 3,694 | 516 | 4,449 | 754 | 516 | 4,449 | 4,965 | (924) | 4,040 | 1,218 |
| Michigan Plaza | Garden | Dec-99 | Indianapolis, IN | 1965 | 6 | 24 | 219 | 24 | 219 | — | 24 | 219 | 243 | (125) | 118 | — |
| Millhopper Village | Garden | Oct-99 | Gainesville, FL | 1969 | 136 | 759 | 5,906 | 759 | 6,361 | 455 | 759 | 6,361 | 7,120 | (2,317) | 4,803 | 3,867 |
| Monthlanc Gardens | Town | Dec-03 | Yauco, PR | 1982 | 128 | 391 | 3,859 | 391 | 4,426 | 567 | 391 | 4,426 | 4,816 | (1,598) | 3,218 | 3,380 |
| Montecito | Home | Jul-94 | Austin, TX | 1985 | 268 | 1,268 | 6,896 | 1,268 | 10,158 | 3,262 | 1,268 | 10,158 | 11,426 | (4,147) | 7,279 | 5,051 |
| Mountain Run | Garden | Dec-97 | Arvada, CO | 1974 | 96 | 685 | 2,614 | 685 | 5,043 | 1,099 | 685 | 5,043 | 5,748 | (1,203) | 4,544 | 3,051 |
| Mountain View | Garden | May-98 | Colorado Springs, CO | 1985 | 252 | 2,546 | 14,841 | 2,546 | 15,950 | 1,109 | 2,546 | 15,950 | 18,496 | (4,656) | 13,840 | 7,750 |
| Mulberry | High Rise | Mar-02 | Scranton, PA | 1981 | 206 | 1,120 | 4,487 | 1,120 | 5,258 | 771 | 1,120 | 5,258 | 6,378 | (627) | 5,751 | 2,662 |
| New Baltimore | Mid Rise | Mar-02 | New Baltimore, MI | 1980 | 101 | 570 | 2,282 | 570 | 2,467 | 183 | 570 | 2,467 | 3,037 | (226) | 2,811 | 1,208 |
| New West 11th St Apartments | High Rise | Oct-02 | New York, NY | 1929 | 74 | 530 | 3,297 | 530 | 3,592 | 295 | 530 | 3,592 | 4,122 | (376) | 3,746 | 3,538 |
| Newberry Park | Garden | Dec-97 | Chicago, IL | 1985 | 84 | 1,150 | 7,862 | 1,150 | 8,084 | 222 | 1,150 | 8,084 | 9,234 | (1,573) | 7,661 | 7,843 |
| Newport | Garden | Jul-94 | Avondale, AZ | 1986 | 204 | 800 | 4,354 | 800 | 6,082 | 1,728 | 800 | 6,082 | 6,882 | (2,365) | 4,518 | 4,092 |
| North River Club | Garden | Mar-02 | Oceanside, CA | 1983 | 56 | 510 | 2,046 | 510 | 2,158 | 112 | 510 | 2,158 | 2,668 | (290) | 2,378 | 2,235 |

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| Property Name | Property Type | Date Consolidated | Location | Year Built | Number of Units | (2) Initial Cost | | Cost Capitalized Subsequent to Acquisition | Buildings and Improvements | Land | Total | Accumulated Depreciation | Net of Accumulated Depreciation | Encumbrances |
|-------------------------------|---------------|-------------------|---------------------|------------|-----------------|--------------------------------|-------------------------------|--|----------------------------|---------|---------|--------------------------|---------------------------------|--------------|
| | | | | | | Buildings and Improvements | Land | | | | | | | |
| | | | | | | (1) Buildings and Improvements | (3) Subsequent to Acquisition | | | | | | | |
| North River Place | Garden | Jul-02 | Chillicothe, OH | 1980 | 120 | 858 | 3,351 | 154 | 858 | 3,506 | 4,364 | (940) | 3,424 | 2,668 |
| North Slope | Garden | Oct-02 | Greenville, SC | 1984 | 156 | 1,696 | 5,791 | 346 | 1,696 | 6,137 | 7,833 | (902) | 6,930 | 3,745 |
| Northlake Village | Garden | Oct-00 | Lima, OH | 1971 | 150 | 494 | 1,317 | 707 | 494 | 2,024 | 2,518 | (612) | 1,907 | 1,238 |
| Northpoint | Garden | Jan-00 | Chicago, IL | 1921 | 304 | 2,333 | 14,334 | 5,929 | 2,333 | 20,263 | 22,596 | (3,240) | 19,356 | 21,425 |
| Northwinds, The | Garden | Mar-02 | Weyherville, VA | 1978 | 144 | 500 | 2,012 | 736 | 500 | 2,748 | 3,248 | (481) | 2,767 | 2,136 |
| Northwoods | Garden | Oct-02 | Worthington, OH | 1983 | 280 | 2,817 | 13,058 | 3,058 | 2,817 | 10,058 | 12,875 | (1,376) | 11,499 | 6,840 |
| Northwoods (CT) | Garden | Mar-01 | Middletown, CT | 1987 | 336 | 16,382 | 14,388 | 1,323 | 16,382 | 15,711 | 32,094 | (3,062) | 29,032 | 21,275 |
| Oak Falls Condominiums | Garden | Nov-96 | Spring, TX | 1983 | 144 | 1,017 | 5,420 | 1,602 | 1,017 | 7,022 | 8,039 | (1,306) | 6,733 | 4,249 |
| Oak Forest | Garden | Oct-02 | Arlington, TX | 1983 | 204 | 1,024 | 5,902 | 608 | 1,024 | 6,510 | 7,533 | (2,235) | 5,298 | 2,550 |
| Oak Park Village I | Garden | Oct-00 | Lansing, MI | 1973 | 618 | 10,207 | 16,771 | 4,511 | 10,207 | 21,282 | 31,488 | (5,868) | 25,620 | 23,487 |
| Oak Run Apartments | Garden | Oct-02 | Dallas, TX | 1979 | 420 | 5,176 | 13,864 | 938 | 5,176 | 14,802 | 19,978 | (5,901) | 14,077 | 8,500 |
| Oakbrook (MI) | Garden | Dec-99 | Battle Creek, MI | 1981 | 586 | 3,158 | 16,325 | 4,270 | 3,158 | 20,596 | 23,754 | (3,497) | 20,257 | 7,481 |
| Oaks at Woodidge I | Garden | Oct-02 | Fairfield, OH | 1985 | 332 | 3,375 | 11,043 | 327 | 3,375 | 11,371 | 14,746 | (862) | 13,883 | 10,276 |
| Oakwood Apartments | Town Home | Mar-04 | Cuthbert, GA | 1985 | 50 | 188 | 1,058 | 28 | 188 | 1,085 | 1,273 | (331) | 942 | 1,119 |
| Oakwood Manor | Garden | Mar-04 | Milan, TN | 1984 | 34 | 95 | 498 | 9 | 95 | 508 | 603 | (51) | 551 | 503 |
