

# AIMCO

Apartment Investment and Management Company



The Palazzo East at Park La Brea Los Angeles, CA



Elm Creek Elmhurst, IL



Flamingo South Beach Miami, FL



Calhoun Beach Club Minneapolis, MN



Broadcast Center Los Angeles, CA



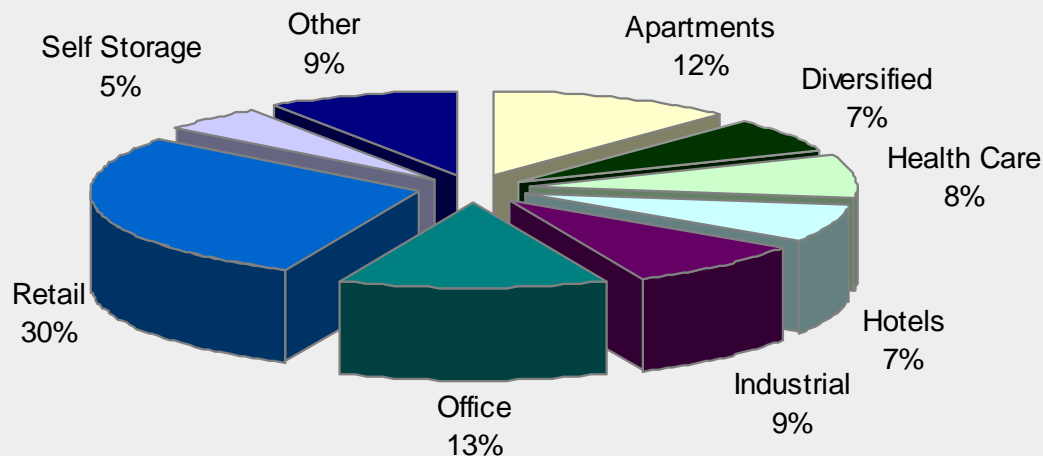
Greenspoint Phoenix, AZ

UBS Global Real Estate Conference  
November 2007

# U.S. REIT Overview

- There are 113 publicly traded REITs in the U.S. with a total market capitalization of more than US\$300 billion as of November 23, 2007
- There are ten publicly traded apartment REITs in the U.S. with a total market capitalization of approximately US\$37 billion, or 12% of total U.S. REIT market capitalization as of November 23, 2007

**U.S. REIT Market Capitalization**



- There are 13 REITs included in the S&P 500 Index. Aimco is one of three apartment REITs included in the Index.

# U.S. Apartment Industry Overview

- There are approximately 17.5 million rental apartment units in the U.S.<sup>1</sup>
- Rental apartment communities are owned by a wide variety of local, regional and national investors
  - As of January 1, 2007, the 50 largest apartment owners in the U.S. owned more than 2.6 million apartment units<sup>2</sup>
  - The ten publicly traded U.S. apartment REITs own nearly 700,000 units<sup>3</sup>
  - Aimco is the largest owner and operator of apartment communities in the U.S. with more than 206,000 rental apartment units
- The U.S. apartment industry is transforming from a cottage industry to one that is increasingly professionally managed
  - Property management teams include specialized leasing and maintenance personnel
  - Revenue management systems are often used by the largest U.S. apartment managers
  - Larger operators leverage scale through centralized back-office functions such as marketing, purchasing and transaction processing

