APARTMENT INVESTMENT & MANAGEMENT CO
Form 10-K405
March 30, 2001

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

Form 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 1-13232

Apartment Investment and Management Company

(Exact name of registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	**84-1259577** (I.R.S. Employer Identification No.)

2000 South Colorado Boulevard, Tower Two,
Suite 2-1000
Denver, CO
(Address of principal executive offices) **80222-7900**
(Zip Code)

Registrant s Telephone Number, Including Area Code: **(303) 757-8101**

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	New York Stock Exchange
Class C Cumulative Preferred Stock	New York Stock Exchange
Class D Cumulative Preferred Stock	New York Stock Exchange
Class G Cumulative Preferred Stock	New York Stock Exchange
Class H Cumulative Preferred Stock	New York Stock Exchange
Class K Convertible Cumulative Preferred Stock	New York Stock Exchange
Class P Convertible Cumulative Preferred Stock	New York Stock Exchange
Class Q Cumulative Preferred Stock	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: **none**

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. Yes [X] No [ ]

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. [X]

As of March 8, 2001, there were 71,521,685 shares of Class A Common Stock outstanding. The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant, was approximately $3,099.0 million as of March 8, 2001.

Documents Incorporated by Reference

Portions of the proxy statement for the registrant s 2001 annual meeting of stockholders are incorporated by reference into Part III of this Annual Report.

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APARTMENT INVESTMENT AND MANAGEMENT COMPANY

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ANNUAL REPORT ON FORM 10-K
For the Fiscal Year Ended December 31, 2000

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PART I

ITEM 1. *Business*

Apartment Investment and Management Company, a Maryland corporation, incorporated on January 10, 1994 (AIMCO and, together with its consolidated subsidiaries and other controlled entities, the Company), is a self-administered and self-managed real estate investment trust (REIT) engaged in the ownership, acquisition, redevelopment, expansion and management of multi-family apartment properties. As of December 31, 2000, AIMCO owned or managed 326,289 apartment units in 1,720 properties located in 47 states, the District of Columbia and Puerto Rico. Based on apartment unit data compiled by the National Multi Housing Council, the Company believes that, as of December 31, 2000, it was the largest owner and manager of multi-family apartment properties in the United States.

As of December 31, 2000, AIMCO:

owned or controlled (consolidated) 153,872 units in 566 apartment properties;

held an equity interest in (unconsolidated) 111,748 units in 683 apartment properties; and

managed 60,669 units in 471 apartment properties for third party owners and affiliates.

AIMCO conducts substantially all of its operations through its operating partnership, AIMCO Properties, L.P., (the AIMCO Operating Partnership). Through a wholly-owned subsidiary, AIMCO acts as the sole general partner of the AIMCO Operating Partnership, and as of December 31, 2000, owned an approximate 91% interest in the AIMCO Operating Partnership. AIMCO manages apartment properties for third parties and affiliates through unconsolidated subsidiaries that are referred to as the management companies. Interests in the AIMCO Operating Partnership that are held by third parties are referred to as OP Units.

The Company s principal executive offices are located at 2000 South Colorado Blvd., Tower Two, Suite 2-1000, Denver, Colorado 80222-7900 and its telephone number is (303) 757-8101.

2000 Developments

Individual Property Acquisitions

The Company directly acquired 12 apartment properties in separate transactions during 2000. The aggregate consideration paid by the Company of $136.5 million consisted of $42.7 million in cash, $26.4 million in preferred OP Units, $6.8 million in common OP Units and the assumption of $60.6 million of secured long-term indebtedness. As part of these acquisitions, the Company has also determined to undertake $4.8 million of initial capital enhancements related to these properties.

Acquisition of Oxford Properties

On September 20, 2000, AIMCO completed the purchase of all the stock and other interests (not already owned by AIMCO) held by the principals, officers and directors of Oxford Realty Financial Group, Inc. (ORFG) in Oxford entities, including ORFG, which own interests in and control the Oxford properties for $266 million in cash and $62 million in common OP Units valued at $45 per unit. In addition to the cash and securities, AIMCO assumed liabilities and incurred transaction costs of $861 million, resulting in a total purchase price of $1,189 million. The Oxford properties are 167 apartment communities including 36,949 units, located in 18 states. AIMCO, through an affiliate, previously managed 165 of the 167 Oxford properties pursuant to long-term contracts and was previously a stockholder in certain of the entities. In addition to the Oxford properties, AIMCO acquired the entity that owns the managing general partner of Oxford Tax Exempt Fund II Limited Partnership (OTEF) and acquired approximately a 40% interest in the non-managing general partner of OTEF. The AIMCO Operating Partnership, together with NHP Management Company and AIMCO/Bethesda Holdings, Inc., borrowed $279 million to pay the cash portion of the purchase price for the Oxford acquisition from Bank of America, N.A., Lehman Commercial Paper Inc., and several other lenders, pursuant to a term loan with a total availability of $302 million.

Tender Offers

During 2000, the Company acquired limited partnership interests in various partnerships in which affiliates of

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the Company served as general partner. The Company paid approximately $195 million in cash and OP Units to acquire these limited partnership interests.

Property Dispositions

In 2000, the Company sold 64 apartment properties, 11 commercial properties and 4 land parcels for an aggregate sales price of approximately $573.5 million. Net cash proceeds to the Company from the sales of $154.5 million were used to repay a portion of the Company s outstanding short-term indebtedness and for other corporate purposes. The results of operations of 47 of these properties were accounted for by the Company under the equity method.

Debt Assumptions and Financings

In August 1999, the Company closed a $300 million revolving credit facility arranged by Bank of America, N.A., Fleet National Bank (successor to BankBoston, N.A.) and First Union National Bank with a syndicate comprised of a total of nine lender participants. Effective March 15, 2000 the credit facility was expanded by $45 million with the potential to expand it by another $55 million to a total of $400 million. Of the $55 million potential expansion, $5 million was expanded on April 14, 2000 bringing the total availability to $350 million. In September 2000, the credit facility was amended and restated. The obligations under the credit facility are secured by a first priority pledge of certain non-real estate assets of the Company and a second priority pledge of the stock ownership of the AIMCO Operating Partnership, NHP Management Company, AIMCO/Bethesda Holdings, Inc., AIMCO Holdings, L.P., in certain subsidiaries of AIMCO and certain options to purchase Beneficial Assignee Interests (BACs) in OTEF. Borrowings under the credit facility, including the $50 million expansion, are available for general corporate purposes. The credit facility matures in July 2002 and can be extended twice at AIMCO s option, for a term of one year. The annual interest rate under the new credit facility is based on either LIBOR or a base rate, which is the higher of Bank of America s reference rate or 0.50% over the federal funds rate, plus, in either case, an applicable margin. The margin ranges between 2.05% and 2.55%, in the case of LIBOR-based loans, and between 0.55% and 1.05%, in the case of base rate loans, based upon a fixed charge coverage ratio. The weighted average interest rate at December 31, 2000 was 9.16%. The amount available under the credit facility at December 31, 2000 was $95.3 million, less $1.2 million for outstanding letters of credit.

The AIMCO Operating Partnership borrowed $279 million to pay the cash portion of the purchase price for AIMCO s acquisition of all the stock and other interests (not already owned by AIMCO) held by the principals, officers and directors of ORFG from Bank of America, N.A., Lehman Commercial Paper Inc. and several other lenders pursuant to a term loan with a total availability of $302 million. Transaction costs (including advisory fees) incurred on the term loan were $9.4 million. The borrowers under the term loan are the AIMCO Operating Partnership, NHP Management Company and AIMCO/Bethesda Holdings, Inc., and all obligations thereunder are guaranteed by AIMCO and certain of its subsidiaries. The obligations under the term loan are secured by a first priority pledge of the stock ownership of the AIMCO Operating Partnership, NHP Management Company, AIMCO/Bethesda Holdings, Inc., and AIMCO Holdings, L.P. in certain subsidiaries of AIMCO and certain options to purchase Beneficial Assignee Interests (BACs) in OTEF and a second priority pledge of certain non-real estate assets of the Company. The annual interest rate under the term loan is based either on LIBOR or a base rate which is the higher of Bank of America, N.A. s reference rate or 0.5% over the federal funds rate, plus, in either case, an applicable margin. The margin ranges between 4.0% and 5.0% in the case of LIBOR-based loans, and between 1.0% and 2.0% in the case of base rate loans, based upon the number of months the loan is outstanding. The term loan expires in July 2002. The financial covenants contained in the term loan require the AIMCO Operating Partnership to maintain a ratio of debt to gross asset value of no more than 0.55 to 1.0, and an interest coverage ratio of 2.25 to 1.0, and a fixed charge coverage ratio of at least 1.50 to 1.0. In addition, the term loan limits AIMCO from distributing more than 80% of its Funds From Operations (as defined) (or such amounts as may be necessary for AIMCO to maintain its status as a REIT). The term loan imposes minimum net worth requirements and provides other financial covenants related to certain of AIMCO s assets and obligations. The total amount outstanding under the term loan at December 31, 2000 was $137 million, of which $74 million is classified as secured short-term financing of the Company, and the remainder is a liability of unconsolidated subsidiaries and, therefore, is included in investment in unconsolidated subsidiaries. Effective January 1, 2001, in connection with the REIT Modernization Act, the remaining liability of $63 million will be consolidated.

