APARTMENT INVESTMENT & MANAGEMENT CO
Form 10-K
February 27, 2015
Table of Contents

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

Form 10-K
(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014

OR

o 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) | 84-1259577 |
| Delaware (AIMCO Properties, L.P.) | 84-1275621 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

| | |
|---|---|
| 4582 South Ulster Street, Suite 1100 | |
| Denver, Colorado | 80237 |
| (Address of principal executive offices) | (Zip Code) |

(303) 757-8101
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Name of Each Exchange on Which Registered |
|---|---|
| Class A Common Stock (Apartment Investment and Management Company) | New York Stock Exchange |
| Class A Cumulative Preferred Stock (Apartment Investment and Management Company) | New York Stock Exchange |
| Class Z Cumulative Preferred Stock (Apartment Investment and Management Company) | New York Stock Exchange |

Securities registered pursuant to Section 12(b) of the Act:

None (Apartment Investment and Management Company)
Partnership Common Units (AIMCO Properties, L.P.)
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act.
Apartment Investment and Management Company: Yes x No o

AIMCO Properties, L.P.: Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

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

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 x No o | AIMCO Properties, L.P.: Yes x No o

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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

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

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

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," "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | | |
|---|---|---|---|---|
| Apartment Investment and Management Company: | | | | |
| Large accelerated filer | x | | Accelerated filer | o |
| Non-accelerated filer | o | (Do not check if a smaller reporting company) | Smaller reporting company | o |
| AIMCO Properties, L.P.: | | | | |
| Large accelerated filer | o | | Accelerated filer | x |
| Non-accelerated filer | o | (Do not check if a smaller reporting company) | Smaller reporting company | o |

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 o No x | AIMCO Properties, L.P.: Yes o No x

The aggregate market value of the voting and non-voting common stock of Apartment Investment and Management Company held by non-affiliates of Apartment Investment and Management Company was approximately $4.7 billion as of June 30, 2014. As of February 20, 2015, there were 156,277,762 shares of Class A Common Stock outstanding. As of February 20, 2015, there were 163,916,771 shares of Partnership Common Units outstanding.

---

Documents Incorporated by Reference

Portions of Apartment Investment and Management Company's definitive proxy statement to be issued in conjunction with Apartment Investment and Management Company's annual meeting of stockholders to be held April 28, 2015, are incorporated by reference into Part III of this Annual Report.

Table of Contents

EXPLANATORY NOTE

This filing combines the Annual Reports on Form 10-K for the fiscal year ended December 31, 2014, 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 subsidiaries.

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 December 31, 2014, owned a 95.0% ownership interest in the common partnership units of, the Aimco Operating Partnership. The remaining 5.0% 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 Aimco's shareholders' equity and the Aimco Operating Partnership's 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 II, Item 9A. Controls and Procedures sections and separate Exhibit 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.

Table of Contents

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
AIMCO PROPERTIES, L.P.
TABLE OF CONTENTS
ANNUAL REPORT ON FORM 10-K
For the Fiscal Year Ended December 31, 2014

Table of Contents

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements in certain circumstances. Certain information included in this Annual Report contains or may contain information that is forward-looking, within the meaning of the Federal securities laws, including, without limitation, statements regarding: our ability to maintain current or meet projected occupancy; rental rates and property operating results; the effect of acquisitions, dispositions, developments and redevelopments; our ability to meet budgeted costs and timelines, and achieve budgeted rental rates related to our development and redevelopment investments; expectations regarding sales of our apartment communities and the use of proceeds thereof; the use of proceeds from our January 2015 common stock offering; and our ability to comply with debt covenants, including financial coverage ratios. Actual results may differ materially from those described in these forward-looking statements and, in addition, may be affected by a variety of risks and factors, some of which are beyond our control, including, without limitation: real estate risks, including fluctuations in real estate values and the general economic climate in the markets in which we operate and competition for residents in such markets; the timing of acquisitions, dispositions, redevelopments and developments; financing risks, including the availability and cost of financing and the risk that our cash flows from operations may be insufficient to meet required payments of principal and interest; the risk that our earnings may not be sufficient to maintain compliance with debt covenants; national and local economic conditions, including the pace of job growth and the level of unemployment; the terms of governmental regulations that affect us and interpretations of those regulations; the competitive environment in which we operate; insurance risk, including the cost of insurance; natural disasters and severe weather such as hurricanes; litigation, including costs associated with prosecuting or defending claims and any adverse outcomes; energy costs; and possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of apartment communities presently or previously owned by us. In addition, our current and continuing qualification as a real estate investment trust involves the application of highly technical and complex provisions of the Internal Revenue Code and depends on our ability to meet the various requirements imposed by the Internal Revenue Code, through actual operating results, distribution levels and diversity of stock ownership.

Readers should carefully review our financial statements and the notes thereto, as well as the section entitled “Risk Factors” described in Item 1A of this Annual Report and the other documents we file from time to time with the Securities and Exchange Commission.

# PART I

## Item 1. Business

### The Company

Apartment Investment and Management Company, or Aimco, is a Maryland corporation incorporated on January 10, 1994. Aimco is a self-administered and self-managed real estate investment trust, or REIT. AIMCO Properties, L.P., or the Aimco Operating Partnership, is a Delaware limited partnership formed on May 16, 1994, to conduct our business, which is focused on the ownership, management and redevelopment of quality apartment communities located in the largest coastal and job growth markets of the United States.

Aimco, through its wholly-owned subsidiaries, AIMCO-GP, Inc. and AIMCO-LP Trust, owns a majority of the ownership interests in the Aimco Operating Partnership. Aimco conducts all of its business and owns all of its 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 partnership units, high performance partnership units and partnership preferred units, which we refer to as common OP Units, HPUs and preferred OP Units, respectively. We also refer to HPUs as common partnership unit equivalents. At December 31, 2014, after eliminations for units held by consolidated entities, the Aimco Operating Partnership had 154,055,231 common partnership units and equivalents outstanding. At December 31, 2014, Aimco owned 146,403,274 of the common partnership units (95.0% of the outstanding common partnership units and equivalents of the Aimco Operating Partnership) and Aimco had outstanding an equal number of shares of its Class A Common Stock, which we refer to as Common Stock.

As of December 31, 2014, our real estate portfolio consisted of 203 apartment communities with 52,336 apartment homes.

2

Table of Contents

Business Overview

Our business activities are defined by a commitment to our core values of integrity, respect, collaboration, performance culture and a focus on our customers. These values and our corporate mission, to consistently provide quality apartment homes in a respectful environment delivered by a team of people who care, shape our culture. In all of our interactions with residents, team members, business partners, lenders and equity holders, we aim to be the best owner and operator of apartment communities and an outstanding corporate citizen.

Our principal financial objective is to provide predictable and attractive returns to our equity holders, as measured by growth in our Net Asset Value and Adjusted Funds From Operations (each defined in Item 7). Our business plan to achieve this objective is to:

- operate our portfolio of desirable apartment homes with valued amenities, with a high level of customer service and in an efficient manner that realizes the benefits of our corporate systems and local management expertise;
- improve our geographically diversified portfolio of apartment communities, which average “B/B+” in quality (defined under the Portfolio Management heading below) by selling lower rated apartment communities and investing the proceeds from such sales through property upgrades, capital improvements, redevelopment, development and acquisition of higher-quality apartment communities;
- provide financial leverage primarily by the use of non-recourse, long-dated, fixed-rate property debt and perpetual preferred equity, a combination which reduces our refunding and re-pricing risk and which provides a hedge against increases in interest rates; and
- emphasize a collaborative, respectful, and performance-oriented culture while maintaining high morale and team engagement.

Our business is organized around two core activities: Property Operations and Portfolio Management. Our core activities, along with our leverage strategy, are described in more detail below.

Property Operations

We own and operate a diversified portfolio of market-rate apartment communities, which we refer to as conventional apartment communities. At December 31, 2014, our conventional portfolio consisted of 144 apartment communities with 43,393 apartment homes in which we held an average ownership of approximately 97%. We also operate a portfolio of affordable apartment communities, which consists of apartments with rents that are generally paid, in whole or part, by a government agency. At December 31, 2014, our affordable portfolio consisted of 59 apartment communities with 8,943 apartment homes in which we held an average ownership of approximately 93%. As the tax credit delivery or compliance periods for our affordable apartment communities expire, between 2015 and 2023, we expect to sell these apartment communities and reinvest the proceeds in our conventional portfolio. Our conventional and affordable portfolios comprise our reportable segments and generated 90% and 10%, respectively, of our proportionate property net operating income (as defined in Item 7) during the year ended December 31, 2014.

Our property operations are organized into two geographic areas, the East and West. To manage our portfolio more efficiently and to increase the benefits from our local management expertise, we give direct responsibility for operations within each area to area operations leaders with regular senior management reviews. To enable the area operations leaders to focus on sales and service, as well as to improve financial control and budgeting, we have dedicated area financial officers who support the operations leaders. Additionally, with the exception of routine maintenance and purchases and installation of equipment and other capital assets, we have specialized teams that manage capital spending related to larger capital and construction projects, thus reducing the need for the area operations leaders to spend time on oversight of such projects.

We seek to improve our property operations by: employing service-oriented, well-trained employees; upgrading systems; standardizing business processes, operational measurements and internal reporting; and enhancing financial controls over field operations. We focus on the following areas:

- Customer Service. Our operating culture is focused on our residents and we regularly monitor and evaluate our performance through a customer satisfaction tracking system. Our goal is to provide our residents with a high level of service in clean, safe and attractive communities. We have automated certain aspects of our on-site operations to enable our current and future residents to interact with us using methods that are efficient and effective for them, such as making on-line requests for service work, taking self-guided apartment community tours and executing electronic leases and lease renewals. In addition, we emphasize the quality of our on-site employees through recruiting, training and retention programs, which we believe contributes to improved customer service and leads to increased occupancy rates and enhanced operational performance.

Table of Contents

- Resident Selection and Retention. In apartment communities, neighbors are a meaningful part of the value provided, together with the location of the community and the physical quality of the apartment homes. Part of our property operations strategy is to focus on attracting and retaining credit-worthy residents who are also good neighbors. We have structured goals and coaching for all of our sales personnel, a tracking system for inquiries and a standardized renewal communication program. We have standardized residential financial stability requirements and have policies and monitoring practices to maintain our resident quality.
- Revenue Management and Ancillary Services. For our conventional apartment communities, we have a centralized revenue management system that leverages people, processes and technology to work in partnership with our area operational management teams to develop rental rate pricing. We seek to increase revenue, net operating income and free cash flow by optimizing the balance between rental and occupancy rates, as well as taking into consideration the cost of preparing an apartment home for a new resident. We are also focused on careful measurements of on-site operations, as we believe that timely and accurate collection of apartment community performance and resident profile data will enable us to maximize revenue through better property management and leasing decisions. We maximize rental revenue with timely data and analysis of new and renewal pricing for each apartment home, thereby enabling us to respond quickly to changes in supply and demand. We also generate incremental revenue by providing services to our residents, including, at certain apartment communities, telephone services, appliance rental, and carport, garage and storage space rental.
- Controlling Expenses. Cost controls are accomplished by local focus at the area level; taking advantage of economies of scale at the corporate level; and through electronic procurement. Refer to the Results of Operations discussion within Item 7 for further information regarding our cost controls.
- Maintaining and Improving Apartment Community Quality. We believe that the physical condition and amenities of our apartment communities are important factors in our ability to maintain and increase rental rates. We invest in the maintenance and improvement of our apartment communities primarily through: Capital Improvements, which are non-redevelopment capital additions that are made to enhance the value, profitability or useful life of an asset from its condition at the date of our purchase; Capital Replacements, which are capital additions made to replace capital assets consumed during our ownership; and Property Upgrades, which may include kitchen and bath remodeling, energy conservation projects, and investments in longer-lived materials designed to reduce turnover costs, such as simulated wood flooring and granite countertops. We also improve apartment community quality through the redevelopment of certain apartment communities in superior locations. Refer to the Portfolio Management section below for further discussion of our redevelopment strategy.

