

APARTMENT INVESTMENT & MANAGEMENT CO

Form 424B3

August 31, 2010

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

**Filed Pursuant to Rule 424(b)(3)
Registration File No. 333-150341-01**

PROSPECTUS SUPPLEMENT
(To Prospectus dated April 18, 2008)

SUBJECT TO COMPLETION DATED AUGUST 31, 2010

**Shares
7.75% Class U Cumulative Preferred Stock**

We are offering and selling _____ shares of our 7.75% Class U Cumulative Preferred Stock. As of August 30, 2010, there were 8,000,000 shares of our Class U Cumulative Preferred Stock outstanding.

Dividends on the Class U Cumulative Preferred Stock are payable quarterly on January 15, April 15, July 15 and October 15 of each year to the holders of record at the close of business on the preceding January 1, April 1, July 1 and October 1. We pay cumulative dividends on the Class U Preferred Stock in an amount per share equal to \$1.9375 per year, or \$0.484375 per quarter, equivalent to 7.75% of the \$25 liquidation preference. The first dividend on the Class U Cumulative Preferred stock sold in this offering will be paid on October 15, 2010 and will be for a full quarter in the amount of \$0.484375 per share.

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

We have the option to redeem all or a portion of the Class U Cumulative Preferred Stock at any time in whole, or from time to time in part, for cash at \$25.00 per share, plus accumulated, accrued and unpaid dividends.

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

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

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

The outstanding shares of Class U Cumulative Preferred Stock are listed on the New York Stock Exchange under the symbol AIVPrU. We will apply to list the shares of Class U Cumulative Preferred Stock offered hereby on the New York Stock Exchange under the same symbol. On August 27, 2010, the closing sale price of the Class U Cumulative Preferred Stock on the New York Stock Exchange was \$24.97.

You are urged to carefully read the Risk Factors section beginning on page S-9, where specific risks associated with the Class U Cumulative Preferred Stock are described, along with the other information in this prospectus supplement, before you make your investment decision.

PRICE \$ PER SHARE

	Per Share	Total
Initial price to public ⁽¹⁾	\$	\$
Underwriting discount and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$

⁽¹⁾Including accrued dividends.

We have granted the underwriters an option to purchase _____ additional shares of Class U Cumulative Preferred Stock to cover over-allotments, if any.

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

The underwriters expect that the Class U Cumulative Preferred Stock will be ready for delivery in book-entry form only through The Depository Trust Company on or about September , 2010.

Joint Book-Running Managers

Morgan Stanley

Wells Fargo Securities

Raymond James

The date of this prospectus supplement is _____, 2010

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

sell or soliciting an offer to buy the Class U Cumulative Preferred Stock in any jurisdiction where the offer or sale or solicitation is not permitted. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus, any such free writing prospectus or the documents incorporated by reference herein or therein is accurate as of any date other than their respective dates or such other date as may be specified herein or therein. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

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SUMMARY

This prospectus supplement does not include all of the information that is important to you. You should read the accompanying prospectus as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. Except as the context otherwise requires, we, our, us and the Company refer to Apartment Investment and Management Company, AIMCO Properties, L.P. and their consolidated entities, collectively. Unless otherwise indicated, the information in this prospectus supplement assumes that the underwriters will not exercise their option to purchase shares to cover over-allotments, if any.

The Company

Apartment Investment and Management Company, or Aimco, is a Maryland corporation incorporated on January 10, 1994. We are a self-administered and self-managed real estate investment trust, or REIT, focused on the ownership and management of quality apartment communities located in the 20 largest markets in the United States (as measured by total market capitalization, which is the total market value of institutional-grade apartment properties in a particular market). We upgrade the quality of our portfolio through the sale of communities with rents below average market rents and the reinvestment of capital within these 20 target markets through redevelopment and acquisitions. Our apartment properties are generally financed with property-level, non-recourse, long-dated, fixed-rate, amortizing debt.

As of June 30, 2010, we:

owned an equity interest in 232 conventional real estate properties with 71,909 units;

owned an equity interest in 254 affordable real estate properties with 29,540 units; and

provided services for or managed 27,901 units in 331 properties, primarily pursuant to long-term asset management agreements. In certain cases, we may indirectly own generally less than one percent of the operations of such properties through a syndication or other fund.

Of these properties, we consolidated 230 conventional properties with 70,605 units and 197 affordable properties with 23,901 units. These conventional and affordable properties generated 84% and 16%, respectively, of consolidated property net operating income during the six months ended June 30, 2010, or 87% and 13%, respectively, after adjustments for our ownership in these properties.