During the year ended December 31, 2000, the Company issued $636.0 million of long-term fixed rate, fully amortizing non-recourse mortgage notes payable with a weighted average interest rate of 7.5%. Each of the notes is individually secured by one of 107 properties with no cross-collateralization. The net proceeds after transaction costs of $625.5 million were used to repay existing debt. During the year ended December 31, 2000, the Company also assumed $60.6 million of long-term, fixed-rate, fully amortizing notes payables with a weighted average

interest rate of 7.5% in connection with the acquisition of properties. Each of the notes is individually secured by one of 12 properties with no cross-collateralization.

Equity Offerings

In 2000, the Company issued $230.0 million of preferred stock in three direct placements yielding $227 million of net proceeds. These transactions are summarized below:

Transaction	Type	Date	Number of Shares	Total Proceeds in Millions	Dividend or Distribution Rate
Class M Convertible Cumulative Preferred Stock of AIMCO	Direct	Jan. 2000	1,200,000	$ 30.0	(1)

Class N Convertible Cumulative Preferred Stock of AIMCODirectSept. 20004,000,000100.0(2)Class O Cumulative Convertible Preferred Stock of AIMCODirectSept. 20001,904,762100.0(3)

GROSS PROCEEDS IN 2000$230.0

(1) For the period beginning January 13, 2000 through and including January 13, 2003, the holder of the Class M Preferred Stock is entitled to receive, when and as declared by the Board of Directors, annual cash dividends in an amount per share equal to the greater of (i) $2.125 per year (equivalent to 8.5% of the $25.00 liquidation preference), or (ii) the cash dividends payable on the number of shares of Class A Common Stock (or a portion thereof) into which a share of Class M Preferred Stock is convertible. Beginning with the third anniversary of the date of original issuance, the holder of Class M Preferred Stock is entitled to receive an amount per share equal to the greater of (i) $2.3125 per year (equivalent to 9.25% of the $25.00 liquidation preference), or (ii) the cash dividends payable on the number of shares of Class A Common Stock into which a share of Class M Preferred Stock is convertible. The 1.2 million shares of Class M Convertible Cumulative Preferred Stock outstanding are convertible into approximately 0.7 million shares of Class A Common Stock.

(2) Dividends on the Class N Preferred Stock are paid in an amount per share equal to the greater of (i) $2.25 per year (equivalent to 9% per annum of the $25.00 liquidation preference), subject to increase in the event of a change in control of AIMCO or (ii) the cash dividends payable on the number of shares of Class A Common Stock (or a portion thereof) into

which a share of Class N Preferred Stock is convertible. Dividends are paid on the Class N Preferred Stock quarterly, beginning on October 1, 2000 (the initial dividend paid on the Class N Preferred Stock was $0.10 per share). The 4.0 million shares of Class N Convertible Cumulative Preferred Stock outstanding are convertible into approximately 1.9 million shares of Class A Common Stock.(3) Dividends on the Class O Preferred Stock are paid in an amount per share equal to the greater of (i) $4.725 per year (equivalent to 9% per annum of the $52.50 liquidation preference), subject to increase in the event of a change in control of AIMCO or (ii) the cash dividends payable on the number of shares of Class A Common Stock (or a portion thereof) into which a share of Class O Preferred Stock is convertible. Dividends are paid on the Class O Preferred Stock quarterly, beginning on October 1, 2000 (the initial dividend paid on the Class O Preferred Stock was $0.21 per share). The 1.9 million shares of Class O Cumulative Convertible Preferred Stock outstanding are convertible into approximately 1.9 million shares of Class A Common Stock.

Pending Acquisitions and Dispositions

In the ordinary course of business, the Company engages in discussions and negotiations regarding the acquisition of apartment properties (including interests in entities that own apartment properties). The Company frequently enters into contracts and non-binding letters of intent with respect to the purchase of properties. These contracts are typically subject to certain conditions and permit the Company to terminate the contract in its sole and absolute discretion if it is not satisfied with the results of its due diligence investigation of the properties. The Company believes that such contracts essentially result in the creation of an option on the subject properties and give the Company greater flexibility in seeking to acquire properties.

The Company is currently marketing for sale certain real estate properties in order to sell properties in the portfolio that are inconsistent with the Company s long-term investment strategies (as determined by management from time to time). The Company does not expect to incur any material losses with respect to the sales of the properties.

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OTEF Merger

On November 29, 2000, AIMCO and OTEF entered into a merger agreement pursuant to which OTEF would merge with a subsidiary of the AIMCO Operating Partnership. The merger closed on March 26, 2001. The AIMCO Operating Partnership owns all of the outstanding BACs in OTEF. In connection with the Oxford acquisition, AIMCO acquired interests in OTEF s managing general partner and OTEF s associate general partner. After the merger, the Company s partnership interests in OTEF reflects a 1% general partner interest held by OTEF s managing general partner and a 99% limited partner interest held by the AIMCO Operating Partnership. OTEF was a publicly traded master limited partnership that invested primarily in tax-exempt bonds issued to finance high quality apartment and senior living/health care communities, the majority of which are owned by affiliates of OTEF, including Oxford entities.

In the merger, each BAC was converted into the right to receive 0.299 shares of AIMCO s Class A Common Stock and 0.547 shares of AIMCO s Class P Convertible Cumulative Preferred Stock (the Class P Preferred Stock). In addition, the BAC holders received a special distribution of $50 million or $6.21 per BAC. The holders of the Class P Preferred Stock are entitled to receive, when and as declared by the Board of Directors, cash dividends in an amount per share equal to the greater of (i) a quarterly dividend payment of $0.5625 or (ii) the cash dividends declared on the number of shares of Class A Common Stock into which a share of Class P Preferred Stock is convertible. Each share of Class P Preferred Stock is convertible at the option of the holder into 0.4464 shares of Class A Common Stock. The initial conversion ratio was in excess of the fair market value of the common stock on the commitment date. The Class P Preferred Stock is senior to the Class A Common Stock as to dividends and liquidation. Upon liquidation, dissolution, or winding up of AIMCO, before payment or distribution by AIMCO shall be made to any holders of the Class A Common Stock, the holders of the Class P Preferred Stock are entitled to receive a liquidation preference of $25 per share, plus accumulated, accrued and unpaid dividends. The Company filed a Registration Statement on Form S-4 with the Securities and Exchange Commission that was declared effective on February 23, 2001.

Financial Information About Industry Segments

The Company operates in one industry segment, the ownership, operation and management of a diversified portfolio of apartment properties. See the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K for financial information relating to the Company. See Footnote 22 for discussion of sources of revenues from the various components of the Company s operations.

Operating and Financial Strategies

The Company strives to meet its objective of providing long-term, predictable Funds From Operations (FFO) per share of Class A Common Stock, less an allowance for capital replacements of $300 per apartment unit, by implementing its operating and financing strategies which include the following:

Acquisition of Properties at Less Than Replacement Cost. AIMCO attempts to acquire properties at a significant discount to their replacement cost.

Geographic Diversification. AIMCO operates in 47 states, the District of Columbia and Puerto Rico. This geographic diversification insulates the Company, to some degree, from inevitable downturns in any one market. AIMCO s net income before depreciation and interest expense is earned in more than 164 local markets. In 2000, the largest single market (Washington D.C. Metro area) contributed 8.3% to net income before depreciation and interest expense, and the five largest markets contributed 30.9%.

Market Growth. The Company seeks to operate in markets where population and employment growth are expected to exceed the national average and where it believes it can become a regionally significant owner or manager of properties.

Product Diversification. The Company s portfolio of apartment properties spans a wide range of apartment community types, both within and among markets, including garden and high-rise apartments, as well as corporate and student housing.

Capital Replacement. AIMCO believes that the physical condition and amenities of its apartment communities are important factors in its ability to maintain and increase rental rates. The Company allocates approximately $300 annually per owned apartment unit for capital replacements, and reserves unexpended amounts for future capital replacements.

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Debt Financing. AIMCO s strategy is generally to incur debt to increase its return on equity while maintaining acceptable interest coverage ratios. AIMCO seeks to maintain a ratio of free cash flow to combined interest expense and preferred stock dividends of between 2:1 and 3:1 and to match debt maturities to the character of the assets financed. For the year ended December 31, 2000, the Company was within these targets. The Company uses predominantly long-term, fixed-rate and self-amortizing non-recourse debt in order to avoid the refunding or repricing risks of short-term borrowings. The Company uses short-term debt financing to fund acquisitions and generally expects to refinance such borrowings with proceeds from equity offerings or long-term debt financings. As of December 31, 2000, approximately 8% of AIMCO s outstanding debt was short-term debt and 92% was long-term debt.

Dispositions. While the Company holds all its properties for investment, the Company sells properties when they do not meet its return on investment criteria or are located in areas where AIMCO does not believe that the long-term values justify the continued investment in the properties.

Dividend Policy. AIMCO pays dividends on its Class A Common Stock to distribute a significant portion of its profitability to its stockholders. The Company distributed 59.9%, 61.3% and 65.8% of FFO to holders of Class A Common Stock for the years ended December 31, 2000, 1999 and 1998, respectively. It is the present policy of the Board of Directors to increase the dividend annually in an amount equal to one-half of the projected increase in FFO, adjusted for capital replacements, subject to minimum distribution requirements to maintain its REIT status.

Growth Strategies

The Company seeks growth through two primary sources internal expansion and acquisitions.