Portfolio Management

Portfolio management involves the ongoing allocation of investment capital to meet our geographic and product type goals. We target geographic diversification in our portfolio in order to optimize risk-adjusted returns and to avoid the risk of undue concentration in any particular market. We seek to balance the portfolio by owning communities that offer apartment homes with a range of prices so as to diversify our exposure to economic downturns and to competitive new building supply. We also seek to own properties with the potential for profitable redevelopment.

Our portfolio strategy seeks predictable rent growth from a portfolio of “A,” “B” and “C+” quality conventional apartment communities, which average “B/B+” in quality and are diversified among the largest coastal and job growth markets in the United States, as measured by total apartment value. We measure conventional apartment community quality by comparing the average rents of our apartment homes to local market average rents as reported by a third-party provider of commercial real estate performance and analysis. Under this rating system, we classify as “A” quality apartment communities those with rents greater than 125% of the local market average, as “B” quality apartment communities those with rents 90% to 125% of the local market average; “C+” quality assets are those with rents lower than 90% of local market average, and greater than $1,100 per month; and “C” quality assets are those with rents lower than 90% of local market average, and less than $1,100 per month. We classify as “B/B+” quality a portfolio that on average earns rents between 100% and 125% of the local market average rents where the property is located.

Although some companies and analysts within the multifamily real estate industry use apartment community class ratings of “A,” “B” and “C+,” some of which are tied to local market rent averages, the metrics used to classify apartment community quality as well as the timing for which local markets rents are calculated may vary from company to company. Accordingly, our rating system for measuring apartment community quality is neither broadly nor consistently used in the multifamily real estate industry. For the three months ended September 30, 2014, our conventional portfolio’s rents averaged 108% of local market average rents.

Table of Contents

Our portfolio strategy is to sell each year the 5% to 10% of our portfolio with lower projected returns, lower operating margins, and lower expected future rent growth, and reinvest the sale proceeds in apartment communities already in our portfolio, through Property Upgrades, Capital Improvements and redevelopment, or through the purchase of other apartment communities and, in limited situations, the development of apartment communities. We execute our strategy through leverage neutral paired trades when the investment will yield risk-adjusted returns in excess of those of the apartment community sold and when portfolio quality is enhanced. Whenever possible, we structure transactions in a tax-efficient manner to preserve our invested capital.

We invest in the redevelopment of certain apartment communities in superior locations, when we believe the investment will yield risk-adjusted returns in excess of those from apartment communities sold in paired trades or in excess of the cost of equity issued to fund the equity component of the redevelopments. We have historically undertaken a range of redevelopment projects: from those in which buildings or exteriors are renovated without the need to vacate apartment homes; to those in which significant renovation of apartment homes may be accomplished upon lease expiration and turnover; and to those in which an entire building or community is wholly vacated. We execute certain of our redevelopment projects using a phased approach, where we renovate portions of an apartment community in stages, which allows additional flexibility of project costs and the ability to tailor our product offerings to customer response and rent achievement. Redevelopment work may also include seeking entitlements from local governments, which enhance the value of our existing portfolio by increasing density, that is, the right to add apartment homes to a site. We also undertake ground-up development, either directly in connection with the redevelopment of an existing apartment community or, on a more limited basis, at a new location. We have a specialized Redevelopment and Construction Services team which oversees these projects and uses third party contractors with expertise in the local markets.

Refer to the Executive Overview within Item 7 for information regarding our Portfolio Management activities during the year ended December 31, 2014.

Leverage Strategy

Our leverage strategy seeks to increase financial returns while using leverage with appropriate caution. We target the ratio of Debt plus Preferred Equity to Adjusted EBITDA to be below 7.0x and we target the ratio of Adjusted EBITDA Coverage of Interest and Preferred Dividends to be greater than 2.5x. After consideration of our public Common Stock offering in January 2015 which is discussed in Item 7, our pro-forma ratios for the trailing twelve months ended December 31, 2014, were 7.0x and 2.7x, respectively. We also focus on the ratios of Debt to Adjusted EBITDA and Adjusted EBITDA Coverage of Interest. We expect future leverage reduction from earnings growth, the lease up of redevelopment communities, and from regularly scheduled property debt amortization repaid from retained earnings. For more information about our leverage strategy, including definitions of the numerators and denominators used in the calculation of our leverage ratios, refer to the Executive Overview heading in Item 7.

At December 31, 2014, approximately 91% of our leverage consisted of property-level, non-recourse, long-dated debt and 6% consisted of perpetual preferred equity, a combination which reduces our refunding and re-pricing risk. The weighted average maturity of our property-level debt was 8.1 years, with 3.3% of our unpaid principal balances maturing during 2015 and, on average, 7.5% of our unpaid principal balances maturing each year from 2016 through 2018. Approximately 97% of our property-level debt is fixed-rate, which provides a hedge against increases in interest rates, capitalization rates and inflation.

Competition

In attracting and retaining residents to occupy our apartment communities we compete with numerous other housing alternatives. Our apartment communities compete directly with other rental apartments as well as condominiums and single-family homes that are available for rent or purchase in the markets in which our apartment communities are located. Principal factors of competition include rent or price charged, attractiveness of the location and apartment community and quality and breadth of services. The number of competitive apartment communities relative to demand in a particular area has a material effect on our ability to lease apartment homes at our communities and on the rents we charge. In certain markets there exists an oversupply of single-family homes and condominiums relative to consumer demand, which affect the pricing and occupancy of our rental apartments.

We also compete with other real estate investors, including other apartment REITs, pension and investment funds, partnerships and investment companies in acquiring, redeveloping, managing, obtaining financing for and disposing of apartment communities. This competition affects our ability to acquire apartment communities we want to add to our portfolio and the price that we pay in such acquisitions; our ability to finance or refinance communities in our portfolio and the cost of such financing; and our ability to dispose of communities we no longer desire to retain in our portfolio and the timing and price for which we dispose of such communities.

Table of Contents

## Taxation

### Aimco

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

Even if Aimco qualifies as a REIT, Aimco may be subject to United States Federal income and excise taxes in various situations, such as on its undistributed income. Aimco also will be required to pay a 100% tax on any net income on non-arm's length transactions between Aimco and a taxable REIT subsidiary (described below) and on any net income from sales of apartment communities that were held for sale to customers in the ordinary course. In addition, Aimco could also be subject to the alternative minimum tax, or AMT, on items of tax preference. State and local tax laws may not conform to the United States Federal income tax treatment, and Aimco and its stockholders may be subject to state or local taxation in various state or local jurisdictions, including those in which Aimco transacts business or Aimco's stockholders reside. Any taxes imposed on Aimco reduce our operating cash flow and net income.

Certain of Aimco's operations or a portion thereof, including property management, asset management and risk management are conducted through taxable REIT subsidiaries, each of which we refer to as a TRS. A TRS is a subsidiary C-corporation that has not elected REIT status and, as such, is subject to United States Federal corporate income tax. We use TRS entities to facilitate our ability to offer certain services and activities to our residents and investment partners that cannot be offered directly by a REIT. We also use TRS entities to hold investments in certain apartment communities.

### The Aimco Operating Partnership

The Aimco Operating Partnership is treated as a "pass-through" entity for United States Federal income tax purposes and is not subject to United States Federal income taxation. Each of its partners, however, is subject to tax on his or her allocable share of partnership tax items, including partnership income, gains, losses, deductions and credits, or Partnership Tax Items, for each taxable year during which he or she is a partner, regardless of whether he or she receives any actual distributions of cash or other property from the Aimco Operating Partnership during the taxable year. Generally, the characterization of any particular partnership tax item is determined by us, rather than at the partner level, and the amount of a partner's allocable share of such item is governed by the terms of the Aimco Operating Partnership's Partnership Agreement. The General Partner is our "tax matters partner" for United States Federal income tax purposes. The tax matters partner is authorized, but not required, to take certain actions on behalf of the Aimco Operating Partnership with respect to tax matters. The Aimco Operating Partnership is subject to tax in certain states.

## Regulation

### General

Apartment communities and their owners are subject to various laws, ordinances and regulations, including those related to real estate broker licensing and regulations relating to recreational facilities such as swimming pools, activity centers and other common areas. Changes in laws increasing the potential liability for environmental conditions existing on apartment communities or increasing the restrictions on discharges or other conditions, as well as changes in laws affecting development, construction and safety requirements, may result in significant unanticipated expenditures, which would adversely affect our net income and cash flows from operating activities. In addition, future enactment of rent control or rent stabilization laws, such as legislation that has been considered in New York, or other laws regulating multifamily housing may reduce rental revenue or increase operating costs in particular markets.

### Environmental

Various Federal, state and local laws subject apartment community owners or operators to liability for management, and the costs of removal or remediation, of certain potentially hazardous materials that may be present at an apartment community. These materials may include lead-based paint, asbestos, polychlorinated biphenyls, and petroleum-based fuels. Such laws often impose liability without regard to fault or whether the owner or operator knew of, or was responsible for, the release or presence of such materials. In connection with the ownership, operation and management of apartment communities, we could potentially be liable for environmental liabilities or costs associated with our current apartment communities, communities we acquire or manage in

Table of Contents

the future, or communities we previously owned or operated in the past. These and other risks related to environmental matters are described in more detail in Item 1A, "Risk Factors."

Insurance

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

Employees

At December 31, 2014, we had 1,693 employees, of which 1,188 were at the apartment community level, performing various on-site functions, with the balance managing corporate and area operations, including investment and debt transactions, legal, financial reporting, accounting, information systems, human resources and other support functions. As of December 31, 2014, unions represented 87 of our employees. We have never experienced a work stoppage and believe we maintain satisfactory relations with our employees.

Available Information

Our combined Annual Report on Form 10-K, our combined Quarterly Reports on Form 10-Q, Current Reports on Form 8-K filed by Aimco and/or the Aimco Operating Partnership and any amendments to any of those reports that we file with the Securities and Exchange Commission are available free of charge as soon as reasonably practicable through Aimco's website at www.aimco.com. The information contained on Aimco's website is not incorporated into this Annual Report. Aimco's Common Stock is listed on the New York Stock Exchange under the symbol "AIV." In 2014, Aimco's chief executive officer submitted his annual corporate governance listing standards certification to the New York Stock Exchange, which certification was unqualified.

Item 1A. Risk Factors

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

Redevelopment, development and construction risks could affect our profitability.