| Oakwood Miami | High Rise | Dec-03 | Miami, FL | 1998 | 357 | 31,355 | 32,214 | 495 | 31,355 | 32,709 | 64,064 | (745) | 63,319 | 48,714 |
| Oakwood Village On Lake Nancy | Garden | Oct-99 | Winter Park, FL | 1973 | 278 | 1,207 | 11,029 | 1,138 | 1,207 | 12,167 | 13,374 | (5,321) | 8,054 | 6,323 |
| Ocean Oaks | Garden | May-98 | Port Orange, FL | 1988 | 296 | 2,132 | 12,855 | 2,323 | 2,132 | 15,179 | 17,311 | (4,243) | 13,068 | 10,295 |
| O'Fallon | Garden | Mar-02 | O'Fallon, IL | 1982 | 132 | 870 | 3,466 | 294 | 870 | 3,761 | 4,631 | (519) | 4,111 | 4,133 |
| Okemos Station | Garden | Oct-02 | Okemos, MI | 1981 | 312 | 558 | 3,644 | 228 | 558 | 3,872 | 4,430 | (689) | 3,741 | 2,728 |
| Old Salem | Garden | Oct-99 | Charlottesville, VA | 1967 | 364 | 2,106 | 16,621 | 2,215 | 2,106 | 18,836 | 20,942 | (6,785) | 14,157 | 8,892 |
| Old Towne West II | Garden | Oct-02 | Alexandria, VA | 1977 | 72 | 151 | 3,016 | 255 | 151 | 3,270 | 3,421 | (1,278) | 2,143 | 2,924 |
| Old Towne West III | Garden | Apr-00 | Alexandria, VA | 1978 | 75 | 581 | 3,463 | 1,093 | 581 | 4,536 | 5,137 | (770) | 4,367 | 3,721 |
| One Lytle Place | High Rise | Jan-00 | Cincinnati, OH | 1980 | 231 | 2,662 | 21,800 | 1,287 | 2,662 | 23,087 | 25,749 | (3,691) | 22,058 | 12,079 |
| Orehtree | Garden | Oct-97 | Scottsdale, AZ | 1971 | 278 | 2,314 | 13,140 | 2,622 | 2,314 | 15,762 | 18,076 | (4,662) | 13,413 | 5,859 |
| Oxford House | Mid Rise | Mar-02 | Deatur, IL | 1979 | 156 | 1,040 | 4,164 | 167 | 1,040 | 4,331 | 5,371 | (659) | 4,712 | 3,962 |
| Palazzo at Park La Brea | Mid-Rise | Feb-04 | Los Angeles, CA | 2002 | 521 | 24,429 | 138,521 | 394 | 24,429 | 138,915 | 163,344 | (4,059) | 159,285 | 88,072 |
| Palencia | Garden | May-98 | Tampa, FL | 1985 | 420 | 2,804 | 16,262 | 7,753 | 2,804 | 24,015 | 26,819 | (7,009) | 19,810 | 12,441 |
| Palm Lake | Garden | Oct-99 | Tampa, FL | 1972 | 150 | 711 | 5,038 | 1,287 | 711 | 6,324 | 7,035 | (3,309) | 3,726 | 2,727 |
| Palm Springs Senior | Garden | Mar-02 | Palm Springs, CA | 1981 | 116 | — | 7,015 | 114 | — | 7,129 | 7,129 | (708) | 6,421 | 3,943 |
| Panorama Park | Garden | Mar-02 | Bakersfield, CA | 1982 | 66 | 570 | 2,288 | 215 | 570 | 2,502 | 3,072 | (325) | 2,747 | 2,462 |
| Paradise Palms | Garden | Jul-94 | Phoenix, AZ | 1970 | 130 | 647 | 3,515 | 1,918 | 647 | 5,433 | 6,080 | (2,098) | 3,982 | 3,623 |
| Park at Cedar Lawn, The | Garden | Nov-96 | Galveston, TX | 1985 | 192 | 1,025 | 6,162 | 1,649 | 1,025 | 7,812 | 8,837 | (1,799) | 7,038 | 4,494 |
| Park at Deerbrook | Garden | Oct-99 | Humble, TX | 1984 | 100 | 176 | 521 | 239 | 176 | 760 | 936 | (835) | 101 | 2,417 |
| Park Avenue Towers (PA) | Garden | Oct-00 | Wilkes-Barre, PA | 1978 | 130 | 292 | 2,546 | 447 | 292 | 2,993 | 3,285 | (1,131) | 2,154 | 2,226 |
| Park Capitol | Garden | Apr-00 | Salt Lake City, UT | 1972 | 135 | 718 | 5,316 | 681 | 718 | 5,997 | 6,715 | (2,255) | 4,460 | 2,725 |
| Park Colony | Garden | May-98 | Norcross, GA | 1984 | 352 | 3,257 | 18,481 | 1,975 | 3,257 | 20,456 | 23,713 | (6,111) | 17,602 | 9,436 |
| Park Place Texas | Garden | Mar-02 | Cleveland, TX | 1983 | 60 | 390 | 1,587 | 128 | 390 | 1,715 | 2,105 | (204) | 1,901 | 1,919 |
| Park Towne | High Rise | Apr-00 | Philadelphia, PA | 1959 | 979 | 7,711 | 49,104 | 22,601 | 7,711 | 71,705 | 79,416 | (14,067) | 65,349 | 35,570 |
| Parker House | Garden | Apr-01 | Hyattsville, MD | 1965 | 296 | 10,676 | 8,682 | 949 | 10,676 | 9,631 | 20,307 | (1,281) | 19,026 | 7,134 |
| Parktown Townhouses | Garden | Oct-99 | Deer Park, TX | 1968 | 309 | 1,731 | 12,635 | 5,429 | 1,731 | 18,064 | 19,795 | (3,705) | 16,090 | 7,010 |
| Parkview | Garden | Mar-02 | Sacramento, CA | 1980 | 97 | 1,060 | 4,240 | 393 | 1,060 | 4,633 | 5,693 | (460) | 5,233 | 2,851 |
| Parkview NY | Mid-Rise | Jun-04 | Bronx, NY | 1920 | 72 | 247 | 3,007 | 141 | 247 | 3,148 | 3,395 | (1,164) | 2,232 | 1,712 |
| Parkway (VA) | Garden | Mar-00 | Williamsburg, VA | 1971 | 148 | 386 | 2,834 | 915 | 386 | 3,749 | 4,135 | (1,940) | 2,196 | 2,015 |
| Pavilion | High Rise | Mar-04 | Philadelphia, PA | 1976 | 296 | — | 15,416 | 33 | — | 15,449 | 15,449 | (817) | 14,632 | 10,845 |
| Peachtree Park | Garden | Jan-96 | Atlanta, GA | 1962/1995 | 295 | 4,683 | 11,713 | 4,277 | 4,683 | 15,990 | 20,673 | (5,453) | 15,219 | 11,815 |
| Peakview Place | Garden | Jan-00 | Englewood, CO | 1975 | 296 | 1,968 | 20,775 | 237 | 1,968 | 23,354 | 25,322 | (7,425) | 17,897 | 10,896 |
| Pebble Point | Garden | Oct-02 | Indianapolis, IN | 1980 | 220 | 1,819 | 6,883 | 237 | 1,819 | 7,121 | 8,940 | (1,576) | 7,363 | 5,655 |
| Peppermill Place Apartments | Garden | Nov-96 | Houston, TX | 1983 | 224 | 844 | 5,169 | 1,545 | 844 | 6,714 | 7,558 | (1,521) | 6,036 | 4,195 |

