

APARTMENT INVESTMENT & MANAGEMENT CO

Form 424B3

November 21, 2011

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Registration File No. 333-175843**

**INFORMATION STATEMENT/PROSPECTUS**

**CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES/3, LP**

Consolidated Capital Institutional Properties/3, LP, or CCIP/3, has entered into an agreement and plan of merger with a wholly-owned subsidiary of AIMCO Properties, L.P., or Aimco OP. Under the merger agreement, the Aimco Subsidiary, AIMCO CCIP/3 Merger Sub LLC, will be merged with and into CCIP/3, with CCIP/3 as the surviving entity. The Aimco Subsidiary was formed for the purpose of effecting this transaction and does not have any assets or operations. CCIP/3 currently has two series of limited partnership interests, Series A Units of Limited Partnership Interest, or Series A Units, and Series B Units of Limited Partnership Interest, or Series B Units. Units of Limited Partnership Interest in CCIP/3 (whether before or after the creation of the Series A Units and Series B Units) are sometimes referred to herein as CCIP/3 Units. In the merger, each Series A Unit will be converted into the right to receive, at the election of the holder of such unit, either:

\$61.30 in cash, or

\$61.30 in partnership common units of Aimco OP, or OP Units.

The merger consideration of \$61.30 per Series A Unit was based on independent third party appraisals of each of the two underlying properties by either Cogent Realty Advisors, LLC, or CRA, or KTR Real Estate Advisors LLC, or KTR, each an independent valuation firm.

The number of OP Units offered for each Series A Unit will be calculated by dividing \$61.30 by the average closing price of common stock of Apartment Investment and Management Company, or Aimco, as reported on the New York Stock Exchange, or the NYSE, over the ten consecutive trading days ending on the second trading day immediately prior to the consummation of the merger. For example, as of November 10, 2011, the average closing price of Aimco common stock over the preceding ten consecutive trading days was \$23.79, which would have resulted in 2.58 OP Units offered for each Series A Unit. However, if Aimco OP determines that the law of the state or other jurisdiction in which a limited partner resides would prohibit the issuance of OP Units in that state or other jurisdiction (or that registration or qualification in that state or jurisdiction would be prohibitively costly), then such limited partner will not be entitled to elect OP Units, and will receive cash.

The OP Units are not listed on any securities exchange nor do they trade in an active secondary market. However, after a one-year holding period, OP Units are redeemable for shares of Aimco common stock (on a one-for-one basis) or cash equal to the value of such shares, as Aimco elects. As a result, the trading price of Aimco common stock is considered a reasonable estimate of the fair market value of an OP Unit. Aimco's common stock is listed and traded on the NYSE under the symbol AIV.

In the merger, Aimco OP's interest in the Aimco Subsidiary will be converted into Series A Units. As a result, after the merger, Aimco OP will own all of the outstanding Series A Units. **The Series B Units will not be affected by the merger and will remain outstanding following consummation of the merger.**

Within ten days after the effective time of the merger, Aimco OP will prepare and mail to the former holders of Series A Units an election form pursuant to which they can elect to receive cash or OP Units. Holders of Series A Units may elect their form of consideration by completing and returning the election form in accordance with its

instructions. If the information agent does not receive a properly completed election form from a holder before 5:00 p.m., New York time, on the 30th day after the mailing of the election form, the holder will be deemed to have elected to receive cash. Former holders of Series A Units may also use the election form to elect to receive, in lieu of the merger consideration, the appraised value of their Series A Units, determined through an arbitration proceeding.

Under Delaware law, the merger must be approved by CCIP/3's general partner and a majority in interest of the Series A Units. The general partner has determined that the merger is advisable, fair to and in the best interests of CCIP/3 and its limited partners and has approved the merger and the merger agreement. As of November 18, 2011, there were issued and outstanding 382,925.60 Series A Units, and Aimco OP and its affiliates owned 239,212 of those units, or approximately 62.47% of the number of units outstanding. Aimco OP and its affiliates have indicated that they intend to take action by written consent, as permitted under the partnership agreement, to approve the merger on or about January 23, 2012. **As a result, approval of the merger is assured, and your consent to the merger is not required.**

**WE ARE NOT ASKING YOU FOR A PROXY AND  
YOU ARE REQUESTED NOT TO SEND US A PROXY**

This information statement/prospectus contains information about the merger and the securities offered hereby, and the reasons that CCIP/3's general partner has decided that the merger is in the best interests of CCIP/3 and the limited partners of CCIP/3. CCIP/3's general partner has conflicts of interest with respect to the merger that are described in greater detail herein. Please read this information statement/prospectus carefully, including the section entitled "Risk Factors" beginning on page 20. It provides you with detailed information about the merger and the securities offered hereby. The merger agreement is attached to this information statement/prospectus as Annex A.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger, determined if this information statement/prospectus is truthful or complete, approved or disapproved of the merger, passed upon the merits or fairness of the merger, or passed upon the adequacy or accuracy of the disclosure in this information statement/prospectus. Any representation to the contrary is a criminal offense.**

*This information statement/prospectus is dated November 21, 2011, and is first being mailed to limited partners on or about November 23, 2011.*

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**WE ARE CURRENTLY SEEKING QUALIFICATION TO ALLOW ALL HOLDERS OF SERIES A UNITS THE ABILITY TO ELECT TO RECEIVE OP UNITS IN CONNECTION WITH THE MERGER. HOWEVER, AT THE PRESENT TIME, IF YOU ARE A RESIDENT OF ONE OF THE FOLLOWING STATES, YOU ARE NOT PERMITTED TO ELECT TO RECEIVE OP UNITS IN CONNECTION WITH THE MERGER:**

**CALIFORNIA  
MASSACHUSETTS**

**THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.**

**ADDITIONAL INFORMATION**

This information statement/prospectus incorporates important business and financial information about Aimco from documents that it has filed with the Securities and Exchange Commission, or the SEC, but that have not been included in or delivered with this information statement/prospectus. For a listing of documents incorporated by reference into this information statement/prospectus, please see *Where You Can Find Additional Information* beginning on page 94 of this information statement/prospectus.

Aimco will provide you with copies of such documents relating to Aimco (excluding all exhibits unless Aimco has specifically incorporated by reference an exhibit in this information statement/prospectus), without charge, upon written or oral request to:

ISTC Corporation  
P.O. Box 2347  
Greenville, South Carolina 29602  
(864) 239-1029

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

**ABOUT THIS INFORMATION STATEMENT/PROSPECTUS**

This information statement/prospectus, which forms a part of a registration statement on Form S-4 filed with the SEC by Aimco and Aimco OP, constitutes a prospectus of Aimco OP under Section 5 of the Securities Act of 1933, as amended, or the Securities Act, with respect to the OP Units that may be issued to holders of Series A Units in connection with the merger, and a prospectus of Aimco under Section 5 of the Securities Act with respect to shares of Aimco common stock that may be issued in exchange for such OP Units tendered for redemption. This document also constitutes an information statement under Section 14(c) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to the action to be taken by written consent to approve the merger.

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**SUMMARY TERM SHEET**

*This summary term sheet highlights the material information with respect to the merger, the merger agreement and the other matters described herein. It may not contain all of the information that is important to you. You are urged to carefully read the entire information statement/prospectus and the other documents referred to in this information statement/prospectus, including the merger agreement. Aimco, Aimco OP, ConCap Equities, Inc., or ConCap, and Aimco's subsidiaries that may be deemed to directly or indirectly beneficially own Series A Units are referred to herein, collectively, as the Aimco Entities.*

**The Merger:** CCIP/3 has entered into an agreement and plan of merger with the Aimco Subsidiary and Aimco OP. Under the merger agreement, at the effective time of the merger, the Aimco Subsidiary will be merged with and into CCIP/3, with CCIP/3 as the surviving entity. A copy of the merger agreement is attached as **Annex A** to this information statement/prospectus. You are encouraged to read the merger agreement carefully in its entirety because it is the legal agreement that governs the merger.

**Merger Consideration:** In the merger, each Series A Unit will be converted into the right to receive, at the election of the holder of such Series A Unit, either \$61.30 in cash or equivalent value in OP Units, except in those jurisdictions where the law prohibits the offer of OP Units (or registration or qualification would be prohibitively costly). The number of OP Units issuable with respect to each Series A Unit will be calculated by dividing the \$61.30 per unit cash merger consideration by the average closing price of Aimco common stock, as reported on the NYSE, over the ten consecutive trading days ending on the second trading day immediately prior to the consummation of the merger. Each holder of Series A Units must make the same election (cash or OP Units) for all of his or her Series A Units. For a full description of the determination of the merger consideration, see **The Merger Determination of Merger Consideration** beginning on page 43.

**Fairness of the Merger:** Although the Aimco Entities have interests that may conflict with those of CCIP/3's unaffiliated limited partners, each of the Aimco Entities believe that the merger is fair to the unaffiliated limited partners of CCIP/3. See **Special Factors Fairness of the Transaction** beginning on page 6. The merger consideration of \$61.30 per Series A Unit was based on independent third party appraisals of each of the two underlying properties by either CRA or KTR, each an independent valuation firm.

**Opinion of Financial Advisor:** In connection with the merger, Duff & Phelps, LLC, or Duff & Phelps, has delivered its written opinion to the boards of directors of Aimco, the general partner of Aimco OP and the general partner of CCIP/3 to the effect that, as of November 15, 2011, the cash consideration of \$61.30 per unit is fair, from a financial point of view, to the unaffiliated limited partners of CCIP/3. The full text of Duff & Phelps's written opinion, which sets forth the assumptions made, procedures followed, factors considered and qualifications and limitations on the review undertaken by Duff & Phelps in connection with its opinion, is attached to this information statement/prospectus as **Annex C**. You are encouraged to read Duff & Phelps's opinion, and the section entitled **Special Factors Opinion of Financial Advisor** beginning on page 14, carefully and in their entirety. Duff & Phelps's opinion was directed to the boards of directors of Aimco, the general partner of Aimco OP and the general partner of CCIP/3, and addresses only the fairness to the unaffiliated limited partners of CCIP/3, from a financial point of view, of the cash consideration of \$61.30 per unit as of the date of the opinion. Duff & Phelps's opinion did not address any other aspect of the merger and was not intended to and does not constitute a recommendation as to how any party should vote or act with respect to the merger or any matter relating thereto.

Effects of the Merger: After the merger, Aimco OP will own all of the outstanding Series A Units. As a result, after the merger, you will cease to have any rights with respect to the Series A Units. The Series B Units will not be affected by the merger and will remain outstanding following consummation of the merger. See Special Factors Effects of the Merger, beginning on page 5.

Appraisal Rights: Pursuant to the terms of the merger agreement, Aimco OP will provide each limited partner that holds Series A Units with contractual dissenters appraisal rights that are similar to the dissenters appraisal rights available to a stockholder of a constituent corporation in a merger under Delaware law, and which will enable a limited partner to obtain an appraisal of the value of the limited partner s Series A Units in connection with the merger. See The Merger Appraisal Rights, beginning on page 45. A description of the appraisal

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rights being provided, and the procedures that a limited partner that holds Series A Units must follow to seek such rights, is attached to this information statement/prospectus as Annex B.

*List of Investors:* Under CCIP/3's partnership agreement and Delaware law, a limited partner has the right to obtain by mail, free of charge, a list of the names and addresses and interests owned of the limited partners. This list may be obtained by making written request to ConCap Equities, Inc., c/o Eagle Rock Proxy Advisors, LLC, 12 Commerce Drive, Cranford, New Jersey 07016, or by fax at (908) 497-2349.

*Parties Involved:*

Consolidated Capital Institutional Properties/3, LP, or CCIP/3, is a Delaware limited partnership formed on October 2, 2008, following a redomestication of the partnership from California to Delaware. CCIP/3 owns and operates two investment properties: the Cedar Rim Apartments, which consists of a 104 unit apartment project located in New Castle, Washington, or the Cedar Rim Property; and the Tamarac Village Apartments, a 564 unit apartment project located in Denver, Colorado, or the Tamarac Village Property. As further described below, on June 21, 2011, CCIP/3 sold the Lamplighter Park Apartments, a 174 unit apartment project located in Bellevue, Washington, or the Lamplighter Park Property, to a third party for a total sales price of \$25,125,000. Holders of CCIP/3's Series A Units are entitled to distributions and allocations of gain and loss with respect to the Cedar Rim Property and the Tamarac Village Property. Holders of CCIP/3's Series B Units are entitled to distributions and allocations of gain and loss with respect to the Lamplighter Park Property. See Information About Consolidated Capital Institutional Properties/3, beginning on page 34. CCIP/3's principal address is 55 Beattie Place, P.O. Box 1089, Greenville, South Carolina 29602, and its telephone number is (864) 239-1000.

Apartment Investment and Management Company, or Aimco, is a Maryland corporation that is a self-administered and self-managed real estate investment trust, or REIT. Aimco's principal financial objective is to provide predictable and attractive returns to its stockholders. Aimco's common stock is listed and traded on the NYSE under the symbol AIV. See Information about the Aimco Entities, beginning on page 32. Aimco's principal address is 4582 South Ulster Street, Suite 1100, Denver, Colorado 80237, and its telephone number is (303) 757-8101.

AIMCO Properties, L.P., or Aimco OP, is a Delaware limited partnership which, through its operating divisions and subsidiaries, holds substantially all of Aimco's assets and manages the daily operations of Aimco's business and assets. See Information about the Aimco Entities, beginning on page 32. Aimco OP's principal address is 4582 South Ulster Street, Suite 1100, Denver, Colorado 80237, and its telephone number is (303) 757-8101.

AIMCO CCIP/3 Merger Sub LLC, or the Aimco Subsidiary, is a Delaware limited liability company formed for the purpose of consummating the merger with CCIP/3. The Aimco Subsidiary is a direct wholly-owned subsidiary of Aimco OP. See Information about the Aimco Entities, beginning on page 32.

*Reasons for the Merger:* Aimco and Aimco OP are in the business of acquiring, owning and managing apartment properties such as the two properties owned by CCIP/3. Aimco and Aimco OP have decided to proceed with the merger as a means of acquiring CCIP/3's remaining two properties in a manner that they believe (i) provides fair value to limited partners, (ii) offers limited partners an opportunity to receive immediate liquidity, or defer recognition of taxable gain (except where the law of the state or other jurisdiction in which a limited partner resides would prohibit the issuance of OP Units in that state or other jurisdiction, or where registration or qualification would be prohibitively costly), and (iii) relieves CCIP/3 of the expenses associated with a sale of the properties, including marketing and other transaction costs. The Aimco Entities

decided to proceed with the merger at this time for the following reasons:

In the absence of a transaction, limited partners of CCIP/3 that hold Series A Units have only limited options to liquidate their investment in CCIP/3. The Series A Units are not traded on an exchange or other reporting system, and transactions in the securities are limited and sporadic.

The value of the properties owned by CCIP/3 is not sufficient to justify its continued operation as a public company. As a public company with a significant number of unaffiliated limited partners, CCIP/3 incurs

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costs associated with preparing audited annual financial statements, unaudited quarterly financial statements, tax returns and partner Schedule K-1s, periodic SEC reports and other expenses. The Aimco Entities estimate these costs to be approximately \$200,000 per year. As a result of the merger, Aimco OP will become the sole holder of Series A Units and, upon termination of the Series B Units (which is expected to occur at year end), Aimco OP will be the sole limited partner of CCIP/3, thus allowing the partnership to eliminate costs associated with being a public company.