Internal Growth Strategies

The Company pursues internal growth primarily through the following strategies:

Revenue Increases. The Company increases rents where feasible and seeks to improve occupancy rates.

Controlling Expenses. Cost reductions are accomplished by local focus on the regional operating center level and by exploiting economies of scale. As a result of the size of its portfolio and its creation of regional concentrations of properties, the Company has the ability to leverage fixed costs for general and administrative expenditures and certain operating functions, such as insurance, information technology and training, over a large property base.

Redevelopment of Properties. The Company believes redevelopment of selected properties in superior locations provides advantages over development of new properties. AIMCO believes that redevelopment generally allows the Company to maintain rents comparable to new properties and, compared to development of new properties, can be accomplished with relatively lower financial risk, in less time and with reduced delays due to governmental regulation.

Expansion of Properties. The Company believes that expansion within or adjacent to properties already owned or managed by the Company also provides growth opportunities at lower risk than new development. Such expansion can offer cost advantages to the extent common area amenities and on-site management personnel can service the property expansions. AIMCO s current policy is to limit redevelopments and expansions to approximately 10% of total equity market capitalization.

Ancillary Services. The Company believes that its ownership and management of properties provides it with unique access to a customer base that allows it to provide additional services and thereby increase occupancy, increase rents and generate incremental revenue. The Company currently provides cable television, telephone services, appliance rental, and carport, garage and storage space rental at certain properties.

Acquisition Strategies

The Company believes its acquisition strategies will increase profitability and predictability of earnings by increasing its geographic diversification, economies of scale and opportunities to provide ancillary services to tenants at its properties. Since AIMCO s initial public offering in July 1994, the Company has completed numerous acquisition and management transactions, expanding its portfolio of owned or managed properties from 132 apartment properties with 29,343 units to 1,720 apartment properties with 326,289 units as of December 31, 2000.

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The Company acquires additional properties primarily in three ways:

Direct Acquisitions. AIMCO may directly, including through mergers and other business combinations, acquire individual properties or portfolios of properties and controlling interests in entities that own or control such properties or portfolios. To date, a significant portion of AIMCO s growth has resulted from the acquisition of other companies that owned or controlled properties.

Acquisition of Managed Properties. AIMCO s property management operations have contributed to its acquisition activities. Since AIMCO s initial public offering, the Company has acquired from its managed portfolio 16 properties comprising 5,697 units for total consideration of $189.9 million. In addition, the Company acquired interests in 167 Oxford properties comprising 36,949 units for a total purchase price of $1,189 million.

Increasing its Interest in Partnerships. For properties where AIMCO owns a general partnership interest in the property-owning partnership, the Company may seek to acquire, subject to its fiduciary duties, the interests in the partnership held by third parties for cash or, in some cases, in exchange for OP Units. AIMCO has completed approximately 1,800 tender offers with respect to various partnerships and has purchased additional interests in such partnerships for cash and for OP Units.

Property Management Strategies

AIMCO seeks to improve the operating results from its property management business by, among other methods, combining centralized financial control and uniform operating procedures with localized property management decision-making and market knowledge. Currently, AIMCO s management operations are organized into 25 regional operating centers. Each of the regional operating centers is supervised by a Regional Vice-President.

Taxation of the Company

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, commencing with its taxable year ended December 31, 1994, and the Company intends to continue to operate in such a manner. The Company s current and continuing qualification as a REIT depends on its ability to meet the various requirements imposed by the Internal Revenue Code, through actual operating results, distribution levels and diversity of stock ownership.

If the Company qualifies for taxation as a REIT, it will generally not be subject to U.S. federal corporate income tax on its net income that is currently distributed to stockholders. This treatment substantially eliminates the double taxation (at the corporate and stockholder levels) that generally results from investment in a corporation. If the Company fails to qualify as a REIT in any taxable year, its taxable income will be subject to U.S. federal income tax at regular corporate rates (including any applicable alternative minimum tax). Even if the Company qualifies as a REIT, it may be subject to certain state and local income taxes and to U.S. federal income and excise taxes on its undistributed income.

If in any taxable year the Company fails to qualify as a REIT and incurs additional tax liability, the Company may need to borrow funds or liquidate certain investments in order to pay the applicable tax and the Company would not be compelled to make distributions under the Internal Revenue Code. Unless entitled to relief under certain statutory provisions, the Company would also be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost. Although the Company currently intends to operate in a manner designed to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause the Company to fail to qualify as a REIT or may cause the Board of Directors to revoke the REIT election.

The Company and its stockholders may be subject to state or local taxation in various state or local jurisdictions, including those in which it or they transact business or reside. The state and local tax treatment of the Company and its stockholders may not conform to the U.S. federal income tax treatment.

Competition

There are numerous housing alternatives that compete with the Company s properties in attracting residents. The Company s properties compete directly with other multi-family rental apartments and single family homes that are available for rent or purchase in the markets in which the Company s properties are located. The Company s

properties also compete for residents with new and existing condominiums. The number of competitive properties in a particular area could have a material effect on the Company s ability to lease apartment units at its properties and on the rents charged. The Company competes with numerous real estate companies in acquiring, developing and managing multi-family apartment properties and seeking tenants to occupy its properties. In addition, the Company competes with numerous property management companies in the markets where the properties managed by the Company are located.

Regulation

General

Multi-family apartment properties are subject to various laws, ordinances and regulations, including 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 properties 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 the Company s cash flows from operating activities. In addition, future enactment of rent control or rent stabilization laws or other laws regulating multi-family housing may reduce rental revenue or increase operating costs in particular markets.

Laws Benefiting Disabled Persons

Under the Americans with Disabilities Act of 1990, all places of public accommodation are required to meet certain Federal requirements related to access and use by disabled persons. These requirements became effective in 1992. A number of additional Federal, state and local laws may also require modifications to the Company s properties, or restrict certain further renovations of the properties, with respect to access thereto by disabled persons. For example, the Fair Housing Amendments Act of 1988 requires apartment properties first occupied after March 13, 1990 to be accessible to the handicapped. 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 the Company believes that its properties are substantially in compliance with present requirements, it may incur unanticipated expenses to comply with these laws.

Regulation of Affordable Housing

As of December 31, 2000, the Company owned or controlled 59 properties that benefit from governmental programs intended to provide housing to people with low or moderate incomes. AIMCO also held an equity interest in 428 properties with a combined average ownership percentage of 28% and managed for third parties and affiliates 298 properties that benefit similarly. These programs, which are usually administered by the United States Department of Housing and Urban Development (HUD) or state housing finance agencies, typically provide mortgage insurance, favorable financing terms or rental assistance payments to the property owners. As a condition to the receipt of assistance under these programs, the properties must comply with various requirements, which typically limit rents to pre-approved amounts. If permitted rents on a property are insufficient to cover costs, a sale of the property may become necessary, which could result in a loss of management fee revenue. The Company must obtain the approval of HUD in order to manage, or acquire a significant interest in, a HUD-assisted or HUD-insured property. This approval process is commonly referred to as 2530 Clearance.

Environmental

Various Federal, state and local laws subject property owners or operators to liability for the costs of removal or remediation of certain hazardous substances present on a property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of the hazardous substances. The presence of, or the failure to properly remediate hazardous substances may adversely affect occupancy at contaminated apartment communities and the ability to sell or borrow against contaminated properties. In addition to the costs associated with investigation and remediation actions brought by governmental agencies, the presence of hazardous wastes on a property could result in personal injury or similar claims by private plaintiffs. Various laws also impose liability for the cost of removal or remediation of hazardous substances at a disposal or treatment facility. Anyone who arranges for the disposal or treatment of hazardous or toxic substances is potentially liable under such laws. These laws often impose liability whether or not the person arranging for the disposal ever owned or operated the disposal facility. In connection with the ownership, operation and management of our properties, the Company could potentially be liable for environmental liabilities or costs associated with its properties or properties it may acquire or manage in the future.

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Insurance

Management believes that the Company s properties are covered by adequate fire, earthquake, hurricane, flood and property insurance provided by reputable companies and with commercially reasonable deductibles and limits.

Employees

The Company has a staff of employees performing various acquisition, redevelopment and management functions. The Company, through the AIMCO Operating Partnership and the management companies, has approximately 9,500 employees, most of whom are employed at the property level. Certain of its employees are represented by unions. The Company has never experienced a work stoppage. The Company believes it maintains satisfactory relations with its employees.