Through our wholly-owned subsidiaries, AIMCO-GP, Inc. and AIMCO-LP Trust, we own a majority of the ownership interests in AIMCO Properties, L.P., which we refer to as the Aimco Operating Partnership. As of June 30, 2010, we held an interest of approximately 93% in the common partnership units and equivalents of the Aimco Operating Partnership. We conduct substantially all of our business and own substantially all of our assets through the Aimco Operating Partnership. Interests in the Aimco Operating Partnership that are held by limited partners other than Aimco are referred to as OP Units. OP Units include common OP Units, partnership preferred units, or preferred OP Units, and high performance partnership units, or High Performance Units. The Aimco Operating Partnership's income is allocated to holders of common OP Units and equivalents based on the weighted average number of common OP Units and equivalents outstanding during the period. The holders of the common OP Units and Class I High Performance Units receive distributions, prorated from the date of issuance, in an amount equivalent to the dividends paid to holders of Aimco Class A common stock. Holders of common OP Units may redeem such units for cash or, at the Aimco Operating Partnership's option, Class A common stock. Preferred OP Units entitle the holders thereof to a preference with respect to distributions or upon liquidation. As of June 30, 2010, after elimination of

shares held by consolidated subsidiaries, 117,039,659 shares of our Class A common stock were outstanding and the Aimco Operating Partnership had 8,330,534 common OP Units and equivalents outstanding for a combined total of 125,370,193 shares of Class A common stock and OP Units outstanding (excluding preferred OP Units).

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

Recent Developments

For our conventional same store portfolio, our change in rental rate for renewals was approximately 2% for July 2010, compared to 2% for June 2010, continuing a positive trend since February 2010. Our change in rental rate for new leases was approximately -2% for July 2010, compared to -2% for June 2010, which is unfavorable compared to rental rates on expiring leases, but the rate of decline has eased from earlier in 2010. Our average daily occupancy rate was approximately 95% and 96% for July and August 2010, respectively, compared to 95% for June 2010, providing support for rental rates.

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The Offering

Issuer	Apartment Investment and Management Company
Securities Offered	shares of Class U Cumulative Preferred Stock (Class U Preferred Stock) (shares if the underwriters option to purchase an additional shares on or prior to September 23, 2010 is exercised in full).
Class U Preferred Stock Outstanding After this Offering	As of August 30, 2010, there were 8,000,000 shares of Class U Preferred Stock outstanding, and following this offering, we will have shares of Class U Preferred Stock outstanding.
Dividends	Dividends on the Class U Cumulative Preferred Stock are payable quarterly on January 15, April 15, July 15 and October 15 of each year to the holders of record at the close of business on the preceding January 1, April 1, July 1 and October 1. We pay cumulative dividends on the Class U Preferred Stock in an amount per share equal to \$1.9375 per year, or \$0.484375 per quarter, equivalent to 7.75% of the \$25 liquidation preference. The first dividend on the Class U Cumulative Preferred stock sold in this offering will be paid on October 15, 2010 and will be for a full quarter in the amount of \$0.484375 per share.
Liquidation Preference	\$25 per share of Class U Preferred Stock, plus an amount equal to accumulated, accrued and unpaid dividends, whether or not earned or declared.
Optional Redemption	We may, at our option, redeem the Class U Preferred Stock for cash, at any time in whole, or from time to time in part, at a price per share equal to the liquidation preference, plus accumulated, accrued and unpaid dividends, if any, to the redemption date. The redemption price for the Class U Preferred Stock, other than any portion thereof consisting of accumulated, accrued and unpaid dividends, will be payable solely with the proceeds from the sale of equity securities by us or our subsidiaries.
Ranking	The Class U Preferred Stock will rank prior to our common stock, and on the same level as our other outstanding shares of preferred stock, with respect to the payment of dividends and the distribution of amounts upon liquidation, dissolution or winding up.
Voting Rights	Holder of Class U Preferred Stock generally do not have any voting rights. If, however, we have not paid dividends on the Class U Preferred Stock for six or more quarterly periods, whether or not consecutive, holders of Class U Preferred Stock, together with holders of other classes of preferred stock, will be entitled to elect two additional directors to our Board of Directors until all unpaid dividends on the Class U Preferred Stock have been paid or declared and set apart for payment. In addition, certain material adverse changes to the terms of the stock cannot be made without the affirmative vote of holders of at least 662/3% of the outstanding shares of Class U Preferred Stock. Any vote with respect to the Class U Preferred Stock, including for the election of

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

Ownership Limit

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

Listing

The outstanding shares of Class U Preferred Stock are listed on the New York Stock Exchange (the NYSE) under the symbol AIVPrU. We will apply to list the shares of Class U Preferred Stock offered hereby on the NYSE under the same symbol.