CCIP/3 has been operating at a loss for the past several years. Since 2009, Aimco OP has made loans of approximately \$947,000 to CCIP/3 to help fund capital improvements and operating expenses, of which approximately \$189,000 was unpaid as of October 31, 2011. CCIP/3 may receive additional advances of funds from Aimco OP, although Aimco OP is not obligated to provide such advances. If the Aimco Entities acquire 100% ownership of CCIP/3, they will have greater flexibility in financing and operating its properties.

*Conflicts of Interest:* ConCap is the general partner of CCIP/3 and is wholly-owned by AIMCO/IPT, Inc., which in turn is wholly-owned by Aimco. Therefore, ConCap has a conflict of interest with respect to the merger. ConCap has fiduciary duties to AIMCO/IPT, Inc., ConCap's sole stockholder and an affiliate of Aimco, on the one hand, and to CCIP/3 and its limited partners, on the other hand. The duties of ConCap to CCIP/3 and its limited partners conflict with the duties of ConCap to AIMCO/IPT, Inc., which could result in the ConCap approving a transaction that is more favorable to Aimco than might be the case absent such conflict of interest. See, *The Merger Conflicts of Interest*, beginning on page 44.

*Risk Factors:* In evaluating the merger agreement and the merger, CCIP/3 limited partners should carefully read this information statement/prospectus and especially consider the factors discussed in the section entitled *Risk Factors* beginning on page 20. Some of the risk factors associated with the merger are summarized below:

Aimco owns ConCap, the general partner of CCIP/3. As a result, ConCap has a conflict of interest in the merger. A transaction with a third party in the absence of this conflict could result in better terms or greater consideration to CCIP/3's limited partners who hold Series A Units.

CCIP/3 limited partners who receive cash may recognize taxable gain in the merger and that gain could exceed the merger consideration.

There are a number of significant differences between Series A Units and Aimco OP Units relating to, among other things, the nature of the investment, voting rights, distributions and liquidity and transferability/redemption. For more information regarding those differences, see *Comparison of Series A Units and Aimco OP Units*, beginning on page 65.

CCIP/3 limited partners may elect to receive OP Units as merger consideration, and there are risks related to an investment in OP Units, including the fact that there are restrictions on transferability of OP Units; there is no public market for OP Units; and there is no assurance as to the value that might be realized upon a future redemption of OP Units.

*Material United States Federal Income Tax Consequences of the Merger:* The merger will generally be treated as a partnership merger for U.S. federal income tax purposes. In general, any payment of cash for Series A Units will be treated as a sale of such Series A Units by the holder thereof, and any exchange of Series A Units for OP Units under the terms of the merger agreement will be treated as a tax-free transaction, except to the extent described in *Material United States Federal Income Tax Considerations United States Federal Income Tax Consequences Relating to the Merger*, beginning on page 70.

**The foregoing is a general discussion of the material U.S. federal income tax consequences of the merger. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to you in light of your specific circumstances or if you are subject to special treatment under the U.S. federal income tax laws. The particular tax consequences of the merger to you will depend on a number of factors related to your tax situation. You should review Material United States Federal Income Tax Considerations, herein and consult your tax advisors for a full understanding of the tax consequences to you of the merger.**

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**SPECIAL FACTORS**

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

Aimco and Aimco OP are in the business of acquiring, owning and managing apartment properties such as the two properties owned by CCIP/3. Aimco and Aimco OP have decided to proceed with the merger as a means of acquiring CCIP/3's remaining two properties in a manner that they believe (i) provides fair value to limited partners, (ii) offers limited partners an opportunity to receive immediate liquidity, or defer recognition of taxable gain (except where the law of the state or other jurisdiction in which a limited partner resides would prohibit the issuance of OP Units in that state or other jurisdiction, or where registration or qualification would be prohibitively costly), and (iii) relieves CCIP/3 of the expenses associated with a sale of the properties, including marketing and other transaction costs.

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

In the absence of a transaction, limited partners of CCIP/3 that hold Series A Units have only limited options to liquidate their investment in CCIP/3. The Series A Units are not traded on an exchange or other reporting system, and transactions in the securities are limited and sporadic.

The value of the properties owned by CCIP/3 is not sufficient to justify its continued operation as a public company. As a public company with a significant number of unaffiliated limited partners, CCIP/3 incurs costs associated with preparing audited annual financial statements, unaudited quarterly financial statements, tax returns and partner Schedule K-1s, periodic SEC reports and other expenses. The Aimco Entities estimate these costs to be approximately \$200,000 per year. As a result of the merger, Aimco OP will become the sole holder of Series A Units and, upon termination of the Series B Units (which is expected to occur at year end), Aimco OP will be the sole limited partner of CCIP/3, thus allowing the partnership to eliminate costs associated with being a public company.

CCIP/3 has been operating at a loss for the past several years. Since 2009, Aimco OP has made loans of approximately \$947,000 to CCIP/3 to help fund capital improvements and operating expenses, of which approximately \$189,000 was unpaid as of October 31, 2011. CCIP/3 may receive additional advances of funds from Aimco OP, although Aimco OP is not obligated to provide such advances. The Aimco Entities do not believe that CCIP/3 can obtain financing from an independent third party. If the Aimco Entities acquire 100% ownership of CCIP/3, they will have greater flexibility in financing and operating its properties.

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

*Continuation of CCIP/3 as a Public Company Operating the Properties.* ConCap and the Aimco Entities did not consider operating CCIP/3 as a public company in the long term as a viable alternative primarily because of the costs associated with preparing financial statements, tax returns, periodic SEC reports and other expenses. If CCIP/3 is unable to generate sufficient funds to cover operating expenses, advances from Aimco OP may not be available in the future.

*Liquidation of CCIP/3.* As discussed above, ConCap and the other Aimco Entities considered a liquidation of CCIP/3 in which CCIP/3's properties would be marketed and sold to third parties for cash, with any net proceeds remaining after payment of all liabilities distributed to CCIP/3's limited partners. The primary advantage of such a transaction would be that the sale prices would reflect arm's-length negotiations and might therefore be higher than the appraised

values which have been used to determine the merger consideration. ConCap and the Aimco Entities rejected this alternative because of: (i) the risk that a third party purchaser might not be found that would offer a satisfactory price; (ii) the costs imposed on CCIP/3 in connection with marketing and selling the properties; and (iii) the fact that limited partners would recognize taxable gain on the sales. ConCap and the other Aimco Entities evaluated a sale of the Tamarac Village Property to third parties in mid-2009, and received offers at that time to purchase the Tamarac Village Property for purchase prices ranging from \$24,000,000 in cash to \$29,000,000 in cash plus the assumption of debt. ConCap determined at the time that those offers were not acceptable, and was unable to find a third-party buyer that was willing to buy the property at a price that was acceptable to ConCap. Also, ConCap determined that an assumption of the existing loans would require a partial loan paydown because of lender loan-to-value requirements. Such a paydown would have triggered a prepayment penalty (at the time that ConCap



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was evaluating a sale of the property, the estimated prepayment penalties would have been approximately \$5 million), that would have resulted in reduced net proceeds to CCIP/3 from the sale.

*Contribution of properties to Aimco OP.* The Aimco Entities considered a transaction in which CCIP/3's properties would be contributed to Aimco OP in exchange for OP Units. The primary advantage of such a transaction would be that CCIP/3 limited partners would not recognize taxable gain. The Aimco Entities rejected this alternative because it would not offer limited partners an opportunity for immediate liquidity.

## **Effects of the Merger**

The Aimco Entities believe that the merger will have the following benefits and detriments to unaffiliated limited partners of CCIP/3 who hold Series A Units, CCIP/3 and the Aimco Entities:

*Benefits to Unaffiliated Limited Partners.* The merger is expected to have the following principal benefits to unaffiliated limited partners of CCIP/3 who hold Series A Units:

**Liquidity.** Limited partners are given a choice of merger consideration and may elect to receive either cash or OP Units in the merger in exchange for their Series A Units, except in those jurisdictions where the law prohibits the offer of OP Units (or registration or qualification would be prohibitively costly). Limited partners who receive the cash consideration will receive immediate liquidity with respect to their investment.

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

**Diversification.** Limited partners who receive OP Units in the merger in exchange for their Series A Units will have the opportunity to participate in Aimco OP, which has a more diversified property portfolio than CCIP/3.

*Benefits to CCIP/3.* The merger is expected to have the following principal benefits to CCIP/3:

**Elimination of Costs Associated with SEC Reporting Requirements and Multiple Limited Partners.** As discussed above, following consummation of the merger and upon termination of the Series B Units (which is expected to occur at year end), Aimco OP will be the sole limited partner of CCIP/3, at which point CCIP/3 will cease filing periodic reports with the SEC. As a result, CCIP/3 will then no longer incur costs associated with preparing audited financial statements, unaudited quarterly financial statements, tax returns and partner Schedule K-1s, periodic SEC reports and other expenses. The Aimco Entities estimate these expenses to be approximately \$200,000 per year.

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

**Increased Interest in CCIP/3.** Upon completion of the merger, Aimco OP will be the sole holder of Series A Units. As a result, the Aimco Entities will receive all of the benefit from any future appreciation in value of CCIP/3's remaining two properties after the merger, and any future income from such properties.

*Detriments to Unaffiliated Limited Partners.* The merger is expected to have the following principal detriments to unaffiliated limited partners of CCIP/3 who hold Series A Units:

**Taxable Gain.** Limited partners who receive the cash consideration in exchange for their Series A Units may recognize taxable gain in the merger that could exceed the merger consideration. In addition, limited partners who

receive OP Units in the merger could recognize taxable gain if Aimco subsequently sells any of the properties of CCIP/3 subject to the merger.

Risks Related to OP Units. Limited partners who receive OP Units in the merger in exchange for their Series A Units will be subject to the risks related to an investment in OP Units, as described in greater detail under the heading Risk Factors Risks Related to an Investment in OP Units.

Conflicts of Interest: No Separate Representation of Unaffiliated Limited Partners. ConCap is the general partner of CCIP/3 and is wholly-owned by AIMCO/IPT, Inc., which in turn is wholly-owned by Aimco. Therefore,

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ConCap has a conflict of interest with respect to the merger. ConCap has fiduciary duties to AIMCO/IPT, Inc., ConCap's sole stockholder and an affiliate of Aimco, on the one hand, and to CCIP/3 and its limited partners, on the other hand. The duties of ConCap to CCIP/3 and its limited partners conflict with the duties of ConCap to AIMCO/IPT, Inc., which could result in the ConCap approving a transaction that is more favorable to Aimco than might be the case absent such conflict of interest. In negotiating the merger agreement, no one separately represented the interests of the unaffiliated limited partners of CCIP/3 that hold Series A Units. If an independent advisor had been engaged, it is possible that such advisor could have negotiated better terms for CCIP/3's unaffiliated limited partners that hold Series A Units.

*Detriments to CCIP/3.* The merger is not expected to have any detriments to CCIP/3.

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

Increased Interest in CCIP/3. Upon completion of the merger and the distribution of the remaining net proceeds attributable to the Series B Units, the Aimco Entities' interest in the net book value of CCIP/3 will increase from 65.42% to 100%, or from a deficit of \$8,018,000 to a deficit of \$12,256,000 as of December 31, 2010, and their interest in the losses from continuing operations of CCIP/3 will increase from 62.83% to 100%, or from \$1,890,000 to \$3,008,000 for the period ended December 31, 2010. Upon completion of the merger, Aimco OP will own all of the outstanding Series A Units of CCIP/3. As a result, Aimco OP will bear the burden of all future operating or other losses of CCIP/3, as well as any decline in the value of CCIP/3's properties.

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

## **Material United States Federal Income Tax Consequences of the Merger**

For a discussion of the material U.S. federal income tax consequences of the merger, see *Material United States Federal Income Tax Considerations - United States Federal Income Tax Consequences Relating to the Merger*, beginning on page 70.

## **Fairness of the Transaction**

*Factors in Favor of Fairness Determination.* The Aimco Entities (including ConCap as general partner of CCIP/3) believe that the merger is advisable, fair to and in the best interests of CCIP/3 and its unaffiliated limited partners. In support of such determination, the Aimco Entities considered the following factors:

The merger consideration of \$61.30 per Series A Unit was based on independent third party appraisals of each of the two underlying properties by either CRA or KTR, each an independent valuation firm.

Duff & Phelps has delivered its written opinion to the boards of directors of Aimco, the general partner of Aimco OP and the general partner of CCIP/3 to the effect that, as of November 15, 2011, based upon and subject to the assumptions made, procedures followed, factors considered, and qualifications and limitations on the review undertaken by Duff & Phelps in connection with its opinion, the cash consideration of \$61.30 per unit is fair, from a financial point of view, to the unaffiliated limited partners of CCIP/3.

The merger consideration is greater than the Aimco Entities' estimate of liquidation value because there was no deduction for certain amounts that would be payable upon an immediate sale of the properties, such as prepayment penalties on the mortgage debt, currently estimated to be approximately \$7,933,900 and

\$3,154,000 for the Tamarac Village Property and the Cedar Rim Property, respectively.

The merger consideration is equal to the going concern value, calculated as the aggregate appraised value of the two underlying properties, plus the amount of any other assets, less the amount of CCIP/3's liabilities, including the market value of mortgage debt (but without deducting prepayment penalties thereon).

The mark-to-market adjustment to the mortgage debt encumbering CCIP/3's two properties is less than the prepayment penalties that would be payable upon an immediate sale of the properties.

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The merger consideration exceeds the net book value per Series A Unit (a deficit of \$27.02 per Series A Unit at September 30, 2011).

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

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

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

Limited partners who receive OP Units in the merger will have the opportunity to participate in Aimco OP, which has a more diversified property portfolio than CCIP/3.

Although limited partners who hold Series A Units are not entitled to dissenters' appraisal rights under Delaware law, the merger agreement provides them with contractual dissenters' appraisal rights that are similar to the dissenters' appraisal rights that are available to stockholders in a corporate merger under Delaware law.

Although the merger agreement may be terminated by either side at any time, Aimco OP and the Aimco Subsidiary are very likely to complete the merger on a timely basis.

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

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

The merger consideration to be paid to holders of Series A Units (together with the distribution of proceeds from the sale of the Lamplighter Park Property to holders of Series B Units) is greater than the prices at which CCIP/3 Units have recently sold in the secondary market (\$2.00 to \$30.00 per CCIP/3 Unit) from January 1, 2010 through November 4, 2011.

The merger consideration to be paid to holders of Series A Units (together with the distribution of proceeds from the sale of the Lamplighter Park Property to holders of Series B Units) is greater than the prices at which CCIP/3 Units have historically sold in the secondary market (\$10.00 to \$40.00 per CCIP/3 Unit) from January 1, 2009 through December 31, 2009.

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

ConCap, the general partner of CCIP/3, has substantial conflicts of interest with respect to the merger as a result of (i) the fiduciary duties it owes to unaffiliated limited partners, who have an interest in receiving the highest possible consideration, and (ii) the fiduciary duties it owes to its sole stockholder, an affiliate of Aimco, which has an interest in obtaining the two underlying properties for the lowest possible consideration.

The terms of the merger were not approved by any independent directors.

An unaffiliated representative was not retained to act solely on behalf of the unaffiliated limited partners who hold Series A Units for purposes of negotiating the merger agreement on an independent, arm's-length basis, which might have resulted in better terms for the unaffiliated limited partners.