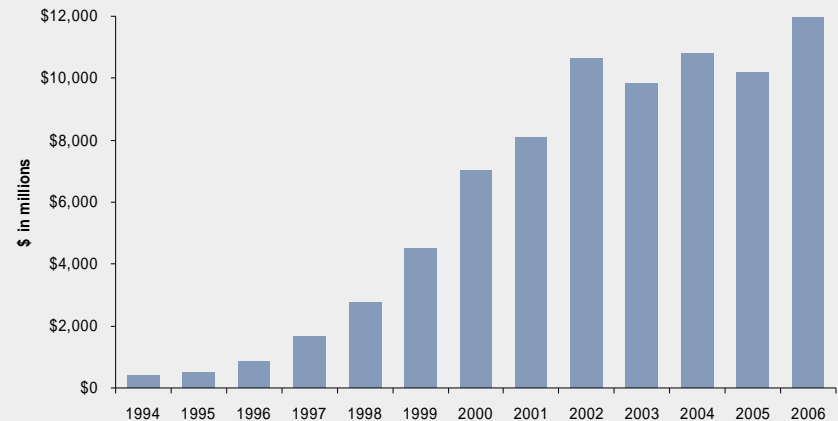
## Select U.S. Apartment Industry Statistics<sup>4</sup>

<b>Top 54 U.S. Markets</b>	Occupancy	Rent Growth	NOI Growth
2005	93.8%	2.6%	1.8%
2006	94.2%	5.3%	7.1%
YTD 2007	94.1%	4.8%	6.9%

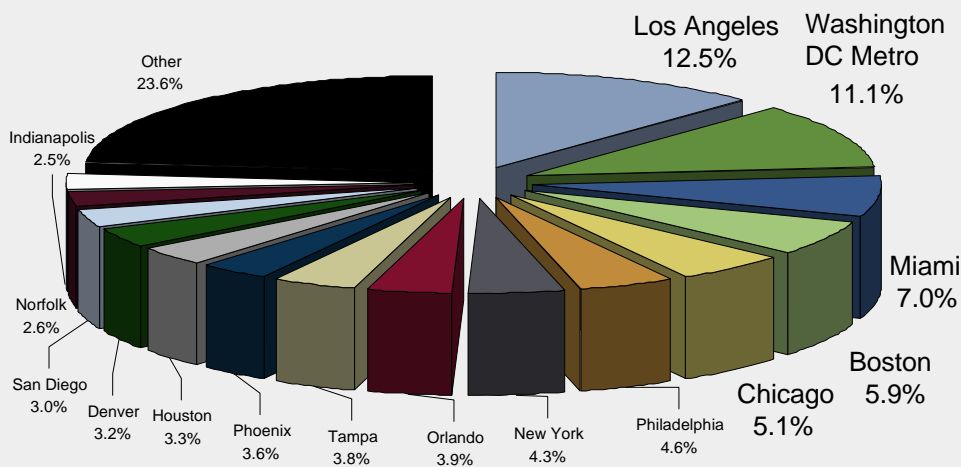
# About Aimco

- Initial Public Offering in 1994 with US\$315 million gross asset value
- Doubled in size every 18 months from 1994 – 2002 through several large portfolio acquisitions
- Rationalized portfolio and operations from 2001 – 2006, selling more than 350 properties worth over US\$4.5 billion
- Infrastructure and systems in place to support future growth

Gross Book Value of Real Estate



## Conventional Portfolio GAV



- Aimco's portfolio is balanced geographically, providing for higher risk-adjusted returns
  - No single market represents more than 12.5% of gross asset value
  - 76% of estimated gross asset value is in 15 markets

# Aimco Portfolio

- Portfolio is of high quality, supporting strong NOI growth, supplemented by value-added redevelopment and tax credit activities
  - Owned and managed portfolio: 761 communities with 165,884 units
  - Property and asset managed for affiliates: 433 communities with 40,333 units
- Portfolio is diversified by price point and geography
- Focus is on B properties in A locations with redevelopment upside
- Properties are located in 47 states, the District of Columbia and Puerto Rico