| Property Name | Property Type | Date Consolidated | Location | Year Built | Number of Units | (2) Initial Cost | | Cost Capitalized and Subsequent to Acquisition | Total Cost | | | | |
|-------------------------------|---------------|-------------------|---------------------|------------|-----------------|----------------------------|--------|--|----------------------------|--------|--------------------------|---------------------------------|--------------|
| | | | | | | Buildings and Improvements | Land | | Buildings and Improvements | Total | Accumulated Depreciation | Net of Accumulated Depreciation | Encumbrances |
| Peppermill Village | Garden | Oct-02 | West Lafayette, IN | 1981 | 192 | 1,095 | 5,875 | 717 | 6,591 | 7,686 | (664) | 7,023 | 4,605 |
| Peppertree | Garden | Mar-02 | Cypress, CA | 1971 | 136 | 7,835 | 5,224 | 1,123 | 6,347 | 14,182 | (887) | 13,295 | 6,242 |
| Pickwick Place | Garden | Oct-99 | Indianapolis, IN | 1973 | 336 | 967 | 8,941 | 2,383 | 11,324 | 12,290 | (4,831) | 7,460 | 5,817 |
| Pine Lake Terrace | Garden | Mar-02 | Garden Grove, CA | 1971 | 111 | 3,975 | 6,035 | 772 | 6,807 | 10,782 | (693) | 10,089 | 4,414 |
| Pine Shadows | Garden | May-98 | Phoenix, AZ | 1983 | 272 | 2,095 | 11,899 | 1,113 | 13,013 | 15,108 | (3,917) | 11,191 | 7,500 |
| Pinebrook Manor | Garden | Mar-02 | Lansing, MI | 1971 | 136 | 620 | 2,488 | 703 | 3,811 | 3,811 | (599) | 3,212 | 967 |
| Pines, The | Garden | Oct-98 | Palm Bay, FL | 1984 | 216 | 602 | 3,318 | 1,018 | 4,335 | 4,938 | (1,199) | 3,739 | 2,100 |
| Pinewood Place | Garden | Mar-02 | Toledo, OH | 1979 | 100 | 420 | 1,698 | 573 | 2,271 | 2,691 | (78) | 2,413 | 2,080 |
| Place Du Plantier | Garden | Oct-99 | Baton Rouge, LA | 1972 | 268 | 1,362 | 10,735 | 736 | 11,471 | 12,833 | (5,104) | 7,729 | 5,934 |
| Place One | Garden | Jul-01 | Richmond, VA | 1976 | 114 | 405 | 2,806 | 609 | 3,414 | 3,820 | (1,642) | 2,178 | 1,940 |
| Plantation Creek | Garden | Oct-02 | Atlanta, GA | 1976 | 484 | 3,118 | 25,992 | 1,617 | 27,609 | 30,727 | (10,663) | 20,065 | 14,246 |
| Plantation Crossing | Garden | Jan-00 | Marietta, GA | 1979 | 180 | 1,107 | 9,210 | 848 | 10,059 | 11,166 | (3,871) | 7,295 | 4,276 |
| Plantation Gardens | Garden | Oct-99 | Plantation, FL | 1971 | 372 | 3,928 | 19,418 | 2,055 | 21,474 | 25,402 | (8,334) | 17,068 | 8,839 |
| Plaza on the Park | Garden | Mar-04 | Chicago, IL | 1928 | 151 | 492 | 7,568 | 338 | 7,906 | 8,398 | (1,394) | 7,004 | 7,157 |
| Pleasant Ridge | Garden | Nov-94 | Little Rock, AR | 1982 | 200 | 1,661 | 9,111 | 2,898 | 12,008 | 13,669 | (4,379) | 9,290 | 5,670 |
| Pleasant Valley Pointe | Garden | Nov-94 | Little Rock, AR | 1985 | 112 | 907 | 5,085 | 1,532 | 6,617 | 7,524 | (2,444) | 5,080 | 3,093 |
| Plum Creek | Garden | Oct-02 | Charlotte, NC | 1984 | 276 | 3,125 | 9,144 | 367 | 9,511 | 12,635 | (1,090) | 11,546 | 7,807 |
| Plummer Village | Mid Rise | Mar-02 | North Hills, CA | 1983 | 75 | 650 | 2,647 | 194 | 2,841 | 3,491 | (322) | 3,169 | 2,968 |
| Point West Apartments | Garden | Dec-97 | Lenexa, KS | 1985 | 172 | 912 | 5,580 | 1,030 | 6,610 | 7,522 | (2,070) | 5,453 | 5,070 |
| Pointe James | Garden | Oct-99 | Charleston, SC | 1977 | 128 | 466 | 2,158 | 2,211 | 4,370 | 4,836 | (1,475) | 3,361 | 3,678 |
| Post Ridge | Garden | Jul-00 | Nashville, TN | 1972 | 150 | 991 | 7,931 | 766 | 9,91 | 9,688 | (3,058) | 6,630 | 4,521 |
| Prairie Hills | Garden | Jul-04 | Albuquerque, NM | 1985 | 260 | 2,017 | 9,220 | 2,184 | 11,404 | 13,421 | (4,322) | 9,099 | 5,542 |
| Preston Creek | Garden | Oct-99 | Dallas, TX | 1979 | 228 | 1,706 | 9,315 | 1,309 | 10,624 | 12,330 | (4,171) | 8,159 | 5,099 |
| Pride Gardens | Garden | Dec-97 | Flora, MS | 1975 | 76 | 102 | 1,071 | 1,194 | 2,265 | 2,367 | (702) | 1,665 | 1,157 |
| Privado Park | Garden | May-98 | Phoenix, AZ | 1984 | 352 | 2,563 | 15,026 | 1,545 | 16,572 | 19,135 | (5,202) | 13,933 | 7,710 |
| Promontory Point Apartments | Garden | Oct-02 | Austin, TX | 1984 | 252 | 1,520 | 11,101 | 472 | 11,573 | 13,093 | (4,211) | 8,882 | 3,709 |
| Prospect Towers | High Rise | Mar-02 | Brooklyn, NY | 1967 | 154 | 4,521 | 7,034 | 2,124 | 9,158 | 13,679 | (964) | 12,715 | 2,368 |
| Pyncheon I | Garden | Mar-02 | Springfield, MA | 1973 | 250 | 1,820 | 7,266 | 2,020 | 9,287 | 11,107 | (1,172) | 9,935 | 4,802 |
| Quail Hollow | Garden | Oct-99 | West Columbia, SC | 1973 | 215 | 1,095 | 7,893 | 1,131 | 9,024 | 10,118 | (2,629) | 7,489 | 4,785 |
| Quail Ridge | Garden | May-98 | Tucson, AZ | 1974 | 253 | 1,559 | 9,173 | 1,446 | 10,619 | 12,178 | (3,220) | 8,957 | 5,365 |
| Quail Run | Garden | Oct-99 | Columbia, SC | 1970 | 332 | 1,752 | 12,967 | 1,370 | 14,336 | 16,089 | (4,987) | 11,102 | 7,936 |
| Quail Run | Garden | Oct-99 | Zionsville, IN | 1972 | 166 | 1,226 | 6,820 | 794 | 7,614 | 8,840 | (2,272) | 6,569 | 5,282 |
| Raven Hill | Garden | Oct-99 | Gastonia, NC | 1974 | 188 | 491 | 4,650 | 692 | 5,342 | 5,833 | (1,014) | 4,818 | 3,342 |
| Ramblewood Apartments (MI) | Garden | Dec-99 | Grand Rapids, MI | 1973 | 1,698 | 9,500 | 61,770 | 8,909 | 70,679 | 80,179 | (13,750) | 66,430 | 33,136 |
| Randol Crossing | Garden | Dec-00 | Fort Worth, TX | 1984 | 160 | 698 | 4,691 | 273 | 4,964 | 5,662 | (2,067) | 3,595 | 2,979 |
| Raven Hill | Garden | Jan-01 | Burnsville, MN | 1971 | 304 | 4,468 | 9,557 | 1,171 | 10,728 | 15,197 | (4,751) | 10,446 | 11,607 |
| Ravensworth Towers | High Rise | Jun-04 | Annandale, VA | 1974 | 219 | 1,830 | 18,794 | 1,871 | 18,300 | 20,811 | (6,884) | 13,927 | 15,227 |
| Reflections | Garden | Apr-02 | Indianapolis, IN | 1970 | 582 | 1,243 | 18,504 | 10,202 | 28,706 | 29,949 | (7,141) | 22,808 | 13,215 |
| Reflections (Casselberry) | Garden | Oct-02 | Casselberry, FL | 1984 | 336 | 3,235 | 11,977 | 795 | 12,772 | 16,006 | (2,565) | 13,441 | 10,700 |
| Reflections (Tampa) | Garden | Sep-00 | Tampa, FL | 1988 | 348 | 8,102 | 13,499 | 1,680 | 8,102 | 23,281 | (2,170) | 21,112 | 13,500 |
| Reflections (Virginia Beach) | Garden | Sep-00 | Virginia Beach, VA | 1987 | 480 | 16,178 | 13,746 | 2,322 | 16,178 | 32,246 | (3,366) | 28,879 | 25,109 |
| Reflections (West Palm Beach) | Garden | Oct-00 | West Palm Beach, FL | 1986 | 300 | 5,649 | 9,972 | 1,561 | 11,533 | 17,183 | (2,098) | 15,085 | 10,020 |
| Regency Oaks | Garden | Oct-99 | Fern Park, FL | 1965 | 343 | 1,164 | 10,844 | 3,577 | 14,420 | 15,385 | (6,272) | 9,313 | 6,946 |
| Ridgecrest | Garden | Dec-96 | Denton, TX | 1983 | 152 | 296 | 1,359 | 1,566 | 2,925 | 3,221 | (159) | 3,062 | 3,869 |
| Ridgewood (La Loma) | Garden | Mar-02 | Sacramento, CA | 1980 | 75 | 700 | 2,804 | 700 | 2,965 | 3,665 | (252) | 3,413 | 2,059 |
| Ridgewood Towers | High Rise | Mar-02 | East Moline, IL | 1970 | 140 | 700 | 2,803 | 164 | 3,117 | 3,817 | (422) | 3,395 | 2,091 |
| River Bend | Garden | Jul-01 | Arlington, TX | 1983 | 201 | 895 | 4,139 | 1,015 | 5,154 | 6,049 | (1,803) | 4,246 | 3,965 |
| River Reach | Garden | Sep-00 | Naples, FL | 1986 | 556 | 18,008 | 18,337 | 2,746 | 21,083 | 39,091 | (4,702) | 34,389 | 24,000 |
| Rivercreek | Garden | Apr-00 | Augusta, GA | 1980 | 224 | 667 | 6,944 | 1,215 | 8,159 | 8,826 | (1,918) | 6,909 | 3,482 |
| Rivercrest | Garden | Oct-99 | Atlanta, GA | 1970 | 312 | 2,327 | 16,415 | 2,519 | 18,934 | 21,261 | (4,963) | 16,298 | 11,002 |