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

In calculating the merger consideration, the market value of the mortgage debt encumbering CCIP/3's two properties was deducted, which resulted in less merger consideration than would have been the case if the aggregate amount outstanding was deducted.

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Limited partners who receive the cash consideration in the merger in exchange for their Series A Units may recognize taxable gain that could exceed the merger consideration.

Limited partners who receive OP Units in the merger in exchange for their Series A Units could recognize taxable gain if Aimco subsequently sells either of its two properties.

Limited partners who receive OP Units in the merger will be subject to the risks related to an investment in OP Units, as described in greater detail under the heading **Risk Factors** **Risks Related to an Investment in OP Units**.

CRA and KTR, the valuation firms that appraised the two underlying properties, have performed work for Aimco OP and its affiliates in the past, and this pre-existing relationship could negatively impact CRA's or KTR's independence.

The Aimco Entities did not assign relative weights to the above factors in reaching their decision that the merger is fair to CCIP/3 and its unaffiliated limited partners. However, in determining that the benefits of the proposed merger outweigh the costs and risks, they relied primarily on the following factors: (i) the merger consideration of \$61.30 per Series A Unit is based on independent third party appraisals of the two underlying properties; (ii) the Duff & Phelps opinion that, as of November 15, 2011, based upon and subject to the assumptions made, procedures followed, factors considered, and qualifications and limitations on the review undertaken by Duff & Phelps in connection with its opinion, the cash consideration of \$61.30 per unit is fair, from a financial point of view, to the unaffiliated limited partners of CCIP/3; (iii) limited partners may defer recognition of taxable gain by electing to receive OP Units in the merger (except in certain jurisdictions); and (iv) limited partners who hold Series A Units are entitled to contractual dissenters' appraisal rights. The Aimco Entities were aware of, but did not place much emphasis on, information regarding prices at which CCIP/3 Units may have sold in the secondary market because they do not view that information as a reliable measure of value. CCIP/3 Units are not traded on an exchange or other reporting system, and transactions in the secondary market are very limited and sporadic. In addition, some of the historical prices of the CCIP/3 Units are not comparable to current value because of intervening events, including the creation of two series of CCIP/3 Units, property sales, distribution to limited partners of proceeds and advances from ConCap.

*Procedural Fairness.* The Aimco Entities determined that the merger is fair from a procedural standpoint despite the absence of any customary procedural safeguards, such as the engagement of an unaffiliated representative, the approval of independent directors or approval by a majority of unaffiliated limited partners. In making this determination, the Aimco Entities relied primarily on the dissenters' appraisal rights provided to unaffiliated holders of Series A Units under the merger agreement that are similar to the dissenters' appraisal rights available to stockholders in a corporate merger under Delaware law.

## **The Appraisals**

*Selection and Qualifications of Independent Appraisers.* ConCap, in its capacity as the general partner of CCIP/3, retained the services of CRA to appraise the market value of the Tamarac Village Property and the services of KTR to appraise the market value of the Cedar Rim Property. CRA and KTR are each experienced independent valuation consulting firms that have performed appraisal services for Aimco OP and its affiliates in the past. Aimco OP believes that its relationship with CRA and KTR had no negative impact on those firms' independence in conducting the appraisals related to the merger.

*Factors Considered.* CRA performed a complete appraisal of the Tamarac Village Property and KTR performed a complete appraisal of the Cedar Rim Property. CRA and KTR have each represented that its respective reports were

prepared in conformity with the Uniform Standards of Professional Appraisal Practice, as promulgated by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. CCIP/3 furnished CRA and KTR with all of the necessary information requested by CRA or KTR, as applicable, in connection with the appraisals. The appraisals were not prepared in conjunction with a request for a specific value or a value within a given range. In preparing its valuation of its respective property, CRA and KTR, among other things:

Inspected the property and its environs;



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Reviewed demographic and other socioeconomic trends pertaining to the city and region where the property is located;

Examined regional apartment, office and retail market conditions, with special emphasis on the property's submarket;

Investigated lease and sale transactions involving comparable properties in the influencing market;

Reviewed the existing rent roll and discussed the leasing status with the building manager and leasing agent. In addition, CRA and KTR reviewed the property's recent operating history and those of competing properties;

Utilized appropriate appraisal methodology to derive estimates of value; and

Reconciled the estimates of value into a single value conclusion.

*Summary of Approaches and Methodologies Employed.* The following summary describes the approaches and analyses employed by CRA and KTR in preparing the appraisals. CRA and KTR principally relied on two approaches to valuation: (i) the income capitalization approach and (ii) the sales comparison approach.

The income capitalization approach is based on the premise that value is derived by converting anticipated benefits into property value. Anticipated benefits include the present value of the net income and the present value of the net proceeds resulting from the re-sale of the property. CRA reported that the Tamarac Village Property has an adequate operations history to determine its income-producing capabilities over the near future. KTR reported that the Cedar Rim Property has an adequate operations history to determine its income-producing capabilities over the near future. In addition, each firm reported that performance levels of competitive properties served as an adequate check as to the reasonableness of each property's actual performance. As such, the income capitalization approach was utilized in the appraisal of each property.

As part of the income capitalization approach, CRA and KTR used the direct capitalization method to estimate a value for the Tamarac Village Property and the Cedar Rim Property, respectively. According to CRA's report, the basic steps in the direct capitalization analysis are as follows: (i) calculate potential gross income from all sources that a competent owner could legally generate; (ii) estimate and deduct an appropriate vacancy and collection loss factor to arrive at effective gross income; (iii) estimate and deduct operating expenses that would be expected during a stabilized year to arrive at a probable net operating income; (iv) develop an appropriate overall capitalization rate to apply to the net operating income; and (v) estimate value by dividing the net operating income by the overall capitalization rate. In addition, any adjustments to account for differences between the current conditions and stabilized conditions are also considered. The assumptions utilized by CRA and KTR with respect to each property are set forth below. The property-specific assumptions were determined by CRA and KTR to be reasonable based on their review of historical operating and financial data for their respective property and comparison of said data to the operating statistics of similar properties in the respective influencing market areas. The capitalization rate for each property was determined to be reasonable by CRA and KTR, as applicable, based on its review of applicable data ascertained within the market in which the respective property is located.

The sales comparison approach is an estimate of value based upon a process of comparing recent sales of similar properties in the surrounding or competing areas to the subject property. This comparative process involves judgment as to the similarity of the subject property and the comparable sales with respect to many value factors such as location, contract rent levels, quality of construction, reputation and prestige, age and condition, and the interest transferred, among others. The value estimated through this approach represents the probable price at which the

subject property would be sold by a willing seller to a willing and knowledgeable buyer as of the date of value. The reliability of this technique is dependent upon the availability of comparable sales data, the verification of the sales data, the degree of comparability and extent of adjustment necessary for differences, and the absence of atypical conditions affecting the individual sales prices. CRA and KTR each reported that research revealed adequate sales activity to form a reasonable estimation of each of the subject property's market value pursuant to the sales comparison approach. For their respective appraisals, CRA and KTR conducted research in the influencing market in an attempt to locate sales of properties similar to the appraised properties. The results of CRA's and KTR's

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research indicated that an adequate number of comparable sales were obtained from the local markets in which the Tamarac Village Property and the Cedar Rim Property are located.

In each of the appraisals, numerous sales were uncovered and the specific sales included in the appraisal reports were deemed representative of the most comparable data available at the time the appraisals were prepared. Important criteria utilized in selecting the most comparable data included: conditions under which the sale occurred; date of sale; sales were selected based on their physical similarity to the appraised property; transactions were selected based on the similarity of location between the comparable and appraised property; and, similarity of economic characteristics between the comparable and appraised property. Sales data that may have been uncovered during the course of research that was not included in the appraisal did not meet the described criteria and/or could not be adequately confirmed.

According to CRA's and KTR's reports, the basic steps in processing the sales comparison approach are outlined as follows: (i) research the market for recent sales transactions, listings, and offers to purchase or sell of properties similar to the subject property; (ii) select a relevant unit of comparison and develop a comparative analysis; (iii) compare comparable sale properties with the subject property using the elements of comparison and adjust the price of each comparable to the subject property; and (iv) reconcile the various value indications produced by the analysis of the comparables.

The final step in the appraisal process is the reconciliation of the value indicators into a single value estimate. CRA and KTR reviewed each approach in order to determine its appropriateness relative to the properties that they appraised. The accuracy of the data available and the quantity of evidence were weighted in each approach. For the appraisal of the Tamarac Village Property, CRA placed primary emphasis on the income capitalization approach to valuation, and the direct capitalization approach was considered in the conclusion of value for the property. CRA relied secondarily on the sales comparison approach, and reported that the value conclusion derived pursuant to the sales comparison approach was utilized as a means to support the value conclusion rendered for the Tamarac Village Property pursuant to the income capitalization approach. For the appraisal of the Cedar Rim Property, KTR reported that both the income capitalization approach and the sales comparison approach were processed, each approach having merit and similar limitations. KTR noted that greatest reliance was placed upon the income capitalization approach to valuation, and the direct capitalization approach was considered in the conclusion of value for the property.

### ***Tamarac Village Property***

*Summary of Independent Appraisal of the Tamarac Village Property.* CRA performed a complete appraisal of the Tamarac Village Property. The appraisal report of the Tamarac Village Property is dated March 16, 2011, and indicates that the estimated market value of the Tamarac Village Property was \$39,600,000 as of February 23, 2011. The appraisal report was updated by CRA as reflected in CRA's supplemental letters dated June 17, 2011 and October 13, 2011. The appraisal report, as updated by the supplemental letter dated June 17, 2011, indicates that the estimated market value of the Tamarac Village Property was \$40,600,000 as of May 31, 2011. The appraisal report, as updated by the supplemental letter dated October 13, 2011, provides an estimate of the property's market value as of October 1, 2011. The summary set forth below describes the material conclusions reached by CRA based on the value determined under the valuation approaches and subject to the assumptions and limitations described below. According to CRA's report, as updated by the supplemental letters, the estimated market value of the Tamarac Village Property was \$42,700,000 as of October 1, 2011. The following is a summary of the appraisal report dated March 16, 2011, as updated by the supplemental letters dated June 17, 2011 and October 13, 2011. There is no present intention to further update the appraisal report. The Aimco Entities are not aware of any events that have occurred or conditions that have changed since the October 13, 2011 supplemental letter that may have caused a material change in the value of the Tamarac Village Property.

*Extraordinary Assumption.* In connection with the preparation of its March 2011 appraisal report of the Tamarac Village Property, CRA inspected the property on February 23, 2011. CRA noted that a physical inspection of the Tamarac Village Property and its environs was not conducted in conjunction with the June 2011 supplemental letter or the October 2011 supplemental letter, and that it is assumed for purposes of the June 2011 supplemental letter and the October 2011 supplemental letter that the Tamarac Village Property is in a similar state of repair and condition, and that neighborhood conditions and composition are consistent with observations noted on February 23, 2011.

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*Valuation under Income Capitalization Approach.* Using the income capitalization approach, CRA performed a direct capitalization analysis to derive a value for the Tamarac Village Property. The direct capitalization analysis resulted in a valuation conclusion for the Tamarac Village Property of approximately \$42,700,000 as of October 1, 2011.

The assumptions employed by CRA to determine the value of the Tamarac Village Property under the income capitalization approach using the direct capitalization method included:

- potential gross income from apartment unit rentals of \$411,927 per month or \$4,943,124 for the appraised year;
- a 10% allowance attributable to loss to lease;
- concession allowance of 1.0% of the gross rent potential;
- a combined vacancy and collection loss factor of 4.0%;
- estimated utility income of \$298,920, or \$530 per unit;
- estimated other income of \$451,200, or \$800 per unit;
- total estimated expenses of \$2,285,813; and
- capitalization rate of 6.25%.

Using the direct capitalization method, CRA calculated the value of the Tamarac Village Property by dividing the stabilized net operating income of \$2,665,962 by the concluded overall capitalization rate of 6.25%.

CRA calculated the value conclusion of the Tamarac Village Property under the income capitalization approach of approximately \$42,700,000 as of October 1, 2011.

*Valuation under Sales Comparison Approach.* CRA estimated the property value of the Tamarac Village Property under the sales comparison approach by analyzing sales from the influencing market that were most similar to the Tamarac Village Property in terms of age, size, tenant profile and location. CRA reported that the local market has been active in terms of investment sales of similar properties, and that adequate sales existed to formulate a value for the Tamarac Village Property under the sales comparison approach.

The sales comparison approach resulted in a valuation conclusion for the Tamarac Village Property of approximately \$40,900,000 as of October 1, 2011.

In reaching a valuation conclusion for the Tamarac Village Property, CRA examined and analyzed comparable sales of five properties in the influencing market. The sales reflected unadjusted sales prices ranging from \$60,505 to \$86,528 per unit. After adjustment, the comparable sales illustrated a value range of \$66,556 to \$81,410 per unit. CRA estimated a value of \$72,500 per unit. Applied to the Tamarac Village Property's 564 units, this resulted in CRA's total value estimate for the Tamarac Village Property of approximately \$40,900,000.

*Reconciliation of Values and Conclusion of Appraisal.* For the appraisal of the Tamarac Village Property, CRA placed primary emphasis on the value indicator produced by the income capitalization approach in the final conclusion of market value. CRA relied secondarily on the sales comparison approach, and reported that the value conclusion derived pursuant to the sales comparison approach is utilized as a means to support the value conclusion

rendered for the Tamarac Village Property pursuant to the income capitalization approach. The income capitalization approach using a direct capitalization analysis resulted in a value of \$42,700,000, and the sales comparison approach resulted in a value of \$40,900,000. CRA concluded that the market value of the Tamarac Village Property as of October 1, 2011 was \$42,700,000.

***Cedar Rim Property***

*Summary of Independent Appraisal of the Cedar Rim Property.* KTR performed a complete appraisal of the Cedar Rim Property. The appraisal report of the Cedar Rim Property is dated October 14, 2011. The appraisal report provides an estimate of the property's market value as of October 1, 2011. The summary set forth below describes the material conclusions reached by KTR based on the value determined under the valuation approaches and subject to the assumptions and limitations described below. According to KTR's report, the estimated market value of the

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Cedar Rim Property was \$12,000,000 as of October 1, 2011. Previous appraisal reports by KTR of the Cedar Rim Property, dated March 17, 2011 and June 8, 2011, indicated that the estimated market value of the Cedar Rim Property was \$11,500,000 and \$11,700,000 as of March 4, 2011 and June 1, 2011, respectively. The increase in the estimated market value of the Cedar Rim Property is mainly due to changes in the assumptions employed by KTR to determine the value of the Cedar Rim Property under the income capitalization approach (including higher potential gross income from apartment unit rentals and higher estimated other income) and the fact that KTR placed the greatest reliance upon the income capitalization approach to valuation. The following is a summary of the appraisal report dated October 14, 2011. There is no present intention to update the appraisal report. The Aimco Entities are not aware of any events that have occurred or conditions that have changed since the date of the appraisal report that may have caused a material change in the value of the Cedar Rim Property.

*Extraordinary Assumption.* In connection with the preparation of its March 2011 appraisal report of the Cedar Rim Property, KTR inspected the property on March 4, 2011. KTR noted that the scope of work of the subsequent appraisal reports of the Cedar Rim Property did not include a physical inspection of the Cedar Rim Property, and that the values derived in those reports are based on the extraordinary assumption that the physical condition of the Cedar Rim Property has not materially changed since March 4, 2011.

