

APARTMENT INVESTMENT & MANAGEMENT CO
Form 10-Q
May 01, 2015
Table of Contents

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

Form 10-Q
(Mark One)

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

For the quarterly period ended March 31, 2015

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

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

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

Maryland (Apartment Investment and Management Company) 84-1259577
Delaware (AIMCO Properties, L.P.) 84-1275621
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) 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)

Not Applicable
(Former name, former address, and former fiscal year, if changed since last report)
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

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

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

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

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

Apartment Investment and Management Company:

Large accelerated filer Accelerated filer

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

AIMCO Properties, L.P.:

Large accelerated filer Accelerated filer

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

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

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

The number of shares of Apartment Investment and Management Company

Class A Common Stock outstanding as of April 30, 2015: 156,278,378

The number of Partnership Common Units outstanding as of April 30, 2015: 163,908,989

Table of Contents

EXPLANATORY NOTE

This filing combines the reports on Form 10-Q for the quarterly period ended March 31, 2015, of Apartment Investment and Management Company, or Aimco, and AIMCO Properties, L.P., or the Aimco Operating Partnership. Where it is important to distinguish between the two entities, we refer to them specifically. Otherwise, references to “we,” “us” or “our” mean, collectively, Aimco, the Aimco Operating Partnership and their consolidated entities. Aimco, a Maryland corporation, is a self-administered and self-managed real estate investment trust, or REIT. Aimco, through wholly-owned subsidiaries, is the general and special limited partner of and, as of March 31, 2015, owned a 95.3% ownership interest in the common partnership units of, the Aimco Operating Partnership. The remaining 4.7% interest is owned by limited partners. As the sole general partner of the Aimco Operating Partnership, Aimco has exclusive control of the Aimco Operating Partnership’s day-to-day management.

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

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

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

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

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

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

Table of Contents

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

TABLE OF CONTENTS

FORM 10-Q

	Page
	<u>PART I. FINANCIAL INFORMATION</u>
ITEM 1.	<u>Financial Statements</u>
	<u>Apartment Investment and Management Company:</u>
	<u>Condensed Consolidated Balance Sheets as of March 31, 2015 and December 31, 2014 (Unaudited)</u> 3
	<u>Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2015 and 2014 (Unaudited)</u> 4
	<u>Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2015 and 2014 (Unaudited)</u> 5
	<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2015 and 2014 (Unaudited)</u> 6
	<u>AIMCO Properties, L.P.:</u>
	<u>Condensed Consolidated Balance Sheets as of March 31, 2015 and December 31, 2014 (Unaudited)</u> 7
	<u>Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2015 and 2014 (Unaudited)</u> 8
	<u>Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2015 and 2014 (Unaudited)</u> 9
	<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2015 and 2014 (Unaudited)</u> 10
	<u>Notes to the Condensed Consolidated Financial Statements of Apartment Investment and Management Company and AIMCO Properties, L.P. (Unaudited)</u> 11
ITEM 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u> 23
ITEM 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 38
ITEM 4.	<u>Controls and Procedures</u> 39
	<u>PART II. OTHER INFORMATION</u>
ITEM 1A.	<u>Risk Factors</u> 39
ITEM 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 39
ITEM 5.	Other Information
ITEM 6.	<u>Exhibits</u> 41
	<u>Signatures</u> 43

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

	March 31, 2015	December 31, 2014
ASSETS		
Buildings and improvements	\$6,304,829	\$6,259,318
Land	1,883,128	1,885,640
Total real estate	8,187,957	8,144,958
Less accumulated depreciation	(2,703,934)	(2,672,179)
Net real estate (\$354,609 and \$360,160 related to VIEs)	5,484,023	5,472,779
Cash and cash equivalents (\$18,112 and \$17,108 related to VIEs)	164,490	28,971
Restricted cash (\$34,867 and \$36,196 related to VIEs)	95,428	91,445
Other assets (\$182,156 and \$182,108 related to VIEs)	465,332	476,727
Assets held for sale	6,180	27,106
Total assets	\$6,215,453	\$6,097,028
LIABILITIES AND EQUITY		
Non-recourse property debt (\$335,109 and \$336,471 related to VIEs)	\$3,888,284	\$4,022,809
Revolving credit facility borrowings	—	112,330
Total indebtedness	3,888,284	4,135,139
Accounts payable	50,860	41,919
Accrued liabilities and other (\$141,762 and \$135,644 related to VIEs)	270,204	279,077
Deferred income	76,682	81,882
Liabilities related to assets held for sale	6,855	28,969
Total liabilities	4,292,885	4,566,986
Preferred noncontrolling interests in Aimco Operating Partnership	87,942	87,937
Commitments and contingencies (Note 6)		
Equity:		
Perpetual Preferred Stock	159,126	186,126
Common Stock, \$0.01 par value, 500,787,260 shares authorized, 156,278,378 and 146,403,274 shares issued/outstanding at March 31, 2015 and December 31, 2014, respectively	1,563	1,464
Additional paid-in capital	4,065,411	3,696,143
Accumulated other comprehensive loss	(7,009)	(6,456)
Distributions in excess of earnings	(2,603,564)	(2,649,542)
Total Aimco equity	1,615,527	1,227,735
Noncontrolling interests in consolidated real estate partnerships	235,750	233,296
Common noncontrolling interests in Aimco Operating Partnership	(16,651)	(18,926)
Total equity	1,834,626	1,442,105
Total liabilities and equity	\$6,215,453	\$6,097,028

See notes to condensed consolidated financial statements.

3

Table of Contents

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended March 31,	
	2015	2014
REVENUES		
Rental and other property revenues	\$238,289	\$240,136
Tax credit and asset management revenues	5,976	8,788
Total revenues	244,265	248,924