

APARTMENT INVESTMENT & MANAGEMENT CO  
Form 10-Q  
July 31, 2015  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period ended June 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number 1-13232 (Apartment Investment and Management Company)  
Commission File Number 0-24497 (AIMCO Properties, L.P.)

Apartment Investment and Management Company  
AIMCO Properties, L.P.  
(Exact name of registrant as specified in its charter)

Maryland (Apartment Investment and Management Company)  
Delaware (AIMCO Properties, L.P.)

(State or other jurisdiction of  
incorporation or organization)

84-1259577  
84-1275621  
(I.R.S. Employer  
Identification  
No.)

4582 South Ulster Street, Suite 1100  
Denver, Colorado  
(Address of principal executive offices)  
(303) 757-8101

(Registrant's telephone number, including area code)

80237  
(Zip Code)

Not Applicable

(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Apartment Investment and Management Company: Yes  No   
AIMCO Properties, L.P.: Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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Apartment Investment and Management Company: Yes  No  AIMCO Properties, L.P.: Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Apartment Investment and Management Company:

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

AIMCO Properties, L.P.:

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Apartment Investment and Management Company: Yes  No  AIMCO Properties, L.P.: Yes  No

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The number of shares of Apartment Investment and Management Company

Class A Common Stock outstanding as of July 30, 2015: 156,281,519

The number of Partnership Common Units outstanding as of July 30, 2015: 163,892,509

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EXPLANATORY NOTE

This filing combines the reports on Form 10-Q for the quarterly period ended June 30, 2015, of Apartment Investment and Management Company, or Aimco, and AIMCO Properties, L.P., or the Aimco Operating Partnership. Where it is important to distinguish between the two entities, we refer to them specifically. Otherwise, references to “we,” “us” or “our” mean, collectively, Aimco, the Aimco Operating Partnership and their consolidated entities.

Aimco, a Maryland corporation, is a self-administered and self-managed real estate investment trust, or REIT. Aimco, through wholly-owned subsidiaries, is the general and special limited partner of and, as of June 30, 2015, owned a 95.4% ownership interest in the common partnership units of, the Aimco Operating Partnership. The remaining 4.6% interest is owned by limited partners. As the sole general partner of the Aimco Operating Partnership, Aimco has exclusive control of the Aimco Operating Partnership’s day-to-day management.

The Aimco Operating Partnership holds all of Aimco’s assets and manages the daily operations of Aimco’s business. Pursuant to the Aimco Operating Partnership agreement, Aimco is required to contribute to the Aimco Operating Partnership any assets which it may acquire including all proceeds from the offerings of its securities. In exchange for the contribution of these assets, Aimco receives additional interests in the Aimco Operating Partnership with similar terms (e.g., if Aimco contributes proceeds of a stock offering, Aimco receives partnership units with terms substantially similar to the stock issued by Aimco).

We believe combining the periodic reports of Aimco and the Aimco Operating Partnership into this single report provides the following benefits:

- We present our business as a whole, in the same manner our management views and operates the business;
- We eliminate duplicative disclosure and provide a more streamlined and readable presentation since a substantial portion of the disclosures apply to both Aimco and the Aimco Operating Partnership; and
- We save time and cost through the preparation of a single combined report rather than two separate reports.

We operate Aimco and the Aimco Operating Partnership as one enterprise, the management of Aimco directs the management and operations of the Aimco Operating Partnership, and the members of the Board of Directors of Aimco are identical to those of the Aimco Operating Partnership.

We believe it is important to understand the few differences between Aimco and the Aimco Operating Partnership in the context of how Aimco and the Aimco Operating Partnership operate as a consolidated company. Aimco has no assets or liabilities other than its investment in the Aimco Operating Partnership. Also, Aimco is a corporation that issues publicly traded equity from time to time, whereas the Aimco Operating Partnership is a partnership that has no publicly traded equity. Except for the net proceeds from stock offerings by Aimco, which are contributed to the Aimco Operating Partnership in exchange for additional limited partnership interests (of a similar type and in an amount equal to the shares of stock sold in the offering), the Aimco Operating Partnership generates all remaining capital required by its business. These sources include the Aimco Operating Partnership’s working capital, net cash provided by operating activities, borrowings under its revolving credit facility, the issuance of debt and equity securities, including additional partnership units, and proceeds received from the sale of apartment communities. Equity, partners’ capital and noncontrolling interests are the main areas of difference between the consolidated financial statements of Aimco and those of the Aimco Operating Partnership. Interests in the Aimco Operating Partnership held by entities other than Aimco, which we refer to as OP Units, are classified within partners’ capital in the Aimco Operating Partnership’s financial statements and as noncontrolling interests in Aimco’s financial statements. To help investors understand the differences between Aimco and the Aimco Operating Partnership, this report provides separate consolidated financial statements for Aimco and the Aimco Operating Partnership; a single set of consolidated notes to such financial statements that includes separate discussions of each entity’s stockholders’ equity or partners’ capital, as applicable; and a combined Management’s Discussion and Analysis of Financial Condition and Results of Operations section that includes discrete information related to each entity.

This report also includes separate Part I, Item 4. Controls and Procedures sections and separate Exhibits 31 and 32 certifications for Aimco and the Aimco Operating Partnership in order to establish that the requisite certifications have been made and that Aimco and the Aimco Operating Partnership are both compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and 18 U.S.C. §1350.



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APARTMENT INVESTMENT AND MANAGEMENT COMPANY  
AIMCO PROPERTIES, L.P.