*Valuation under Income Capitalization Approach.* Using the income capitalization approach, KTR performed a direct capitalization analysis to derive a value for the Cedar Rim Property. The direct capitalization analysis resulted in a valuation conclusion for the Cedar Rim Property of approximately \$12,000,000 as of October 1, 2011.

The assumptions employed by KTR to determine the value of the Cedar Rim Property under the income capitalization approach using the direct capitalization method included:

- potential gross income from apartment unit rentals of \$132,225 per month or \$1,586,700 for the appraised year;
- a 3.0% allowance attributable to loss to lease;
- concession allowance of 4.0% of the gross rent potential;
- a combined vacancy and collection loss factor of 5.0%;
- administrative unit rental loss associated with the operation of one administrative unit of \$15,300 for the appraised year;
- estimated other income of \$145,600, or \$1,400 per unit;
- total estimated expenses of \$866,102; and
- capitalization rate of 5.5%.

Using the direct capitalization method, KTR calculated the value of the Cedar Rim Property by dividing the stabilized net operating income of \$660,494 by the concluded overall capitalization rate of 5.5%.

KTR calculated the value conclusion of the Cedar Rim Property under the income capitalization approach of approximately \$12,000,000 as of October 1, 2011.

*Valuation under Sales Comparison Approach.* KTR estimated the property value of the Cedar Rim Property under the sales comparison approach by analyzing sales from the influencing market that were most similar to the Cedar Rim

Property in terms of age, size, tenant profile and location. KTR reported that the local market has been active in terms of investment sales of similar properties, and that adequate sales existed to formulate a value for the Cedar Rim Property under the sales comparison approach.

The sales comparison approach resulted in a valuation conclusion for the Cedar Rim Property of approximately \$12,000,000 as of October 1, 2011.

In reaching a valuation conclusion for the Cedar Rim Property, KTR examined and analyzed comparable sales of four properties in the influencing market. The sales reflected unadjusted sales prices ranging from \$101,550 to \$169,889 per unit. After adjustment, the comparable sales illustrated a value range of \$111,705 to \$127,417 per unit. KTR reported that it placed the greatest reliance on two of the sales as they required the least aggregate and net adjustments and one of these two sales was also the most proximate to the Cedar Rim Property. KTR reported that



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these sales indicated a value range of \$111,705 to \$125,821 per unit. KTR estimated a value of \$115,000 per unit. Applied to the Cedar Rim Property's 104 units, this resulted in KTR's total value estimate for the Cedar Rim Property of approximately \$12,000,000.

*Reconciliation of Values and Conclusion of Appraisal.* For the appraisal of the Cedar Rim Property, KTR reported that both the income capitalization approach and the sales comparison approach were processed, each approach having merit and similar limitations. KTR noted that greatest reliance was placed upon the income capitalization approach to valuation. The income capitalization approach using a direct capitalization analysis resulted in a value of \$12,000,000, and the sales comparison approach resulted in a value of \$12,000,000. KTR concluded that the market value of the Cedar Rim Property as of October 1, 2011 was \$12,000,000.

*Assumptions, Limitations and Qualifications of CRA's and KTR's Valuations.* In preparing their respective appraisals, CRA and KTR relied, without independent verification, on the information furnished by others. Each of CRA's and KTR's appraisal reports was subject to the following assumptions and limiting conditions: no responsibility was assumed for the legal description or for matters including legal or title considerations, and title to each property was assumed to be good and marketable unless otherwise stated; each property was appraised free and clear of any or all liens or encumbrances unless otherwise stated; responsible ownership and competent property management were assumed; all engineering was assumed to be correct; there were no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable, and no responsibility was assumed for such conditions or for arranging for engineering studies that may be required to discover them; there was full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance was stated, defined, and considered in the appraisal report; all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity had been stated, defined, and considered in the appraisal report; all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in each report was based; the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in either report; the distribution, if any, of the total valuation in each report between land and improvements applies only under the respective stated program of utilization; unless otherwise stated in each report, the existence of hazardous substances, including without limitation, asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on each property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection, and the appraiser had no knowledge of the existence of such materials on or in the property unless otherwise stated; the appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the Americans with Disabilities Act; and former personal property items such as kitchen and bathroom appliances were, at the time of each appraisal report, either permanently affixed to the real estate or were implicitly part of the real estate in that tenants expect the use of such items in exchange for rent and never gain any of the rights of ownership, and the intention of the owners is not to remove the articles which are required under the implied or express warranty of habitability.

*Compensation of Appraisers.* CRA's fee for the appraisal of the Tamarac Village Property was approximately \$14,300. KTR's fee for the appraisal of the Cedar Rim Property was approximately \$18,900. Aimco OP paid for the costs of the appraisals. Neither CRA's nor KTR's fee for its respective appraisal was contingent on the approval or completion of the merger. Aimco OP also has agreed to indemnify CRA and KTR for certain liabilities that may arise out of the rendering of the appraisals. During the past two years, in addition to these fees, Aimco OP and its affiliates have paid CRA and KTR approximately \$247,900 and \$285,700, respectively, for other appraisal services, including, but not limited to, fees of approximately \$152,100 and \$157,300, respectively, for appraisal services related to certain other merger transactions that are being effected concurrently with this merger. Except as set forth above, during the prior two years, no material relationship has existed between CRA or KTR, on the one hand, and CCIP/3 or Aimco

OP or any of their affiliates, on the other hand. Aimco OP believes that its relationships with CRA and KTR had no negative impact on either firm's independence in conducting the appraisals.

*Availability of Appraisal Reports.* You may obtain a full copy of CRA's and KTR's appraisals upon request, without charge, by contacting Eagle Rock Proxy Advisors, LLC, by mail at 12 Commerce Drive, Cranford, New Jersey 07016; by fax at (908) 497-2349; or by telephone at (800) 217-9608. In addition, the appraisal reports have

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been filed with the SEC. For more information about how to obtain a copy of the appraisal reports see [Where You Can Find Additional Information](#).

**Opinion of Financial Advisor**

Aimco OP retained Duff & Phelps to act as financial advisor to the boards of directors of Aimco, the general partner of Aimco OP, and the general partner of CCIP/3 in connection with their evaluation of the proposed terms of the merger.

On November 15, 2011, Duff & Phelps rendered its written opinion to the boards of directors of Aimco, the general partner of Aimco OP, and the general partner of CCIP/3, to the effect that, as of November 15, 2011, based upon and subject to the assumptions made, procedures followed, factors considered, and qualifications and limitations on the review undertaken, the cash consideration offered in the merger is fair from a financial point of view to the unaffiliated limited partners of CCIP/3.

**The full text of the written opinion of Duff & Phelps, dated November 15, 2011, which sets forth the assumptions made, procedures followed, factors considered, and qualifications and limitations on the review undertaken by Duff & Phelps in connection with the opinion, is attached as Annex C to this information statement/prospectus. You are encouraged to read the opinion carefully and in its entirety. The summary of Duff & Phelps' opinion in this information statement/prospectus is qualified in its entirety by reference to the full text of the opinion.**

**Duff & Phelps' opinion was directed to the boards of directors of Aimco, the general partner of Aimco OP, and the general partner of CCIP/3, and addressed only the fairness from a financial point of view of the cash consideration of \$61.30 per unit, as of the date of the opinion. Duff & Phelps provided its opinion for the information and assistance of the boards of directors of Aimco, the general partner of Aimco OP, and the general partner of CCIP/3 in connection with their evaluation of the merger. Neither Duff & Phelps' opinion nor the summary of the opinion and the related analyses set forth in this information statement/prospectus are intended to be, and do not constitute, advice or a recommendation as to how any person should act with respect to any matters relating to the merger, or whether to proceed with the merger or any related transaction.**

In connection with its opinion, Duff & Phelps made such reviews, analyses and inquiries as it deemed necessary and appropriate under the circumstances. Duff & Phelps also took into account its assessment of general economic, market and financial conditions, as well as its experience in securities and business valuation, in general, and with respect to similar transactions, in particular. Duff & Phelps' procedures, investigations, and financial analysis with respect to the preparation of its opinion included, but were not limited to, the items summarized below:

1. Reviewed the following documents:
  - a. Reviewed CCIP/3's property level internal unaudited financial statements for the nine months ended September 30, 2011 and CCIP/3's property level unaudited annual financial statements for each of the three fiscal years ended December 31, 2010;
  - b. Reviewed other internal documents relating to the history, current operations, and probable future outlook of CCIP/3, including financial projections, provided to Duff & Phelps by the management of Aimco OP; and
  - c. Reviewed documents related to the merger, including certain portions of a draft of this information statement/prospectus, including a draft of the merger agreement dated as of November 10, 2011, and

certain other documents related to the merger;

2. Reviewed the following information and/or documents related to the real estate holdings of CCIP/3:
  - a. Reviewed previously completed appraisal reports associated with the properties owned by CCIP/3 prepared by KTR and CRA as of October 1, 2011 and provided to Duff & Phelps by management of

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- Aimco OP (which appraisal reports are incorporated by reference in Exhibits 99.1 through 99.4 in this information statement/prospectus);
- b. Reviewed facts and circumstances related to each of the properties owned by CCIP/3 to understand factors relevant to the appraisals; and
  - c. Reviewed market data for each of the subject markets and assessed current supply and demand trends;
3. Reviewed the following information and/or documents related to the properties owned by CCIP/3:
- a. Reviewed operating statements and balance sheets for the twelve month periods ending December 31, 2008, 2009, and 2010;
  - b. Reviewed the year-to-date operating statement and balance sheet for the nine month period ending September 30, 2011;
  - c. Reviewed budgeted financial statements for the twelve month period ending December 31, 2011;
  - d. Reviewed rent rolls prepared as of September 2011; and
  - e. Discussed the information referred to above and the background and other elements of the merger with the management of Aimco OP; and
4. Conducted such other analyses and considered such other factors as Duff & Phelps deemed appropriate.

In performing its analyses and rendering its opinion with respect to the merger, Duff & Phelps made certain assumptions, qualifications and limiting conditions, which included, but were not limited to, the items summarized below:

1. Relied upon the accuracy, completeness, reliability, and fair presentation of all information, data, advice, opinions and representations obtained from public sources or provided to it from private sources regarding or otherwise relating to the properties owned by CCIP/3, CCIP/3, the merger and/or otherwise received by it in connection with the opinion, including information obtained from Aimco OP management, and did not independently verify such information;
2. Assumed that any estimates, evaluations, forecasts or projections furnished to Duff & Phelps by management of Aimco OP were reasonably prepared and based upon the best currently available information and good faith judgment of the person furnishing the same;
3. Assumed that the final versions of all documents reviewed by Duff & Phelps in draft form conform in all material respects to the drafts reviewed;
4. Assumed that there has been no material change in the assets, financial condition, business, or prospects of CCIP/3 or any of its owned properties since the respective dates of the appraisal reports, the most recent financial statements and the other information made available to Duff & Phelps;
5. Assumed that, title to the properties owned by CCIP/3 is good and marketable, that all material licenses and related regulatory approvals that are required or advisable to be obtained with respect to the properties owned by CCIP/3 have been obtained and are current, and that, except as expressly disclosed

in the appraisal reports, the properties owned by CCIP/3 are in compliance with applicable material zoning, use, occupancy, environmental, and similar laws and regulations;

6. Assumed responsible ownership and competent property management of each of the properties owned by CCIP/3, that, except as expressly disclosed in the appraisal reports, there are no unapparent conditions with respect to any of the properties owned by CCIP/3 that could affect the value of such property, and that, except as expressly disclosed in the appraisal reports, there are no hazardous substances on or near any of the properties owned by CCIP/3 that could affect the value of such property;

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7. Assumed that all of the conditions required to implement the merger will be satisfied and that the merger will be completed in accordance with the merger agreement without any amendments thereto or any waivers of any terms or conditions thereof; and
8. Assumed that each of the unaffiliated limited partners elects to receive the cash consideration offered, and therefore, Duff & Phelps made no determination as to the fair value of, or fairness with respect to the OP Unit consideration.

Duff & Phelps did not evaluate CCIP/3's solvency or conduct an independent appraisal or physical inspection of any specific liabilities (contingent or otherwise). Duff & Phelps did not evaluate the tax consequences the merger may have on any person, including any unaffiliated limited partner, and did not take any such consequences into account in rendering the opinion. Duff & Phelps was not requested to, and did not, (i) initiate any discussions with, or solicit any indications of interest from, third parties with respect to the merger, the assets, businesses or operations of CCIP/3, or any alternatives to the merger, (ii) negotiate the terms of the merger, or (iii) advise Aimco OP or any other party with respect to alternatives to the merger.

Duff & Phelps did not express any opinion as to the market price or value of CCIP/3's or Aimco OP's equity (or anything else) after the announcement or the consummation of the merger. Without limiting the generality of the foregoing, Duff & Phelps did not express any opinion as to the liquidity of, rights and/or risks associated with owning, or any other feature or characteristic of, the OP Units. The opinion should not be construed as a valuation opinion, credit rating, solvency opinion, an analysis of CCIP/3's or Aimco OP's credit worthiness, as tax advice, or as accounting advice. Duff & Phelps did not make, and assumed no responsibility to make, any representation, or render any opinion, as to any legal matter (including with respect to title to or any encumbrances relating to any of the properties owned by CCIP/3).

Duff & Phelps did not investigate any of the physical conditions of any of the properties owned by CCIP/3 and has not made, and assumed no responsibility to make, any representation, or render any opinion, as to the physical condition of any of the properties owned by CCIP/3. No independent surveys of the properties owned by CCIP/3 were conducted by Duff & Phelps. Duff & Phelps did not arrange for any engineering studies that may be required to discover any unapparent condition in the properties owned by CCIP/3. Duff & Phelps did not arrange for or conduct any soil analysis or geological studies or any investigation of any water, oil, gas, coal, or other subsurface mineral and use rights or conditions or arrange for or conduct any other environmental analysis, including with respect to any hazardous materials, which may or may not be present on, in or near any of the properties owned by CCIP/3.

In rendering its opinion, Duff & Phelps did not express any opinion with respect to the amount or nature of any compensation to any of Aimco OP's and/or Aimco's respective officers, directors, or employees, or any class of such persons, relative to the consideration offered to the unaffiliated limited partners in the merger, or with respect to the fairness of any such compensation.

The opinion (i) does not address the merits of the underlying business decision to enter into the merger versus any alternative strategy or transaction, (ii) does not address any transaction related to the merger, (iii) is not a recommendation as to how any party should vote or act with respect to any matters relating to the merger or any related transaction, or whether to proceed with the merger or any related transaction, and (iv) does not indicate that the consideration offered is the best possibly attainable under any circumstances; instead, the opinion merely states whether the consideration offered in the merger is within a range suggested by certain financial analyses. The decision as to whether to proceed with the merger or any related transaction may depend on an assessment of factors unrelated to the financial analysis on which the opinion was based.

Duff & Phelps prepared its opinion effective as of November 15, 2011. The opinion was necessarily based upon market, economic, financial and other conditions as they existed and could be evaluated as of such date, and Duff & Phelps disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion which may come or be brought to the attention of Duff & Phelps after such date.

The following is a summary of the material financial analyses performed by Duff & Phelps in connection with providing its opinion. The summary of Duff & Phelps' s valuation analyses is not a complete description of the analyses underlying Duff & Phelps' s opinion. The preparation of an opinion regarding fairness is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial,



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comparative and other analytic methods employed and the adaptation and application of these methods to the unique facts and circumstances presented. As a consequence, neither an opinion regarding fairness nor its underlying analyses is readily susceptible to partial analysis or summary description. Duff & Phelps arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, analytic method or factor. Accordingly, Duff & Phelps believes that its analyses must be considered as a whole and that selecting portions of its analyses, analytic methods and factors, without considering all analyses and factors or the narrative description of the analyses could create a misleading or incomplete view of the processes underlying its analyses and opinion.