Belmont Place  
Atlanta, Georgia



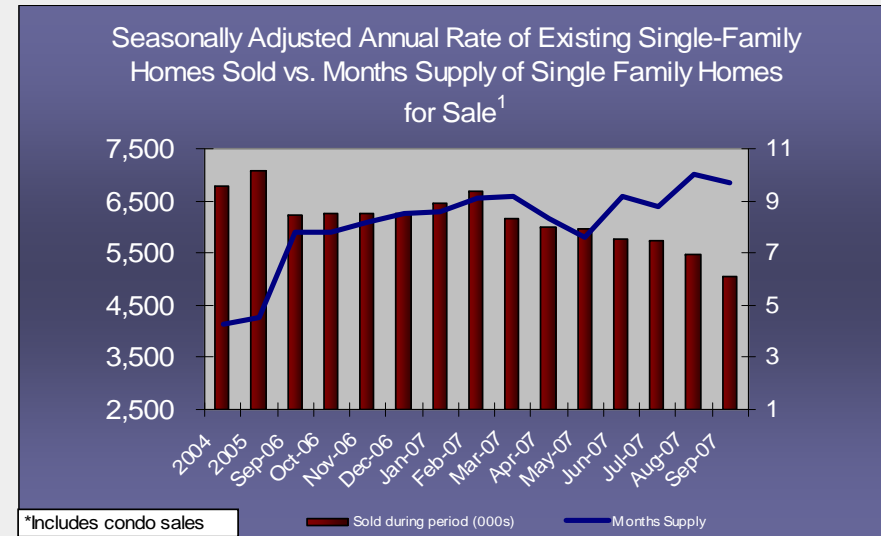
Yorktown Apartments  
Lombard, Illinois



Royal Crest Estates – Warwick  
Warwick, Rhode Island

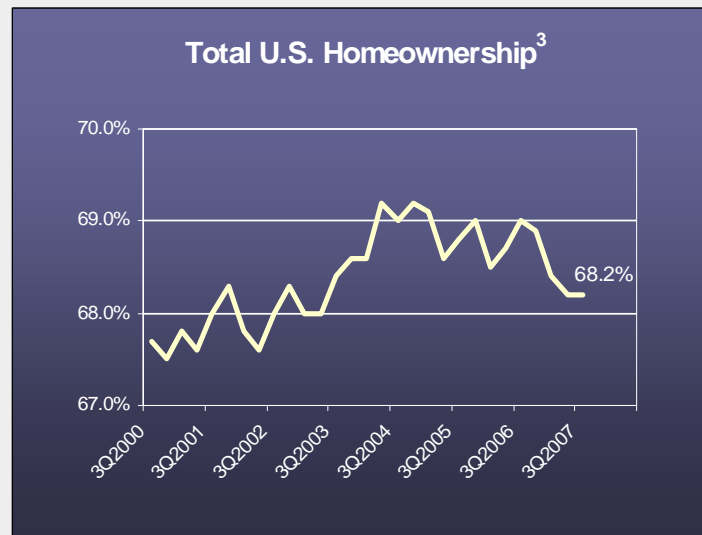
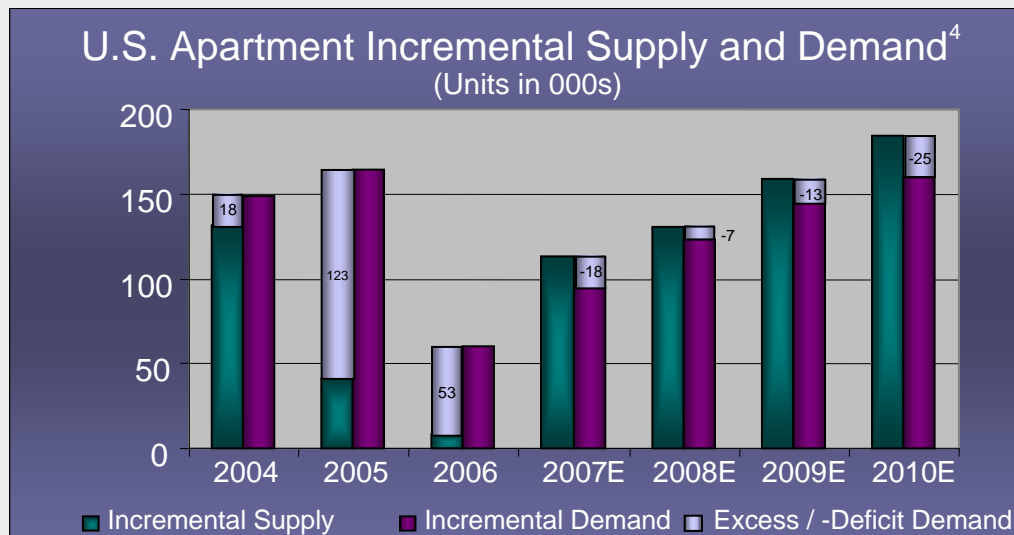
# Current U.S. Economic Conditions