We are currently redeveloping, and we intend to continue to redevelop, certain of our apartment communities. Additionally, we are developing a 12-story apartment building in Boston, Massachusetts. During 2015, we expect to invest approximately $210 million to $230 million in conventional redevelopment and development activities. Redevelopment and development activities are subject to the following risks:

- we may be unable to obtain, or experience delays in obtaining, necessary zoning, occupancy, or other required governmental or third party permits and authorizations, which could result in increased costs or the delay or abandonment of opportunities;
- we may incur costs that exceed our original estimates due to increased material, labor or other costs, such as litigation;
- we may be unable to complete construction and lease up of an apartment community on schedule, resulting in increased construction and financing costs and a decrease in expected rental revenues;
- occupancy rates and rents at an apartment community may fail to meet our expectations for a number of reasons, including changes in market and economic conditions beyond our control and the development by competitors of competing communities;
- we may be unable to obtain financing with favorable terms, or at all, which may cause us to delay or abandon an opportunity;
- we may abandon opportunities that we have already begun to explore for a number of reasons, including changes in local market conditions or increases in construction or financing costs, and, as a result, we may fail to recover costs already incurred in exploring those opportunities;
- we may incur liabilities to third parties during the redevelopment or development process;
- unexpected events or circumstances may arise during the redevelopment or development process that affect the timing of completion and the cost and profitability of the project; and
-

loss of a key member of a project team could adversely affect our ability to deliver projects on time and within our budget.

Table of Contents

If we are not successful in our acquisition of apartment communities, our results of operations could be adversely affected.

The selective acquisition of apartment communities is a component of our strategy. However, we may not be able to complete transactions successfully in the future. Although we seek to acquire apartment communities when such acquisitions increase our Net Asset Value, Adjusted Funds From Operations, Pro forma Funds From Operations and property net operating income, such transactions may fail to perform in accordance with our expectations. In particular, following acquisition, the value and operational performance of an apartment community may be diminished if obsolescence or neighborhood changes occur before we are able to redevelop or sell the community.

Because real estate investments are relatively illiquid, we may not be able to sell apartment communities when appropriate.

Real estate investments are relatively illiquid and cannot always be sold quickly. REIT tax rules also restrict our ability to sell apartment communities. Thus, we may not be able to change our portfolio promptly in response to changes in economic or other market conditions. Our ability to dispose of apartment communities in the future will depend on prevailing economic and market conditions, including the cost and availability of financing. This could have a material adverse effect on our financial condition or results of operations.

Competition could limit our ability to lease apartment homes or increase or maintain rents.

Our apartment communities compete for residents with other housing alternatives, including other rental apartments and condominiums, and, to a lesser degree, single-family homes that are available for rent, as well as new and existing condominiums and single-family homes for sale. Competitive residential housing in a particular area could adversely affect our ability to lease apartment homes and to increase or maintain rental rates.

Failure to generate sufficient net operating income may adversely affect our liquidity, limit our ability to fund necessary capital expenditures or adversely affect our ability to pay dividends or distributions.

Our ability to fund necessary capital expenditures on our apartment communities depends on, among other things, our ability to generate net operating income in excess of required debt payments. If we are unable to fund capital expenditures on our apartment communities, we may not be able to preserve the competitiveness of our communities, which could adversely affect our net operating income.

Our ability to make payments to our investors depends on our ability to generate net operating income in excess of required debt payments and capital expenditure requirements. Our net operating income and liquidity may be adversely affected by events or conditions beyond our control, including:

- the general economic climate;
- an inflationary environment in which the costs to operate and maintain our communities increase at a rate greater than our ability to increase rents, which we can only do upon renewal of existing leases or at the inception of new leases;
- competition from other apartment communities and other housing options;
- local conditions, such as loss of jobs, unemployment rates or an increase in the supply of apartments, that might adversely affect apartment occupancy or rental rates;
- changes in governmental regulations and the related cost of compliance;
- changes in tax laws and housing laws, including the enactment of rent control laws or other laws regulating multifamily housing; and
- changes in interest rates and the availability of financing.

Our existing and future debt financing could render us unable to operate, result in foreclosure of our apartment communities, prevent us from making distributions on our equity or otherwise adversely affect our liquidity.

We are subject to the risk that our cash flow from operations will be insufficient to make required payments of principal and interest, and the risk that existing indebtedness may not be refinanced or that the terms of any refinancing will not be as favorable as the terms of existing indebtedness. If we fail to make required payments of principal and interest on our non-recourse debt, our lenders could foreclose on the apartment communities and other collateral securing such debt, which would result in loss of income and asset value to us. As of December 31, 2014, the majority of our apartment communities were encumbered by debt. Our organizational documents do not limit the amount of debt that we may incur, and we have significant amounts of debt outstanding. Payments of principal and interest may leave us with insufficient cash resources to operate our communities or pay distributions required to be paid in order to maintain Aimco's qualification as a REIT.

8

Table of Contents

Disruptions in the financial markets could affect our ability to obtain financing and the cost of available financing and could adversely affect our liquidity.

Our ability to obtain financing and the cost of such financing depends on the overall condition of the United States credit markets. During periods of economic uncertainty, the United States credit markets may experience significant liquidity disruptions, which may cause the spreads on debt financings to widen considerably and make obtaining financing, both non-recourse property debt and corporate borrowings, such as our Credit Agreement, more difficult. Additionally, Federal Home Loan Mortgage Corporation, or Freddie Mac, and Federal National Mortgage Association, or Fannie Mae, have historically provided significant capital at a relatively low cost to finance multifamily properties. Freddie Mac and Fannie Mae are under conservatorship by the Housing Finance Agency, and their future role in the housing finance market is uncertain. If there is any significant reduction in Freddie Mac's or Fannie Mae's level of involvement in the secondary credit markets, it may adversely affect the pricing at which we may obtain non-recourse property debt financing.

If our ability to obtain financing is adversely affected, we may be unable to satisfy scheduled maturities on existing financing through other sources of liquidity, which could result in lender foreclosure on the apartment communities securing such debt and loss of income and asset value, each of which would adversely affect our liquidity.

Increases in interest rates would increase our interest expense and reduce our profitability.

As of December 31, 2014, on a consolidated basis, we had approximately $232.5 million of variable-rate indebtedness outstanding and $27.0 million of variable rate preferred securities outstanding. We estimate that an increase in 30-day LIBOR of 100 basis points with constant credit risk spreads would result in our net income and the amount of net income attributable to our common security holders (including Aimco common stockholders and the Aimco Operating Partnership's common unitholders) being reduced (or the amounts of net loss and net loss attributable to our common equity holders being increased) by approximately $2.0 million and $2.1 million, respectively, on an annual basis.

At December 31, 2014, we had approximately $120.4 million in cash and cash equivalents and restricted cash, a portion of which bear interest at variable rates indexed to LIBOR-based rates, and which may mitigate the effect of an increase in variable rates on our variable-rate indebtedness and preferred securities discussed above.

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

Some of our debt and other securities contain covenants that restrict our ability to make distributions or other payments to our investors unless certain financial tests or other criteria are satisfied. Our Credit Agreement provides, among other things, that we may make distributions to our investors during any four consecutive fiscal quarters in an aggregate amount that does not exceed the greater of 95% of our Funds From Operations for such period, subject to certain non-cash adjustments, or such amount as may be necessary to maintain Aimco's REIT status. Our outstanding classes of preferred stock or preferred units prohibit the payment of dividends on our Common Stock or common partnership units if we fail to pay the dividends to which the holders of the preferred stock or preferred units are entitled.

Our subsidiaries may be prohibited from making distributions and other payments to us.

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

Potential liability or other expenditures associated with potential environmental contamination may be costly.

Various Federal, state and local laws subject apartment community owners or operators to liability for management, and the costs of removal or remediation, of certain potentially hazardous materials that may be present in the land or buildings of an apartment community. Potentially hazardous materials may include polychlorinated biphenyls, petroleum-based fuels, lead-based paint, or asbestos. Such laws often impose liability without regard to fault or whether the owner or operator knew of, or was responsible for, the presence of such materials. The presence of, or the failure to manage or remediate properly, these materials may adversely affect occupancy at such apartment communities as well as the ability to sell or finance such apartment communities.

Table of Contents

In addition, governmental agencies may bring claims for costs associated with investigation and remediation actions, damages to natural resources and for potential fines or penalties in connection with such damage or with respect to the improper management of hazardous materials. Moreover, private plaintiffs may potentially make claims for personal injury, disease, disability or other infirmities related to the alleged presence of hazardous materials at an apartment community. In addition to potential environmental liabilities or costs associated with our current apartment communities, we may also be responsible for such liabilities or costs associated with communities we acquire or manage in the future, or apartment communities we no longer own or operate.

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

Under the Americans with Disabilities Act of 1990, or ADA, all places intended to be used by the public are required to meet certain Federal requirements related to access and use by disabled persons. The Fair Housing Amendments Act of 1988, or FHAA, requires apartment communities first occupied after March 13, 1991, to comply with design and construction requirements for disabled access. For those projects receiving Federal funds, the Rehabilitation Act of 1973 also has requirements regarding disabled access. These and other Federal, state and local laws may require modifications to our apartment communities, or affect renovations of the communities. Noncompliance with these laws could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, which could result in substantial capital expenditures. Although we believe that our apartment communities are substantially in compliance with present requirements, we may incur unanticipated expenses to comply with the ADA, the FHAA and the Rehabilitation Act of 1973 in connection with the ongoing operation or redevelopment of our apartment communities.

Moisture infiltration and resulting mold remediation may be costly.

Although we are proactively engaged in managing moisture intrusion and preventing the presence of mold at our apartment communities, it is not unusual for periodic moisture intrusion issues to cause mold in isolated locations within an apartment community. We have implemented policies, procedures and training, and include a detailed moisture intrusion and mold assessment during acquisition due diligence. We believe these measures will manage mold exposure at our apartment communities and will minimize the effects that mold may have on our residents. To date, we have not incurred any material costs or liabilities relating to claims of mold exposure or to abate mold conditions. We have only limited insurance coverage for property damage claims arising from the presence of mold and for personal injury claims related to mold exposure. Because the law regarding mold is unsettled and subject to change, we can make no assurance that liabilities resulting from the presence of or exposure to mold will not have a material adverse effect on our consolidated financial condition or results of operations.

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

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

Government housing regulations may limit the opportunities at some of our apartment communities and failure to comply with resident qualification requirements may result in financial penalties and/or loss of benefits, such as rental revenues paid by government agencies. Additionally, the government may cease to operate or reduce funding for government housing programs which would result in a loss of benefits.

We own equity interests in consolidated and unconsolidated entities that own certain apartment communities that benefit from governmental programs intended to provide housing to people with low or moderate incomes. These programs, which are usually administered by the United States Department of Housing and Urban Development, or HUD, or state housing finance agencies, typically provide one or more of the following: mortgage insurance;

favorable financing terms; tax-exempt interest; historic or low-income housing tax-credits; or rental assistance payments to the apartment community owners. As a condition of the receipt of assistance under these programs, the apartment communities must comply with various requirements, which typically limit rents to pre-approved amounts and limit our choice of residents to those with incomes at or below certain levels. Failure to comply with these requirements may result in financial penalties or loss of benefits. We are usually required to obtain the approval of HUD in order to acquire or dispose of a significant interest in or manage a HUD-assisted apartment community. We may not always receive such approval.