### ***Valuation Analysis***

Duff & Phelps estimated the value attributable to the interests of the unaffiliated limited partners as follows:

Duff & Phelps reviewed the valuation conclusions for each of the properties owned by CCIP/3 reached in the third party appraisals that were provided by the management of Aimco OP and as described in greater detail under the heading *Special Factors – The Appraisals* and Annex E – Summary of Appraisals Table;

Duff & Phelps' review of the third party appraisals included a review of the key assumptions used in and the conclusions reached by the appraisals and a comparison of such assumptions and conclusions to appropriate sources of real estate market data including, but not limited to: market surveys, selected comparable real estate transaction data, and discussions with opinions of professionals in the market place. Duff & Phelps also reviewed the valuation methodology employed by the third party appraisers and determined it to be appropriate;

Duff & Phelps estimated the range of value attributable to the interests of the unaffiliated limited partners by adding to the range of the aggregate appraised value of the properties owned by CCIP/3 the amount of CCIP/3's other non-real estate assets that were not included in the appraisals, and subtracting the amount of CCIP/3's liabilities, including the market value of mortgage debt (but without deducting any prepayment penalties thereon) and the amount of liabilities estimated by management of Aimco OP for expenses attributable to the properties owned by CCIP/3 that would be incurred prior to the transactions but payable after the transactions; and

Duff & Phelps reviewed Aimco OP management's estimate of the fair value of the mortgage debt associated with the properties owned by CCIP/3, as described in greater detail under the heading *The Merger Determination of Merger Consideration*, by reviewing the valuation methodology and the determination of the appropriate current market yield on mortgage debt of similar type, leverage and duration.

### ***Estimated Value of Limited Partnership Units***

The table below provides a summary of (i) the estimated range of value for the properties owned by CCIP/3 by applying a capitalization rate range that was 25 basis points above and below the capitalization rate used by the third party appraisers to the appropriate measure of income from the properties owned by CCIP/3 used by the third party appraisers, (ii) a summary of the estimated fair market value of mortgage debt associated with the properties owned

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by CCIP/3, and (iii) the proposed merger consideration (which was determined by the Aimco Entities) and Duff & Phelps range of value for the Series A Units.

	<b>Low Value</b>	<b>Proposed Value</b>	<b>High Value</b>	<b>% of Total</b>
<u>Property Value</u>				
Tamarac Village	\$ 41,000,000	\$ 42,700,000	\$ 44,400,000	
Cedar Rim	11,500,000	12,000,000	12,600,000	
<b>Total</b>	<b>\$ 52,500,000</b>	<b>\$ 54,700,000</b>	<b>\$ 57,000,000</b>	
<u>Debt Summary</u>				
Book Value of Debt(1)	\$ 25,929,512	\$ 25,929,512	\$ 25,929,512	
Fair Value of Debt(1)	31,015,149	31,015,149	31,015,149	
Fair Value as a % of Book	120%	120%	120%	
<u>LP Interest Summary</u>				
Proceeds Distributable to LPs	\$ 21,294,363	\$ 23,472,363	\$ 25,749,363	
Affiliated LP Units	239,212	239,212	239,212	62%
Unaffiliated LP Units	143,714	143,714	143,714	38%
<b>Total LP Units</b>	<b>382,926</b>	<b>382,926</b>	<b>382,926</b>	
<b>Value Per LP Unit</b>	<b>\$ 55.61</b>	<b>\$ 61.30</b>	<b>\$ 67.24</b>	

(1) Includes accrued interest.

Based on an aggregate range of value for the properties owned by CCIP/3 of \$52.5 million to \$54.6 million, Duff & Phelps estimated the range of value per Series A Unit to be approximately \$55.61 to \$67.24, compared to the cash merger consideration of \$61.30 per Series A Unit.

**Other Matters**

By letter agreement dated June 10, 2011 between Duff & Phelps and Aimco OP, Duff & Phelps was engaged to opine, as to the fairness, from a financial point of view, to the unaffiliated limited partners of each of certain limited partnerships (including CCIP/3) of the cash consideration offered in the proposed merger relating to that limited partnership. Duff & Phelps was engaged based on its experience as a leading global independent provider of financial advisory and investment banking services. Duff & Phelps delivers advice principally in the areas of valuation, transactions, financial restructuring, dispute and taxation. Since 2005, Duff & Phelps has completed hundreds of valuations in the real estate investment trust and real estate operating company industry and rendered over 308 fairness opinions in transactions aggregating over \$103 billion. Duff & Phelps has also rendered over 222 solvency opinions in transactions aggregating over \$1.02 trillion.

Duff & Phelps has received a fee in the aggregate amount of \$450,000 for its services with respect to all of the partnerships pursuant to this engagement (which includes a retainer in the amount of \$200,000 allocated among eleven partnerships, including CCIP/3 and a partnership that ultimately did not pursue a merger transaction, and \$50,000 for a bringdown of the initial fairness opinions dated July 28, 2011) as well as reimbursement for its expenses in the amount of approximately \$50,000. No portion of Duff & Phelps fee is contingent upon either the conclusion expressed in this (or any other) opinion or whether or not this (or any other) merger is successfully consummated. Aimco OP

also has agreed to indemnify Duff & Phelps for certain liabilities that may arise out of the rendering of this opinion and any related to Duff & Phelps' engagement. During the two years preceding the date of this opinion, Duff & Phelps has been paid approximately \$199,400 for property tax consulting services by Aimco OP and its affiliates for which Duff & Phelps received customary fees and indemnification. Except as set forth above, during the two years preceding the date of this opinion, Duff & Phelps had not had any material relationship with any party to the merger for which compensation has been received or is intended to be received, nor is any such material relationship or related compensation mutually understood to be contemplated.

### **Estimated Operating Budgets for the Properties**

At the end of each calendar year, Aimco OP's management prepares an estimated operating budget for the next calendar year for each of the properties owned by CCIP/3. Aimco OP's management provided the 2011 estimated operating budgets for these properties to Duff & Phelps for use in connection with the preparation of its fairness opinion, and to CRA and KTR in connection with the preparation of their appraisals.

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In preparing the 2011 estimated operating budgets, Aimco OP's management made a number of assumptions and estimates, including the following:

income was projected to grow in accordance with estimated rent growth projections provided by Property & Portfolio Research, Inc., Reis, Inc., and Axiometrics Inc. by market;

expense growth was assumed to be 3.4% for budget year 2011;

vacancy rates were budgeted to remain at or above 96%; and

turnover was budgeted in accordance with historic experience at each property.

Aimco OP's management believed these assumptions and estimates were reasonable at the time the budgets were prepared, but these assumptions and estimates may not be realized and are inherently subject to significant uncertainties and contingencies, including, among others, the risks and uncertainties described under Management's Discussion and Analysis of Financial Condition and Results of Operations in CCIP/3's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, which is included as Annex G to this information statement/prospectus. All of these uncertainties and contingencies are difficult to predict and many are beyond the control of Aimco, Aimco OP and CCIP/3.

The 2011 estimated operating budgets have been prepared by, and are the responsibility of, Aimco OP's management. The 2011 estimated operating budgets were prepared solely for internal use and not with a view toward public disclosure and, accordingly, do not comply with generally accepted accounting principles, the published guidelines of the SEC regarding projections, or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither Aimco's independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the 2011 estimated operating budgets, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and they assume no responsibility for, and disclaim any association with, the 2011 estimated operating budgets. Furthermore, the 2011 estimated operating budgets do not take into account any circumstances or events occurring after the date they were prepared.

The inclusion of the 2011 estimated operating budgets in this information statement/prospectus should not be regarded as an indication that any of Aimco, Aimco OP or their respective affiliates, advisors or representatives consider the 2011 estimated operating budgets to be predictive of actual future results, and they should not be relied upon as such. There can be no assurance that the underlying assumptions will prove to be accurate or that the estimated results will be realized, and actual results likely will differ, and may differ materially, from those reflected in the 2011 estimated operating budgets. None of Aimco, Aimco OP or their respective affiliates, advisors, officers, directors or representatives undertakes any obligation to update or otherwise revise the 2011 estimated operating budgets to reflect circumstances existing after the date they were prepared, or to reflect the occurrence of future events, even if any or all of the assumptions underlying the 2011 estimated operating budgets are no longer appropriate, except as required by law.

**In light of the foregoing factors and the uncertainties inherent in the 2011 estimated operating budgets, holders of Series A Units are cautioned not to place undue, if any, reliance on them.**

The following table summarizes the 2011 estimated operating budgets for each of the properties owned by CCIP/3:

	<b>Property</b>	
	<b>Tamarac Village Apartments</b>	<b>Cedar Rim Apartments</b>
Effective Gross Income	\$ 4,745,313	\$ 1,629,487
Total Expenses	\$ 2,329,677	\$ 830,719
Net Operating Income	\$ 2,415,636	\$ 798,768

Limited partners are urged to review CCIP/3's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, which is included as Annex G to this information statement/prospectus, for information regarding CCIP/3's results of operations during the nine months ended September 30, 2011, including Management's Discussion and Analysis of Financial Condition and Results of Operations.

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**RISK FACTORS**

**Risks Related to the Merger**

*Conflicts of Interest.* ConCap is the general partner of CCIP/3 and is wholly-owned by AIMCO/IPT, Inc., which in turn is wholly-owned by Aimco. Therefore, ConCap has a conflict of interest with respect to the merger. ConCap has fiduciary duties to AIMCO/IPT, Inc., ConCap's sole stockholder and an affiliate of Aimco, on the one hand, and to CCIP/3 and its limited partners, on the other hand. The duties of ConCap to CCIP/3 and its limited partners conflict with the duties of ConCap to AIMCO/IPT, Inc., which could result in the ConCap approving a transaction that is more favorable to Aimco than might be the case absent such conflict of interest.

*No independent representative was engaged to represent the unaffiliated limited partners in negotiating the terms of the merger.* If an independent advisor had been engaged, it is possible that such advisor could have negotiated better terms for CCIP/3's unaffiliated limited partners who hold Series A Units.

*The terms of the merger have not been determined in arm's-length negotiations.* The terms of the merger, including the merger consideration, were determined through discussions between officers and directors of ConCap, on the one hand, and officers of Aimco, on the other. All of the officers and directors of ConCap are also officers of Aimco. There are no independent directors of ConCap. If the terms of the merger had been determined through arm's-length negotiations, the terms might be more favorable to CCIP/3 and its limited partners who hold Series A Units.

*The merger agreement does not require approval of the merger by a majority of the unaffiliated limited partners.* Under the provisions of the CCIP/3 partnership agreement and applicable Delaware law, the merger must be approved by a majority in interest of the Series A Units. As of November 18, 2011, there were issued and outstanding 382,925.60 Series A Units, and Aimco OP and its affiliates owned 239,212 of those units, or approximately 62.47% of the number of Series A Units outstanding, enabling them to approve the merger without the consent or approval of any unaffiliated limited partners.

*In connection with previous partnership merger transactions, lawsuits have been filed alleging that Aimco and certain of its affiliates breached their fiduciary duties to the unaffiliated limited partners.* In February 2011, Aimco and Aimco OP completed six partnership mergers. In each merger, the limited partners who were not affiliated with Aimco received cash or OP Units with a value calculated based on the estimated proceeds that would be available for distribution to limited partners if the partnership's properties were sold at prices equal to their appraised values. In March 2011, counsel representing a putative class consisting of former limited partners in each of those partnerships contacted Aimco alleging that the merger transactions were unfair to the unaffiliated limited partners because the appraisals used were not of a recent date and no fairness opinions were obtained, among other reasons. Aimco denied the purported class allegations, but agreed to mediate plaintiffs' claims in June 2011, and agreed to settle this dispute by paying the unaffiliated limited partners additional consideration of \$7.5 million. The merger contemplated hereby may also be subject to claims that the merger consideration is unfair and a result of self-dealing.

*The merger consideration was determined based on the appraised value of the two remaining properties as of the date of the appraisals, and there can be no assurance that the value of the properties will not increase as of the date of the consummation of the merger.* CRA and KTR appraised the Tamarac Village Property and the Cedar Rim Property, respectively, as of October 1, 2011. ConCap calculated the amount of the merger consideration based on the appraised values of the properties as of such date. ConCap has not made any other attempt to assess or account for any changes in the value of the properties since the date of the appraisals in its determination of the merger consideration.

*Alternative valuations of CCIP/3's properties might exceed the appraised values relied on to determine the merger consideration.* Aimco determined the merger consideration in reliance on the appraised values of the two remaining properties of CCIP/3. See Special Factors The Appraisals, beginning on page 8, for more information about the appraisals. Although independent appraisers were engaged to perform complete appraisals of the properties, valuation is not an exact science. There are a number of other methods available to value real estate, each of which may result in different valuations of a property. Also, others using the same valuation

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methodology could make different assumptions and judgments, and obtain different results. A February 2009 lender appraisal for the Cedar Rim Property indicated a market value of \$15,350,000 as of February 20, 2009, which is higher than the appraised value relied on to determine the merger consideration. However, this lender appraisal is more than two years old.

*Actual sales prices of CCIP/3's properties could exceed the appraised values that Aimco relied on to determine the merger consideration.* No recent attempt has been made to market the Cedar Rim Property to unaffiliated third parties. There can be no assurance that the Cedar Rim Property could not be sold for a value higher than the appraised value used to determine the merger consideration if it were marketed to third-party buyers interested in properties of this type. ConCap listed the Tamarac Village Property for sale to third-party buyers in March 2009, and received offers at that time to purchase the Tamarac Village Property for purchase prices ranging from \$24,000,000 in cash to \$29,000,000 in cash plus the assumption of debt. ConCap determined at the time that those offers were not acceptable, and was unable to find a third-party buyer that was willing to buy the property at a price that was acceptable to ConCap. Also, ConCap determined an assumption of the existing loans would require a partial loan payoff because of lender loan-to-value requirements. Such a payoff would trigger a prepayment penalty (at the time that ConCap was evaluating a sale of the property, the estimated prepayment penalties would have been approximately \$5 million), that would result in reduced net proceeds to CCIP/3 from the sale.

*The merger consideration may not represent the price limited partners could obtain for their Series A Units in an open market.* There is no established or regular trading market for Series A Units, nor is there another reliable standard for determining the fair market value of the Series A Units. The merger consideration does not necessarily reflect the price that CCIP/3 limited partners would receive in an open market for their Series A Units. Such prices could be higher than the aggregate value of the merger consideration.

*Limited partners may recognize taxable gain in the merger that could exceed the merger consideration.* Limited partners who elect to receive cash in the merger in exchange for their Series A Units will recognize gain or loss equal to the difference between their amount realized and their adjusted tax basis in the Series A Units sold. The resulting tax liability could exceed the value of the cash received in the merger.

*Limited partners in certain jurisdictions will not be able to elect OP Units.* In those states where the offering of the OP Units hereby is not permitted, residents of those states will receive only the cash consideration in the merger.