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ITEM 2. *Properties*

The Company s properties are located in 47 states, Puerto Rico and the District of Columbia. The properties are managed by four Division Vice-Presidents controlling 25 regional operating centers. The following table sets forth information for the regional operating centers as of December 31, 2000:

Regional Operating Center	Division	Number of Properties	Number of Units
Chicago, IL	Far West	62	12,414
Denver, CO	Far West	78	12,528
Kansas City, MO	Far West	76	11,255
Los Angeles, CA	Far West	98	15,623
Lansing, MI	Far West	41	8,851
Phoenix, AZ	Far West	58	13,942
		413	74,613
Allentown, PA	East	92	12,283
Columbia, SC	East	76	14,590
Greenville, SC	East	95	13,319
Philadelphia, PA	East	40	12,734
Rockville I, MD	East	39	12,761
Rockville II, MD	East	53	8,838
Tarrytown, NY	East	58	9,178
		453	83,703
Atlanta, GA	Southeast	58	11,020
Boca Raton, FL	Southeast	56	13,019
Mobile, AL	Southeast	67	11,554
Nashville, TN	Southeast	68	13,409
Orlando, FL	Southeast	62	11,793
Tampa, FL	Southeast	57	13,070
		368	73,865
Austin, TX	West	58	10,543
Columbus, OH	West	59	10,504
Dallas I, TX	West	42	8,821
Dallas II, TX	West	63	12,730
Houston, TX	West	61	14,562
Indianapolis, IN	West	61	16,247
		344	73,407
Properties not currently managed by AIMCO		142	20,701
		1,720	326,289

At December 31, 2000, the Company owned or controlled 566 properties containing 153,872 units. These owned or controlled properties contain, on average, 272 apartment units, with the largest property containing 2,907 apartment units. These properties offer residents a range of amenities, including swimming pools, clubhouses, spas, fitness centers, tennis courts and saunas. Many of the apartment units offer design and appliance features such as vaulted ceilings, fireplaces, washer and dryer hook-ups, cable television, balconies and patios. In addition, at December 31, 2000, the Company held an equity interest in 683 properties containing 111,748 units, and managed 471 other properties containing 60,669 units. The Company s total portfolio of 1,720 properties contain, on average, 190 apartment units, with the largest property containing 2,907 apartment units.

Substantially all of the properties owned or controlled by the Company are encumbered by mortgage indebtedness or serve as collateral for the Company s indebtedness. At December 31, 2000, the Company had aggregate mortgage indebtedness totaling $4,031.4 million, which was secured by 537 properties with a combined net book value of $6,054.6 million, having an aggregate weighted average interest rate of 7.89%. As of December 31, 2000, approximately 8% of AIMCO s outstanding debt was short-term debt and 92% was long-term debt. See the financial statements included elsewhere in this Annual Report on Form 10-K for additional information about the Company s indebtedness.

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ITEM 3. *Legal Proceedings*

General

The Company is a party to various legal actions resulting from its operating activities. These actions are routine litigation and administrative proceedings arising in the ordinary course of business, some of which are covered by liability insurance, and none of which are expected to have a material adverse effect on the consolidated financial condition or results of operations of the Company and its subsidiaries taken as a whole.

Limited Partnerships

In connection with the Company s acquisitions of interests in limited partnerships that own properties, the Company and its affiliates are sometimes subject to legal actions, including allegations that such activities may involve breaches of fiduciary duties to the limited partners of such partnerships or violations of the relevant partnership agreements. The Company believes it complies with its fiduciary obligations and relevant partnership agreements, and does not expect such legal actions to have a material adverse effect on the consolidated financial condition or results of operations of the Company and its subsidiaries taken as a whole. The Company may incur costs in connection with the defense or settlement of such litigation, which could adversely affect the Company s desire or ability to complete certain transactions or otherwise have a material adverse effect on the Company and its subsidiaries.

Pending Investigations of HUD Management Arrangements

In July 1999, The National Housing Partnership (NHP) received a grand jury subpoena requesting documents relating to NHP s management of HUD-assisted or HUD-insured multi-family projects and NHP s operation of a group purchasing program created by NHP, known as Buyers Access. The subpoena relates to the same subject matter as subpoenas NHP received in October and December of 1997 from the HUD Inspector General. To date, neither the HUD Inspector General nor the grand jury has initiated any action against NHP or AIMCO or, to NHP s or AIMCO s knowledge, any owner of a HUD property managed by NHP. AIMCO believes that NHP s operations and programs are in compliance, in all material respects, with all laws, rules and regulations relating to HUD-assisted or HUD-insured properties. AIMCO is cooperating with the investigation and does not believe that the investigation will result in a material adverse effect on the financial condition of the Company. However, as with any similar investigation, there can be no assurance that these will not result in material fines, penalties or other costs that may impact the Company s future results of operations or cash flow.

ITEM 4. *Submission of Matters to a Vote of Security Holders*

None.

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PART II

ITEM 5. *Market for the Registrant s Common Equity and Related Stockholder Matters*

AIMCO s Class A 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 the Class A Common Stock, as reported on the NYSE, and the dividends paid by the Company for the periods indicated.

Quarter ended	High	Low	Dividends Paid (per share)
1998			
March 31, 1998	$38 9/16	$34 1/4	$0.5625
June 30, 1998	39 7/8	36 1/2	0.5625
September 30, 1998	41	31	0.5625
December 31, 1998	37 3/8	30	0.5625
1999			
March 31, 1999	41 5/8	35	0.6250
June 30, 1999	44 1/16	35 5/16	0.6250
September 30, 1999	42 5/8	37 5/16	0.6250
December 31, 1999	40 3/16	34 1/16	0.6250
2000			
March 31, 2000	39 15/16	36 5/16	0.7000
June 30, 2000	45 1/4	37 3/4	0.7000
September 30, 2000	49 3/8	43	

11/160.7000December 31,
200050 1/1642
5/80.70002001March 31,
2001 (through
March 8, 2001)45
9/10430.7800(1)

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(1) On January 24, 2001, the Company s Board of Directors declared a cash dividend of $0.78 per share of Class A Common Stock, paid on February 9, 2001 to stockholders of record on February 2, 2001.

On March 8, 2001, there were 71,521,685 shares of Class A Common Stock outstanding, held by 2,776 stockholders of record.

AIMCO, as a REIT, is required to distribute annually to holders of common stock at least 90% (95% in 2000) of its real estate investment trust taxable income, which, as defined by the Internal Revenue Code and Treasury regulations, is generally equivalent to net taxable ordinary income. AIMCO measures its economic profitability and intends to pay regular dividends to its stockholders based on FFO during the relevant period. However, the future payment of dividends by AIMCO will be at the discretion of the Board of Directors and will depend on numerous factors including AIMCO s financial condition, its capital requirements, the annual distribution requirements under the provisions of the Internal Revenue Code applicable to REITs and such other factors as the Board of Directors deems relevant.

From time to time, AIMCO issues shares of Class A Common Stock in exchange for 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 OP Unit. The shares are issued in exchange for OP Units in private transactions exempt from registration under the Securities Act of 1933, as amended (the Securities Act), pursuant to Section 4(2) thereof. During 2000, a total of 200,696 shares of Class A Common Stock were issued in exchange for OP Units.

During 2000, the Company repurchased and retired approximately 69,000 shares of Class A Common Stock at a net price of $2.6 million, at an average share price of $37.39 per share

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ITEM 6. ***Selected Financial Data***

The following selected financial data for AIMCO is based on audited historical financial statements. 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.

	For the Year Ended December 31,				
	2000	1999 (1)	1998 (1)	1997 (1)	1996 (1)
OPERATING DATA:					

RENTAL PROPERTY OPERATIONS:Rental and other property revenues$1,051,000$533,917$377,139$193,006$100,516Property operating expenses(426,177)(213,798)(147,541)(76,168)(38,400)Owned property management expenses(13,663)(1,650)(2,009)(1,353)(324)Depreciation(323,321)(131,753)(84,635)(37,741)(19,556)

Income from rental property operations287,839186,716142,95477,74442,236

SERVICE COMPANY BUSINESS:Management fees and other income from affiliates49,69238,37720,82410,0335,945Management and other expenses(37,509)(17,033)(16,960)(10,961)(6,150)Amortization of intangibles(6,698)(14,297)(8,735)(948)(500)

Income (loss) from service company business5,4857,047(4,871)(1,876)(705)

General and administrative expenses(7,813)(13,112)(13,568)(5,396)(1,512)Interest expense(269,826)(140,094)(89,424)(51,385)(24,802)Interest income66,24155,32029,3688,676523Equity in earnings (losses) of unconsolidated real estate partnerships7,618(4,467)(4,854)(1,798) Equity in earnings (losses) of unconsolidated subsidiaries(2,290)(5,013)5,8453,273 Minority interest in other entities(3,872)(900)(468)1,008(111)

Income from operations83,38285,49764,98230,24615,629Gain (loss) on disposition of properties26,335(1,785)4,6742,72044

Income before extraordinary item and minority interest in Operating Partnership109,71783,71269,65632,96615,673Extraordinary item early extinguishment of debt (269)

Income before minority interest in Operating Partnership109,71783,71269,65632,69715,673Minority interest in Operating Partnership(10,539)(6,185)(5,182)(4,064)(2,689)

Net income99,17877,52764,47428,63312,984Net income attributable to preferred stockholders63,18353,45326,5332,315

Net income attributable to common stockholders$35,995$24,074$37,941$26,318$12,984

OTHER INFORMATION: Total owned or controlled properties (end of period)56637324214794Total owned or controlled apartment units (end of period)153,872106,14863,08640,03923,764Total equity properties (end of period)68375190251518Total equity apartment units (end of period)111,748133,113170,24383,4313,611Units under management (end of period)60,669124,201146,03469,58715,434Basic earnings per common share$0.53$0.39$0.84$1.09$1.05Diluted earnings per common share$0.52$0.38$0.80$1.08$1.04Dividends paid per common share$2.80$2.50$2.25$1.85$1.70**BALANCE SHEET INFORMATION:**Real estate, before accumulated depreciation$7,012,452$4,512,697$2,802,598$1,657,207$865,222Real estate, net of accumulated depreciation6,099,1894,096,2002,573,7181,503,922745,145Total assets7,699,8745,684,9514,248,8002,100,510827,673Total indebtedness4,360,1152,584,2891,660,715808,530522,146Mandatorily redeemable convertible preferred securities32,330149,500149,500 Stockholders equity2,501,6572,259,3961,902,5641,045,300215,749

(1) Certain reclassifications have been made to 1999, 1998, 1997 and 1996 amounts to conform with the 2000 presentation. These reclassifications represent certain eliminations of self-charged management fee income and expenses in accordance with consolidation accounting principles.