Table of Contents

Additionally, there is no guarantee that the government will continue to operate these programs or that the programs will be operated in a manner that generates benefits consistent with those received in the past. Any cessation of or change in the administration of benefits from these government housing programs may result in our loss or reduction in the amount of the benefits we receive under these programs, including rental subsidies. During 2014, 2013 and 2012, for continuing and discontinued operations, our rental revenues include $74.6 million, $88.4 million and $117.3 million, respectively, of subsidies from government agencies. Of the 2014 subsidies, approximately 14.0% related to communities benefiting from housing assistance contracts that expired in late 2014 or expire in 2015, which we are in the process of renewing or anticipate renewing, and the remainder related to communities benefiting from housing assistance contracts that expire after 2015 and have a weighted average term of 8.4 years. Any loss or reduction in the amount of these benefits may adversely affect our liquidity and results of operations.

Although we are insured for certain risks, the cost of insurance, increased claims activity or losses resulting from casualty events may affect our operating results and financial condition.

We are insured for a portion of our consolidated apartment communities' exposure to casualty losses resulting from fire, earthquake, hurricane, tornado, flood and other perils, which insurance is subject to deductibles and self-insurance retention. We recognize casualty losses or gains based on the net book value of the affected apartment community and the amount of any related insurance proceeds. In many instances, the actual cost to repair or replace the apartment community may exceed its net book value and any insurance proceeds. We recognize the uninsured portion of losses as casualty losses in the periods in which they are incurred. In addition, we are self-insured for a portion of our exposure to third-party claims related to our employee health insurance plans, workers' compensation coverage and general liability exposure. With respect to our exposure to claims of third parties, we establish reserves at levels that reflect our known and estimated losses. The ultimate cost of losses and the impact of unforeseen events may vary materially from recorded reserves, and variances may adversely affect our operating results and financial condition. We purchase insurance to reduce our exposure to losses and limit our financial losses on large individual risks. The availability and cost of insurance are determined by market conditions outside our control. No assurance can be made that we will be able to obtain and maintain insurance at the same levels and on the same terms as we do today. If we are not able to obtain or maintain insurance in amounts we consider appropriate for our business, or if the cost of obtaining such insurance increases materially, we may have to retain a larger portion of the potential loss associated with our exposures to risks.

Natural disasters and severe weather may affect our operating results and financial condition.

Natural disasters and severe weather such as hurricanes may result in significant damage to our apartment communities. The extent of our casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. When we have geographic concentration of exposures, a single catastrophe (such as an earthquake) or destructive weather event (such as a hurricane) affecting a region may have a significant adverse effect on our financial condition and results of operations. We cannot accurately predict natural disasters or severe weather, or the number and type of such events that will affect us. As a result, our operating and financial results may vary significantly from one period to the next. Although we anticipate and plan for losses, there can be no assurance that our financial results will not be adversely affected by our exposure to losses arising from natural disasters or severe weather in the future that exceed our previous experience and assumptions.

We depend on our senior management.

Our success depends upon the retention of our senior management, including Terry Considine, our chief executive officer. We have a succession planning and talent development process that is designed to identify potential replacements and develop our team members to provide depth in the organization and a bench of talent on which to draw. However, there are no assurances that we would be able to find qualified replacements for the individuals who make up our senior management if their services were no longer available. The loss of services of one or more members of our senior management team could have a material adverse effect on our business, financial condition and results of operations. We do not currently maintain key-man life insurance for any of our employees.

Aimco may fail to qualify as a REIT.

If Aimco fails to qualify as a REIT, Aimco will not be allowed a deduction for dividends paid to its stockholders in computing its taxable income, and will be subject to United States Federal income tax at regular corporate rates, including any applicable AMT. This would substantially reduce our funds available for distribution to our investors. Unless entitled to relief under certain provisions of the Code, Aimco also would be disqualified from taxation as a REIT for the four taxable years following the year during which it ceased to qualify as a REIT. In addition, Aimco's failure to qualify as a REIT would place us in default under our Credit Agreement.

Table of Contents

We believe that Aimco operates, and has always operated, in a manner that enables it to meet the requirements for qualification as a REIT for United States Federal income tax purposes. Aimco's continued qualification as a REIT will depend on its satisfaction of certain asset, income, investment, organizational, distribution, stockholder ownership and other requirements on a continuing basis. Aimco's ability to satisfy the asset tests depends upon our analysis of the fair market values of our assets, some of which are not susceptible to a precise determination, and for which we do not obtain independent appraisals. Aimco's compliance with the REIT income and quarterly asset requirements also depends upon our ability to manage successfully the composition of our income and assets on an ongoing basis. Moreover, the proper classification of an instrument as debt or equity for United States Federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT qualification requirements. Accordingly, there can be no assurance that the Internal Revenue Service, or the IRS, will not contend that our interests in subsidiaries or other issuers constitutes a violation of the REIT requirements. Moreover, future economic, market, legal, tax or other considerations may cause Aimco to fail to qualify as a REIT, or Aimco's Board of Directors may determine to revoke its REIT status.

REIT distribution requirements limit our available cash.

As a REIT, Aimco is subject to annual distribution requirements. As Aimco's operating partnership, the Aimco Operating Partnership pays distributions intended to satisfy Aimco's distribution requirements. This limits the amount of cash available for other business purposes, including amounts to fund our growth. Aimco generally must distribute annually at least 90% of its REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, in order for its distributed earnings not to be subject to United States Federal corporate income tax. We intend to make distributions to Aimco's stockholders to comply with the requirements of the Code. However, differences in timing between the recognition of taxable income and the actual receipt of cash could require us to sell apartment communities or borrow funds on a short-term or long-term basis to meet the 90% distribution requirement of the Code.

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

Aimco's charter limits ownership of Common Stock by any single stockholder (applying certain "beneficial ownership" rules under the Federal securities laws) to 8.7% (or up to 12.0% upon a waiver from Aimco's Board of Directors) of outstanding shares of Common Stock, or 15% in the case of certain pension trusts, registered investment companies and Mr. Considine. Aimco's charter also limits ownership of Aimco's Common Stock and preferred stock by any single stockholder to 8.7% of the value of the outstanding Common Stock and preferred stock, or 15% in the case of certain pension trusts, registered investment companies and Mr. Considine. The charter also prohibits anyone from buying shares of Aimco's capital stock if the purchase would result in Aimco losing its REIT status. This could happen if a transaction results in fewer than 100 persons owning all of Aimco's shares of capital stock or results in five or fewer persons (applying certain attribution rules of the Code) owning 50% or more of the value of all of Aimco's shares of capital stock. If anyone acquires shares in excess of the ownership limit or in violation of the ownership requirements of the Code for REITs:

- the transfer will be considered null and void;
- we will not reflect the transaction on Aimco's books;
- we may institute legal action to enjoin the transaction;
- we may demand repayment of any dividends received by the affected person on those shares;
- we may redeem the shares;
- the affected person will not have any voting rights for those shares; and
- the shares (and all voting and dividend rights of the shares) will be held in trust for the benefit of one or more charitable organizations designated by Aimco.

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

- may lose control over the power to dispose of such shares;

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

Table of Contents

Aimco's charter may limit the ability of a third party to acquire control of Aimco.

The 8.7% ownership limit discussed above may have the effect of delaying or precluding acquisition of control of Aimco by a third party without the consent of Aimco's Board of Directors. Aimco's charter authorizes its Board of Directors to issue up to 510,587,500 shares of capital stock. As of December 31, 2014, 500,787,260 shares were classified as Common Stock, of which 146,403,274 were outstanding, and 9,800,240 shares were classified as preferred stock, of which 6,391,697 were outstanding. Under Aimco's charter, its Board of Directors has the authority to classify and reclassify any of Aimco's unissued shares of capital stock into shares of capital stock with such preferences, conversion or other rights, voting power restrictions, limitations as to dividends, qualifications or terms or conditions of redemptions as the Board of Directors may determine. The authorization and issuance of a new class of capital stock could have the effect of delaying or preventing someone from taking control of Aimco, even if a change in control were in Aimco's stockholders' best interests.

The Maryland General Corporation Law may limit the ability of a third party to acquire control of Aimco.

As a Maryland corporation, Aimco is subject to various Maryland laws that may have the effect of discouraging offers to acquire Aimco and increasing the difficulty of consummating any such offers, even if an acquisition would be in Aimco's stockholders' best interests. The Maryland General Corporation Law, specifically the Maryland Business Combination Act, restricts mergers and other business combination transactions between Aimco and any person who acquires, directly or indirectly, beneficial ownership of shares of Aimco's stock representing 10% or more of the voting power without Aimco's Board of Directors' prior approval. Any such business combination transaction could not be completed until five years after the person acquired such voting power, and generally only with the approval of stockholders representing 80% of all votes entitled to be cast and 66-2/3% of the votes entitled to be cast, excluding the interested stockholder, or upon payment of a fair price. The Maryland General Corporation Law, specifically the Maryland Control Share Acquisition Act, provides generally that a person who acquires shares of Aimco's capital stock representing 10% or more of the voting power in electing directors will have no voting rights unless approved by a vote of two-thirds of the shares eligible to vote. Additionally, the Maryland General Corporation Law provides, among other things, that the board of directors has broad discretion in adopting stockholders' rights plans and has the sole power to fix the record date, time and place for special meetings of the stockholders. To date, Aimco has not adopted a stockholders' rights plan. In addition, the Maryland General Corporation Law provides that a corporation that:

- has at least three directors who are not officers or employees of the entity or related to an acquiring person; and
- has a class of equity securities registered under the Securities Exchange Act of 1934, as amended,

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

- the corporation will have a staggered board of directors;
- any director may be removed only for cause and by the vote of two-thirds of the votes entitled to be cast in the election of directors generally, even if a lesser proportion is provided in the charter or bylaws;
- the number of directors may only be set by the board of directors, even if the procedure is contrary to the charter or bylaws;
- vacancies may only be filled by the remaining directors, even if the procedure is contrary to the charter or bylaws; and
- the secretary of the corporation may call a special meeting of stockholders at the request of stockholders only on the written request of the stockholders entitled to cast at least a majority of all the votes entitled to be cast at the meeting, even if the procedure is contrary to the charter or bylaws.

To date, Aimco has not made any of the elections described above.

Item 1B. Unresolved Staff Comments

None.