## **Risks Related to an Investment in Aimco or Aimco OP**

For a description of risks related to an investment in Aimco and Aimco OP, please see the information set forth under Part I Item 1A. Risk Factors in the Annual Reports on Form 10-K for the year ended December 31, 2010 of each of Aimco and Aimco OP. Aimco's Annual Report is incorporated herein by reference and is available electronically through the SEC's website, [www.sec.gov](http://www.sec.gov), or by request to Aimco. Aimco OP's Annual Report on Form 10-K for the year ended December 31, 2010 (excluding the report of the independent registered public accounting firm, the financial statements and the notes thereto), is included as Annex H to this information statement/prospectus.

## **Risks Related to an Investment in OP Units**

*There are restrictions on the ability to transfer OP Units, and there is no public market for Aimco OP Units.* The Aimco OP partnership agreement restricts the transferability of OP Units. Until the expiration of a one-year holding period, subject to certain exceptions, investors may not transfer OP Units without the consent of Aimco OP's general partner. Thereafter, investors may transfer such OP Units subject to the satisfaction of certain conditions, including the general partner's right of first refusal. There is no public market for the OP Units. Aimco OP has no plans to list any OP Units on a securities exchange. It is unlikely that any person will make a market in the OP Units, or that an active



market for the OP Units will develop. If a market for the OP Units develops and the OP Units are considered readily tradable on a secondary market (or the substantial equivalent thereof), Aimco OP would be classified as a publicly traded partnership for U.S. federal income tax purposes, which could have a material adverse effect on Aimco OP.

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*Cash distributions by Aimco OP are not guaranteed and may fluctuate with partnership performance.* Aimco OP makes quarterly distributions to holders of OP Units (on a per unit basis) that generally are equal to dividends paid on the Aimco common stock (on a per share basis). However, such distributions will not necessarily continue to be equal to such dividends. Although Aimco OP makes quarterly distributions on its OP Units, there can be no assurance regarding the amounts of available cash that Aimco OP will generate or the portion that its general partner will choose to distribute. The actual amounts of available cash will depend upon numerous factors, including profitability of operations, required principal and interest payments on our debt, the cost of acquisitions (including related debt service payments), its issuance of debt and equity securities, fluctuations in working capital, capital expenditures, adjustments in reserves, prevailing economic conditions and financial, business and other factors, some of which may be beyond Aimco OP's control. Cash distributions depend primarily on cash flow, including from reserves, and not on profitability, which is affected by non-cash items. Therefore, cash distributions may be made during periods when Aimco OP records losses and may not be made during periods when it records profits. The Aimco OP partnership agreement gives the general partner discretion in establishing reserves for the proper conduct of the partnership's business that will affect the amount of available cash. Aimco is required to make reserves for the future payment of principal and interest under its credit facilities and other indebtedness. In addition, Aimco OP's credit facility limits its ability to distribute cash to holders of OP Units. As a result of these and other factors, there can be no assurance regarding actual levels of cash distributions on OP Units, and Aimco OP's ability to distribute cash may be limited during the existence of any events of default under any of its debt instruments.

*Holders of OP Units are limited in their ability to effect a change of control.* The limited partners of Aimco OP are unable to remove the general partner of Aimco OP or to vote in the election of Aimco's directors unless they own shares of Aimco. In order to comply with specific REIT tax requirements, Aimco's charter has restrictions on the ownership of its equity securities. As a result, Aimco OP limited partners and Aimco stockholders are limited in their ability to effect a change of control of Aimco OP and Aimco, respectively.

*Holders of OP Units have limited voting rights.* Aimco OP is managed and operated by its general partner. Unlike the holders of common stock in a corporation, holders of OP Units have only limited voting rights on matters affecting Aimco OP's business. Such matters relate to certain amendments of the partnership agreement and certain transactions such as the institution of bankruptcy proceedings, an assignment for the benefit of creditors and certain transfers by the general partner of its interest in Aimco OP or the admission of a successor general partner. Holders of OP Units have no right to elect the general partner on an annual or other continuing basis, or to remove the general partner. As a result, holders of OP Units have limited influence on matters affecting the operation of Aimco OP, and third parties may find it difficult to attempt to gain control over, or influence the activities of, Aimco OP.

*Holders of OP Units are subject to dilution.* Aimco OP may issue an unlimited number of additional OP Units or other securities for such consideration and on such terms as it may establish, without the approval of the holders of OP Units. Such securities could have priority over the OP Units as to cash flow, distributions and liquidation proceeds. The effect of any such issuance may be to dilute the interests of holders of OP Units.

*Holders of OP Units may not have limited liability in specific circumstances.* The limitations on the liability of limited partners for the obligations of a limited partnership have not been clearly established in some states. If it were determined that Aimco OP had been conducting business in any state without compliance with the applicable limited partnership statute, or that the right or the exercise of the right by the OP Unitholders as a group to make specific amendments to the agreement of limited partnership or to take other action under the agreement of limited partnership constituted participation in the control of Aimco OP's business, then a holder of OP Units could be held liable under specific circumstances for Aimco OP's obligations to the same extent as the general partner.

*Aimco may have conflicts of interest with holders of OP Units.* Conflicts of interest have arisen and could arise in the future as a result of the relationships between the general partner of Aimco OP and its affiliates (including Aimco), on

the one hand, and Aimco OP or any partner thereof, on the other. The directors and officers of the general partner have fiduciary duties to manage the general partner in a manner beneficial to Aimco, as the sole stockholder of the general partner. At the same time, as the general partner of Aimco OP, it has fiduciary duties to manage Aimco OP in a manner beneficial to Aimco OP and its limited partners. The duties of the general partner of Aimco OP to Aimco OP and its partners may therefore come into conflict with the duties of the directors and

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officers of the general partner to its sole stockholder, Aimco. Such conflicts of interest might arise in the following situations, among others:

Decisions of the general partner with respect to the amount and timing of cash expenditures, borrowings, issuances of additional interests and reserves in any quarter will affect whether or the extent to which there is available cash to make distributions in a given quarter.

Under the terms of the Aimco OP partnership agreement, Aimco OP will reimburse the general partner and its affiliates for costs incurred in managing and operating Aimco OP, including compensation of officers and employees.

Whenever possible, the general partner seeks to limit Aimco OP's liability under contractual arrangements to all or particular assets of Aimco OP, with the other party thereto having no recourse against the general partner or its assets.

Any agreements between Aimco OP and the general partner and its affiliates will not grant to the OP Unitholders, separate and apart from Aimco OP, the right to enforce the obligations of the general partner and such affiliates in favor of Aimco OP. Therefore, the general partner, in its capacity as the general partner of Aimco OP, will be primarily responsible for enforcing such obligations.

Under the terms of the Aimco OP partnership agreement, the general partner is not restricted from causing Aimco OP to pay the general partner or its affiliates for any services rendered on terms that are fair and reasonable to Aimco OP or entering into additional contractual arrangements with any of such entities on behalf of Aimco OP. Neither the Aimco OP partnership agreement nor any of the other agreements, contracts and arrangements between Aimco OP, on the one hand, and the general partner of Aimco OP and its affiliates, on the other, are or will be the result of arm's-length negotiations.

*Provisions in the Aimco OP partnership agreement may limit the ability of a holder of OP Units to challenge actions taken by the general partner.* Delaware law provides that, except as provided in a partnership agreement, a general partner owes the fiduciary duties of loyalty and care to the partnership and its limited partners. The Aimco OP partnership agreement expressly authorizes the general partner to enter into, on behalf of Aimco OP, a right of first opportunity arrangement and other conflict avoidance agreements with various affiliates of Aimco OP and the general partner, on such terms as the general partner, in its sole and absolute discretion, believes are advisable. The latitude given in the Aimco OP partnership agreement to the general partner in resolving conflicts of interest may significantly limit the ability of a holder of OP Units to challenge what might otherwise be a breach of fiduciary duty. The general partner believes, however, that such latitude is necessary and appropriate to enable it to serve as the general partner of Aimco OP without undue risk of liability.

The Aimco OP partnership agreement limits the liability of the general partner for actions taken in good faith. Aimco OP's partnership agreement expressly limits the liability of the general partner by providing that the general partner, and its officers and directors, will not be liable or accountable in damages to Aimco OP, the limited partners or assignees for errors in judgment or mistakes of fact or law or of any act or omission if the general partner or such director or officer acted in good faith. In addition, Aimco OP is required to indemnify the general partner, its affiliates and their respective officers, directors, employees and agents to the fullest extent permitted by applicable law, against any and all losses, claims, damages, liabilities, joint or several, expenses, judgments, fines and other actions incurred by the general partner or such other persons, provided that Aimco OP will not indemnify for (i) willful misconduct or a knowing violation of the law or (ii) for any transaction for which such person received an improper personal benefit in violation or breach of any provision of the partnership agreement. The provisions of Delaware law that allow the common law fiduciary duties of a general partner to be modified by a partnership agreement have not been resolved in

a court of law, and the general partner has not obtained an opinion of counsel covering the provisions set forth in the Aimco OP partnership agreement that purport to waive or restrict the fiduciary duties of the general partner that would be in effect under common law were it not for the partnership agreement.

**Certain United States Tax Risks Associated with an Investment in the OP Units**

The following are among the U.S. federal income tax considerations to be taken into account in connection with an investment in OP Units. For a general discussion of material U.S. federal income tax consequences resulting

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from acquiring, holding, exchanging, and otherwise disposing of OP Units, see Material United States Federal Income Tax Considerations Taxation of Aimco OP and OP Unitholders.

*Aimco OP may be treated as a publicly traded partnership taxable as a corporation.* If Aimco OP were treated as a publicly traded partnership taxed as a corporation for U.S. federal income tax purposes, material adverse consequences to the partners would result. Moreover, in such a case, a holder of Series A Units receiving OP Units in the merger would be required to recognize gain or loss on the transaction. In addition, Aimco would not qualify as a REIT for U.S. federal income tax purposes, which would have a material adverse impact on Aimco and its shareholders. Aimco believes and intends to take the position that Aimco OP should not be treated as a publicly traded partnership taxable as a corporation. No assurances can be given that the Internal Revenue Service, or the IRS, would not assert, or that a court would not sustain a contrary position. Accordingly, each prospective investor is urged to consult his tax advisor regarding the classification and treatment of Aimco OP as a partnership for U.S. federal income tax purposes.

*The limited partners may recognize gain on the transaction.* If a CCIP/3 limited partner receives or is deemed to receive cash or consideration other than OP Units in connection with the merger, the receipt of such cash or other consideration may be taxable to the limited partner. Subject to certain exceptions, including exceptions applicable to periodic distributions of operating cash flow, any transfer or deemed transfer of cash by Aimco OP to the limited partner (or its owners) within two years before or after the merger, including cash paid at closing, will generally be treated as part of a disguised sale. The application of the disguised sale rules is complex and depends, in part, upon the facts and circumstances applicable to the limited partner, which Aimco has not undertaken to review. Accordingly, limited partners are particularly urged to consult with their tax advisors concerning the extent to which the disguised sale rules would apply.

*A contribution of appreciated or depreciated property may result in special allocations to the contributing partner.* If property is contributed to Aimco OP and the adjusted tax basis of the property differs from its fair market value, then Aimco OP tax items must be specially allocated for U.S. federal income tax purposes, in a manner chosen by Aimco OP, such that the contributing partner is charged with and recognizes the unrealized gain, or benefits from the unrealized loss, associated with the property at the time of the contribution. As a result of such special allocations, the amount of net taxable income allocated to a contributing partner may exceed the amount of cash distributions, if any, to which such contributing partner is entitled.

*The Aimco OP general partner could take actions that would impose tax liability on a contributing partner.* There are a variety of transactions that Aimco OP may in its sole discretion undertake following a property contribution that could cause the transferor (or its partners) to incur a tax liability without a corresponding receipt of cash. Such transactions include, but are not limited to, the sale or distribution of a particular property and a reduction in nonrecourse debt, or the making of certain tax elections by Aimco OP. In addition, future economic, market, legal, tax or other considerations may cause Aimco OP to dispose of the contributed property or to reduce its debt. As permitted by the Aimco OP partnership agreement, the general partner intends to make decisions in its capacity as general partner of Aimco OP so as to maximize the profitability of Aimco OP as a whole, independent of the tax effects on individual holders of OP Units.

*An investor's tax liability from OP Units could exceed the cash distributions received on such OP Units.* A holder of OP Units will be required to pay U.S. federal income tax on such holder's allocable share of Aimco OP's income, even if such holder receives no cash distributions from Aimco OP. No assurance can be given that a holder of OP Units will receive cash distributions equal to such holder's allocable share of taxable income from Aimco OP or equal to the tax liability to such holder resulting from that income. Further, upon the sale, exchange or redemption of any OP Units, a reduction in nonrecourse debt, or upon the special allocation at the liquidation of Aimco OP, an investor may incur a tax liability in excess of the amount of cash received.

*OP Unitholders may be subject to state, local or foreign taxation.* OP Unitholders may be subject to state, local or foreign taxation in various jurisdictions, including those in which Aimco OP transacts business and owns property. It should be noted that Aimco OP owns properties located in a number of states and local jurisdictions, and an OP Unitholder may be required to file income tax returns in some or all of those jurisdictions. The state, local or foreign tax treatment of OP Unitholders may not conform to the U.S. federal income tax consequences of an investment in OP Units, as described in *Material United States Federal Income Tax Considerations* beginning on page 69.

**Table of Contents****SELECTED SUMMARY HISTORICAL FINANCIAL DATA OF  
APARTMENT INVESTMENT AND MANAGEMENT COMPANY**

The following table sets forth Aimco's selected summary historical financial data as of the dates and for the periods indicated. Aimco's historical consolidated statements of operations data set forth below for each of the five fiscal years in the period ended December 31, 2010 and the historical consolidated balance sheet data for each of the five fiscal year-ends in the period ended December 31, 2010, are derived from information included in Aimco's Current Report on Form 8-K, filed with the SEC on November 15, 2011. Aimco's unaudited historical consolidated statements of operations data set forth below for each of the nine months ended September 30, 2011 and 2010, and the unaudited historical consolidated balance sheet data as of September 30, 2011, are derived from information included in Aimco's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, filed with the SEC on October 28, 2011.

You should read this information together with Management's Discussion and Analysis of Financial Condition and Results of Operations and with the consolidated financial statements and notes to the consolidated financial statements included in Aimco's Current Report on Form 8-K, filed with the SEC on November 15, 2011, and Aimco's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, filed with the SEC on October 28, 2011, which are incorporated by reference in this information statement/prospectus. See Where You Can Find Additional Information in this information statement/prospectus.