- **Housing market** – existing home sales have declined 30% since the peak in 2005<sup>1</sup>. Average U.S. home prices have declined 4.5% over the past year, according to the Case-Shiller home price index, while prices have declined more dramatically in some markets.
- **Gross Domestic Product** – while U.S. GDP growth is projected to moderate from 2007 levels, it is expected to be positive in 2008<sup>2</sup>
- **Employment growth** – while declines in housing-related and manufacturing jobs are expected to slow overall U.S. job growth, economists project that job creation will continue to be positive in 2008<sup>3</sup>
- **Inflation pressures** – despite high energy prices and the devaluation of the US\$, inflation in the U.S. is in check



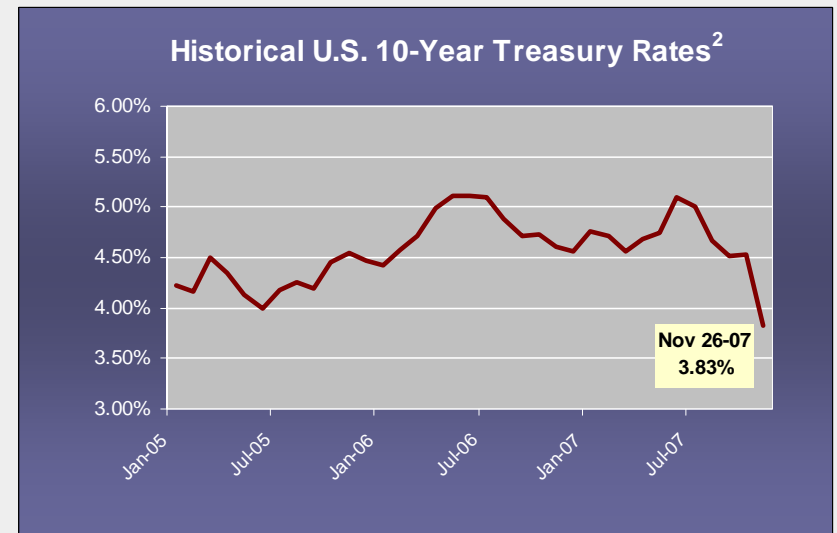
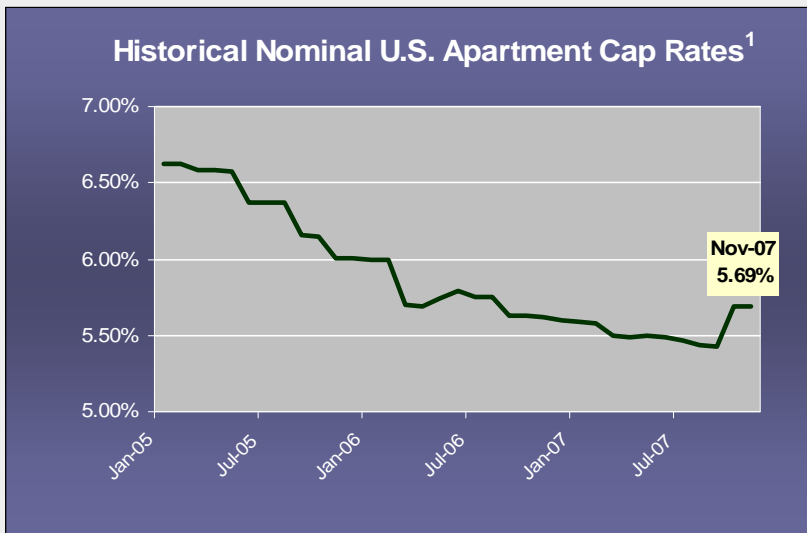
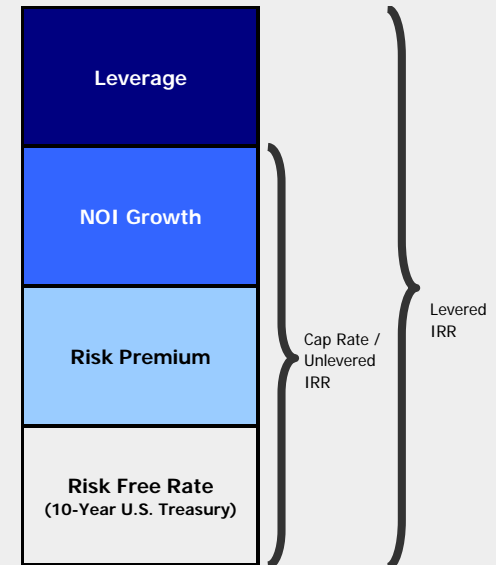
# Apartment Economic Fundamentals