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

Overview

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements in certain circumstances. Certain information included in this Report, the Company s Annual Report to Stockholders and other filings under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (as well as information communicated orally or in writing between the dates of such filings) contains or may contain information that is forward looking, including, without limitation, statements regarding the effect of acquisitions, the Company s future financial performance and the effect of government regulations. Actual results may differ materially from those described in the forward looking statements and will be affected by a variety of risks and factors including, without limitation, national and local economic conditions, the general level of interest rates, terms of governmental regulations that affect the Company and interpretations of those regulations, the competitive environment in which the Company operates, financing risks, including the risk that the Company s cash flows from operations may be insufficient to meet required payments of principal and interest, real estate risks, including variations of real estate values and the general economic climate in local markets and competition for tenants in such markets, acquisition and development risks, including failure of such acquisitions to perform in accordance with projections, and possible environmental liabilities, including costs which may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by the Company. In addition, the Company s continued qualification as a real estate investment trust involves the application of highly technical and complex provisions of the Internal Revenue Code. Readers should carefully review the Company s financial statements and the notes thereto, as well as the risk factors described in the documents the Company files from time to time with the Securities and Exchange Commission.

The following discussion and analysis of the results of operations and financial condition of the Company should be read in conjunction with the financial statements incorporated by reference in Item 8 of this Annual Report on Form 10-K. The following discussion of results of operations is based on net income calculated under accounting principles generally accepted in the United States. The Company, however, considers Funds From Operations, less a reserve for capital replacements, to be a more meaningful measure of economic performance.

Results of Operations

Comparison of the Year Ended December 31, 2000 to the Year Ended December 31, 1999

Net Income

The Company recognized net income of $99.2 million, and net income attributable to common stockholders of $36.0 million, for the year ended December 31, 2000, compared to net income and net income attributable to common stockholders of $77.5 million and $24.1 million, respectively, for the year ended December 31, 1999. Net income attributable to common stockholders represents net income less dividends accrued on preferred stock.

The following paragraphs discuss the results of operations in detail.

Consolidated Rental Property Operations

The increases in consolidated rental property operations resulted from improved same store sales results, acquisitions of properties in 2000 and 1999, and the purchase of limited partnership interests from unaffiliated third parties, which gave the Company a controlling interest in partnerships owning 201 properties in 2000.

Consolidated rental and other property revenues from the Company s owned and controlled properties totaled $1,051.0 million for the year ended December 31, 2000, compared to $533.9 million for the year ended December 31, 1999, an increase of $517.1 million, or 96.9%. Of the $517.1 million increase, 92.4% was related to the purchase of controlling interests in limited partnerships owning 201 properties, which resulted in these properties being consolidated during 2000, 4.9% was due to improved same store sales and the remaining 2.7% was due to acquisitions of properties in 2000 and 1999.

Consolidated property operating expenses totaled $426.2 million for the year ended December 31, 2000, compared to $213.8 million for the year ended December 31, 1999, an increase of $212.4 million, or 99.3%. The purchase of controlling interests in limited partnerships owning 201 properties, which resulted in these properties being consolidated during 2000, contributed 89.0% of the increase; 3.6% was due to same store sales increases and

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the remaining 7.4% was due to acquisitions of properties in 2000 and 1999. Property operating expenses consist of on-site payroll costs, utilities (net of reimbursements received from tenants), contract services, turnover costs, repairs and maintenance, advertising and marketing, property taxes and insurance. The Company believes that energy costs will not have a material adverse effect on its results of operations.

Consolidated owned property management expenses, representing the costs of managing the Company s owned or controlled properties, totaled $13.7 million for the year ended December 31, 2000, compared to $1.7 million for the year ended December 31, 1999, an increase of $12.0 million. The increase was due to the purchase of controlling interests in limited partnerships owning 201 properties, which resulted in these properties being consolidated in 2000.

Consolidated Service Company Business

Income from the consolidated service company business was $5.5 million for the year ended December 31, 2000, compared to $7.0 million for the year ended December 31, 1999, a decrease of $1.5 million or 21.4%. Before consideration of the intercompany allocation of general and administrative expenses and the non-cash charge for the amortization of intangibles, the income from the consolidated service company was comparable to the prior year. The decrease in the amortization of intangibles of $7.6 million was due to property management and asset management contract intangibles that were fully amortized in 1999. The increase in the allocation of general and administrative expenses to the consolidated service company is attributable to the increase in the consolidated properties, whereby the management fee revenue is included in the consolidated service company. Accordingly, the overhead costs associated with managing these properties were reallocated from general and administrative expenses to the consolidated service company to more closely align the expenses with the revenue from the operating activity.

Consolidated General and Administrative Expenses

Consolidated general and administrative expenses before allocation (see allocation description above in consolidated service company business) totaled $18.1 million for the year ended December 31, 2000, compared to $15.2 million for the year ended December 31, 1999, an increase of $2.9 million, or 19.1%. The increase is due to additional professional fees incurred to support information technology enhancements and operational initiatives.

Consolidated Interest Expense

Consolidated interest expense, which includes the amortization of deferred finance costs, totaled $269.8 million for the year ended December 31, 2000, compared to $140.1 million for the year ended December 31, 1999, an increase of $129.7 million or 92.6%. Of the $129.7 million increase, 46.3% was due to the Company acquiring controlling interests in partnerships owning 201 properties and the subsequent consolidation of these properties. Interest expense incurred in connection with the 2000 and 1999 acquisitions (including the Oxford acquisition) contributed 47.6% of the increase. The remaining 6.1% was due to increased usage of the Company s credit facility.

Consolidated Interest Income

Consolidated interest income totaled $66.2 million for the year ended December 31, 2000, compared to $55.3 million for the year ended December 31, 1999, an increase of $10.9 million or 19.7%. The $66.2 million of interest income in 2000 consisted of recurring interest income of $39.8 million and accretion of loan discounts of

$26.4 million. In 1999, the $55.3 million of interest income consisted of recurring interest income of $22.9 million and accretion of loan discounts of $32.4 million. Recurring interest income increased $16.9 million as a result of the following: during 2000, (i) the Company increased notes receivable from general partner loans by approximately $81.7 million, (ii) as a result of improved property operations certain of the outstanding notes receivable in the form of general partner loans remitted cash payments on a recurring basis. The combination of these factors resulted in $10.7 million of the increase in recurring interest income. The remaining recurring interest income increase of $6.2 million resulted from higher average cash balances maintained in money market and interest bearing accounts during 2000. The Company holds investments in notes receivable which were either extended by the Company and are carried at the face amount plus accrued interest (par value notes) or were made by predecessors whose positions have been acquired by the Company at a discount and are carried at the acquisition amount using the cost recovery method (discounted notes). The decrease in accretion of $6.0 million is due to fewer loans and fewer events allowing the Company to recognize accretion on certain discounted notes.

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Equity in Earnings (Losses) of Unconsolidated Real Estate Partnerships

Equity in earnings of unconsolidated real estate partnerships totaled $7.6 million for the year ended December 31, 2000, compared to a loss of $4.5 million for the year ended December 31, 1999, an increase of $12.1 million. Of the $12.1 million increase, $2.1 million was due to acquisition of interests in Oxford properties and the remaining was due to the acquisition of equity interests in better performing multi-family apartment properties where the Company owns a general partnership interest.

Equity in Earnings (Losses) of Unconsolidated Subsidiaries

Equity losses from unconsolidated subsidiaries totaled $2.3 million for the year ended December 31, 2000, compared to $5.0 million for the year ended December 31, 1999, a decrease of $2.7 million or 54.0%. The decrease in the equity loss from unconsolidated subsidiaries is due to interest income earned on general partner notes acquired in 2000 through the acquisition of interests in the Oxford properties.

Minority Interest in Other Entities

Minority interest in other entities totaled $3.9 million for the year ended December 31, 2000, compared to $0.9 million for the year ended December 31, 1999, an increase of $3.0 million. The increase is due to the consolidation of 201 additional properties in 2000, as compared to the consolidation of 125 additional properties in 1999.

Gain (Loss) on Disposition of Properties

Gain (loss) on disposition of properties totaled $26.3 million for the year ended December 31, 2000, compared to a gain(loss) of ($1.8) million for the year ended December 31, 1999, an increase of $28.1 million. The sales in both periods are of properties that are considered by management to be inconsistent with the Company s long-term investment strategy.

Comparison of the Year Ended December 31, 1999 to the Year Ended December 31, 1998

Net Income

The Company recognized net income of $77.5 million, and net income attributable to common stockholders of $24.1 million, for the year ended December 31, 1999, compared to net income and net income attributable to common stockholders of $64.5 million and $37.9 million, respectively, for the year ended December 31, 1998. Net income attributable to common stockholders represents net income less dividends accrued on preferred stock.

The following paragraphs discuss the results of operations in detail.