	<b>For the Nine Months Ended September 30,</b>		<b>For The Years Ended December 31,</b>				<b>2006(1)</b>
	<b>2011</b>	<b>2010</b>	<b>2010(1)</b>	<b>2009(1)</b>	<b>2008(1)</b>	<b>2007(1)</b>	
	<b>(unaudited)</b>						
	<b>(dollar amounts in thousands, except per share data)</b>						
<b>Consolidated Statements of Operations:</b>							
Total revenues	\$ 834,521	\$ 812,265	\$ 1,092,606	\$ 1,082,231	\$ 1,128,099	\$ 1,063,962	\$ 978,692
Total operating expenses(2)	(702,240)	(720,017)	(967,144)	(995,469)	(1,096,498)	(901,629)	(825,485)
Operating income(2)	132,281	92,248	125,462	86,762	31,601	162,333	153,207
Loss from continuing operations(2)	(100,550)	(121,293)	(161,725)	(199,680)	(117,743)	(47,827)	(44,129)
Income from discontinued operations, net(3)	50,959	65,881	72,101	154,880	744,745	173,333	331,151
Net (loss) income	(49,591)	(55,412)	(89,624)	(44,800)	627,002	125,506	287,022
Net loss (income) attributable to noncontrolling interests	5,438	5,147	17,896	(19,474)	(214,995)	(95,595)	(110,234)
Net loss (income) attributable to Aimco's preferred stockholders	(35,429)	(36,626)	(53,590)	(50,566)	(53,708)	(66,016)	(81,132)



Net (loss) income attributable to Aimco's common stockholders	(79,751)	(86,891)	(125,318)	(114,840)	351,314	(40,586)	93,710
Earnings (loss) per common share - basic and diluted:							
Loss from continuing operations attributable to Aimco's common stockholders	\$ (0.92)	\$ (1.10)	\$ (1.45)	\$ (1.77)	\$ (2.09)	\$ (1.39)	\$ (1.49)
Net (loss) income attributable to Aimco's common stockholders	\$ (0.67)	\$ (0.75)	\$ (1.08)	\$ (1.00)	\$ 3.96	\$ (0.43)	\$ 0.98
<b>Consolidated Balance Sheets:</b>							
Real estate, net of accumulated depreciation	\$ 6,179,415		\$ 6,297,557	\$ 6,474,700	\$ 6,633,790	\$ 6,405,002	\$ 5,946,219
Total assets	7,042,702		7,378,566	7,906,468	9,441,870	10,617,681	10,292,587
Total indebtedness	5,259,725		5,338,630	5,316,303	5,679,544	5,303,531	4,647,864
Total equity	1,201,114		1,306,772	1,534,703	1,646,749	2,048,546	2,650,182
<b>Other Information:</b>							
Dividends declared per common share(4)	\$ 0.36	\$ 0.20	\$ 0.30	\$ 0.40	\$ 7.48	\$ 4.31	\$ 2.40
Total consolidated properties (end of period)	359	419	399	426	514	657	703
Total consolidated apartment units (end of period)	83,304	93,008	89,875	95,202	117,719	153,758	162,432
Total unconsolidated properties (end of period)	47	59	48	77	85	94	102
Total unconsolidated apartment units (end of period)	5,517	6,933	5,637	8,478	9,613	10,878	11,791

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- (1) Certain reclassifications have been made to conform to the September 30, 2011 financial statement presentation, including retroactive adjustments to reflect additional properties sold or classified as held for sale as of September 30, 2011 as discontinued operations (see Note 3 to the condensed consolidated financial statements in Item 1 *Financial Statements* in Aimco's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, and Note 13 to the consolidated financial statements in Item 8 *Financial Statements and Supplementary Data* in Aimco's Current Report on Form 8-K filed with the SEC on November 15, 2011, which are incorporated by reference in this information statement/prospectus.).
- (2) Total operating expenses, operating income and loss from continuing operations for the year ended December 31, 2008, include a \$91.1 million pre-tax provision for impairment losses on real estate development assets, which is discussed further in Item 7 *Management's Discussion and Analysis of Financial Condition and Results of Operations* in Aimco's Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC on February 25, 2011, which is incorporated by reference in this information statement/prospectus.
- (3) Income from discontinued operations for the years ended December 31, 2010, 2009, 2008, 2007 and 2006 includes \$94.9 million, \$221.8 million, \$800.3 million, \$116.1 million and \$336.2 million in gains on disposition of real estate, respectively. Income from discontinued operations for 2010, 2009 and 2008 is discussed further in Item 7 *Management's Discussion and Analysis of Financial Condition and Results of Operations* in Aimco's Current Report on Form 8-K filed with the SEC on November 15, 2011, which is incorporated by reference in this information statement/prospectus.
- (4) Dividends declared per common share during the years ended December 31, 2008 and 2007, included \$5.08 and \$1.91, respectively, of per share dividends that were paid through the issuance of shares of Aimco Class A Common Stock (see Note 11 to the consolidated financial statements in Item 8 *Financial Statements and Supplementary Data* included in Aimco's Current Report on Form 8-K filed with the SEC on November 15, 2011, which is incorporated by reference in this information statement/prospectus).

**Table of Contents****SELECTED SUMMARY HISTORICAL FINANCIAL DATA OF  
AIMCO PROPERTIES, L.P.**

The following table sets forth Aimco OP's selected summary historical financial data as of the dates and for the periods indicated. Aimco OP's historical consolidated statements of operations data set forth below for each of the five fiscal years in the period ended December 31, 2010 and the historical consolidated balance sheet data for each of the five fiscal year-ends in the period ended December 31, 2010, are derived from information included in Aimco OP's Current Report on Form 8-K, filed with the SEC on November 15, 2011, and included as Annex J to this information statement/prospectus. Aimco OP's unaudited historical consolidated statements of operations data set forth below for each of the nine months ended September 30, 2011 and 2010, and the unaudited historical consolidated balance sheet data as of September 30, 2011, are derived from information included in Aimco OP's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 included as Annex I to this information statement/prospectus.

You should read this information together with Management's Discussion and Analysis of Financial Condition and Results of Operations and with the consolidated financial statements and notes to the consolidated financial statements included in Aimco OP's Current Report on Form 8-K, filed with the SEC on November 15, 2011, and Aimco OP's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, filed with the SEC on October 28, 2011, which are included as Annex J and Annex I to this information statement/prospectus.

	<b>For the Nine Months Ended September 30, 2011            2010 (unaudited)</b>		<b>For The Years Ended December 31, 2010(1)        2009(1)        2008(1)        2007(1)        2006(1)</b>				
	<b>(dollar amounts in thousands, except per unit data)</b>						
<b>Consolidated Statements of Operations:</b>							
Total revenues	\$ 834,521	\$ 812,265	\$ 1,092,606	\$ 1,082,231	\$ 1,128,099	\$ 1,063,962	\$ 978,692
Total operating expenses(2)	(702,240)	(720,017)	(967,144)	(995,469)	(1,096,498)	(901,629)	(825,485)
Operating income(2)	132,281	92,248	125,462	86,762	31,601	162,333	153,207
Loss from continuing operations(2)	(99,290)	(120,651)	(160,866)	(198,860)	(116,957)	(47,078)	(41,169)
Income from discontinued operations, net(3)	50,959	65,881	72,101	154,880	744,745	173,333	331,151
Net (loss) income	(48,331)	(54,770)	(88,765)	(43,980)	627,788	126,255	289,982
Net loss (income) attributable to noncontrolling interests	4,612	1,795	13,301	(22,442)	(155,749)	(92,138)	(92,917)
Net (loss) income attributable to Aimco OP's preferred unit holders	(40,441)	(39,918)	(58,554)	(56,854)	(61,354)	(73,144)	(90,527)

Net (loss) income attributable to Aimco OP's common unit holders	(84,329)	(92,893)	(134,018)	(123,276)	403,700	(43,508)	104,592
Earnings (loss) per common unit - basic and diluted:							
Loss from continuing operations attributable to Aimco OP's common unit holders	\$ (0.91)	\$ (1.10)	\$ (1.44)	\$ (1.76)	\$ (1.94)	\$ (1.38)	\$ (1.47)
Net (loss) income attributable to Aimco OP's common unit holders	\$ (0.66)	\$ (0.75)	\$ (1.07)	\$ (1.00)	\$ 4.11	\$ (0.42)	\$ 0.99
<b>Consolidated Balance Sheets:</b>							
Real estate, net of accumulated depreciation	\$ 6,179,920		\$ 6,298,062	\$ 6,475,205	\$ 6,634,295	\$ 6,405,507	\$ 5,946,724
Total assets	7,060,492		7,395,096	7,922,139	9,456,721	10,631,746	10,305,903
Total indebtedness	5,259,725		5,338,630	5,316,303	5,679,544	5,303,531	4,647,864
Total partners' capital	1,218,904		1,323,302	1,550,374	1,661,600	2,152,326	2,753,617
<b>Other Information:</b>							
Distributions declared per common unit(4)	\$ 0.36	\$ 0.20	\$ 0.30	\$ 0.40	\$ 7.48	\$ 4.31	\$ 2.40
Total consolidated properties (end of period)	359	419	399	426	514	657	703
Total consolidated apartment units (end of period)	83,304	93,008	89,875	95,202	117,719	153,758	162,432
Total unconsolidated properties (end of period)	47	59	48	77	85	94	102
Total unconsolidated apartment units (end of period)	5,517	6,933	5,637	8,478	9,613	10,878	11,791

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- (1) Certain reclassifications have been made to conform to the September 30, 2011 financial statement presentation, including retroactive adjustments to reflect additional properties sold or classified as held for sale as of September 30, 2011 as discontinued operations (see Note 3 to the condensed consolidated financial statements in Item 1 *Financial Statements* in Aimco OP's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, included as Annex I to this information statement/prospectus, and Note 13 to the consolidated financial statements in Item 8 *Financial Statements and Supplementary Data* in Aimco OP's Current Report on Form 8-K, filed with the SEC on November 15, 2011, and included as Annex J to this information statement/prospectus.).
- (2) Total operating expenses, operating income and loss from continuing operations for the year ended December 31, 2008, include a \$91.1 million pre-tax provision for impairment losses on real estate development assets, which is discussed further in Item 7 *Management's Discussion and Analysis of Financial Condition and Results of Operations* in Aimco OP's Annual Report on Form 10-K for the year ended December 31, 2010 included as Annex H to this information statement/prospectus.
- (3) Income from discontinued operations for the years ended December 31, 2010, 2009, 2008, 2007 and 2006 includes \$94.9 million, \$221.8 million, \$800.3 million, \$116.1 million and \$336.2 million in gains on disposition of real estate, respectively. Income from discontinued operations for 2010, 2009 and 2008 is discussed further in Item 7 *Management's Discussion and Analysis of Financial Condition and Results of Operations* in Aimco OP's Current Report on Form 8-K filed with the SEC on November 15, 2011, and included as Annex J to this information statement/prospectus.
- (4) Distributions declared per common unit during the years ended December 31, 2008 and 2007, included \$5.08 and \$1.91, respectively, of per unit distributions that were paid to Aimco through the issuance of OP Units (see Note 11 to the consolidated financial statements in Item 8 *Financial Statements and Supplementary Data* in Aimco OP's Current Report on Form 8-K, filed with the SEC on November 15, 2011, and included as Annex J to this information statement/prospectus.).

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**SELECTED SUMMARY HISTORICAL FINANCIAL DATA OF  
CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES/3, LP**

The following table sets forth CCIP/3's selected summary historical financial data as of the dates and for the periods indicated. CCIP/3's historical statements of operations and cash flow data set forth below for each of the two fiscal years in the period ended December 31, 2010 and the historical balance sheet data as of December 31, 2010 and 2009, are derived from CCIP/3's financial statements included in CCIP/3's Annual Report on Form 10-K for the fiscal year ended December 31, 2010. CCIP/3's unaudited historical statements of operations and cash flow data set forth below for each of the nine months ended September 30, 2011 and 2010, and the unaudited historical balance sheet data as of September 30, 2011, are derived from CCIP/3's unaudited financial statements included in CCIP/3's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.

You should read this information together with Management's Discussion and Analysis of Financial Condition and Results of Operations and with the financial statements and notes to the financial statements for the fiscal year ended December 31, 2010 included in CCIP/3's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed with the SEC on March 25, 2011, and in CCIP/3's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, filed with the SEC on November 9, 2011, which are included as Annex F and Annex G to this information statement/prospectus. See Where You Can Find Additional Information in this information statement/prospectus.

	<b>For the Nine Months Ended September 30, 2011</b>		<b>For the Years Ended December 31, 2010(1)</b>	
	<b>2010(1)(4)</b>		<b>2009(1)</b>	
	<b>(unaudited)</b>			
	<b>(dollar amounts in thousands, except per unit data)</b>			
<b>Statements of Operations:</b>				
Total revenues	\$ 5,049	\$ 4,797	\$ 6,460	\$ 6,207
Loss from continuing operations	(1,690)	(2,312)	(2,765)	(3,704)
Net income	14,282	5,108	4,627	1,031
Loss from continuing operations per limited partnership unit	(2.24)(2)	(5.97)	(8.40)	(11.15)
Loss from continuing operations per Series A Unit	(2.14)			
Net income per limited partnership unit	36.92	13.20	11.96	2.67
Distributions per limited partnership unit	0.77(3)	4.33	4.95	
Distributions per Series A Unit	6.46			
Distributions per Series B Unit	26.89			
Deficit of earnings to fixed charges	(1,690)	(2,312)	(2,765)	(3,708)
<b>Balance Sheets:</b>				
Cash and cash equivalents	\$ 362	\$ 345	\$ 336	\$ 196
Real estate, net of accumulated depreciation	14,771	17,226	16,442	19,604
Assets held for sale		5,293(5)	5,113(5)	14,404(6)
Total assets	15,870	26,029	25,176	35,460
Mortgage notes payable	25,758	26,052	25,984	26,247
Due to affiliates	346			619

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Liabilities related to assets held for sale		10,738(5)	10,569(5)	22,567(6)
General partners deficit	(954)	(958)	(965)	(992)
Limited partners deficit		(10,577)	(11,291)	(13,977)
Limited partners deficit Series A	(10,348)			
Limited partners capital Series B	127			
Total partners deficit	(11,175)	(11,535)	(12,256)	(14,969)
Total distributions	13,201	1,674	1,914	
Book value per limited partnership unit		(27.62)	(29.48)	(36.49)
Book value per Series A Unit	(27.02)			
Book value per Series B Unit	0.33			

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	<b>For the Nine Months Ended September 30,</b>		<b>For the Years Ended December 31,</b>	
	<b>2011</b>	<b>2010(1)(4)</b>	<b>2010(1)</b>	<b>2009(1)</b>
	<b>(unaudited)</b>			
	<b>(dollar amounts in thousands, except per unit data)</b>			

**Other Information:**

Net increase (decrease) in cash and cash equivalents	\$ 26	\$ 149	\$ 140	\$ (171)
Net cash provided by operating activities	968	926	1,405	593

- (1) Certain reclassifications have been made to conform to the September 30, 2011 financial statement presentations, including retroactive adjustments to reflect the Lamplighter Park Property, which was sold in June 2011, as discontinued operations (see Note A to the financial statements in Item 1 *Financial Statements* in CCIP/3's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, which is included as Annex G to this information statement/prospectus).
- (2) Represents loss from continuing operations per unit prior the serialization of CCIP/3's interest, which was effective May 9, 2011.
- (3) Represents distributions per unit prior to the serialization of CCIP/3's interest, which was effective May 9, 2011.
- (4) The statement of operations for the nine months ended September 30, 2011 also reflects the operations of Sienna Bay Apartments as discontinued operations as a result of its sale in March 2010.
- (5) Includes the Lamplighter Park Property, which was sold in June 2011.
- (6) Includes Sienna Bay Apartments, which was sold in March 2010, and the Lamplighter Park Property, which was sold in June 2011.



**Table of Contents****COMPARATIVE PER SHARE DATA**

Aimco common stock trades on the NYSE under the symbol AIV. The OP Units are not listed on any securities exchange and do not trade in an active secondary market. However, as described below, the trading price of Aimco common stock is considered a reasonable estimate of the fair market value of an OP Unit. After a one-year holding period, OP Units are redeemable for shares of Aimco common stock (on a one-for-one basis) or cash equal to the value of such shares, as Aimco elects. As a result, the trading price of Aimco common stock is considered a reasonable estimate of the fair market value of an OP Unit. The number of OP Units offered in the merger with respect to each Series A Unit was calculated by dividing the per unit cash merger consideration by the average closing price of Aimco common stock, as reported on the NYSE over the ten consecutive trading days ending on the second trading day immediately prior to the consummation of the merger. The closing price of Aimco common stock as reported on the NYSE on November 10, 2011 was \$22.82.