- Long-term demand fundamentals are positive and supply is in check
  - **Job Growth** – approximately 1.3 million jobs were created in the U.S. through October 31 and economists expect employment to grow by 1.5 million jobs in 2007 and 1.0 million jobs to be created in 2008<sup>1</sup>
  - **Demographics** – “Echo Boomers”, or children of U.S. “Baby Boomers”, are entering the prime renting age group (age 20-34)
  - **Housing Affordability** – the average annual after-tax mortgage payment in the U.S. as a multiple of annual rent continues to exceed the historical average by approximately 18%<sup>2</sup>
  - **Home Ownership Rate** - the rate of homeownership in the U.S. has declined from its peak of 69.2% in 4Q 2004 to 68.2% at 3Q 2007<sup>3</sup>. Stricter lending standards due to the U.S. residential mortgage crisis may lead to further decline in homeownership in the U.S.
  - **New Supply** – planned new apartment construction in the U.S. is limited due to the high cost of construction; however, the supply impact of excess single family inventory and foreclosures is uncertain



# U.S. Apartment Cap Rates

- Current cap rates reflect
  - Risk free rate at three-year low
  - Risk premiums below the historical norm
  - Above-average NOI growth
- Green Street Advisors estimates that apartment cap rates have increased approximately 20 basis points during the last six months



# U.S. Apartment Cap Rates

- Although average U.S. apartment cap rates have expanded slightly over the last year, property valuations remain stable due to offsetting strong NOI growth, which is approximately 5.9% year-to-date through September 30th<sup>1</sup>
- There is currently a disparity between how “Main Street” and Wall Street value apartment real estate
  - Private market values of U.S. apartment investments are priced at an average cap rate of 5.69%<sup>1</sup>; however
  - U.S. apartment REIT shares are trading in the public market at an average implied cap rate of approximately 6.69%<sup>2</sup>
- Many believe this disparity presents an arbitrage opportunity to sell assets in the private market and execute accretive share buybacks in the public market
- Aimco and many other U.S. apartment REITs are taking advantage of this opportunity to increase shareholder value

# Notice

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This presentation includes Aimco's analysis and conclusions based in part on third party data (including information on cap rates and market growth rates) and reflect management's judgment as of the date of these materials, which are subject to change based on macro-economic factors beyond Aimco's control. Aimco assumes no obligation to revise or update to reflect future events or circumstances. A change in cap rates, market growth rates or other such items could affect the analysis and conclusions reached herein.

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