Table of Contents

Item 2. Properties

Our portfolio includes garden style, mid-rise and high-rise apartment communities located in 23 states and the District of Columbia. Our geographic allocation strategy focuses on the largest coastal and job growth markets in the United States, which are grouped according to the West and East areas into which our property operations team is organized. The following table sets forth information on all of our apartment communities as of December 31, 2014:

| | Number of Apartment Communities | Number of Apartment Homes | Average Ownership | |
|---|---|---|---|---|
| Conventional: | | | | |
| Los Angeles | 13 | 4,319 | 85 | % |
| Orange County | 4 | 1,213 | 100 | % |
| San Diego | 12 | 2,430 | 97 | % |
| East Bay | 2 | 413 | 100 | % |
| San Jose | 2 | 548 | 100 | % |
| San Francisco | 7 | 1,208 | 100 | % |
| Chicago | 10 | 3,245 | 100 | % |
| Denver | 9 | 2,353 | 97 | % |
| Phoenix | 2 | 812 | 100 | % |
| Seattle | 2 | 239 | 100 | % |
| West | 63 | 16,780 | 95 | % |
| Atlanta | 7 | 1,403 | 99 | % |
| Boston | 12 | 4,173 | 100 | % |
| Manhattan | 17 | 775 | 100 | % |
| Miami | 5 | 2,530 | 100 | % |
| Philadelphia | 6 | 3,537 | 98 | % |
| Suburban New York - New Jersey | 2 | 1,162 | 100 | % |
| Washington - Northern Virginia - Maryland | 14 | 6,547 | 100 | % |
| East | 63 | 20,127 | 99 | % |
| Total target markets | 126 | 36,907 | 97 | % |
| Other markets | 18 | 6,486 | 97 | % |
| Total conventional owned and managed | 144 | 43,393 | 97 | % |
| Affordable | 59 | 8,943 | 93 | % |
| Total | 203 | 52,336 | 97 | % |

At December 31, 2014, we owned an equity interest in and consolidated within our financial statements 192 apartment communities containing 51,507 apartment homes. These consolidated apartment communities contain, on average, 268 apartment homes, with the largest community containing 2,113 apartment homes. These apartment communities offer residents a range of amenities, including resort pools with cabanas, grills and other amenities, clubhouses, spas, fitness centers, dog parks and large open spaces. Many of the apartment homes offer features such as granite countertops, wood flooring and cabinets, stainless steel appliances, fireplaces, spacious closets, washer and dryer connections, and balconies and patios. Some of our premier apartment communities also offer premium features including designer kitchens and bathroom finishes. Additional information on our consolidated apartment communities is contained in "Schedule III - Real Estate and Accumulated Depreciation" in this Annual Report on Form 10-K. At December 31, 2014, we held an equity interest in and did not consolidate within our financial statements 11 apartment communities containing 829 apartment homes.

The majority of our consolidated apartment communities are encumbered by property debt. At December 31, 2014, 171 of our consolidated apartment communities were encumbered by, in aggregate, $4,022.8 million of property debt with a weighted average interest rate of 5.17% and a weighted average maturity of 8.1 years, respectively. Each of the non-recourse property debt instruments comprising this total are collateralized by one of our apartment communities, without cross-collateralization, with an aggregate gross book value of $7,288.3 million. Refer to Note 5 to the consolidated financial statements in Item 8 for additional information regarding our property debt. As of December 31, 2014, we had 15 unencumbered consolidated apartment communities, which we expect to hold beyond 2015, with an estimated fair value of more than $1 billion.

Table of Contents

Item 3. Legal Proceedings

As further discussed in Note 7 to the consolidated financial statements in Item 8, we are engaged in discussions with the Environmental Protection Agency, or EPA, regarding an environmental matter at an apartment community we previously owned. Although the outcome of the process we are undergoing with the EPA is uncertain, we do not expect the resolution to have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Aimco

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

| Quarter Ended | High | Low | Dividends Declared (per share) |
|---|---|---|---|
| December 31, 2014 | $38.53 | $31.62 | $0.26 |
| September 30, 2014 | 34.87 | 31.51 | 0.26 |
| June 30, 2014 | 32.76 | 28.95 | 0.26 |
| March 31, 2014 | 31.28 | 25.52 | 0.26 |
| | | | |
| December 31, 2013 | $29.62 | $24.78 | $0.24 |
| September 30, 2013 | 31.76 | 26.95 | 0.24 |
| June 30, 2013 | 33.44 | 27.31 | 0.24 |
| March 31, 2013 | 30.85 | 27.04 | 0.24 |

Aimco's Board of Directors determines and declares its dividends. In making a dividend determination, Aimco's Board of Directors considers a variety of factors, including: REIT distribution requirements; current market conditions; liquidity needs and other uses of cash, such as for deleveraging and accretive investment activities. Aimco's Board of Directors targets a dividend payout ratio of approximately 60% of Adjusted Funds From Operations (which is defined in Item 7). In January 2015, Aimco's Board of Directors declared a cash dividend of $0.28 per share on its Common Stock, which is payable on February 27, 2015, to stockholders of record on February 13, 2015. Aimco's Board of Directors anticipates similar per share quarterly cash dividends for the remainder of 2015. However, the Board of Directors may adjust the dividend amount or the frequency with which the dividend is paid based on then prevailing facts and circumstances.

On February 20, 2015, the closing price of the Common Stock was $38.24 per share, as reported on the NYSE, and there were 156,277,762 shares of Common Stock outstanding, held by 2,063 stockholders of record. The number of holders does not include individuals or entities who beneficially own shares but whose shares are held of record by a broker or clearing agency, but does include each such broker or clearing agency as one recordholder.

As a REIT, Aimco is required to distribute annually to holders of its Common Stock at least 90% of its "real estate investment trust taxable income," which, as defined by the Code and United States Department of Treasury regulations, is generally equivalent to net taxable ordinary income.

From time to time, Aimco may issue shares of Common Stock in exchange for common and preferred OP Units tendered to the Aimco Operating Partnership for redemption in accordance with the terms and provisions of the agreement of limited partnership of the Aimco Operating Partnership. Such shares are issued based on an exchange ratio of one share for each common OP Unit or the applicable conversion ratio for preferred OP Units. Additionally, from time to time, Aimco may also issue shares of Common Stock in exchange for limited partnership units in consolidated real estate partnerships that are tendered to the Aimco Operating Partnership for redemption in accordance with the terms and provisions of the related limited partnership agreement. The shares are generally issued in exchange for OP Units or limited partnership units in private transactions exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof. During the year ended December 31, 2014, we did not issue any shares of Common Stock in exchange for common OP Units or preferred OP Units. During the year ended December 31,

Table of Contents

2014, we issued approximately 4,200 shares of Common Stock in exchange for limited partnership interests in consolidated real estate partnerships.

Aimco's Board of Directors has, from time to time, authorized Aimco to repurchase shares of its outstanding capital stock. There were no repurchases of Aimco shares during the year ended December 31, 2014. As of December 31, 2014, Aimco was authorized to repurchase approximately 19.3 million shares. This authorization has no expiration date. These repurchases may be made from time to time in the open market or in privately negotiated transactions.

Performance Graph

The following graph compares cumulative total returns for Aimco's Common Stock, the MSCI US REIT Index, the Standard & Poor's 500 Total Return Index (the "S&P 500"), and the NAREIT Apartment Index. The MSCI US REIT Index is published by Morgan Stanley Capital International Inc., a provider of equity indices. The NAREIT Apartment Index is published by The National Association of Real Estate Investment Trusts, or NAREIT, a representative of real estate investment trusts and publicly traded real estate companies with interests in United States real estate and capital markets. The MSCI REIT Index reflects total shareholder return for a broad range of REITs and the NAREIT Apartment Index provides a more direct multifamily peer comparison of total shareholder return. The indices are weighted for all companies that fit the definitional criteria of the particular index and are calculated to exclude companies as they are acquired and add them to the index calculation as they become publicly traded companies. All companies of the definitional criteria in existence at the point in time presented are included in the index calculations. The graph assumes the investment of $100 in Aimco's Common Stock and in each index on December 31, 2009, and that all dividends paid have been reinvested. The historical information set forth below is not necessarily indicative of future performance.

| | For the fiscal years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| Index | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Aimco | $100.00 | $164.61 | $148.78 | $181.05 | $179.15 | $265.21 |
| MSCI US REIT | 100.00 | 128.48 | 139.65 | 164.46 | 168.52 | 219.72 |
| S&P 500 | 100.00 | 115.06 | 117.49 | 136.30 | 180.44 | 205.14 |
| NAREIT Apartment Index | 100.00 | 147.04 | 169.23 | 180.97 | 169.76 | 237.02 |

Source: SNL Financial LC, Charlottesville, VA © 2015

Table of Contents

The Performance Graph will not be deemed to be incorporated by reference into any filing by Aimco under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Aimco specifically incorporates the same by reference.

The information required by Item 5 with respect to securities authorized for issuance under equity compensation plans is incorporated by reference in Part III, Item 12 of this Annual Report.

The Aimco Operating Partnership

There is no public market for the Aimco Operating Partnership's common partnership units, including OP Units, and we have no intention of listing the common partnership units on any securities exchange. In addition, the Aimco Operating Partnership's Partnership Agreement restricts the transferability of common partnership units, including OP Units. The following table sets forth the distributions declared per common partnership unit in each quarterly period during the two years ended December 31, 2014 and 2013:

| Quarter Ended | 2014 | 2013 |
|---|---|---|
| December 31 | $0.26 | $0.24 |
| September 30 | 0.26 | 0.24 |
| June 30 | 0.26 | 0.24 |
| March 31 | 0.26 | 0.24 |

During the years ended December 31, 2014 and 2013, the Aimco Operating Partnership's distributions per common partnership unit were equal to the dividends Aimco declared per share of its Common Stock. We intend for the Aimco Operating Partnership's future common partnership unit distributions to be equal to Aimco's Common Stock dividends.

At February 20, 2015, there were 163,916,771 common partnership units and equivalents outstanding (156,277,762 of which were held by Aimco) that were held by 2,858 unitholders of record.

The Aimco Operating Partnership's Partnership Agreement generally provides that after holding common OP Units for one year, limited partners other than Aimco have the right to redeem their common OP Units for cash, subject to our prior right to cause Aimco to acquire some or all of the common OP Units tendered for redemption in exchange for shares of Aimco Common Stock. Common OP Units redeemed for shares of Aimco Common Stock are exchanged on a one-for-one basis (subject to antidilution adjustments).

No common OP Units or preferred OP Units held by Limited Partners were redeemed in exchange for shares of Aimco Common Stock during the year ended December 31, 2014.

The following table summarizes the Aimco Operating Partnership's repurchases of common OP Units for the three months ended December 31, 2014:

| Fiscal period | Total Number of Units Purchased | Average Price Paid per Unit | Total Number of Units Purchased as Part of Publicly Announced Plans or Programs (1) | Maximum Number of Units that May Yet Be Purchased Under Plans or Programs (1) |
|---|---|---|---|---|
| October 1 - October 31, 2014 | 1,997 | $32.29 | N/A | N/A |
| November 1 - November 30, 2014 | 698 | 34.23 | N/A | N/A |
| December 1 - December 31, 2014 | 2,364 | 36.63 | N/A | N/A |
| Total | 5,059 | $34.58 | | |

(1) The terms of the Aimco Operating Partnership's Partnership Agreement do not provide for a maximum number of units that may be repurchased, and other than the express terms of the Aimco Operating Partnership's Partnership Agreement, the Aimco Operating Partnership has no publicly announced plans or programs of repurchase. However, whenever Aimco repurchases its Common Stock, it is expected that Aimco will fund the repurchase with a concurrent repurchase by the Aimco Operating Partnership of common partnership units held by Aimco at a price per unit that is equal to the price per share paid for the Common Stock. Refer to the preceding discussion of Aimco's authorization for equity repurchases.

17

Table of Contents

Dividend and Distribution Payments

Our Credit Agreement includes customary covenants, including a restriction on dividends and other restricted payments, but permits dividends and distributions during any four consecutive fiscal quarters in an aggregate amount of up to 95% of Aimco's Funds From Operations for such period, subject to certain non-cash adjustments, or such amount as may be necessary to maintain Aimco's REIT status.