Consolidated Rental Property Operations

The increases in consolidated rental property operations resulted from improved same store sales results, acquisitions of properties in 1999 and 1998, and through the purchase of limited partnership interests from unaffiliated third parties that gave the Company a controlling interest in partnerships owning 125 properties in 1999.

Consolidated rental and other property revenues from the Company s owned and controlled properties totaled $533.9 million for the year ended December 31, 1999, compared to $377.1 million for the year ended December 31, 1998, an increase of $156.8 million, or 41.6%. Of the $156.8 million increase, 49.4% was related to the purchase of controlling interests in limited partnerships owning 125 properties, which resulted in these properties being consolidated in 1999, 4.3% was due to improved same store sales and the remaining 46.3% was due to acquisitions of properties in 1999 and 1998.

Consolidated property operating expenses totaled $213.8 million for the year ended December 31, 1999, compared to $147.5 million for the year ended December 31, 1998, an increase of $66.3 million, or 44.9%. The purchase of controlling interests in limited partnerships owning 125 properties, which resulted in these properties being consolidated during 1999, contributed 47.0% of the increase; 11.4% was due to same store sales increases and the remaining 42.6% was due to acquisitions of properties in 1999 and 1998. Property operating expenses consist of on-site payroll costs, utilities (net of reimbursements received from tenants), contract services, turnover costs, repairs and maintenance, advertising and marketing, property taxes and insurance.

Consolidated owned property management expenses, representing the costs of managing the Company s owned

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or controlled properties, remained consistent with $1.7 million for the year ended December 31, 1999, compared to $2.0 million for the year ended December 31, 1998, a decrease of $0.3 million, or 15.0%.

Consolidated Service Company Business

Income from the consolidated service company business was $7.0 million for the year ended December 31, 1999, compared to a loss of $4.9 million for the year ended December 31, 1998, an increase of $11.9 million. Management contracts acquired in the Company s merger with Insignia Financial Group, Inc and Insignia Properties Trust that are held by the Company contributed 22.9% of the increase. The transfer of majority-owned management contracts from the unconsolidated management companies to the AIMCO Operating Partnership contributed another 49.1% of the change. When the Company owns at least a 40% interest in a real estate partnership, the management contract with that real estate partnership is assigned to the AIMCO Operating Partnership, increasing the amount of revenues recognized by the consolidated service company operations.

Consolidated General and Administrative Expenses

Consolidated general and administrative expenses before allocation remained relatively unchanged with $15.2 million for the year ended December 31, 1999, compared to $13.8 million for the year ended December 31, 1998, an increase of $1.4 million, or 10.1%.

Consolidated Interest Expense

Consolidated interest expense, which includes the amortization of deferred finance costs, totaled $140.1 million for the year ended December 31, 1999, compared to $89.4 million for the year ended December 31, 1998, an increase of $50.7 million or 56.7%. Interest expense incurred in connection with the 1999 and 1998 acquisitions contributed 52.5% of the increase. Another contributing factor was the consolidation of an additional 125 properties when control was obtained resulting in 22.5% of the increase from 1998.

Consolidated Interest Income

Consolidated interest income totaled $55.3 million for the year ended December 31, 1999, compared to $29.4 million for the year ended December 31, 1998, an increase of $25.9 million or 88.1%. The Company holds investments in notes receivable which were either extended by the Company and are carried at the face amount plus accrued interest (par value notes) or were made by predecessors whose positions have been acquired by the Company at a discount and are carried at the acquisition amount using the cost recovery method (discounted notes). The increase in interest income was due to the recognition of interest income that had previously been deferred and portions of the related discounts for certain discounted notes. As required by generally accepted accounting principles, based upon closed or pending transactions, market conditions, and improved operations of the obligor, the collectibility of such notes is now believed by management to be probable and the amounts and timing of collections are estimable.

Same Store Property Operating Results

The Company defines same store properties as conventional apartment communities in which AIMCO owned greater than ten percent in the comparable periods of 2000 and 1999. Total portfolio includes same store properties plus acquisition properties and redevelopment properties. The following table summarizes the unaudited conventional rental property operations in 2000 and 1999, on a same store and a total portfolio basis (dollars in thousands):

	Same Store		Total Portfolio	
	2000	**1999**	**2000**	**1999**
Properties	540	540	585	561
Apartment Units	148,069	148,069	162,329	155,287
Average Physical Occupancy	94.9%	95.0%	92.8%	92.0%
Average Rent Collected / Occupied Unit / Month	$646	$621	$651	$620
Revenues	$825,412	$786,795	$912,849	$812,773
Expenses	313,172	302,260	357,232	311,920
Net Operating Income	$512,240	$484,535	$555,617	$500,853

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Funds From Operations

The Company measures its economic profitability based on Funds From Operations (FFO), less a reserve for capital replacements of $300 per apartment unit. The Company s management believes that FFO, less such a reserve, provides investors with an understanding of the Company s ability to incur and service debt and make capital expenditures. The Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT) defines FFO as net income (loss), computed in accordance with generally accepted accounting principles (GAAP), excluding gains and losses from debt restructuring and sales of property, plus real estate related depreciation and amortization (excluding amortization of financing costs), and after adjustments for unconsolidated partnerships and joint ventures. The Company calculates FFO based on the NAREIT definition, as further adjusted for minority interest in the AIMCO Operating Partnership, amortization of intangibles, the non-cash deferred portion of the income tax provision for unconsolidated subsidiaries and less the payment of dividends on perpetual and non-dilutive convertible preferred stock. FFO should not be considered an alternative to net income or net cash flows from operating activities, as calculated in accordance with GAAP, as an indication of the Company s performance or as a measure of liquidity. FFO is not necessarily indicative of cash available to fund future cash needs. In addition, there can be no assurance that the Company s basis for computing FFO is comparable with that of other real estate investment trusts.

For the years ended December 31, 2000, 1999 and 1998, the Company s FFO is calculated as follows (amounts in thousands):

	2000	1999	1998
Income before minority interest in Operating Partnership	$109,717	$83,712	$69,656
Real estate depreciation, net of minority interests	302,109	121,689	80,369
Real estate depreciation related to unconsolidated entities	59,360	104,764	34,840
Amortization of intangibles	12,068	36,731	26,177
Deferred tax provision	154	1,763	9,215
Interest expenses on mandatorily redeemable convertible preferred securities	8,869	4,858	
Preferred stock dividends and distributions	(26,112)	(33,943)	(20,837)
Diluted Funds From Operations before gain (loss) on disposition of properties	466,165	319,574	199,420
(Gain) loss on disposition of properties	(26,335)	1,785	(4,674)

Diluted Funds From Operations available to common shares, common share equivalents and common OP Units	$439,830	$321,359	$194,746
Weighted average number of common shares, common share equivalents and common OP Units outstanding:			
Common share and common share equivalents	70,219	63,735	47,624
Preferred stock, preferred OP Units, and other securities convertible into common stock	14,432	8,625	2,463
Common OP Units	6,855	6,313	6,732
	91,506	78,673	56,819
Cash flow provided by operating activities	$400,364	$253,257	$148,414
Cash flow used in investing activities	(546,981)	(281,106)	(328,321)
Cash flow provided by financing activities	202,128	58,148	214,124

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Contribution to Free Cash Flow

The Company seeks to improve funds from operations, less a reserve for capital replacements, on a per share basis. In this regard, in addition to the year-to-year comparative discussion, the Company has provided disclosure (see Footnote 22 in the accompanying Notes to Consolidated Financial Statements) on the contribution (separated between consolidated and unconsolidated activity) to the Company s Free Cash Flow from several components of the Company s business, and a reconciliation of Free Cash Flow to FFO, less a reserve for capital replacements, and to net income for the year ended December 31, 2000 and 1999. The Company defines Free Cash Flow as FFO, less a reserve for capital replacements, plus interest expense and preferred stock dividends.

The following table summarizes the contributors to the Company s Free Cash Flow (in thousands)

	2000		1999	
	Amount	Contr.%	Amount	Contr.%
Real estate	$598,826	86%	$435,727	84%
Service business	30,641	4%	36,589	7%
Interest income: recurring	42,274	6%	24,428	5%
Interest income: accretion of loan discount	26,409	4%	32,460	6%
Fee income	7,438	1%	4,485	1%
General and administrative expenses	(7,813)	(1)%	(13,112)	(3)%
Total Free Cash Flow	$697,775	100%	$520,577	100%

Total Free Cash Flow contributed was $697.8 million and $520.6 million in 2000 and 1999, respectively, an increase of $177.2 million or 34.0%.

The real estate Free Cash Flow contribution was $598.8 million and $435.7 million in 2000 and 1999, respectively, an increase of $163.1 million or 37.4%. Real estate contribution to total Free Cash Flow increased to 86% in 2000 from 84% in 1999. The increase was due to improvements in property operations, acquisitions and tenders.

The service business contributed $30.6 million (4%) and $36.6 million (7%) to Free Cash Flow in 2000 and 1999, respectively. The decreased contribution of $6.0 million, after consideration of the increase in the intercompany allocation of general administrative expenses of $8.2 million, was due to the establishment of the new Corporate Housing program and other product enhancements.