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| Property Name | Property Type | Date Consolidated | Year Built | Number of Units | Initial Cost | | Cost Capitalized to Subsequent Acquisition | Buildings and Improvements | | Land | Buildings and Improvements | Total | Accumulated Depreciation | Net of Accumulated Depreciation | Encumbrances |
|-------------------------------------|---------------|-------------------|------------|-----------------|--------------|----------------------------|--|----------------------------|----------------------------|--------|----------------------------|----------|--------------------------|---------------------------------|--------------|
| | | | | | Land | Buildings and Improvements | | Land | Buildings and Improvements | | | | | | |
| Riverbark Apartments | High Rise | Oct-99 | 1910 | 184 | 2,120 | 11,287 | 29,579 | 40,866 | 2,120 | 40,866 | 42,986 | (6,598) | 36,388 | 24,534 | |
| Rivers Edge | Garden | Jul-00 | 1976 | 120 | 721 | 4,991 | 341 | 5,332 | 721 | 5,332 | 6,053 | (1,981) | 4,072 | 3,581 | |
| Riverside | Mid Rise | Jul-94 | 1987 | 248 | 1,956 | 8,427 | 2,540 | 10,966 | 1,956 | 10,966 | 12,922 | (4,208) | 8,714 | 8,703 | |
| Riverside Park | High Rise | Apr-00 | 1973 | 1,222 | 8,402 | 70,251 | 9,740 | 79,991 | 8,402 | 79,991 | 88,393 | (28,723) | 59,670 | 54,135 | |
| Riverwalk | Garden | Dec-95 | 1988 | 262 | 1,075 | 8,863 | 2,279 | 11,142 | 1,075 | 11,142 | 12,217 | (3,658) | 8,559 | 5,287 | |
| Riverwind at St. Andrews | Garden | Apr-02 | 1984 | 160 | 1,265 | 4,370 | 104 | 4,474 | 1,265 | 4,474 | 5,739 | (656) | 5,083 | 4,691 | |
| Riverwood (IN) | Garden | Oct-00 | 1978 | 120 | 1,048 | 3,424 | 824 | 4,248 | 1,048 | 4,248 | 5,296 | (903) | 4,393 | 3,719 | |
| Royal Creek | Garden | Oct-99 | 1979 | 120 | 450 | 3,702 | 401 | 4,504 | 450 | 4,504 | 5,224 | (1,623) | 2,931 | 2,231 | |
| Rosecroft Mews | Garden | Apr-01 | 1966 | 304 | 3,134 | 10,239 | 1,851 | 12,089 | 3,134 | 12,089 | 15,223 | (3,326) | 11,898 | 8,653 | |
| Rosedale Court Apartments | Garden | Mar-04 | 1981 | 40 | 196 | 1,178 | 14 | 1,192 | 196 | 1,192 | 1,388 | (283) | 1,104 | 939 | |
| Rosewood | Garden | Mar-02 | 1976 | 150 | 12,128 | 8,060 | 1,005 | 12,128 | 12,128 | 9,065 | 21,193 | (1,117) | 20,076 | 7,867 | |
| Round Barn | Garden | Mar-02 | 1979 | 156 | 1,120 | 4,387 | 309 | 4,696 | 1,120 | 4,696 | 5,816 | (618) | 5,198 | 4,163 | |
| Royal Crest Estates (Fall River) | Garden | Aug-02 | 1974 | 216 | 5,832 | 12,044 | 740 | 12,783 | 5,832 | 12,783 | 18,616 | (1,843) | 16,773 | 10,671 | |
| Royal Crest Estates (Marlborough) | Garden | Aug-02 | 1970 | 473 | 21,358 | 32,605 | 918 | 33,523 | 21,358 | 33,523 | 54,881 | (4,517) | 50,365 | 32,575 | |
| Royal Crest Estates (Nashua) | Garden | Aug-02 | 1970 | 902 | 68,231 | 45,562 | 2,052 | 47,613 | 68,231 | 47,613 | 115,844 | (6,606) | 109,238 | 57,246 | |
| Royal Crest Estates (North Andover) | Garden | Aug-02 | 1970 | 588 | 51,292 | 36,808 | 3,583 | 40,391 | 51,292 | 40,391 | 91,682 | (6,432) | 85,251 | 50,525 | |
| Royal Crest Estates (Warwick) | Garden | Aug-02 | 1972 | 492 | 22,433 | 24,095 | 1,327 | 25,422 | 22,433 | 25,422 | 47,855 | (3,394) | 44,461 | 26,789 | |
| Royal Palms | Garden | Jul-94 | 1985 | 152 | 832 | 4,569 | 1,018 | 5,587 | 832 | 5,587 | 6,419 | (2,014) | 4,405 | 2,691 | |
| Runaway Bay | Garden | Jul-02 | 1986 | 192 | 2,013 | 7,386 | 225 | 7,611 | 2,013 | 7,611 | 9,624 | (1,041) | 8,583 | 4,575 | |
| Runaway Bay (CA) | Garden | Oct-00 | 1986 | 280 | 12,700 | 10,499 | 1,154 | 11,653 | 12,700 | 11,653 | 24,353 | (2,465) | 21,888 | 12,100 | |
| Runaway Bay (FL) | Garden | Oct-00 | 1987 | 404 | 6,089 | 16,052 | 1,856 | 17,908 | 6,089 | 17,908 | 23,997 | (3,218) | 20,779 | 12,458 | |
| Runaway Bay (MI) | Garden | Oct-00 | 1987 | 288 | 2,139 | 6,559 | 1,459 | 8,018 | 2,139 | 8,018 | 10,157 | (2,064) | 8,093 | 8,725 | |
| Runaway Bay (NC) | Garden | Oct-00 | 1985 | 280 | 2,270 | 9,858 | 1,626 | 11,485 | 2,270 | 11,485 | 13,754 | (2,112) | 11,642 | 8,197 | |
| Runaway Bay (Virginia Beach) | Garden | Nov-04 | 1985 | 440 | 4,692 | 20,645 | 63 | 20,708 | 4,692 | 20,708 | 25,400 | (1,927) | 23,473 | 18,061 | |
| Runawayway I | Garden | Sep-03 | 1982 | 304 | 2,309 | 11,980 | 739 | 12,720 | 2,309 | 12,720 | 15,029 | (3,947) | 11,082 | 10,699 | |
| Saddlebrook | Garden | Oct-02 | 1985 | 305 | 4,049 | 11,370 | 692 | 12,062 | 4,049 | 12,062 | 16,112 | (1,529) | 14,582 | 9,685 | |
| Salem Park | Garden | Apr-00 | 1984 | 168 | 661 | 4,122 | 810 | 4,932 | 661 | 4,932 | 5,593 | (1,562) | 4,032 | 2,938 | |
| Sand Castles Apartments | Garden | Oct-97 | 1987 | 138 | 977 | 5,542 | 1,024 | 6,566 | 977 | 6,566 | 7,543 | (1,917) | 5,626 | 2,498 | |
| Sandpiper | Garden | Apr-00 | 1984 | 276 | 1,578 | 9,379 | 1,281 | 10,660 | 1,578 | 10,660 | 12,238 | (3,460) | 8,777 | 3,950 | |
| Sandpiper Cove | Garden | Dec-97 | 1987 | 416 | 3,511 | 21,396 | 3,246 | 24,642 | 3,511 | 24,642 | 28,153 | (6,163) | 21,990 | 11,634 | |
| Sands Point Apartments | Garden | Jan-00 | 1985 | 432 | 2,247 | 15,496 | 1,523 | 17,019 | 2,247 | 17,019 | 19,266 | (6,387) | 12,879 | 8,929 | |
| Sandy Hill Terrace | High Rise | Mar-02 | 1980 | 175 | 1,650 | 6,599 | 1,172 | 7,771 | 1,650 | 7,771 | 9,421 | (853) | 8,567 | 4,605 | |
| Savannah Trace | Garden | Mar-01 | 1986 | 368 | 14,185 | 20,726 | 1,071 | 21,797 | 14,185 | 21,797 | 35,982 | (4,142) | 31,840 | 22,971 | |
| Sawgrass | Garden | Jul-97 | 1986 | 208 | 1,442 | 8,137 | 1,747 | 9,883 | 1,442 | 9,883 | 11,325 | (2,876) | 8,449 | 3,246 | |
| Scandia | Garden | Oct-00 | 1977 | 444 | 10,707 | 9,852 | 2,267 | 12,119 | 10,707 | 12,119 | 22,826 | (3,031) | 19,796 | 13,212 | |
| Scotch Pines East | Garden | Jul-00 | 1977 | 102 | 462 | 4,890 | 180 | 5,070 | 462 | 5,070 | 5,531 | (2,038) | 3,493 | 2,800 | |
| Seaside Point Condominiums | Garden | Nov-96 | 1985 | 513 | 3,045 | 4,144 | 4,144 | 7,188 | 513 | 7,188 | 7,701 | (1,264) | 6,437 | 1,708 | |
| Shadetree | Garden | Oct-97 | 1965 | 123 | 591 | 3,359 | 1,412 | 4,772 | 591 | 4,772 | 5,363 | (1,579) | 3,784 | 1,660 | |
| Shadow Creek (AZ) | Garden | May-98 | 1984 | 266 | 2,016 | 11,886 | 1,209 | 13,095 | 2,016 | 13,095 | 15,111 | (3,956) | 11,154 | 5,834 | |
| Shadow Lake | Garden | Oct-97 | 1988 | 136 | 1,054 | 5,978 | 1,138 | 7,116 | 1,054 | 7,116 | 8,170 | (2,016) | 6,154 | 2,607 | |
| Sharp-Leadenhall I | Town | Mar-04 | 1981 | 155 | 1,428 | 5,427 | 113 | 5,540 | 1,428 | 5,540 | 6,968 | (839) | 6,129 | 5,838 | |
| Sharp-Leadenhall II | Home | Sep-03 | 1981 | 37 | 173 | 1,636 | 230 | 1,866 | 173 | 1,866 | 2,039 | (685) | 1,355 | 1,195 | |
| Shenandoah Crossing | Garden | Sep-00 | 1984 | 640 | 18,784 | 57,197 | 2,689 | 59,886 | 18,784 | 59,886 | 78,671 | (13,131) | 65,539 | 31,615 | |
| Sherraton Towers | High Rise | Mar-02 | 1981 | 97 | 525 | 2,159 | 205 | 2,365 | 525 | 2,365 | 2,890 | (244) | 2,645 | 3,347 | |
| Shoreview | Garden | Oct-99 | 1976 | 156 | 510 | 8,732 | 8,970 | 17,703 | 510 | 17,703 | 18,213 | (4,194) | 14,019 | 3,622 | |
| Signal Pointe | Garden | Oct-99 | 1971 | 368 | 1,489 | 12,685 | 2,123 | 14,808 | 1,489 | 14,808 | 16,297 | (5,161) | 11,137 | 7,977 | |
| Signature Point Apartments | Garden | Nov-96 | 1994 | 304 | 2,810 | 17,579 | 1,504 | 19,083 | 2,810 | 19,083 | 21,893 | (3,612) | 18,281 | 8,596 | |