Item 6. Selected Financial Data

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

Aimco

| | For The Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| | (dollar amounts in thousands, except per share data) | | | | |
| OPERATING DATA: | | | | | |
| Total revenues | $984,363 | $974,053 | $958,511 | $914,355 | $892,592 |
| Total operating expenses | (722,013) | (725,034) | (779,495) | (779,064) | (805,192) |
| Operating income | 262,350 | 249,019 | 179,016 | 135,291 | 87,400 |
| Income (loss) from continuing operations (1) | 67,475 | 34,596 | (18,756) | (136,237) | (161,020) |
| Income from discontinued operations, net of tax (1) | — | 203,229 | 214,117 | 78,073 | 71,396 |
| Gain on dispositions of real estate, net of tax (1) | 288,636 | — | — | — | — |
| Net income (loss) | 356,111 | 237,825 | 195,361 | (58,164) | (89,624) |
| Net income (loss) attributable to Aimco common stockholders (2) | 300,220 | 203,673 | 82,146 | (103,161) | (125,318) |
| Earnings (loss) per common share - basic and diluted: | | | | | |
| Income (loss) from continuing operations attributable to Aimco common stockholders | $2.06 | $0.29 | $(0.60) | $(1.22) | $(1.48) |
| Net income (loss) attributable to Aimco common stockholders | $2.06 | $1.40 | $0.61 | $(0.86) | $(1.08) |
| | | | | | |
| BALANCE SHEET INFORMATION: | | | | | |
| Total real estate | $8,144,958 | $8,214,081 | $7,872,018 | $7,688,798 | $7,603,535 |
| Total assets | 6,097,028 | 6,079,413 | 6,401,380 | 6,871,862 | 7,378,566 |
| Total indebtedness | 4,135,139 | 4,388,185 | 4,413,083 | 4,488,822 | 4,502,755 |
| Total equity | 1,442,105 | 1,172,744 | 1,154,894 | 1,144,674 | 1,306,772 |
| | | | | | |
| OTHER INFORMATION: | | | | | |
| Dividends declared per common share | $1.04 | $0.96 | $0.76 | $0.48 | $0.30 |
| Total consolidated apartment communities (end of period) | 192 | 216 | 243 | 331 | 399 |
| Total consolidated apartment homes (end of period) | 51,507 | 59,297 | 66,107 | 79,093 | 89,875 |
| Total unconsolidated apartment communities (end of period) | 11 | 20 | 22 | 39 | 48 |
| Total unconsolidated apartment homes (end of period) | 829 | 1,256 | 1,870 | 4,353 | 5,637 |

18

Table of Contents

The Aimco Operating Partnership

| | For The Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| | (dollar amounts in thousands, except per unit data) | | | | |
| OPERATING DATA: | | | | | |
| Total revenues | $984,363 | $974,053 | $958,511 | $914,355 | $892,592 |
| Total operating expenses | (722,013) | (725,034) | (779,495) | (779,064) | (805,192) |
| Operating income | 262,350 | 249,019 | 179,016 | 135,291 | 87,400 |
| Income (loss) from continuing operations (1) | 67,475 | 34,596 | (18,756) | (134,398) | (160,161) |
| Income from discontinued operations, net of tax (1) | — | 203,229 | 214,117 | 78,073 | 71,396 |
| Gain on dispositions of real estate, net of tax (1) | 288,636 | — | — | — | — |
| Net income (loss) | 356,111 | 237,825 | 195,361 | (56,865) | (88,765) |
| Net income (loss) attributable to the Aimco Operating Partnership's common unitholders (2) | 315,990 | 215,312 | 87,337 | (109,365) | (134,018) |
| Earnings (loss) per common unit - basic and diluted: | | | | | |
| Income (loss) from continuing operations attributable to the Aimco Operating Partnership's common unitholders | $2.06 | $0.29 | $(0.60) | $(1.22) | $(1.48) |
| Net income (loss) attributable to the Aimco Operating Partnership's common unitholders | $2.06 | $1.40 | $0.61 | $(0.86) | $(1.07) |
| | | | | | |
| BALANCE SHEET INFORMATION: | | | | | |
| Total real estate | $8,144,958 | $8,214,081 | $7,872,018 | $7,688,798 | $7,603,535 |
| Total assets | 6,097,028 | 6,079,413 | 6,401,380 | 6,871,862 | 7,395,796 |
| Total indebtedness | 4,135,139 | 4,388,185 | 4,413,083 | 4,488,822 | 4,502,755 |
| Total partners' capital | 1,442,105 | 1,172,744 | 1,154,894 | 1,144,674 | 1,324,002 |
| | | | | | |
| OTHER INFORMATION (3): | | | | | |
| Distributions declared per common unit (4) | $1.04 | $0.96 | $0.76 | $0.63 | $0.30 |

(1) As discussed in Note 12 to the consolidated financial statements in Item 8, effective January 1, 2014, we adopted ASU 2014-08, which revised the definition of a discontinued operation. In the selected financial data presentation above, the results of operations for apartment communities sold or classified as held for sale during 2014 are reflected within income from continuing operations for all periods presented and any gains on sale are reflected below income from discontinued operations. Prior to our adoption of ASU 2014-08, we reported as discontinued operations apartment communities that met the definition of a component of an entity and had been sold or met the criteria to be classified as held for sale. For the years ended December 31, 2013, 2012, 2011 and 2010, we included the results of such apartment communities, including any gain or loss on their disposition, less applicable income taxes, in income from discontinued operations. Income from discontinued operations for the years ended December 31, 2013, 2012, 2011 and 2010 includes $212.5 million, $234.5 million, $108.2 million and $94.9 million in gains on disposition of real estate, respectively. Income from discontinued operations for 2013 and 2012 is discussed further in Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7.

(2) Net income attributed to Aimco common stockholders and the Aimco Operating Partnership's common unitholders increased during the years ended December 31, 2014 and 2013 primarily due to increases in gains on dispositions of real estate. Net income attributed to Aimco common stockholders and the Aimco Operating Partnership's common unitholders increased during the year ended December 31, 2012 as compared to the years ended December 31, 2011 and 2010, due to large decreases in the amount of net income allocated to noncontrolling

interests in consolidated real estate partnerships and net income attributable to preferred stockholders and unitholders, each of which are further explained within Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7.

(3) The number of consolidated apartment communities and apartment homes has been omitted from the Aimco Operating Partnership's selected financial data table as these amounts are identical to those of Aimco during each of the periods presented.

(4) The Aimco Operating Partnership's distributions declared per common unit during the year ended December 31, 2011, included a $0.15 per unit special distribution.

Table of Contents

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

Executive Overview

Aimco and the Aimco Operating Partnership are focused on the ownership, management and redevelopment of quality apartment communities located in the largest coastal and job growth markets in the United States. Our business activities are defined by a commitment to our core values of integrity, respect, collaboration, a focus on our customers and a performance culture. These values and our corporate mission, to consistently provide quality apartment homes in a respectful environment delivered by a team of people who care, shape our culture. In all our interactions with residents, team members, business partners, lenders and equity holders, we aim to be the best owner and operator of apartment communities and an outstanding corporate citizen.

Our principal financial objective is to provide predictable and attractive returns to our equity holders, as measured by growth in our Net Asset Value and Adjusted Funds From Operations (each defined under the Key Financial Indicators heading below). Our business plan to achieve this objective is to:

- operate our portfolio of desirable apartment homes with valued amenities, with a high level of customer service and in an efficient manner that realizes the benefits of our corporate systems and local management expertise;
- improve our geographically diversified portfolio of apartment communities, which average "B/B+" in quality (defined under the Portfolio Management heading in Item 1) by selling lower rated apartment communities and investing the proceeds from such sales through property upgrades, capital improvements, redevelopment, development and acquisition of higher-quality apartment communities;
- provide financial leverage primarily by the use of non-recourse, long-dated, fixed-rate property debt and perpetual preferred equity, a combination which reduces our refunding and re-pricing risk and which provides a hedge against increases in interest rates; and
- emphasize a collaborative, respectful, and performance-oriented culture while maintaining high morale and team engagement.

Our long-standing business strategy is organized around our core activities of property operations, portfolio management, redevelopment and development, balance sheet and liquidity, and culture. Our business strategies are described in more detail below.

Property Operations

We own and operate a diversified portfolio of market-rate apartment communities, which we refer to as conventional apartment communities. At December 31, 2014, our conventional portfolio included 144 apartment communities with 43,393 apartment homes in which we held an average ownership of approximately 97%. We also operate a portfolio of affordable apartment communities, which consists of apartments with rents that are generally paid, in whole or part, by a government agency. At December 31, 2014, our affordable portfolio consisted of 59 apartment communities with 8,943 apartment homes in which we held an average ownership of approximately 93%. Our conventional and affordable portfolios comprise our reportable segments and generated 90% and 10%, respectively, of our proportionate property net operating income (defined below under the Results of Operations – Real Estate Operations heading) during the year ended December 31, 2014.

For the three months ended December 31, 2014, our conventional portfolio had average revenue per effective apartment home of $1,669 and provided 66% operating margins and 61% free cash flow margins. Free cash flow, or FCF, as calculated for our retained portfolio, represents an apartment community's property net operating income, less capital spending incurred to maintain the condition of the apartment community. Average revenue per effective apartment home represents rental and other property revenues divided by the number of occupied apartment homes multiplied by our ownership interest in the apartment community as of the end of the current period. The average revenue per effective apartment home for our conventional portfolio increased 13.6% from average revenues of $1,469 for the three months ended December 31, 2013, as a result of fourth quarter year-over-year revenue growth of 4.4% for our conventional same store apartment communities, the delivery of new apartment homes at our redevelopment apartment communities, reinvestment of sales proceeds in higher-rent apartment communities through redevelopment and acquisitions, and the sale of conventional apartment communities during 2014 with average revenues per home substantially lower than the apartment communities in the retained portfolio. During the year ended December 31, 2014, on average, combined conventional same store new and renewal lease rates were 4.4% higher than expiring lease rates.

Table of Contents

Portfolio Management

Our portfolio strategy seeks predictable rent growth from a portfolio of "A," "B" and "C+" quality market-rate apartment communities, averaging "B/B+" in quality, and diversified among the largest coastal and job growth markets in the United States, as measured by total apartment value. Our target markets are primarily coastal markets, and also include several Sun Belt cities and Chicago, Illinois. Refer to the discussion under the Portfolio Management heading within Item 1 for an explanation of our rating system for measuring conventional apartment community quality.

Our portfolio strategy is to sell each year the 5% to 10% of our portfolio with lower projected returns, lower operating margins, and lower expected future rent growth, and reinvest the sale proceeds in apartment communities already in our portfolio, through Property Upgrades, Capital Improvements and redevelopment, or through the purchase of other apartment communities and, in limited situations, the development of apartment communities. We execute our strategy through leverage neutral paired trades where the investment will yield risk-adjusted returns in excess of those of the apartment community sold and when portfolio quality is enhanced. Whenever possible, we structure transactions in a tax-efficient manner to preserve our invested capital. Through this disciplined approach to capital recycling, we have significantly increased the quality of our portfolio. Over the last three years, we:

- Increased our period-end conventional portfolio average revenue per apartment home by more than 32% to $1,669. This rate of growth reflects the impact of market rent growth, and more significantly, the impact of portfolio management through dispositions, redevelopment and acquisitions;
- Increased our conventional portfolio FCF margin by 10% through the sale of lower-rent properties and reinvestment in higher-rent properties;
- Reduced by 83% the percentage of our portfolio represented by "C" quality properties and increased by 42% the percentage of our portfolio represented by "A" quality properties;
- Increased to 90% the percentage of our conventional property net operating income earned in our target markets; and
- Increased our conventional portfolio's rents from 101% of local market average at the end of 2011, to 108% of local market average at the end of 2014.