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Form	The Class U Preferred Stock will be issued and maintained in book-entry form registered in the name of the nominee of The Depository Trust Company except under limited circumstances.
Use of Proceeds	We intend to contribute the net proceeds from this offering to the Aimco Operating Partnership in exchange for a preferred interest in the Aimco Operating Partnership. The Aimco Operating Partnership intends to use the amount received from us to redeem other preferred securities and for general corporate purposes as described under Use of Proceeds.

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

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

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The following table sets forth our summary historical financial information as of and for each of the years in the three-year period ended December 31, 2009, and as of and for the six months ended June 30, 2010 and 2009.

The summary operating data and summary cash flow information for the years ended December 31, 2009, 2008 and 2007, and the summary balance sheet information as of December 31, 2009 and 2008, have been derived from our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which is incorporated by reference in this prospectus supplement and the accompanying prospectus. The summary balance sheet information as of December 31, 2007 has been derived from our audited financial statements that are not incorporated by reference in this prospectus supplement and reflects discontinued operations as of December 31, 2009.

The summary financial data as of June 30, 2010 and for the six months ended June 30, 2010 and 2009, have been derived from our unaudited interim financial statements included in our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2010, and are incorporated by reference in this prospectus supplement and the accompanying prospectus. The summary balance sheet information as of June 30, 2009 has been derived from our unaudited interim financial statements that are not incorporated by reference in this prospectus supplement and reflects discontinued operations as of June 30, 2010. These unaudited interim financial statements include all adjustments (consisting only of normal recurring adjustments) that we consider necessary for a fair presentation of our financial condition and results of operations as of the dates and for the periods indicated. Historical results are not necessarily indicative of future results and the results for the six months ended June 30, 2010, are not necessarily indicative of our expected results for the full year ending December 31, 2010.

You should read the summary historical financial data presented below in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and the notes to those financial statements appearing in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, and Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Six Months Ended June 30,		Year Ended December 31,		
	2010	2009	2009	2008	2007
	(Unaudited)				
	(Dollar amounts in thousands, except per share data)				
OPERATING DATA:					
Total revenues	\$ 584,475	\$ 581,447	\$ 1,195,763	\$ 1,243,170	\$ 1,174,457
Total operating expenses	(520,057)	(518,406)	(1,085,250)	(1,185,071)	(989,658)
Operating income	64,418	63,041	110,513	58,099	184,799
Loss from continuing operations	(74,296)	(79,640)	(197,037)	(117,878)	(46,109)
Income from discontinued operations, net	47,366	39,440	152,237	744,880	171,615
Net (loss) income	(26,930)	(40,200)	(44,800)	627,002	125,506
Net income attributable to noncontrolling interests	(8,413)	(2,779)	(19,474)	(214,995)	(95,595)
Net income attributable to Aimco preferred stockholders	(23,050)	(24,643)	(50,566)	(53,708)	(66,016)
	(58,393)	(67,622)	(114,840)	351,314	(40,586)

Net (loss) income attributable to Aimco common stockholders					
Earnings (loss) per common share basic and diluted:					
Loss from continuing operations attributable to Aimco common stockholders	\$ (0.74)	\$ (0.72)	\$ (1.75)	\$ (2.10)	\$ (1.41)
Net (loss) income attributable to Aimco common stockholders	\$ (0.50)	\$ (0.60)	\$ (1.00)	\$ 3.96	\$ (0.43)
BALANCE SHEET					
INFORMATION (END OF PERIOD):					
Real estate, net of accumulated depreciation	\$ 6,810,113	\$ 6,951,753	\$ 6,962,361	\$ 7,125,637	\$ 6,901,575
Total assets	7,707,801	8,838,386	7,906,468	9,441,870	10,617,681
Total indebtedness	5,643,911	5,901,920	5,690,310	6,069,804	5,683,884
Total equity	1,453,319	1,661,347	1,534,703	1,646,749	2,048,546
CASH FLOW					
INFORMATION:					
Net cash provided by operating activities	\$ 110,963	\$ 59,401	\$ 233,812	\$ 440,368	\$ 482,942
Net cash provided by (used in) investing activities	56,357	149,347	630,254	1,344,869	(271,599)
Net cash used in financing activities	(170,262)	(396,310)	(1,082,482)	(1,696,022)	(230,706)
OTHER INFORMATION:					
Funds from operations attributable to Aimco common stockholders diluted(1)	\$ 76,285	\$ 90,108	\$ 125,986	\$ 166,009	\$ 320,497
Weighted average number of common shares, common share equivalents and dilutive preferred securities outstanding	116,496	115,304	115,563	91,317	97,512
Dividends declared per common share	\$ 0.10	\$ 0.10	\$ 0.40	\$ 7.48	\$ 4.31

(1) Funds From Operations, or FFO, is a non-GAAP financial measure that we believe, when considered with the financial statements determined in accordance with GAAP, is helpful to investors in understanding our performance because it captures features particular to real