Consolidated recurring interest income increased $16.9 million as a result of the following: during 2000, (i) the Company increased notes receivable from general partner loans by approximately $81.7 million, (ii) as a result of improved property operations certain of the outstanding notes receivable in the form of general partner loans remitted cash payments on a recurring basis. The combination of these factors resulted in $10.7 million of the increase in recurring interest income. The remaining consolidated recurring interest income increase of $6.2 million resulted from higher average cash balances maintained in money market and interest bearing accounts during 2000. The decrease in accretion of $6.0 million is due to fewer loans and fewer events allowing the Company to recognize accretion on certain discounted notes.

Fees contributed $7.4 million (1%) and $4.5 million (1%) to Free Cash Flow in 2000 and 1999, respectively. Fees are earned on partnership sales, refinancings and other transactions. The increase in fee income is due to increased disposition fees received from the sale of 79 properties in 2000, compared to the fees received from the sale of 63 properties in 1999.

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The income received from refinancing fees also increased to $4.0 million in 2000, compared to $0.6 million in 1999. The Company considers fees and interest income from notes purchased at a discount as transactional. Together, the transactional contribution was $33.8 million (5%) and $36.9 million (7%) of Free Cash Flow contribution in 2000 and 1999.

Contributions to conventional real estate Free Cash Flow for 2000 and 1999 before adjustment for minority interest were as follows (in thousands):

	2000		1999	
	Amount	**Contr.%**	**Amount**	**Contr.%**
Average monthly rent greater than $900 per unit	$83,651	14%	$42,205	10%
Average monthly rent $800 to $900 per unit	62,613	10%	39,267	10%
Average monthly rent $700 to $800 per unit	72,533	12%	59,587	15%
Average monthly rent $600 to $700 per unit	165,512	27%	89,293	22%
Average monthly rent $500 to $600 per unit	163,196	27%	114,719	28%
Average monthly rent below $500 per unit	61,629	10%	58,348	15%
Total conventional real estate contribution to Free Cash Flow before adjustment for minority interest	$609,134	100%	$403,419	100%

The conventional real estate contribution to Free Cash Flow was $609.1 million and $403.4 million in 2000 and 1999, respectively, an increase of $205.7 million or 51.0%. The increase was due to improvements in property operations, acquisitions and tenders.

The changes in the composition of conventional and real estate contribution resulted in an increase in contribution from properties with an average monthly rent greater than $800 per unit to 24% from 20% in 1999, and a decrease in contribution from properties with an average monthly rent below $500 per unit to 10% from 15% in 1999. The changes were due to improvements in property operations, acquisitions, tenders and dispositions.

Footnote 22 in the accompanying Notes to Consolidated Financial Statements provides additional detail on each component of Free Cash Flow. The Company believes this disclosure is complementary to the results of operations discussed above.

Liquidity and Capital Resources

	2000	1999	1998
Cash flow provided by operating activities	$400,364	$253,257	$148,414

Cash flow used in investing activities(546,981)(281,106)(328,321)Cash flow provided by financing activities202,12858,148214,124

At December 31, 2000, the Company had $157.1 million in cash and cash equivalents and $126.9 million of restricted cash, primarily consisting of reserves and impounds held by lenders for capital expenditures, property taxes and insurance. In addition, cash, cash equivalents and restricted cash are held by partnerships and subsidiaries that are not presented on a consolidated basis. The Company s principal demands for liquidity include normal operating activities, payments of principal and interest on outstanding debt, capital improvements, acquisitions of and investments in properties, dividends paid to stockholders and distributions paid to limited partners. The Company considers its cash provided by operating activities to be adequate to meet short-term liquidity demands.

In August 1999, the Company closed a $300 million revolving credit facility arranged by Bank of America, N.A., Fleet National Bank (successor to BankBoston, N.A.) and First Union National Bank with a syndicate comprised of a total of nine lender participants. Effective March 15, 2000 the credit facility was expanded by $45 million with the potential to expand it by another $55 million to a total of $400 million. Of the $55 million potential expansion, $5 million was expanded on April 14, 2000 bringing the total availability to $350 million. In September 2000, the credit facility was amended and restated. The obligations under the credit facility are secured by a first priority pledge of certain non-real estate assets of the Company and a second priority pledge of the stock ownership of the AIMCO Operating Partnership, NHP Management Company, AIMCO/Bethesda Holdings, Inc., AIMCO Holdings, L.P., in certain subsidiaries of AIMCO and certain options to purchase Beneficial Assignee Interests (BACs) in OTEF. Borrowings under the credit facility, including the $50 million expansion, are available for general corporate purposes. The credit facility matures in July 2002 and can be extended twice at AIMCO s option, for a term of one year. The annual interest rate under the new credit facility is based on either LIBOR or a base rate, which is the higher of Bank of America s reference rate or 0.50% over the federal funds rate, plus, in either case, an applicable margin. The margin ranges between 2.05% and 2.55%, in the case of LIBOR-based loans, and between 0.55% and 1.05%, in the case of base rate loans, based upon a fixed charge coverage ratio. The weighted average interest rate at December 31, 2000 was 9.16%. The amount available under the credit facility at December 31, 2000 was $95.3 million, less $1.2 million for outstanding letters of credit.

On September 20, 2000 AIMCO completed the purchase of all the stock and other interests (not already owned by AIMCO) held by the principals, officers and directors of ORFG in the Oxford entities, including ORFG, which own interests in and control the Oxford properties. The purchase price of $1,189 million was comprised of $266 million in cash, $861 million of assumed liabilities and incurred transaction costs and $62 million in common OP units valued at $45 per unit. The Oxford properties are 167 apartment communities with a total of 36,949 units located in 18 states. The Company borrowed $279 million to pay the cash portion of the purchase price and transactions costs for the Oxford acquisition from Bank of America, N.A., Lehman Commercial Paper Inc. and several other lenders, pursuant to a term loan with a total availability of $302 million. Transaction costs (including advisory fees) incurred on the term loan were $9.4 million. The borrowers under the term loan are the AIMCO Operating Partnership, NHP Management Company and AIMCO/Bethesda Holdings, Inc., and all obligations thereunder are guaranteed by AIMCO and certain of its subsidiaries. The obligations under the term loan are secured by a first priority pledge of the stock ownership of the AIMCO Operating Partnership, NHP Management Company, AIMCO/Bethesda Holdings, Inc., and AIMCO Holdings, L.P. in certain subsidiaries of AIMCO and certain options to purchase BACs in OTEF and a second priority pledge of certain non-real estate assets of the Company. The annual interest rate under the term loan is based either on LIBOR or a base rate which is the higher of Bank of America, N.A. s reference rate or 0.5% over the federal funds rate, plus, in either case, an applicable margin. The margin ranges between 4.0% and 5.0% in the case of LIBOR-based loans, and between 1.0% and 2.0% in the case of base rate loans, based upon the number of months the loan is outstanding.

The term loan expires in July 2002. The financial covenants contained in the term loan require the AIMCO Operating Partnership to maintain a ratio of debt to gross asset value of no more than 0.55 to 1.0, an interest coverage ratio of 2.25 to 1.0, and a fixed charge coverage ratio of at least 1.50 to 1.0. In addition, the term loan limits AIMCO from distributing more than 80% of its Funds From Operations (as defined) (or such amounts as may be necessary for AIMCO to maintain its status as a REIT). The term loan imposes minimum net worth requirements and provides other financial covenants related to certain of AIMCO s assets and obligations. The total outstanding under the term loan at December 31, 2000 was $137 million of which $74 million is classified as secured short-term financing of the Company and the remainder is a liability at the unconsolidated subsidiaries and, therefore, is included in investments in unconsolidated subsidiaries. Effective January 1, 2001, in connection with the REIT Modernization Act, the remaining liability of $63 million will be consolidated.

As of December 31, 2000, substantially all of the Company s owned or controlled properties and 78.6% of its total assets were encumbered by or served as collateral for debt. As of December 31, 2000, the Company had total secured outstanding indebtedness of $4,360.1 million, comprised of $3,258.3 million of secured long-term financing, $773.0 million of secured tax-exempt long-term bond financing and $328.7 million in secured short-term financing. As of December 31, 2000, approximately 8% of the Company s indebtedness bears interest at variable rates. As of December 31, 2000, the Company had 31 loans, each of which is secured by the property owned by such partnership and also cross-collateralized with certain other loans. The aggregate principal balances outstanding on 31 loans that are cross-collateralized are $154.1 million as of December 31, 2000. Other than these loans, none of the Company s debt is subject to cross-collateralization provisions. The weighted average interest rate on the Company s secured, long-term notes payable was 7.89%, with a weighted average maturity of 11 years as of December 31, 2000. At December 31, 2000, the weighted average interest rate on the Company s secured short-term financing was 9.16%.

During the year ended December 31, 2000, the Company issued $636.0 million of long-term, fixed rate, fully amortizing non-recourse mortgage notes payable with a weighted average interest rate of 7.5%. Each of the notes is individually secured by one of 107 properties with no cross-collateralization. The Company used the net proceeds after transaction costs of $625.5 million to repay existing debt. During the year ended December 31, 2000, the Company has also assumed $60.6 million of long-term, fixed-rate, fully amortizing notes payable with a weighted average interest rate of 7.5% in connection with the acquisition of properties. Each of the notes is individually secured by one of 12 properties with no cross-collateralization.

During the year ended December 31, 2000, the Company issued $230.0 million of preferred stock in three direct placements yielding $227 million of net proceeds. See Footnote 15 to the consolidated financial statements for further discussion on these preferred stocks.