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## PART I. FINANCIAL INFORMATION

## ITEM 1. Financial Statements

APARTMENT INVESTMENT AND MANAGEMENT COMPANY  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (In thousands, except share data)  
 (Unaudited)

	June 30, 2015	December 31, 2014
<b>ASSETS</b>		
Buildings and improvements	\$6,349,056	\$6,259,318
Land	1,881,739	1,885,640
Total real estate	8,230,795	8,144,958
Less accumulated depreciation	(2,666,610 )	(2,672,179 )
Net real estate (\$348,562 and \$360,160 related to VIEs)	5,564,185	5,472,779
Cash and cash equivalents (\$19,937 and \$17,108 related to VIEs)	46,835	28,971
Restricted cash (\$32,661 and \$36,196 related to VIEs)	89,083	91,445
Other assets (\$177,533 and \$182,108 related to VIEs)	457,591	476,727
Assets held for sale	—	27,106
Total assets	\$6,157,694	\$6,097,028
<b>LIABILITIES AND EQUITY</b>		
Non-recourse property debt (\$328,934 and \$336,471 related to VIEs)	\$3,818,487	\$4,022,809
Revolving credit facility borrowings	47,520	112,330
Total indebtedness	3,866,007	4,135,139
Accounts payable	35,239	41,919
Accrued liabilities and other (\$137,398 and \$135,644 related to VIEs)	280,118	279,077
Deferred income	70,303	81,882
Liabilities related to assets held for sale	—	28,969
Total liabilities	4,251,667	4,566,986
Preferred noncontrolling interests in Aimco Operating Partnership	87,942	87,937
Commitments and contingencies (Note 6)		
Equity:		
Perpetual Preferred Stock	159,126	186,126
Common Stock, \$0.01 par value, 500,787,260 shares authorized, 156,281,519 and 146,403,274 shares issued/outstanding at June 30, 2015 and December 31, 2014, respectively	1,563	1,464
Additional paid-in capital	4,064,959	3,696,143
Accumulated other comprehensive loss	(7,402 )	(6,456 )
Distributions in excess of earnings	(2,589,336 )	(2,649,542 )
Total Aimco equity	1,628,910	1,227,735
Noncontrolling interests in consolidated real estate partnerships	205,123	233,296
Common noncontrolling interests in Aimco Operating Partnership	(15,948 )	(18,926 )
Total equity	1,818,085	1,442,105
Total liabilities and equity	\$6,157,694	\$6,097,028

See notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<b>REVENUES</b>				
Rental and other property revenues	\$238,637	\$239,492	\$476,926	\$479,628
Tax credit and asset management revenues	6,146	6,926	12,122	15,714
Total revenues	244,783	246,418	489,048	495,342
<b>OPERATING EXPENSES</b>				
Property operating expenses	87,930	94,500	183,422	193,768
Investment management expenses	1,086	1,021	2,689	2,273
Depreciation and amortization	75,150	71,399	149,582	141,706
General and administrative expenses	12,062	10,119	22,714	20,646
Other expenses, net	2,912	3,582	3,931	5,874
Total operating expenses	179,140	180,621	362,338	364,267
Operating income	65,643	65,797	126,710	131,075
Interest income	1,705	1,671	3,430	3,400
Interest expense	(49,605)	(55,061)	(103,125)	(110,807)
Other, net	350	189	2,614	(1,790)
Income before income taxes and gain on dispositions	18,093	12,596	29,629	21,878
Income tax benefit	5,814	5,347	12,735	8,105
Income from continuing operations	23,907	17,943	42,364	29,983
Gain on dispositions of real estate, net of tax	44,781	66,662	130,474	136,154
Net income	68,688	84,605	172,838	166,137
Noncontrolling interests:				
Net income attributable to noncontrolling interests in consolidated real estate partnerships	(111)	(2,226)	(4,867)	(13,615)
Net income attributable to preferred noncontrolling interests in Aimco Operating Partnership	(1,736)	(1,602)	(3,472)	(3,207)
Net income attributable to common noncontrolling interests in Aimco Operating Partnership	(2,972)	(3,735)	(7,370)	(7,346)
Net income attributable to noncontrolling interests	(4,819)	(7,563)	(15,709)	(24,168)
Net income attributable to Aimco	63,869	77,042	157,129	141,969
Net income attributable to Aimco preferred stockholders	(2,758)	(1,758)	(6,280)	(2,212)
Net income attributable to participating securities	(307)	(274)	(701)	(513)
Net income attributable to Aimco common stockholders	\$60,804	\$75,010	\$150,148	\$139,244
Earnings attributable to Aimco per common share – basic (Note 7):				
Income from continuing operations	\$0.39	\$0.51	\$0.97	\$0.96
Net income	\$0.39	\$0.51	\$0.97	\$0.96
Earnings attributable to Aimco per common share – diluted (Note 7):				
Income from continuing operations	\$0.39	\$0.51	\$0.97	\$0.95
Net income	\$0.39	\$0.51	\$0.97	\$0.95
Dividends declared per common share	\$0.30	\$0.26	\$0.58	\$0.52



See notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Net income	\$68,688	\$84,605	\$172,838	\$166,137
Other comprehensive (loss) income:				
Unrealized gains (losses) on interest rate swaps	161	(666 )	(625 )	(1,427 )
Losses on interest rate swaps reclassified into interest expense from accumulated other comprehensive loss	419	418	842	844
Unrealized losses on debt securities classified as available-for-sale	(945 )	(518 )	(1,162 )	(51 )
Other comprehensive loss	(365 )	(766 )	(945 )	(634 )
Comprehensive income	68,323	83,839	171,893	165,503
Comprehensive income attributable to noncontrolling interests	(4,846 )	(7,537 )	(15,709 )	(24,173 )
Comprehensive income attributable to Aimco				