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estate performance by recognizing that real estate generally appreciates over time or maintains residual value to a much greater extent than do other depreciable assets such as machinery, computers or other personal property. The Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT, defines FFO as net income (loss), computed in accordance with GAAP, excluding gains from sales of depreciable property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. We compute FFO for all periods presented in accordance with the guidance set forth by NAREIT's April 1, 2002, White Paper, which we refer to as the White Paper. We calculate FFO attributable to Aimco common stockholders (diluted) by subtracting redemption or repurchase related preferred stock issuance costs and dividends on preferred stock and adding back dividends/distributions on dilutive preferred securities and discounts on preferred stock redemptions or repurchases. FFO should not be considered an alternative to net income or net cash flows from operating activities, as determined in accordance with GAAP, as an indication of our performance or as a measure of liquidity. FFO is not necessarily indicative of cash available for future needs. In addition, although FFO is a measure used for comparability in assessing the performance of REITs, there can be no assurance that our basis for computing FFO is comparable with that of other REITs.

In addition to FFO, we compute an alternate measure of FFO, which we refer to as Pro forma FFO, and which is FFO attributable to Aimco common stockholders (diluted), excluding operating real estate impairments and preferred stock redemption related amounts (adjusted for noncontrolling interests). Both operating real estate impairment losses and preferred stock redemption related amounts are recurring items that affect our operating results. We exclude operating real estate impairment losses, net of related income tax benefits and noncontrolling interests, from our calculation of Pro forma FFO because we believe the inclusion of such losses in FFO is inconsistent with the treatment of gains on the disposition of operating real estate, which are not included in FFO. We exclude preferred redemption related amounts (gains or losses) from our calculation of Pro forma FFO because such amounts are not representative of our operating results. Similar to FFO, we believe Pro forma FFO is helpful to investors in understanding our performance because it captures features particular to real estate performance by recognizing that real estate generally appreciates over time or maintains residual value to a much greater extent than do other depreciating assets such as machinery, computers or other personal property. Not all REITs present an alternate measure of FFO similar to our Pro forma FFO measure, and there can be no assurance our basis for calculating Pro forma FFO is comparable to those of other REITs that do present such a measure.

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For the six months ended June 30, 2010 and 2009 and for the years ended December 31, 2009, 2008 and 2007, our FFO and Pro forma FFO are calculated as follows (in thousands):

	Six Months Ended		Years Ended		
	2010	2009	2009	2008	2007
Net (loss) income attributable to Aimco common stockholders(1)	\$ (58,393)	\$ (67,622)	\$ (114,840)	\$ 351,314	\$ (40,586)
Adjustments:					
Depreciation and amortization	217,006	212,606	444,413	392,999	347,491
Depreciation and amortization related to non-real estate assets	(7,810)	(8,191)	(16,667)	(17,372)	(20,159)
Depreciation of rental property related to noncontrolling partners and unconsolidated entities(2)	(24,182)	(20,189)	(40,852)	(29,872)	(15,888)
Gain on dispositions of unconsolidated real estate and other, net of noncontrolling partners interest	(1,099)	(11,717)	(13,129)	(98,628)	(6,531)
Deficit distributions to noncontrolling partners(3)				37,680	29,210
Discontinued operations:					
Gain on dispositions of real estate, net of noncontrolling partners interest(2)	(39,478)	(39,127)	(164,281)	(617,906)	(63,923)
Depreciation of rental property, net of noncontrolling partners interest(2)	1,588	33,272	45,836	109,043	114,586
(Recovery of deficit distributions) deficit distributions to noncontrolling partners, net(3)				(30,354)	9,550
Income tax (benefit) expense arising from disposals	(900)	4,852	5,788	43,146	2,135
Noncontrolling interests in Aimco Operating Partnership's share of above adjustments	(10,102)	(13,018)	(19,509)	21,667	(36,830)
Preferred stock dividends	25,829	26,292	52,215	55,190	63,381
Preferred stock redemption related (gains) costs	(2,779)	(1,649)	(1,649)	(1,482)	2,635
Amounts allocable to participating securities(4)				6,985	4,481
FFO	\$ 99,680	\$ 115,509	\$ 177,325	\$ 222,410	\$ 389,552
Preferred stock dividends	(25,829)	(26,292)	(52,215)	(55,190)	(63,381)
Preferred stock redemption related gains (costs)	2,779	1,649	1,649	1,482	(2,635)
Amounts allocable to participating securities(4)	(345)	(758)	(773)	(6,985)	(4,481)
				4,292	1,442

Dividends/distributions on dilutive preferred securities

FFO attributable to Aimco common stockholders diluted	\$	76,285	\$	90,108	\$	125,986	\$	166,009	\$
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