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| Property Name | Property Type | Date Consolidated | Location | Year Built | Number of Units | (2) Initial Cost | | (3) Cost Capitalized and Subsequent to Acquisition | | Buildings and Improvements | Land | Total | Accumulated Depreciation | Net of Depreciation | Encumbrances |
|-------------------------------|---------------|-------------------|----------------------|------------|-----------------|------------------|----------------------------|--|----------------------------|----------------------------|---------|----------|--------------------------|---------------------|--------------|
| | | | | | | Land | Buildings and Improvements | Land | Buildings and Improvements | | | | | | |
| Silver Ridge | Garden | Oct-98 | Maplewood, MN | 1986 | 186 | 777 | 3,776 | 1,271 | 777 | 5,047 | 5,824 | (1,613) | 4,211 | 4,525 | |
| Snowden Village I | Garden | Oct-99 | Fredericksburg, VA | 1970 | 132 | 668 | 4,242 | 546 | 668 | 4,788 | 5,456 | (1,535) | 3,921 | 4,177 | |
| Snowden Village II | Garden | Oct-99 | Fredericksburg, VA | 1980 | 122 | 608 | 4,019 | 389 | 608 | 4,587 | 5,016 | (1,357) | 3,660 | 2,301 | |
| Snug Harbor | Garden | Dec-95 | Las Vegas, NV | 1980 | 64 | 751 | 2,859 | 988 | 751 | 3,847 | 4,598 | (1,379) | 3,219 | 2,075 | |
| Somerset at The Crossing | Garden | Sep-00 | Tucker, GA | 1989 | 264 | 6,512 | 11,894 | 1,381 | 6,512 | 13,276 | 19,788 | (2,847) | 16,940 | 10,000 | |
| Somerset Lakes | Garden | May-99 | Indianapolis, IN | 1974 | 360 | 3,436 | 19,668 | 1,508 | 3,436 | 21,176 | 24,612 | (5,740) | 18,872 | 12,580 | |
| Somerset Village | Garden | May-96 | West Valley City, UT | 1985 | 486 | 4,315 | 16,727 | 3,890 | 4,315 | 20,617 | 24,932 | (6,821) | 18,110 | 10,477 | |
| South Bay Villa | Garden | Mar-02 | Los Angeles, CA | 1981 | 80 | 690 | 2,770 | 315 | 690 | 3,085 | 3,775 | (485) | 3,290 | 3,027 | |
| South Park | Garden | Mar-02 | Elyria, OH | 1970 | 138 | 200 | 931 | 200 | 200 | 1,334 | 1,534 | (244) | 1,290 | 612 | |
| South Willow | Garden | Jul-94 | West Jordan, UT | 1987 | 440 | 2,224 | 12,075 | 3,289 | 2,224 | 15,364 | 17,588 | (5,853) | 11,736 | 8,198 | |
| Southbridge | Garden | Dec-00 | Greenville, TX | 1984 | 160 | 694 | 4,416 | 1,010 | 694 | 5,426 | 6,120 | (1,928) | 4,192 | 3,466 | |
| Spectrurn Pointe | Garden | Jul-94 | Maricopa, AZ | 1984 | 196 | 1,029 | 5,651 | 2,190 | 1,029 | 7,842 | 8,871 | (3,044) | 5,827 | 4,243 | |
| Springhill Lake | Garden | Apr-00 | Greenbelt, MD | 1969 | 2,899 | 14,190 | 99,383 | 20,889 | 14,190 | 120,272 | 134,463 | (34,023) | 100,440 | 113,500 | |
| Springhouse (GA) | Garden | Oct-02 | Augusta, GA | 1985 | 244 | 2,030 | 7,397 | 239 | 2,030 | 7,636 | 9,666 | (889) | 8,777 | 7,230 | |
| Springhouse (KY) | Garden | Mar-04 | Lexington, KY | 1986 | 224 | 2,083 | 7,181 | 93 | 2,083 | 7,275 | 9,358 | (980) | 8,378 | 6,797 | |
| Springhouse (SC) | Garden | Oct-02 | North Charleston, SC | 1986 | 248 | 3,543 | 10,331 | 166 | 3,543 | 10,498 | 14,041 | (1,652) | 12,388 | 8,600 | |
| Springhouse (TX) | Garden | Oct-02 | Dallas, TX | 1983 | 372 | 3,532 | 10,150 | 1,074 | 3,532 | 11,224 | 14,756 | (1,750) | 13,006 | 10,300 | |
| Springhouse at Newport | Garden | Jul-02 | Newport News, VA | 1986 | 432 | 5,507 | 14,499 | 743 | 5,507 | 15,242 | 20,749 | (4,362) | 16,388 | 16,600 | |
| Springhouse I | Garden | Mar-04 | Winston-Salem, NC | 1984 | 249 | 1,742 | 6,278 | 125 | 1,742 | 6,403 | 8,145 | (982) | 7,163 | 6,473 | |
| Springhouse II | Garden | Oct-02 | Winston-Salem, NC | 1984 | 184 | 1,154 | 5,912 | 457 | 1,154 | 6,369 | 7,522 | (742) | 6,780 | 4,902 | |
| Springwoods at Lake Ridge | Garden | Jul-02 | Lake Ridge, VA | 1984 | 138 | 986 | 3,960 | 138 | 986 | 4,997 | 12,294 | (2,013) | 10,281 | 7,266 | |
| Spyglass | Garden | Oct-02 | Indianapolis, IN | 1979 | 120 | 986 | 3,985 | 411 | 986 | 4,966 | 5,383 | (928) | 4,455 | 2,892 | |
| Spyglass at Cedar Cove | Garden | Sep-00 | Lexington Park, MD | 1985 | 152 | 3,289 | 5,097 | 663 | 3,289 | 5,760 | 9,049 | (1,165) | 7,884 | 4,381 | |
| Stafford | High Rise | Oct-02 | Baltimore, MD | 1989 | 96 | 706 | 4,032 | 510 | 706 | 4,738 | 5,249 | (1,296) | 3,953 | — | |
| Steeplechase | Garden | Oct-00 | Williamsburg, VA | 1986 | 220 | 7,695 | 8,055 | 943 | 7,695 | 8,997 | 16,693 | (1,834) | 14,859 | 12,425 | |
| Steeplechase (MD) | Garden | Sep-00 | Largo, MD | 1986 | 240 | 3,733 | 16,111 | 857 | 3,733 | 16,968 | 20,701 | (3,008) | 17,693 | 11,947 | |
| Steeplechase (OH) | Garden | May-99 | Loveland, OH | 1988 | 272 | 1,975 | 9,264 | 1,187 | 1,975 | 10,451 | 12,426 | (2,927) | 9,499 | 7,507 | |
| Steeplechase (TX) | Garden | Jul-02 | Plano, TX | 1985 | 368 | 6,539 | 9,596 | 579 | 6,539 | 10,175 | 16,714 | (1,054) | 15,660 | 14,200 | |
| Steeplechase (VA) | Garden | Oct-02 | Fredericksburg, VA | 1985 | 156 | 4,358 | 4,746 | 210 | 4,358 | 4,956 | 9,314 | (549) | 8,765 | 5,035 | |
| Sterling Apartment Homes, The | Garden | Oct-99 | Philadelphia, PA | 1962 | 536 | 9,034 | 53,042 | 4,413 | 9,034 | 57,455 | 66,489 | (17,496) | 48,993 | 21,365 | |
| Sterling Village | Garden | Mar-02 | San Bernardino, CA | 1983 | 80 | 1,177 | 2,925 | 88 | 1,177 | 3,013 | 4,190 | (350) | 3,840 | 1,973 | |
| Stirling Court Apartments | Garden | Nov-96 | Houston, TX | 1984 | 228 | 913 | 4,953 | 1,536 | 913 | 6,489 | 7,402 | (1,499) | 5,903 | 4,038 | |
| Stone Creek Club | Garden | Sep-00 | Germanatown, MD | 1984 | 240 | 13,808 | 9,347 | 1,695 | 13,808 | 11,042 | 24,850 | (3,479) | 21,371 | 12,091 | |
| Stone Point Village | Garden | Dec-99 | Fort Wayne, IN | 1980 | 296 | 1,805 | 8,636 | 1,805 | 1,805 | 10,442 | 12,247 | (2,136) | 10,110 | 5,432 | |
| Stonebrook | Garden | Jun-97 | Sanford, FL | 1991 | 244 | 1,582 | 8,587 | 2,373 | 1,582 | 10,959 | 12,541 | (3,311) | 9,230 | 6,493 | |
| Stonebrook II | Garden | Mar-99 | Sanford, FL | 1998 | 112 | 488 | 8,736 | 187 | 488 | 8,922 | 9,410 | (988) | 8,423 | 3,419 | |
| Stonewall Village | Garden | Oct-00 | New Casite, IN | 1970 | 122 | 152 | 2,286 | 377 | 152 | 2,664 | 2,815 | (276) | 2,539 | 726 | |
| Stoney Brook Apartments | Garden | Nov-96 | Houston, TX | 1972 | 113 | 275 | 1,865 | 1,172 | 275 | 3,037 | 3,312 | (449) | 2,863 | 2,328 | |
| Stonybrook | Garden | May-98 | Tucson, AZ | 1983 | 411 | 2,167 | 12,670 | 1,392 | 2,167 | 14,062 | 16,229 | (4,356) | 11,873 | 5,998 | |
| Stratford, The (TX) | Garden | May-99 | San Antonio, TX | 1979 | 269 | 1,825 | 10,748 | 1,267 | 1,825 | 12,015 | 13,840 | (3,792) | 10,048 | 4,990 | |
| Strawbridge Square | Garden | Oct-99 | Alexandria, VA | 1979 | 128 | 662 | 3,508 | 2,177 | 662 | 5,685 | 6,347 | (737) | 5,610 | 7,709 | |
| Sugar Bush | Garden | Oct-02 | Muncie, IN | 1981 | 240 | 1,423 | 7,078 | 415 | 1,423 | 7,913 | 8,912 | (1,589) | 7,327 | 5,561 | |
| Summit Creek | Garden | May-98 | Austin, TX | 1985 | 164 | 1,212 | 6,037 | 671 | 1,212 | 6,708 | 7,920 | (1,503) | 6,418 | 3,336 | |
| Sun Lake | Garden | May-98 | Lake Mary, FL | 1986 | 600 | 4,551 | 25,543 | 3,425 | 4,551 | 28,967 | 33,518 | (8,670) | 24,849 | 13,536 | |
| Sun River Village | Garden | Oct-99 | Tempe, AZ | 1981 | 334 | 1,864 | 13,867 | 1,409 | 1,864 | 15,276 | 17,140 | (3,727) | 11,413 | 9,128 | |
| Sunbury Downs Apartments | Garden | Nov-96 | Houston, TX | 1982 | 240 | 937 | 6,059 | 1,625 | 937 | 7,684 | 8,621 | (1,802) | 6,819 | 4,572 | |
| Sunlake | Garden | Sep-98 | Brandon, FL | 1986 | 88 | 610 | 4,062 | 706 | 610 | 4,768 | 5,378 | (1,601) | 3,777 | 2,365 | |
| Sunland Terrace | Garden | Mar-00 | Phoenix, AZ | 1984 | 204 | 490 | 1,963 | 204 | 490 | 2,167 | 2,657 | (318) | 2,338 | 2,169 | |
| Sunrunner | Garden | Jan-00 | St. Petersburg, FL | 1980 | 200 | 693 | 6,854 | 581 | 693 | 7,435 | 8,128 | (3,053) | 5,075 | 4,263 | |
| Sunset Village | Garden | Jul-98 | Oceanside, CA | 1987 | 114 | 1,127 | 6,395 | 856 | 1,127 | 7,252 | 8,379 | (1,888) | 6,491 | 7,802 | |