As we execute this portfolio strategy, we expect to continue to increase conventional portfolio average revenue per apartment home at a rate greater than market rent growth; to increase further FCF margins; to sell our lower rated apartment communities; and to increase to 95% or more the percentage of our conventional property net operating income earned in our target markets.

In addition to improving our portfolio through the capital additions, including redevelopment, discussed below under the Liquidity and Capital Resources heading, during the year ended December 31, 2014, we upgraded our portfolio through the acquisition of six conventional apartment communities with an aggregate of 1,182 apartment homes for $291.9 million.

This included the acquisition of a 600-apartment home community located in metropolitan Denver, Colorado, for $118.5 million. The community is located on the Anschutz Medical Campus in the heart of the Fitzsimons Life Sciences District, and includes 17,400 square feet of commercial space with average monthly revenues of $1,365 per apartment home at the time of acquisition, making this an "A" quality asset for us. The community has been designated as the "Town Center" for residential and retail use in the area's master plan and is located on the only land within the campus currently zoned for multifamily use. This acquisition increases our exposure to Denver, which is a robust market to which we are underallocated.

We also acquired for $118.4 million a 324-apartment home community located in San Jose, California. This community had average monthly revenues of $2,240 per apartment home at the time of acquisition, making this an "B" quality asset for us. We expect to add value to this apartment community through property upgrades and operational improvements.

In addition, we acquired for $25.0 million a 78-apartment home community located in the Buckhead neighborhood of Atlanta, Georgia. This community has 14,000 square feet of commercial space and had average monthly revenues of $2,280 per apartment home at the time of acquisition, making this an "A" quality asset for us. We expect to add value to this apartment community through operational improvements.

We acquired for $18.0 million a 140-apartment home community located in Boulder, Colorado. This low density community, built on more than seven acres in the mid-1970s, is located in a city with strong demand for housing and public policies that discourage new supply. It is across the street from a new community hospital complex and major employment centers. Revenues per apartment home at the time of acquisition averaged $1,035, making this a “B” quality asset as presently operated. We plan to redevelop this community.

Table of Contents

Finally, we acquired for $12.0 million, two buildings containing a total of 40 apartment homes in the Upper East Side of Manhattan. Each of these two buildings is contiguous to other buildings we own and operate in Manhattan, allowing for operational efficiency and the assembly value of the land and related air rights. The apartment buildings we acquired had average revenues per home of $2,120 at the date of their acquisition. We intend to add value to the apartment buildings through redevelopment of apartment homes and operational improvements.

In addition to the apartment community acquisitions discussed above, late in 2014 we acquired entities that own 2.4 acres in the heart of downtown La Jolla, California, adjoining and overlooking La Jolla Cove and the Pacific Ocean. The property, which is zoned for multifamily and mixed-use, is currently occupied by three small commercial buildings and a limited-service hotel, which is managed for us by a third party. We plan to redevelop this property and consider its current use an income-producing "land bank."

Redevelopment and Development

We invest in the redevelopment of certain apartment communities in superior locations, when we believe the investment will yield risk-adjusted returns in excess of those from apartment communities sold in paired trades or in excess of the cost of equity issued to fund the equity component of the redevelopments. We have historically undertaken a range of redevelopment projects: from those in which buildings or exteriors are renovated without the need to vacate apartment homes; to those in which significant renovation of apartment homes may be accomplished upon lease expiration and turnover; and to those in which an entire building or community is wholly vacated. We execute certain of our redevelopment projects using a phased approach, where we renovate portions of an apartment community in stages, which allows additional flexibility of project costs and the ability to tailor our product offerings to customer response and rent achievement. Redevelopment work may also include seeking entitlements from local governments, which enhance the value of our existing portfolio by increasing density, that is, the right to add apartment homes to a site.

During the year ended December 31, 2014, we completed two redevelopment projects as expected, at Pacific Bay Vistas, in San Bruno, California, and at The Palazzo at Park La Brea, in Los Angeles, California. Construction is nearing completion at our two largest on-going redevelopment projects at Lincoln Place, in Venice, California, and The Preserve at Marin, in Corte Madera, California. During the year ended December 31, 2014, we also completed the first phase of the redevelopment of The Sterling in Center City, Philadelphia and a multi-phase capital project at Park Towne Place in Philadelphia, Pennsylvania.

We undertake ground-up development, either directly in connection with the redevelopment of an existing apartment community or, on a more limited basis, at a new location with a third party development partner with expertise in the local market. During the year ended December 31, 2014, we invested $46.9 million in the development of One Canal Street in Boston, Massachusetts.

See below under the Liquidity and Capital Resources – Redevelopment and Development heading for additional information regarding our our ongoing redevelopment and development projects at December 31, 2014.

Balance Sheet and Liquidity

Our leverage strategy seeks to increase financial returns while using leverage with appropriate caution. We target the ratio of Debt plus Preferred Equity to Adjusted EBITDA to be below 7.0x and we target the ratio of Adjusted EBITDA Coverage of Interest and Preferred Dividends to be greater than 2.5x. We also focus on the ratios of Debt to Adjusted EBITDA and Adjusted EBITDA Coverage of Interest.

Debt, as used in these ratios, represents our proportionate share of debt, net of our proportionate share of cash and restricted cash and our investment in the subordinate tranches of a securitization that holds certain of our property debt, and Preferred Equity represents Aimco's preferred stock and the Aimco Operating Partnership's preferred OP Units. Adjusted EBITDA is calculated by adding to our Pro forma Funds From Operations, which is calculated on an proportionate basis, our proportionate share of interest expense, taxes, depreciation and amortization related to non-real estate assets, non-cash stock-based compensation, and dividends and distributions on our preferred equity instruments. Interest, as used in these ratios, represents our proportionate share of interest expense, excluding debt prepayment penalties and amortization of deferred financing costs, and reduced by interest income we receive on our investment in the subordinate tranches of a securitization that holds certain of our property debt. Our leverage ratios for the trailing twelve month and annualized three month periods ended December 31, 2014 and 2013, are presented below:

22

Table of Contents

| | Pro-forma Trailing Twelve Months Ended December 31, | Actual Trailing Twelve Months Ended December 31, | |
|---|---|---|---|
| | 2014 (1) | 2014 | 2013 |
| Debt to Adjusted EBITDA | 6.5x | 7.1x | 7.1x |
| Debt plus Preferred Equity to Adjusted EBITDA | 7.0x | 7.6x | 7.3x |
| Adjusted EBITDA Coverage of Interest | 2.9x | 2.7x | 2.6x |
| Adjusted EBITDA Coverage of Interest and Preferred Dividends | 2.7x | 2.5x | 2.5x |

(1) During January 2015, Aimco completed a common stock offering resulting in net proceeds of approximately $367 million. The pro-forma ratios presented for the trailing twelve months ended December 31, 2014, have been adjusted to reflect the following: a) Repayment of $112.3 million of outstanding borrowings under our Credit Agreement at December 31, 2014; b) Repayment of $102.2 million of property debt that will be repaid in 2015 to further supplement Aimco's unencumbered pool; c) Repayment of $27.0 million of Aimco's CRA Preferred Stock; and d) Investment of the remaining proceeds from the common offering. Refer to Note 16 to the consolidated financial statements in Item 8 for additional information regarding this stock offering.

We expect future leverage reduction from both earnings growth, the lease up of redevelopment communities, and from regularly scheduled property debt amortization repaid from retained earnings. We also expect to increase our financial flexibility by expanding our pool of unencumbered apartment communities. As of December 31, 2014, this pool included 15 consolidated apartment communities, which we expect to hold beyond 2015, with an estimated fair value of more than $1 billion.

Two credit rating agencies rate our creditworthiness, using different methodologies and ratios for assessing our credit. In addition to lowering the cost of borrowings under our line of credit, an improvement to an investment grade rating may lower the cost of any future preferred equity issuance, provide additional flexibility for sources of capital, and provide other intangible benefits. Although some of the ratios they use are similar to those we use to measure our leverage, there are differences in our methods of calculation and therefore our leverage ratios disclosed above are not indicative of the ratios that may be calculated by these agencies.

In April 2014, one of the agencies rating us upgraded our credit rating outlook, from BB+ (stable) to BB+ (positive). During its review, this agency also outlined the factors that would have a positive impact on our ratings, which include: reducing our leverage, as measured by a debt to EBITDA ratio defined by the rating agency, closer to the low end of the range of 7.0x to 7.5x; reducing our ratio of debt to undepreciated capital (defined by the agency as the sum of debt, equity and accumulated depreciation) to 50% or lower; and continuing to strengthen our fixed charge coverage ratio such that the agency believes a 2.0x coverage is achievable.

In June 2014, the other agency rating us affirmed its June 2013 BB+ (positive) rating of our creditworthiness, and outlined the factors that would have a positive impact on our ratings. These include increasing the unencumbered asset pool to more than $600 million (valued at a stressed 8% capitalization rate, as specified by the rating agency), sustaining leverage below 7.5x, defined by the rating agency as the ratio of net debt to recurring operating EBITDA; and sustaining a fixed charge coverage ratio, also as defined by the rating agency, above 2.0x.

At December 31, 2014, approximately 91% of our leverage consisted of property-level, non-recourse, long-dated debt and 6% consisted of perpetual preferred equity, a combination which reduces our refunding and re-pricing risk. The weighted average maturity of our property-level debt was 8.1 years, with 3.3% of our unpaid principal balances maturing during 2015 and, on average, 7.5% of our unpaid principal balances maturing each year from 2016 through 2018. Approximately 97% of our property-level debt is fixed-rate, which provides a hedge against increases in interest rates, capitalization rates and inflation.

Although our primary sources of leverage are property-level, non-recourse, long-dated, fixed-rate, amortizing debt and perpetual preferred equity, we also have a Senior Secured Credit Agreement with a syndicate of financial institutions, which we refer to as our Credit Agreement. The Credit Agreement provides for $600.0 million of revolving loan commitments, which we use for working capital and other short-term purposes. Borrowings under the Credit Agreement bear interest at a rate set forth on a pricing grid, which varies based on our leverage. As of December 31, 2014, we had $112.3 million of outstanding borrowings under our Credit Agreement, and we had the capacity to borrow $445.9 million, net of the outstanding borrowings and $41.8 million for undrawn letters of credit backed by the Credit Agreement. As discussed in Note 16 to the consolidated financial statements in Item 8, during January 2015, Aimco completed a public offering resulting in the sale of 9,430,000 shares of its Common Stock, generating net proceeds of approximately $367.0 million. Using the proceeds from this offering, in January 2015, we fully repaid the outstanding balance on our Credit Agreement. The Credit Agreement matures in September 2017, and may be extended for an additional one-year period, subject to certain conditions.

Under the Credit Agreement, we have agreed to Debt Service and Fixed Charge Coverage covenants, as well as other covenants customary for similar revolving credit arrangements. For the twelve month period ended December 31, 2014, our Debt Service and Fixed Charge Coverage ratios based on actual amounts were 1.82x and 1.73x, respectively, compared to covenants of 1.50x and 1.30x, respectively, and ratios of 1.77x and 1.72x, respectively, for the twelve month period ended December 31, 2013. The

Table of Contents

Fixed Charge Coverage covenant will increase in 2015 to 1.40x. We expect to remain in compliance with these covenants during 2015.