The CCIP/3 Units are not listed on any securities exchange nor do they trade in an active secondary market. The per unit cash merger consideration payable to each holder of Series A Units is greater than ConCap's estimate of the proceeds that would be available for distribution to limited partners of CCIP/3 if its two properties were sold at prices equal to their respective appraised values.

The following tables summarize the historical per share/unit information for Aimco, Aimco OP and CCIP/3 for the periods indicated:

	<b>Nine Months Ended September 30, 2011</b>	<b>Fiscal Year Ended December 31,</b>		
		<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Cash dividends declared per share/unit</b>				
Aimco Common Stock	\$ 0.36	\$ 0.30	\$ 0.40	\$ 2.40
Aimco OP Units	0.36	0.30	0.40	2.40
CCIP/3 Units	0.77	4.95		
Series A Units	6.46			
<b>Loss per common share/unit from continuing operations</b>				
Aimco Common Stock	\$ (0.92)	\$ (1.45)	\$ (1.77)	\$ (2.09)
Aimco OP Units	(0.91)	(1.44)	(1.76)	(1.94)
CCIP/3 Units	(2.24)	(7.14)	(9.57)	(9.95)
Series A Units	(2.14)			
		<b>September 30, 2011</b>	<b>December 31, 2010</b>	
<b>Book value per share/unit</b>				
Aimco Common Stock(1)		\$ 7.87	\$ 8.89	
Aimco OP Units(2)		7.26	8.18	
CCIP/3 Units(3)			(29.48)	
Series A Units(4)		(27.02)		

- (1) Based on 120.9 million and 117.6 million shares of Aimco common stock outstanding at September 30, 2011 and December 31, 2010, respectively.
- (2) Based on 129.2 million and 126.1 million Aimco OP Units and equivalents outstanding at September 30, 2011 and December 31, 2010, respectively.
- (3) Based on 382,925.60 CCIP/3 Units outstanding at December 31, 2010.
- (4) Based on 382,925.60 Series A Units outstanding at September 30, 2011.

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**INFORMATION ABOUT THE AIMCO ENTITIES**

Aimco is a Maryland corporation incorporated on January 10, 1994. Aimco is a self-administered and self-managed real estate investment trust, or REIT. Aimco's principal financial objective is to provide predictable and attractive returns to its stockholders. Aimco's business plan to achieve this objective is to:

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

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

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

As of September 30, 2011, Aimco:

owned an equity interest in 205 conventional real estate properties with 64,781 units;

owned an equity interest in 201 affordable real estate properties with 24,040 units; and

provided services for or managed 11,233 units in 159 properties, primarily pursuant to long-term asset management agreements. In certain cases, Aimco may indirectly own generally less than one percent of the operations of such properties through a syndication or other fund.

Of these properties, Aimco consolidated 199 conventional properties with 63,335 units and 160 affordable properties with 19,969 units.

For conventional assets, Aimco focuses on the ownership of primarily B/B+ assets. Aimco measures conventional property asset quality based on average rents of its units compared to local market average rents as reported by a third-party provider of commercial real estate performance and analysis, with A-quality assets earning rents greater than 125% of local market average, B-quality assets earning rents 90% to 125% of local market average and C-quality assets earning rents less than 90% of local market average. Aimco classifies as B/B+ those assets earning rents ranging from 100% to 125% of local market average. Although some companies and analysts within the multifamily real estate industry use asset class ratings of A, B and C, some of which are tied to local market rent averages, the metrics used to classify asset quality as well as the timing for which local markets rents are calculated may vary from company to company. Accordingly, Aimco's rating system for measuring asset quality is neither broadly nor consistently used in the multifamily real estate industry.

Through its wholly-owned subsidiaries, AIMCO-GP, Inc., the general partner of Aimco OP, and AIMCO-LP Trust, Aimco owns a majority of the ownership interests in Aimco OP. As of September 30, 2011, Aimco held approximately 94% of the OP Units and high performance units, or HPUs, of Aimco OP. Aimco conducts substantially all of its business and owns substantially all of its assets through Aimco OP. Interests in Aimco OP that are held by limited partners other than Aimco include OP Units, HPUs and partnership preferred units. The holders of OP Units receive distributions, prorated from the date of issuance, in an amount equivalent to the dividends paid to

holders of Aimco common stock. Holders of OP Units may redeem such units for cash or, at Aimco OP's option, Aimco common stock. Partnership preferred units entitle the holders thereof to a preference with respect to distributions or upon liquidation. At September 30, 2011, after elimination of shares held by consolidated subsidiaries, 120,916,144 shares of Aimco common stock were outstanding and Aimco OP had 8,289,841 OP Units and HPUs outstanding for a combined total of 129,205,985 shares of Aimco common stock, OP Units and HPUs outstanding.

Through its wholly-owned subsidiary, AIMCO/IPT, Inc., a Delaware corporation, Aimco owns all of the outstanding common stock of FCMC, the managing general partner of ConCap, which in turn is the general partner of CCIP/3.

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AIMCO/IPT, Inc. holds a 70% interest in AIMCO IPLP, L.P. as its general partner. AIMCO IPLP, L.P. and AIMCO/IPT, Inc. share voting and dispositive power over 119,654.4 Series A Units, representing approximately 31.25% of the outstanding Series A Units. AIMCO IPLP, L.P. also owns 100% of each of Cooper River Properties, L.L.C. and Madison River Properties, L.L.C., which own 28,039.3 and 46,747.4 Series A Units, respectively, or approximately 7.32% and 12.21% of CCIP/3's outstanding Series A Units, respectively.

AIMCO CCIP/3 Merger Sub LLC, or the Aimco Subsidiary, is a Delaware limited liability company formed on July 27, 2011, for the purpose of consummating the merger with CCIP/3. The Aimco Subsidiary is a direct wholly-owned subsidiary of Aimco OP. The Aimco Subsidiary has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement.

The names, positions and business addresses of the directors and executive officers of Aimco, Aimco OP, AIMCO-GP, Inc., AIMCO/IPT, Inc., AIMCO IPLP, L.P., Cooper River Properties, L.L.C., Madison River Properties, L.L.C. and the Aimco Subsidiary, as well as a biographical summary of the experience of such persons for the past five years or more, are set forth in Annex D attached hereto and are incorporated in this information statement/prospectus by reference. During the last five years, none of Aimco, Aimco OP, Aimco-GP, Inc., AIMCO/IPT, Inc., AIMCO IPLP, L.P., Cooper River Properties, L.L.C., Madison River Properties, L.L.C., CCIP/3 or ConCap nor, to the best of their knowledge, any of the persons listed in Annex D of this information statement/prospectus (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining further violations of or prohibiting activities subject to federal or state securities laws or finding any violation with respect to such laws. Additional information about Aimco is included in documents incorporated by reference into this information statement/prospectus. Additional information about Aimco OP is included in Annex H and Annex I to this information statement/prospectus. See Where You Can Find Additional Information.

The following chart represents the organizational structure of the Aimco Entities:

**Table of Contents****INFORMATION ABOUT CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES/3, LP**

CCIP/3 is a Delaware limited partnership organized on October 2, 2008, in connection with a redomestication of a predecessor limited partnership from California to Delaware in October 2008. The predecessor was organized as a California limited partnership on May 23, 1984. During 1985, the predecessor of CCIP/3 offered 800,000 CCIP/3 Units at a price of \$250 per unit pursuant to a registration statement filed with the SEC. The sale of the units terminated in May of 1987, with 383,033 units sold for an aggregate purchase price of \$95,758,000. Since its initial offering, CCIP/3 has not received, nor are limited partners required to make, additional capital contributions. During each of 2009, 2010 and 2011, CCIP/3 sold one property to a third party.

CCIP/3 serialized its interests through an amendment to the partnership agreement dated May 9, 2011, which created the Series A Units, which relate to the Tamarac Village Property and the Cedar Rim Property, and the Series B Units, which related to the Lamplighter Park Property.

CCIP/3's partnership agreement provides that the partnership is to terminate on December 31, 2015 unless terminated prior to such date. ConCap, which is the general partner of CCIP/3, is indirectly wholly-owned by Aimco.

CCIP/3's principal business is to operate, hold for investment, and ultimately sell income-producing multi-family residential properties. CCIP/3 sold the Lamplighter Park Property, which was the sole property related to the Series B Units, to a third party on June 21, 2011. At September 30, 2011, CCIP/3 owned the following properties:

the Cedar Rim Property, which consists of a 104 unit apartment project located in New Castle, Washington;  
and

the Tamarac Village Property, a 564 unit apartment project located in Denver, Colorado.

The average annual rental rates for each of the five years ended December 31, 2010 for each property are as follows:

Property	Average Annual Rental Rates (per unit)				
	2010	2009	2008	2007	2006
Cedar Rim Apartments	\$ 14,657	\$ 15,854	\$ 15,781	\$ 11,895	\$ 10,676
Tamarac Village Apartments	7,324	7,446	7,359	6,935	6,608

The average occupancy for each of the five years ended December 31, 2010 and for the nine months ended September 30, 2011 and 2010 for each property is as follows:

Property	Average Occupancy						
	For the Nine Months Ended September 30,		For the Years Ended December 31,				
	2011	2010	2010	2009	2008	2007	2006
Cedar Rim Apartments	96%	96%	97%	93%	75%	43%	97%

Tamarac Village Apartments	98%	97%	97%	95%	98%	97%	95%
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The real estate industry is highly competitive. All of the properties are subject to competition from other residential apartment complexes in the area. ConCap believes that all of the properties are adequately insured. The properties are apartment complexes which lease units for terms of one year or less. No tenant leases 10% or more of the available rental space.

During the year ended December 31, 2010, CCIP/3 completed approximately \$135,000 of capital improvements at the Cedar Rim Property consisting primarily of floor covering replacements and construction related water damage from a broken water line. These improvements were funded from operating cash flow and insurance proceeds. During the year ended December 31, 2010, CCIP/3 completed approximately \$325,000 of capital improvements at the Lamplighter Park Property consisting primarily of building and parking area improvements, lighting, appliance and floor covering replacements, and construction related to flood damage from a broken sump pump. These improvements were funded from operating cash flow and insurance proceeds. During the year ended December 31, 2010, CCIP/3 completed approximately \$589,000 of capital improvements at the Tamarac Village Property consisting primarily of building and parking area improvements, kitchen and bath resurfacing and

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appliance and floor covering replacements. These improvements were funded from operating cash flow and replacement reserves.

During the nine months ended September 30, 2011, CCIP/3 completed approximately \$28,000 of capital improvements at the Cedar Rim Property, consisting primarily of floor covering replacements; approximately \$142,000 of capital improvements at the Lamplighter Park Property, consisting primarily of appliance and floor covering replacements, heating upgrades and construction related to flood damage from a broken sump pump; and approximately \$1,045,000 of capital improvements at the Tamarac Village Property, consisting primarily of stairway and railing upgrades, parking lot repavement, water heater and floor covering replacements and heating upgrades. These improvements were funded from operating cash flow, insurance proceeds (with respect to the flood damage to the Lamplighter Park Property) advances from an affiliate and replacement reserves. CCIP/3 regularly evaluates the capital improvement needs of the properties, and anticipates making certain routine capital expenditures with respect to each property during the remainder of 2011. Such capital expenditures will depend on the physical conditions of the properties as well as anticipated cash flows generated by the properties. CCIP/3 made certain other non-routine capital improvements to the Tamarac Village Property during 2011, including discretionary work on the property's elevators, stairs and landings and drainage facilities, as well as lender-mandated asphalt overlay to the property's parking lot which cost approximately \$527,600 to complete. These improvements are included in the discussion above. All of CCIP/3's properties are in good physical condition, subject to normal depreciation and deterioration as is typical for assets of this type and age.

The following table sets forth certain information relating to the mortgages encumbering CCIP/3's properties at September 30, 2011.

<b>Property</b>	<b>Principal, Balance at September 30, 2011 (In thousands)</b>	<b>Interest Rate(1)</b>	<b>Period Amortized</b>	<b>Maturity Date</b>	<b>Principal Balance Due at Maturity(2) (In thousands)</b>
Cedar Rim Apartments					
1 <sup>st</sup> Mortgage	\$ 3,789	7.49%	360 months	08/21	\$ 3,189
2 <sup>nd</sup> Mortgage	3,915	6.45%	360 months	08/21	3,209
Tamarac Village Apartments					
1 <sup>st</sup> Mortgage	15,512	7.45%	360 months	07/21	13,201
2 <sup>nd</sup> Mortgage	2,542	6.48%	360 months	07/21	2,113
	\$ 25,758				\$ 21,712

(1) Fixed rate mortgages.

(2) See Note C *Mortgage Notes Payable* to the consolidated financial statements included in Item 8 *Financial Statements and Supplementary Data* in CCIP/3's Annual Report on Form 10-K for the year ended December 31, 2010, included as [Annex F](#) to this information statement/prospectus, for information with respect to CCIP/3's ability to prepay these mortgages and other specific details about the mortgages.



**Distributions to Limited Partners**

CCIP/3 presently has Series A Units and Series B Units issued and outstanding. The Series A Units are entitled to allocations of profit and loss, and distributions, relating to CCIP/3's interest in the Cedar Rim Property and the Tamarac Village Property, and the Series B Units were entitled to allocations of profit and loss, and distributions, relating to CCIP/3's interest in the Lamplighter Park Property, which was sold in June 2011. On June 28, 2011, CCIP/3 distributed \$10,401,251 of proceeds from the sale of the Lamplighter Park Property to ConCap and the holders of Series B Units. A portion of the proceeds from the sale was retained to cover trailing payables. Any proceeds remaining at the end of the year will be distributed to ConCap and holders of Series B Units. The Series B Units are expected to be terminated at year end after resolution of trailing payables. As of November 18, 2011, there were 382,925.60 Series A Units and 382,925.60 Series B Units outstanding, and Aimco OP and its affiliates owned 239,212 of the Series A Units and 239,212 of the Series B Units, or approximately 62.47% of each series of units.

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CCIP/3 distributed the following amounts during the years ended December 31, 2010 and 2009 (in thousands, except per unit data):

	<b>Year Ended December 31, 2010</b>		<b>Year Ended December 31, 2009</b>	
	<b>Aggregate</b>	<b>Per Limited Partnership Unit</b>	<b>Aggregate</b>	<b>Per Limited Partnership Unit</b>
Sale(1)	\$ 1,914	\$ 4.95	\$	\$

(1) Proceeds from the March 2010 sale of Sienna Bay Apartments.

CCIP/3 distributed the following amounts during the nine months ended September 30, 2011 and 2010 (in thousands, except per unit data):

	<b>Nine Months Ended September 30, 2011</b>		<b>Nine Months Ended September 30, 2010</b>	
	<b>Aggregate</b>	<b>Per Limited Partnership Unit</b>	<b>Aggregate</b>	<b>Per Limited Partnership Unit</b>
Sale(1)	\$ 58	\$ .15	\$ 1,674	\$ 4.33
Sale(2)	2,500	6.46		
Sale(3)	10,401	26.89		
Operations(4)	242	.62		
Total	\$ 13,201	\$ 34.12	\$ 1,674	\$ 4.33