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|---------------------------------|---------------|-------------------|-----------------------|------------|-----------------|----------------------------|--------|--|----------------------------|--------|--------|--------------------------|--|--------------|
| | | | | | | Buildings and Improvements | Land | | | | | | | |
| | | | | | | (3) | (3) | | | | | | | |
| Sunstone | Garden | Jul-01 | Chapel Hill, NC | 1985 | 260 | 5,976 | 9,058 | 744 | 9,802 | 5,976 | 15,778 | (1,950) | 13,828 | 10,905 |
| Swiss Village Apartments | Garden | Nov-96 | Houston, TX | 1972 | 360 | 1,760 | 9,325 | 7,358 | 16,682 | 1,760 | 18,442 | (3,024) | 15,419 | 6,500 |
| Sycamore Creek | Garden | Apr-00 | Cincinnati, OH | 1978 | 295 | 1,990 | 2,558 | 2,558 | 12,201 | 1,990 | 14,190 | (2,964) | 11,226 | 7,543 |
| Talbot Woods | Garden | Sep-04 | Middleboro, MA | 1969 | 121 | 5,612 | 4,719 | 28 | 4,747 | 5,612 | 10,359 | (71) | 10,288 | — |
| Tamarac Pines I | Garden | Nov-04 | Woodlands, TX | 1979 | 144 | 227 | 2,294 | 24 | 2,521 | 227 | 2,748 | (517) | 2,231 | 2,118 |
| Tamarac Pines II | Garden | Nov-04 | Woodlands, TX | 1980 | 156 | 291 | 2,714 | 35 | 2,749 | 291 | 3,040 | (626) | 2,414 | 2,469 |
| Tamarac Village | Garden | Apr-00 | Denver, CO | 1979 | 564 | 3,460 | 21,675 | 2,703 | 16,742 | 3,460 | 27,979 | (8,236) | 19,743 | 19,225 |
| Tar River Estates | Garden | Oct-99 | Greenville, NC | 1969 | 220 | 1,292 | 14,039 | 683 | 7,838 | 1,292 | 18,034 | (3,660) | 14,374 | 4,823 |
| Tatum Gardens | Garden | May-98 | Phoenix, AZ | 1985 | 128 | 1,323 | 7,155 | 1,744 | 7,838 | 1,323 | 9,161 | (2,739) | 6,423 | 3,451 |
| The Parkways | Garden | Jun-04 | Chicago, IL | 1925 | 446 | 3,769 | 23,257 | 1,744 | 25,001 | 3,769 | 28,770 | (1,909) | 26,861 | 24,815 |
| The Tempo | High Rise | Sep-04 | New York, NY | 1928 | 202 | 68,320 | 12,140 | 13 | 12,153 | 68,320 | 80,473 | (87) | 80,386 | 32,969 |
| Tide Mill | Garden | Oct-02 | Salisbury, MD | 1987 | 104 | 1,012 | 4,427 | 190 | 4,617 | 1,012 | 5,628 | (683) | 4,946 | 2,591 |
| Timber Ridge | Garden | Oct-99 | Sharonville, OH | 1972 | 248 | 1,184 | 8,077 | 960 | 9,036 | 1,184 | 10,220 | (2,604) | 7,616 | 5,200 |
| Timbermill | Garden | Oct-95 | San Antonio, TX | 1982 | 296 | 778 | 4,457 | 2,056 | 6,512 | 778 | 7,290 | (2,325) | 4,966 | 2,958 |
| Timbertree | Garden | Oct-97 | Phoenix, AZ | 1980 | 387 | 2,292 | 13,000 | 2,583 | 15,583 | 2,292 | 17,875 | (4,680) | 13,195 | 6,359 |
| Tompkins Terrace | Garden | Oct-02 | Beacon, NY | 1974 | 193 | 872 | 4,943 | 899 | 5,843 | 872 | 6,715 | (607) | 6,107 | 3,025 |
| Township At Highlands | Garden | Nov-96 | Littleton, CO | 1986 | 161 | 1,825 | 9,773 | 3,531 | 13,305 | 1,825 | 15,130 | (3,464) | 11,666 | — |
| Trails | Garden | Apr-02 | Nashville, TN | 1985 | 248 | 687 | 10,261 | 275 | 10,536 | 687 | 11,223 | (4,507) | 6,716 | 4,063 |
| Trails of Ashford | Garden | May-98 | Houston, TX | 1979 | 514 | 2,650 | 14,985 | 2,605 | 17,590 | 2,650 | 20,240 | (5,380) | 14,860 | 7,995 |
| Trehouse II Apartments | Garden | Jan-00 | College Station, TX | 1982 | 156 | 510 | 3,915 | 273 | 4,187 | 510 | 4,697 | (1,110) | 3,587 | 1,587 |
| Tretops | Garden | Mar-01 | San Bruno, CA | 1987 | 308 | 3,762 | 62,460 | 1,954 | 64,413 | 3,762 | 68,176 | (10,227) | 57,949 | 34,692 |
| Tresleee Village | Garden | Mar-02 | Atlanta, GA | 1981 | 188 | 1,150 | 4,655 | 464 | 5,119 | 1,150 | 6,269 | (675) | 5,594 | 4,039 |
| Trinity Apartments | Garden | Dec-97 | Irvine, TX | 1985 | 496 | 2,052 | 12,387 | 2,493 | 14,880 | 2,052 | 16,932 | (3,966) | 12,966 | 6,270 |
| Trinity Place | Garden | Oct-02 | Middletown, OH | 1982 | 200 | 1,459 | 7,700 | 153 | 7,853 | 1,459 | 9,312 | (845) | 8,467 | 6,071 |
| Twenty-nine Palms | Garden | Mar-02 | Twenty-Nine Palms, CA | 1983 | 48 | 310 | 1,247 | 120 | 1,367 | 310 | 1,677 | (193) | 1,484 | 1,479 |
| Twin Lake Towers | High Rise | Oct-99 | Westmont, IL | 1969 | 399 | 2,511 | 19,878 | 4,861 | 24,739 | 2,511 | 27,250 | (10,605) | 16,644 | 11,461 |
| Twin Lakes Apartments | Garden | Apr-00 | Palm Harbor, FL | 1986 | 262 | 2,024 | 12,785 | 1,401 | 14,186 | 2,024 | 16,210 | (4,505) | 11,706 | 6,531 |
| University Woods II | Garden | Oct-02 | Fairborn, OH | 1983 | 42 | 340 | 2,054 | 38 | 2,091 | 340 | 2,432 | (688) | 1,744 | 1,226 |
| Van Nuys Apartments | High Rise | Mar-02 | Los Angeles, CA | 1981 | 299 | 4,337 | 16,377 | 688 | 17,065 | 4,337 | 21,402 | (1,809) | 19,593 | 17,302 |
| Vantage Pointe | Mid Rise | Aug-02 | Swampscott, MA | 1987 | 96 | 4,749 | 10,089 | 529 | 10,618 | 4,749 | 15,367 | (1,333) | 14,034 | 9,106 |
| Ventura Landing | Garden | Oct-02 | Orlando, FL | 1973 | 184 | 830 | 8,279 | 480 | 8,759 | 830 | 9,589 | (3,683) | 5,906 | 3,871 |
| Verandas at Hunt Club | Garden | Jul-02 | Apopka, FL | 1985 | 210 | 1,877 | 8,400 | 307 | 8,708 | 1,877 | 10,585 | (382) | 10,203 | 7,315 |
| Versailles | Garden | Apr-02 | Fort Wayne, IN | 1969 | 156 | 370 | 6,117 | 366 | 6,483 | 370 | 6,853 | (2,158) | 4,696 | 2,308 |
| Victory Square | Garden | Mar-02 | Canton, OH | 1975 | 81 | 215 | 889 | 162 | 1,052 | 215 | 1,267 | (175) | 1,091 | 920 |
| Villa Del Sol | Garden | Mar-02 | Norwalk, CA | 1972 | 120 | 7,294 | 4,861 | 804 | 5,665 | 7,294 | 12,959 | (709) | 12,249 | 4,796 |
| Villa Hermosa Apartments | Mid Rise | Oct-02 | New York, NY | 1920 | 272 | 1,821 | 10,307 | 1,498 | 11,805 | 1,821 | 13,626 | (3,175) | 10,451 | 7,791 |
| Villa La Paz | Garden | Jun-98 | Sun City, CA | 1990 | 96 | 573 | 3,370 | 487 | 3,857 | 573 | 4,430 | (976) | 3,454 | 2,895 |
| Villa Nova Apartments | Garden | Apr-00 | Indianapolis, IN | 1972 | 126 | 628 | 3,732 | 865 | 4,597 | 628 | 5,225 | (792) | 4,433 | — |
| Village Creek at Brookhill | Garden | Jul-94 | Westminster, CO | 1987 | 324 | 2,446 | 13,261 | 2,873 | 16,134 | 2,446 | 18,580 | (5,986) | 12,594 | 13,649 |
| Village Crossing | Garden | May-98 | W. Palm Beach, FL | 1986 | 189 | 1,618 | 9,757 | 1,439 | 11,196 | 1,618 | 12,814 | (3,306) | 9,508 | 7,000 |
| Village East | Garden | Jul-00 | Colorado Springs, CO | 1972 | 137 | 873 | 5,819 | 769 | 6,588 | 873 | 7,461 | (2,415) | 5,047 | 2,150 |
| Village Gardens | Garden | Oct-99 | Fort Collins, CO | 1973 | 141 | 883 | 5,996 | 883 | 6,559 | 883 | 7,442 | (2,217) | 5,225 | 4,061 |
| Village Green Altamonte Springs | Garden | Oct-02 | Altamonte Springs, FL | 1970 | 164 | 571 | 6,577 | 253 | 6,830 | 571 | 7,402 | (2,407) | 4,995 | 3,284 |
| Village Grove | Garden | Mar-02 | Corona, CA | 1974 | 164 | 2,722 | 5,985 | 668 | 6,374 | 2,722 | 9,074 | (797) | 8,278 | 3,552 |
| Village in the Woods | Garden | Jan-00 | Cypress, TX | 1983 | 530 | 2,172 | 17,600 | 2,227 | 19,828 | 2,172 | 22,000 | (6,934) | 15,065 | 12,858 |
| Village of Penbrook | Garden | Oct-98 | Leviown, PA | 1970 | 722 | 5,651 | 42,902 | 1,994 | 44,897 | 5,651 | 50,548 | (11,598) | 38,951 | 27,855 |
| Village, The | Garden | Jan-00 | Bardonia, FL | 1986 | 112 | 572 | 5,714 | 690 | 6,344 | 572 | 6,916 | (2,107) | 4,809 | 3,377 |
| Villas (VA) | Garden | Mar-00 | Portsmouth, VA | 1977 | 196 | 689 | 4,519 | 496 | 5,015 | 689 | 5,704 | (1,852) | 3,853 | 2,522 |
| Villas at Little Tule | Garden | Sept-00 | Westerville, OH | 1985 | 160 | 1,330 | 5,513 | 705 | 6,218 | 1,330 | 7,548 | (1,100) | 6,448 | 5,701 |