Culture

Our culture is the key to our success. Our emphasis on a collaborative, respectful, and performance-oriented culture is what enables the continuing transformation of the Aimco business. In 2014, Aimco was again recognized by the Denver Post as a Top Work Place based on nearly 300 independent team member surveys.

Key Financial Indicators

The key financial indicators that we use in managing our business and in evaluating our financial condition and operating performance are: Net Asset Value and Adjusted Funds From Operations. In addition to these indicators, we also use Pro forma Funds From Operations; Free Cash Flow, Free Cash Flow internal rate of return, same store property operating results, proportionate property net operating income, financial coverage ratios, and leverage as shown on our balance sheet to evaluate our operating performance and financial condition.

Net Asset Value is the estimated fair value of our assets, net of liabilities, noncontrolling interests and preferred equity. Adjusted Funds From Operations and Pro forma Funds From Operations are defined and further described below under the Funds From Operations and Adjusted Funds From Operations heading, and proportionate property net operating income is defined and further described below under the Results of Operations – Real Estate Operations heading. Free Cash Flow represents net operating income less spending for Capital Replacements, and Free Cash Flow internal rate of return represents the rate of return generated by the Free Cash Flow from the apartment community and the proceeds from its eventual sale, and is a common benchmark used in the real estate industry for relative comparison of real estate valuations.

The key macro-economic factors and non-financial indicators that affect our financial condition and operating performance are: household formations; rates of job growth; single-family and multifamily housing starts; interest rates; and availability and cost of financing.

Results of Operations

Because our operating results depend primarily on income from our apartment communities, the supply of and demand for apartments influences our operating results. Additionally, the level of expenses required to operate and maintain our apartment communities and the pace and price at which we redevelop, acquire and dispose of our apartment communities affect our operating results.

The following discussion and analysis of the results of our operations and financial condition should be read in conjunction with the accompanying consolidated financial statements in Item 8.

Overview

2014 Highlights

Highlights of our results of operations for the year ended December 31, 2014, are summarized below:

- Conventional Same Store revenues and expenses for 2014, increased by 4.5% and 2.3%, respectively, resulting in a 5.5% increase in net operating income as compared to 2013;
- Average revenue per effective apartment home for our conventional portfolio increased by 13.6%, from $1,469 for the three months ended December 31, 2013, to $1,669 for the three months ended December 31, 2014, as a result of fourth quarter year-over-year revenue growth of 4.4% for our conventional same store apartment communities, the delivery of new apartment homes at our redevelopment apartment communities, reinvestment of sales proceeds in higher-rent apartment communities through redevelopment and acquisitions, and the sale of conventional apartment communities during 2014 with average revenues per home substantially lower than the apartment communities in the retained portfolio; and
- Average daily occupancy for our Conventional Same Store apartment communities increased from 95.6% for the year ended December 31, 2013, to 95.8% for 2014.

Table of Contents

2014 compared to 2013
Net income attributable to Aimco and net income attributable to the Aimco Operating Partnership increased by $102.0 million and $106.2 million, respectively, during the the year ended December 31, 2014, as compared to the year ended December 31, 2013. The increase in income for Aimco and the Aimco Operating Partnership was principally due to an increase in gains on dispositions and a decrease in interest expense.

2013 compared to 2012
Net income attributable to Aimco and net income attributable to the Aimco Operating Partnership increased by $74.8 million and $81.2 million, respectively, during the the year ended December 31, 2013, as compared to the year ended December 31, 2012. The increase in income for Aimco and the Aimco Operating Partnership was principally due to an increase in the net operating income and a decrease in depreciation and amortization of our apartment communities in continuing operations.
The following paragraphs discuss these and other items affecting the results of operations of Aimco and the Aimco Operating Partnership in more detail.
Property Operations
As described under the preceding Executive Overview heading, our owned real estate portfolio consists primarily of conventional apartment communities, and we also operate a portfolio of affordable apartment communities. Our conventional and affordable property operations comprise our reportable segments.
In accordance with accounting principles generally accepted in the United States of America, or GAAP, we consolidate certain apartment communities in which we hold an insignificant economic interest and in some cases we do not consolidate other apartment communities in which we have a significant economic interest. Due to the diversity of our economic ownership interests in our apartment communities, our chief operating decision maker emphasizes as a key measurement of segment profit or loss proportionate property net operating income, which represents our share of the property net operating income of the consolidated and unconsolidated apartment communities that we own and manage. Accordingly, the results of operations of our conventional and affordable segments discussed below are presented on a proportionate basis and exclude the results of four conventional apartment communities with 142 apartment homes and eight affordable apartment communities with 739 apartment homes that we do not manage.
We do not include property management revenues, offsite costs associated with property management or casualty-related amounts in our assessment of segment performance. Accordingly, these items are not allocated to our segment results discussed below. Refer to Note 15 in the consolidated financial statements in Item 8 for further discussion regarding our reportable segments, including a reconciliation of these proportionate amounts to consolidated rental and other property revenues and property operating expenses.
Conventional Real Estate Operations
Our conventional segment consists of apartment communities we classify as Conventional Same Store, Conventional Redevelopment and Other Conventional apartment communities. Conventional Same Store apartment communities are those we manage, that have reached and maintained a stabilized occupancy (greater than 90%) during the current year and prior year periods, and that are not expected to be sold within 12 months. Conventional Redevelopment apartment communities are those in which a substantial number of available apartment homes have been vacated for major renovations or have not been stabilized in occupancy during the current year or prior year periods, due to ongoing or completed renovations, such as exteriors, common areas or apartment home improvements. Other Conventional apartment communities includes conventional apartment communities that have significant rent control restrictions; apartment communities that had not reached and maintained a stabilized level of occupancy during the current year or prior year periods, often due to a casualty event; the operations of properties that are not multifamily, such as fitness centers; apartment communities acquired during the current year or prior year periods; and those apartment communities we expect to sell in the next 12 months, but that have not yet met the criteria to be classified as held for sale.
As of December 31, 2014, as defined by our segment performance metrics, our Conventional Same Store portfolio, Conventional Redevelopment portfolio and our Other Conventional portfolio consisted of 103, 7 and 28 apartment communities with 36,720, 2,891 and 3,393 apartment homes, respectively. From December 31, 2013, to December 31,

2014, on a net basis, our Conventional Same Store portfolio decreased by 19 apartment communities and 8,420 apartment homes. This decrease consisted of 19 apartment communities with 8,043 apartment homes that were sold or classified as held for sale, one apartment community with 537 apartment homes that was reclassified from our Conventional Same Store portfolio to our Conventional Redevelopment portfolio when we commenced redevelopment of the community, and one apartment community with 296 apartment homes that was reclassified from our Conventional Same Store portfolio to our Other Conventional portfolio that we expect to sell in the next 12 months. This

Table of Contents

decrease was partially offset by two apartment communities with 372 and 84 apartment homes that were reclassified from our Conventional Redevelopment and Other Conventional portfolios to our Conventional Same Store portfolio when they reached stabilization following redevelopment and acquisition, respectively. Our conventional portfolio results for the years ended December 31, 2014 and 2013, as presented below, are based on the apartment community populations as of December 31, 2014.

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| (in thousands) | 2014 | 2013 | $ Change | % Change |
| Rental and other property revenues: | | | | |
| Conventional Same Store | $657,181 | $629,141 | $28,040 | 4.5 % |
| Conventional Redevelopment | 51,452 | 35,768 | 15,684 | 43.8 % |
| Other Conventional | 58,786 | 50,126 | 8,660 | 17.3 % |
| Total | 767,419 | 715,035 | 52,384 | 7.3 % |
| Property operating expenses: | | | | |
| Conventional Same Store | 213,475 | 208,754 | 4,721 | 2.3 % |
| Conventional Redevelopment | 20,567 | 16,479 | 4,088 | 24.8 % |
| Other Conventional | 26,409 | 22,504 | 3,905 | 17.4 % |
| Total | 260,451 | 247,737 | 12,714 | 5.1 % |
| Property net operating income: | | | | |
| Conventional Same Store | 443,706 | 420,387 | 23,319 | 5.5 % |
| Conventional Redevelopment | 30,885 | 19,289 | 11,596 | 60.1 % |
| Other Conventional | 32,377 | 27,622 | 4,755 | 17.2 % |
| Total | $506,968 | $467,298 | $39,670 | 8.5 % |

For the year ended December 31, 2014, as compared to 2013, our conventional segment's proportionate property net operating income increased $39.7 million, or 8.5%.

For the year ended December 31, 2014, as compared to 2013, Conventional Same Store proportionate property net operating income increased by $23.3 million, or 5.5%. This increase was primarily attributable to a $28.0 million, or 4.5%, increase in rental and other property revenues due to higher average revenues (approximately $64 per effective home), comprised of increases in rental rates, utility reimbursements, other fees including parking, and a 20 basis point increase in average daily occupancy. Rental rates on new leases transacted during the year ended December 31, 2014, were 3.7% higher than expiring lease rates, and renewal rates were 5.2% higher than expiring lease rates. The increase in Conventional Same Store rental and other property revenues was partially offset by a $4.7 million, or 2.3%, increase in property operating expenses, primarily due to increases in utilities and real estate taxes, partially offset by a decrease in insurance costs. During the year ended December 31, 2014, as compared to 2013, controllable operating expenses, which exclude utility costs, real estate taxes and insurance, increased by $0.6 million, or 0.7%.

Our Conventional Redevelopment proportionate property net operating income increased by $11.6 million during the year ended December 31, 2014, as compared to 2013, primarily due to increases in net operating income associated with apartment homes placed into service following completion of construction activities. From December 31, 2013, to December 31, 2014, we placed an additional 632, 308 and 72 apartment homes into service at our Lincoln Place, Pacific Bay Vistas and The Preserve at Marin apartment communities, respectively.

Our Other Conventional proportionate property net operating income increased by $4.8 million, or 17.2%, during the year ended December 31, 2014, as compared to 2013, primarily due to apartment communities we acquired during 2014 and 2013 and recovery of previously recognized bad debts.

Table of Contents

As of December 31, 2013, our Conventional Same Store portfolio and our Other Conventional portfolio consisted of 103 and 29 apartment communities with 37,097 and 4,630 apartment homes, respectively. Our conventional portfolio results for the years ended December 31, 2013 and 2012, as presented below, are based on the apartment community populations as of December 31, 2013 (excluding amounts related to apartment communities sold or classified as held for sale during 2014).

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2013 | 2012 | $ Change | % Change | |
| Rental and other property revenues: | | | | | |
| Conventional Same Store | $637,615 | $610,027 | $27,588 | 4.5 | % |
| Other Conventional | 77,420 | 65,902 | 11,518 | 17.5 | % |
| Total | 715,035 | 675,929 | 39,106 | 5.8 | % |
| Property operating expenses: | | | | | |
| Conventional Same Store | 210,532 | 203,997 | 6,535 | 3.2 | % |
| Other Conventional | 37,205 | 33,343 | 3,862 | 11.6 | % |
| Total | 247,737 | 237,340 | 10,397 | 4.4 | % |
| Property net operating income: | | | | | |