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|-------------------------------|---------------|-------------------|-----------------------|------------|-----------------|------------------|----------------------------|--|----------------------------|----------------------------|--------|--------------------------|----------------------------|---------------------------|--------------|
| | | | | | | Land | Buildings and Improvements | | Land | Buildings and Improvements | | Land | Buildings and Improvements | | |
| Villas at Park La Brea, The | Garden | Mar-02 | Los Angeles, CA | 2002 | 250 | 8,621 | 48,871 | 175 | 8,621 | 49,045 | 57,666 | (3,359) | 54,307 | 37,431 | |
| Vinnings Peak | Garden | Jan-00 | Atlanta, GA | 1980 | 280 | 1,823 | 15,110 | 1,048 | 1,823 | 16,158 | 17,980 | (6,210) | 11,771 | 8,084 | |
| Vista Del Lagos | Garden | Dec-97 | Chandler, AZ | 1986 | 200 | 916 | 4,840 | 1,423 | 916 | 6,263 | 7,179 | (1,880) | 5,299 | 3,670 | |
| Vista Park Chino | Garden | Mar-02 | Chino, CA | 1983 | 40 | 380 | 1,521 | 160 | 380 | 1,681 | 1,700 | (238) | 1,462 | 1,700 | |
| Vista Ventana | Garden | May-98 | Phoenix, AZ | 1982 | 275 | 1,850 | 10,869 | 1,230 | 1,850 | 12,009 | 13,949 | (3,651) | 10,299 | 5,365 | |
| Walden Village | Garden | May-99 | Clarkston, GA | 1972 | 372 | 2,045 | 11,498 | 3,454 | 2,045 | 14,952 | 16,997 | (3,980) | 13,017 | 10,141 | |
| Walnut Springs | Garden | Dec-96 | San Antonio, TX | 1983 | 224 | 969 | 5,119 | 1,633 | 969 | 6,752 | 7,721 | (2,769) | 4,952 | 3,527 | |
| Wasco Arms | Garden | Mar-02 | Wasco, CA | 1982 | 78 | 625 | 2,519 | 359 | 625 | 2,879 | 3,504 | (434) | 3,069 | 3,136 | |
| Washington Square West | Mid-Rise | Sep-04 | Philadelphia, PA | 1982 | 132 | 607 | 10,847 | 232 | 607 | 11,079 | 11,686 | (3,240) | 8,446 | 5,412 | |
| Waterford Apartments, The | Garden | Nov-96 | Houston, TX | 1984 | 312 | 983 | 6,801 | 2,330 | 983 | 10,114 | 10,114 | (2,108) | 8,006 | 4,710 | |
| Waterford Village | Garden | Aug-02 | Bridgewater, MA | 1971 | 588 | 28,583 | 28,102 | 1,185 | 28,585 | 29,286 | 57,871 | (4,712) | 53,159 | 35,321 | |
| Waterways Village | Garden | Jun-97 | Aventura, FL | 1991 | 180 | 4,504 | 11,064 | 1,933 | 4,504 | 12,996 | 17,500 | (3,931) | 13,569 | 9,957 | |
| Weatherly | Garden | Oct-98 | Stone Mountain, GA | 1984 | 224 | 1,275 | 7,296 | 1,252 | 1,275 | 8,548 | 9,823 | (2,346) | 7,476 | 4,378 | |
| Webb Bridge Crossing | Garden | Sep-04 | Alphaeeta, GA | 1985 | 164 | 962 | 6,278 | 49 | 962 | 6,326 | 7,288 | (1,609) | 5,679 | 5,594 | |
| West 135th Street | Mid Rise | Dec-97 | New York, NY | 1979 | 198 | 1,212 | 8,031 | 3,047 | 1,212 | 11,077 | 12,290 | (3,457) | 8,833 | 7,925 | |
| West Lafayette | Garden | Mar-04 | West Lafayette, OH | 1979 | 49 | 187 | 1,115 | 29 | 187 | 1,144 | 1,331 | (131) | 1,201 | 896 | |
| West Lake Arms Apartments | Garden | Mar-04 | Indianapolis, IN | 1977 | 1,381 | 3,684 | 27,139 | 5,850 | 3,684 | 32,989 | 36,672 | (8,377) | 28,295 | 11,749 | |
| West Winds | Garden | Oct-02 | Orlando, FL | 1985 | 272 | 1,923 | 12,003 | 520 | 1,923 | 12,523 | 14,445 | (1,472) | 12,973 | 7,230 | |
| West Woods | Garden | Mar-04 | Columbia, SC | 1981 | 100 | 467 | 4,002 | 320 | 467 | 4,323 | 4,789 | (1,136) | 3,653 | 2,251 | |
| West Woods | Garden | Oct-00 | Annapolis, MD | 1981 | 57 | 1,581 | 1,891 | 529 | 1,581 | 2,419 | 4,000 | (448) | 3,552 | 1,760 | |
| Westgate | Garden | Oct-99 | Houston, TX | 1971 | 313 | 1,926 | 11,255 | 1,747 | 1,926 | 13,002 | 14,927 | (2,924) | 12,003 | 7,261 | |
| Westway Village Apartments | Garden | May-98 | Houston, TX | 1979 | 326 | 2,921 | 11,384 | 933 | 2,921 | 12,318 | 15,239 | (3,999) | 11,240 | 8,319 | |
| Westwood Terrace | Mid Rise | Mar-02 | Moline, IL | 1976 | 97 | 840 | 3,242 | 212 | 840 | 4,054 | 4,294 | (372) | 3,922 | 2,323 | |
| Wexford Village | Garden | Aug-02 | Worcester, MA | 1974 | 264 | 6,339 | 17,939 | 559 | 6,339 | 18,497 | 24,836 | (2,333) | 22,503 | 14,690 | |
| Whispering Pines | Garden | Oct-98 | Madison, WI | 1986 | 136 | 934 | 3,587 | 1,031 | 934 | 4,618 | 5,552 | (1,426) | 4,125 | 3,652 | |
| White Cliff | Garden | Mar-02 | Lincoln Heights, OH | 1977 | 72 | 240 | 938 | 182 | 240 | 1,121 | 1,361 | (184) | 1,177 | 1,028 | |
| Wicktree | Garden | Oct-97 | Phoenix, AZ | 1983 | 226 | 1,225 | 6,923 | 1,148 | 1,225 | 8,071 | 9,296 | (2,328) | 6,968 | 3,343 | |
| Wickford | Garden | Mar-04 | Henderson, NC | 1983 | 44 | 251 | 946 | 7 | 251 | 952 | 1,204 | (147) | 1,056 | 786 | |
| Wilderness Trail | High Rise | Mar-02 | Pineville, KY | 1983 | 124 | 1,010 | 4,048 | 192 | 1,010 | 4,240 | 5,250 | (407) | 4,843 | 4,904 | |
| Wilkes Towers | High Rise | Mar-02 | North Wilkesboro, NC | 1981 | 72 | 410 | 1,680 | 204 | 410 | 1,884 | 2,294 | (215) | 2,079 | 1,819 | |
| Williams Cove | Garden | Jul-94 | Irving, TX | 1984 | 260 | 1,227 | 6,659 | 1,835 | 1,227 | 8,494 | 9,721 | (3,288) | 6,433 | 4,708 | |
| Williamsburg Apartments | Garden | May-98 | Rolling Meadows, IL | 1985 | 329 | 2,717 | 15,437 | 2,862 | 2,717 | 18,299 | 21,016 | (5,376) | 15,640 | 10,510 | |
| Williamsburg Manor | Garden | Apr-00 | Indianapolis, IN | 1974 | 460 | 1,680 | 16,237 | 1,978 | 1,680 | 18,215 | 19,894 | (9,260) | 10,635 | 8,304 | |
| Williamsburg on the Wabash | Garden | Dec-99 | Cary, NC | 1972 | 183 | 1,449 | 8,265 | 873 | 1,449 | 9,138 | 10,586 | (2,955) | 7,632 | 4,150 | |
| Willow Park on Lake Adelaide | Garden | Oct-99 | Altamonte Springs, FL | 1972 | 185 | 902 | 7,813 | 1,045 | 902 | 8,857 | 9,759 | (3,917) | 5,842 | 3,512 | |
| Willowick | Garden | Oct-99 | Greenville, SC | 1974 | 180 | 539 | 4,785 | 524 | 539 | 5,309 | 5,848 | (2,283) | 3,565 | 2,795 | |
| Willowwood | Garden | Mar-02 | North Hollywood, CA | 1984 | 19 | 1,051 | 840 | 42 | 1,051 | 882 | 1,933 | (95) | 1,838 | 1,115 | |
| Winchester Village Apartments | Garden | Nov-00 | Indianapolis, IN | 1966 | 96 | 104 | 2,234 | 434 | 104 | 2,669 | 2,773 | (420) | 2,352 | — | |
| Windrift (IN) | Garden | Oct-00 | Indianapolis, IN | 1980 | 166 | 1,281 | 3,916 | 1,152 | 1,281 | 5,067 | 6,348 | (1,041) | 5,307 | 4,854 | |
| Windmere | Garden | Jan-03 | Houston, TX | 1982 | 257 | 2,194 | 10,806 | 262 | 2,194 | 11,068 | 13,262 | (2,547) | 10,716 | 5,612 | |
| Windridges | Garden | May-98 | San Antonio, TX | 1983 | 276 | 1,406 | 8,272 | 978 | 1,406 | 9,250 | 10,656 | (2,942) | 7,714 | 5,240 | |
| Windrift (CA) | Garden | Mar-01 | Oceanside, CA | 1987 | 404 | 25,397 | 17,547 | 1,571 | 25,397 | 19,119 | 44,515 | (5,239) | 39,276 | 28,999 | |
| Windrift (FL) | Garden | Oct-00 | Orlando, FL | 1987 | 288 | 3,737 | 10,046 | 1,152 | 3,737 | 11,191 | 12,741 | (2,193) | 12,741 | 7,911 | |
| Windsor at South Square | Garden | Oct-99 | Durham, NC | 1972 | 230 | 1,331 | 8,352 | 1,019 | 1,331 | 9,371 | 10,701 | (2,597) | 8,104 | 4,656 | |
| Windsor Crossing | Garden | Mar-00 | Newport News, VA | 1978 | 156 | 306 | 2,110 | 463 | 306 | 2,573 | 2,879 | (1,189) | 1,690 | 3,216 | |
| Windsor Hills | Garden | Oct-99 | Blackburg, VA | 1970 | 300 | 1,608 | 10,526 | 1,308 | 1,608 | 11,835 | 13,443 | (3,641) | 9,802 | 6,148 | |
| Windsor Landing | Garden | Oct-97 | Morrow, GA | 1991 | 200 | 1,641 | 9,303 | 1,063 | 1,641 | 10,366 | 12,007 | (2,970) | 9,038 | 4,395 | |
| Windsor Park | Garden | Mar-01 | Woodbridge, VA | 1987 | 220 | 4,289 | 16,028 | 718 | 4,289 | 16,746 | 21,035 | (2,907) | 18,127 | 13,758 | |
| Windward at the Villages | Garden | Oct-97 | W. Palm Beach, FL | 1988 | 196 | 1,595 | 9,079 | 2,116 | 1,595 | 11,196 | 12,791 | (3,161) | 9,629 | 3,135 | |

December 31, 2004

| Property Name | Property Type | Date Consolidated | Location | Year Built | Number of Units | (2) Initial Cost | | Cost Capitalized and Subsequent to Acquisition | Buildings and Improvements | | Total | Total Cost Net of | | |
|-------------------------|---------------|-------------------|--------------------|------------|-----------------|------------------|----------------------------|--|----------------------------|----------------------------|------------|-------------------|--------------------------|--------------|
| | | | | | | Land | Buildings and Improvements | | Land | Buildings and Improvements | | Depreciation | Accumulated Depreciation | Encumbrances |
| Winter Gardens | High Rise | Mar-04 | St Louis, MO | 1920 | 112 | 300 | 2,862 | 2,832 | 300 | 5,694 | 5,994 | (65) | 5,929 | 4,050 |
| Wood Lake | Garden | Jan-00 | Atlanta, GA | 1983 | 220 | 1,394 | 13,096 | 927 | 1,394 | 14,024 | 15,418 | (5,448) | 9,970 | 7,158 |
| Wondereek | Garden | Oct-02 | Mesa, AZ | 1985 | 432 | 2,262 | 16,384 | 891 | 2,262 | 17,275 | 19,536 | (6,846) | 12,690 | 11,558 |
| Woodcrest | Garden | Dec-97 | Odessa, TX | 1972 | 80 | 41 | 229 | 83 | 41 | 312 | 353 | (303) | 50 | 520 |
| Woodhaven | Garden | Apr-00 | Chesapeake, VA | 1968 | 208 | 886 | 6,193 | 742 | 886 | 6,934 | 7,821 | (1,335) | 6,485 | 5,164 |
| Woodhill | Garden | Dec-00 | Denton, TX | 1984 | 352 | 1,530 | 10,477 | 1,245 | 1,530 | 11,722 | 13,252 | (3,981) | 9,271 | 8,473 |
| Woodhollow | Garden | Oct-97 | Austin, TX | 1974 | 108 | 658 | 3,728 | 842 | 658 | 4,571 | 5,229 | (1,395) | 3,833 | 1,688 |
| Woodland Ridge | Garden | Dec-00 | Irving, TX | 1984 | 130 | 600 | 3,763 | 293 | 600 | 4,056 | 4,656 | (1,509) | 3,147 | 2,817 |
| Woodland Village I | Garden | Oct-99 | Columbia, SC | 1970 | 308 | 1,479 | 11,805 | 1,609 | 1,479 | 13,414 | 14,893 | (4,926) | 9,967 | 7,383 |
| Woodlands (MI) | Garden | Dec-99 | Battle Creek, MI | 1987 | 76 | 496 | 3,555 | 291 | 496 | 3,846 | 4,342 | (682) | 3,660 | 1,799 |
| Woodlands of Tyler | Garden | Jul-94 | Tyler, TX | 1984 | 256 | 1,029 | 5,567 | 1,762 | 1,029 | 7,329 | 8,358 | (2,867) | 5,491 | 4,233 |
| Woodmere | Garden | Apr-00 | Cincinnati, OH | 1971 | 150 | 583 | 5,803 | 1,090 | 583 | 6,893 | 7,476 | (2,318) | 5,159 | — |
| Woodridge | Garden | Mar-04 | Galloway, OH | 1986 | 70 | 960 | 1,202 | 81 | 960 | 1,284 | 2,243 | (96) | 2,147 | 1,305 |
| Woods Edge | Garden | Nov-04 | Indianapolis, IN | 1981 | 190 | 503 | 6,238 | 42 | 503 | 6,280 | 6,783 | (423) | 6,360 | 4,897 |
| Woods of Burnsville | Garden | Nov-04 | Burnsville, MN | 1984 | 400 | 1,378 | 19,917 | 181 | 1,378 | 20,098 | 21,476 | (5,604) | 15,872 | 16,580 |
| Woods of Inverness | Garden | Oct-99 | Houston, TX | 1983 | 272 | 2,024 | 11,669 | 1,222 | 2,024 | 12,891 | 14,915 | (4,916) | 9,999 | 4,692 |
| Woodshire | Garden | Mar-00 | Virginia Beach, VA | 1972 | 288 | 961 | 5,549 | 1,285 | 961 | 6,834 | 7,795 | (1,510) | 6,285 | 7,335 |
| Woodside Villas | Garden | Mar-04 | Arcadia, FL | 1983 | 34 | 52 | 919 | 34 | 52 | 953 | 1,006 | (128) | 877 | 609 |
| Wyckford Commons | Garden | Apr-00 | Indianapolis, IN | 1973 | 248 | 1,799 | 7,775 | 1,496 | 1,799 | 9,271 | 11,070 | (4,774) | 6,295 | 4,852 |
| Wyntre Brook Apartments | Garden | Oct-99 | West Chester, PA | 1976 | 212 | 972 | 9,070 | 10,103 | 972 | 19,173 | 20,146 | (2,778) | 17,368 | 10,210 |
| Yadkin | Mid-Rise | Mar-04 | Salisbury, NC | 1912 | 67 | 242 | 1,982 | 75 | 242 | 2,057 | 2,299 | (610) | 1,689 | 1,861 |
| Yorktown II Apartments | High Rise | Dec-99 | Lombard, IL | 1973 | 368 | 2,980 | 18,218 | 1,679 | 2,980 | 19,897 | 22,877 | (2,369) | 20,508 | 16,438 |
| Yorktree | Garden | Oct-97 | Carolstream, IL | 1972 | 293 | 1,968 | 11,457 | 2,825 | 1,968 | 14,282 | 16,250 | (4,177) | 12,073 | 5,350 |
| Other(4) | | | | | | 1,125 | 2,044 | 7 | 1,133 | 2,043 | 3,176 | (291) | 2,886 | — |
| | | | | | | 167,988 | 2,211,101 | 1,430,983 | 2,211,109 | 8,588,649 | 10,799,758 | (2,014,712) | 8,785,046 | 5,604,653 |

- (1) Date we acquired the property or first consolidated the partnership which owns the property.
- (2) Initial cost includes the tendering costs to acquire the minority interest share of our consolidated real estate partnerships.
- (3) Costs capitalized subsequent to acquisition includes costs capitalized since acquisition or first consolidation of the partnership/property.
- (4) Other includes land parcels and commercial properties.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

REAL ESTATE AND ACCUMULATED DEPRECIATION

For the Years Ended December 31, 2004, 2003 and 2002

| | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|--|---------------------|--------------------|--------------------|
| | | (In thousands) | |
| Real Estate | | | |
| Balance at beginning of year | \$ 9,846,955 | \$9,458,246 | \$7,293,939 |
| Additions during the year: | | | |
| Newly consolidated assets(1) | 277,580 | 262,054 | 1,053,860 |
| Acquisitions | 393,088 | 192,365 | 1,728,558 |
| Foreclosures | 2,022 | — | 32,371 |
| Capital expenditures | 301,937 | 245,528 | 270,096 |
| Deductions during the year: | | | |
| Casualty write-offs | (13,869) | (15,404) | (5,144) |
| Assets held for sale reclassification(2) | (7,955) | 6,275 | (366,235) |
| Sales(3) | — | (302,109) | (549,199) |
| Balance at end of year | <u>\$10,799,758</u> | <u>\$9,846,955</u> | <u>\$9,458,246</u> |
| Accumulated Depreciation | | | |
| Balance at beginning of year | \$ 1,701,512 | \$1,489,213 | \$1,390,658 |
| Additions during the year: | | | |
| Depreciation | 346,156 | 304,537 | 244,989 |
| Newly consolidated assets(1) | (31,209) | (20,960) | 122,936 |
| Deductions during the year: | | | |
| Casualty write-offs | (4,038) | (7,372) | (1,473) |
| Assets held for sale reclassification(2) | 2,291 | (368) | (51,407) |
| Sales(3) | — | (63,538) | (216,490) |
| Balance at end of year | <u>\$ 2,014,712</u> | <u>\$1,701,512</u> | <u>\$1,489,213</u> |

(1) Includes acquisition of limited partnership interests and related activity.

(2) Represents activity on properties that have been sold or classified as held for sale that is included in the line items above.

(3) Effective in fourth quarter 2003 and on a prospective basis, all properties sold were classified as held for sale and, therefore, reclassified in the prior period balances.