The Company expects to meet its long-term liquidity requirements, such as refinancing debt and property acquisitions, through long-term borrowings, both secured and unsecured, the issuance of debt or equity securities (including OP Units) and cash generated from operations. In August 1998, AIMCO and the AIMCO Operating Partnership filed a shelf registration statement with the Securities and Exchange Commission (SEC) with respect to an aggregate of $1,268 million of debt and equity securities of AIMCO (of which $268 million was carried forward from AIMCO s 1997 shelf registration statement) and $500 million of debt securities of the AIMCO Operating Partnership. The registration statement was declared effective by the SEC on December 10, 1998. As of March 29, 2001, the Company had approximately $925 million available and the AIMCO Operating Partnership had $500 million available from this registration statement. The Company expects to finance acquisitions of real estate interests with cash from operations or the issuance of equity securities and debt.

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Capital Expenditures

For the year ended December 31, 2000, the Company spent a total of $261.9 million for capital expenditures on its portfolio of assets. Capital expenditures include capital replacements (expenditures for routine maintenance of a property), initial capital expenditures (ICE , expenditures at a property that have been identified, at the time the property is acquired, as expenditures to be incurred within one year of the acquisition) and redevelopment and enhancements (amenities that add a material new feature or revenue source at a property). The Company s share of those expenditures are as follows (in millions):

	Conventional Assets	Affordable Assets	Total
Capital Replacements	$ 36.7	$ 3.7	$40.4
ICE	55.4	1.3	56.7
Redevelopment and Enhancements	156.7	8.1	164.8
Total	$248.8	$13.1	$261.9

These expenditures were funded by net cash provided by operating activities, working capital reserves, and borrowings under the Company s credit facility. ICE and capital enhancements will primarily be funded by cash from operating activities and borrowings under the Company s revolving credit facility.

The Company s accounting treatment of various capital and maintenance costs is detailed in the following table:

Expenditure	Accounting treatment	Depreciable life in years
Initial capital expenditures	capitalize	5 to 15
Capital enhancements	capitalize	5 to 30
Capital replacements:		
Carpet/vinyl replacement	capitalize	5
Carpet cleaning	expense	N/A
Major appliance replacement (refrigerators, stoves, dishwashers, washers/dryers)	capitalize	5
Cabinet replacement	capitalize	5
Major new landscaping	capitalize	5
Seasonal plantings and landscape replacements	expense	N/A
Roof replacements	capitalize	15
Roof repairs	expense	N/A
Model furniture	capitalize	5
Office equipment	capitalize	5
Exterior painting, significant	capitalize	5
Interior painting	expense	N/A
Parking lot repairs	expense	N/A
Parking lot repaving	capitalize	15
Equipment repairs	expense	N/A
General policy for capitalization	capitalize amounts in excess of $250	Various

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Return on Assets and Return on Equity

The Company s Return On Assets and Return On Equity for the years ended December 31, 2000 and 1999 are as follows:

	Based on AFFO		Based on FFO	
	Year Ended December 31,		Year Ended December 31,	
	2000	1999	2000	1999
Return on Assets(a)	9.8%	9.2%	10.3%	9.7%
Return on Equity				
Basic(b)	14.7%	14.5%	15.8%	15.6%
Diluted(c)	13.3%	12.9%	14.3%	13.9%

(a) The Company defines Return on Assets (AFFO) as (i) annualized Free Cash Flow, divided by (ii) Average Assets. Average Assets are computed by averaging the sum of Assets, as defined below, at the beginning and the end of the period. Assets are total assets, plus accumulated depreciation, less accumulated capital replacements of $103.6 million and $63.3 million, for the years ended December 31, 2000 and 1999 respectively, and less all non-indebtedness liabilities. The Company defines Return on Assets (FFO) as (i) annualized Free Cash Flow plus capital replacements, divided by (ii) Average Assets plus accumulated capital replacements.

(b) The Company defines Return on Equity-Basic (AFFO) as (i) annualized AFFO-Basic, divided by (ii) Average Equity. Average Equity is computed by averaging the sum of Equity, as defined below, at the beginning and the end of the period. Equity is total stockholders equity, plus accumulated depreciation, less accumulated capital replacements of $103.6 million and $63.3 million, for the years ended December 31, 2000 and 1999, respectively, less preferred stock, plus minority interest in the AIMCO Operating Partnership, net of preferred OP Unit interests ($116.6 million and $72.6 million, for the years ended December 31, 2000 and 1999 respectively). The Company defines Return on Equity-Basic (FFO) as (i) annualized AFFO-Basic plus capital replacements; divided by (ii) Average Equity plus accumulated capital replacements.(c) The Company defines Return on Equity-Diluted (AFFO) and Return on Equity-Diluted (FFO) assuming conversion of debt and preferred securities whose

conversion is
dilutive.

Contingencies

Environmental

Various Federal, state and local laws subject property owners or operators to liability for the costs of removal or remediation of certain hazardous substances present on a property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of the hazardous substances. The presence of, or the failure to properly remediate hazardous substances may adversely affect occupancy at contaminated apartment communities and the ability to sell or borrow against contaminated properties. In addition to the costs associated with investigation and remediation actions brought by governmental agencies, the presence of hazardous wastes on a property could result in personal injury or similar claims by private plaintiffs. Various laws also impose liability for the cost of removal or remediation of hazardous substances at the disposal or treatment facility. Anyone who arranges for the disposal or treatment of hazardous or toxic substances is potentially liable under such laws. These laws often impose liability whether or not the person arranging for the disposal ever owned or operated the disposal facility. In connection with the ownership, operation and management of our properties, the Company could potentially be liable for environmental liabilities or costs associated with properties or properties it acquires or manages in the future.

Inflation

Substantially all of the leases at the Company s apartment properties are for a period of twelve months or less, allowing, at the time of renewal, for adjustments in the rental rate and the opportunity to re-lease the apartment unit at the prevailing market rate. The short-term nature of these leases generally serves to minimize the risk to the Company of the adverse effect of inflation and the Company does not believe that inflation has had a material adverse impact on its operations.

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ITEM 7a. ***Quantitative and Qualitative Disclosures About Market Risk***

The Company s primary market risk exposure relates to changes in interest rates. The Company is not subject to any foreign currency exchange rate risk or commodity price risk, or any other material market rate or price risks. The Company uses predominantly long-term, fixed-rate and self-amortizing non-recourse mortgage debt in order to avoid the refunding or repricing risks of short-term borrowings. The Company uses short-term debt financing and working capital primarily to fund acquisitions and generally expects to refinance such borrowings with proceeds from operating activities, equity offerings or long-term debt financings.

The Company had $359.5 million of variable rate debt outstanding at December 31, 2000, which represents 8% of the Company s total outstanding debt. Based on this level of debt, an increase in interest rates of 1% would result in the Company s income and cash flows being reduced by $3.6 million on an annual basis. At December 31, 2000, the Company had $4,000.6 million of fixed-rate debt outstanding.

As of December 31, 2000, the scheduled principal amortization and maturity payments for the Company s consolidated secured notes payable and consolidated secured tax-exempt bonds are as follows (in thousands):

	Amortizatio	Maturities	Tota
1 283,260102,484185,744200392,744150,237242,981200496,970262,968359,9382005104,445142,302246,747Thereafter2,820,131	$79,491	$96,343	$175,8
$4,031,375			

The estimated aggregate fair value of the Company s cash and cash equivalents, receivables, payables and short-term secured debt as of December 31, 2000 is assumed to approximate their carrying value due to their relatively short terms. Management further believes that the fair market value of the Company s secured tax-exempt bond debt and secured long-term debt approximates their carrying value, based on market comparisons to similar types of debt instruments having similar maturities.

ITEM 8. *Financial Statements and Supplementary Data*

The independent auditor s report, consolidated financial statements and schedule listed in the accompanying index are filed as part of this report and incorporated herein by this reference. See Index to Financial Statements on page F-1.

ITEM 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

PART III

ITEM 10. *Directors and Executive Officers of the Registrant*

The information required by this Item is presented under the caption Board of Directors and Officers in AIMCO s proxy statement for its 2001 annual meeting of stockholders, and such information is incorporated herein by reference.

ITEM 11. *Executive Compensation*

The information required by this item is presented under the captions Summary Compensation Table, Option/SAR Grants in Last Fiscal Year and Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year-end Options/SAR Values, Compensation Committee Interlocks and Insider Participation, Compensation of Directors, Compensation Committee Report to Stockholders, Employment Arrangements, and Stock Performance Graph in AIMCO s proxy statement for its 2001 annual meeting of stockholders and is incorporated herein by reference.

ITEM 12. ***Security Ownership of Certain Beneficial Owners and Management***

The information required by this item is presented under the caption Security Ownership of Certain Beneficial Owners and Management in AIMCO s proxy statement for its 2001 annual meeting of stockholders and is incorporated herein by reference.

ITEM 13. ***Certain Relationships and Related Transactions***

The information required by this item is presented under the caption Certain Relationships and Transactions in AIMCO s proxy statement for its 2001 annual meeting of stockholders and is incorporated herein by reference.

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PART IV

ITEM 14. ***Exhibits, Financial Statement Schedule and Reports on Form 8-K***

(a) (1) The financial statements listed in the Index to Financial Statements on Page F-1 of this report are filed as part of this report and incorporated herein by reference.

(a) (2) The financial statement schedule listed in the Index to Financial Statements on Page F-1 of this report is filed as part of this report and incorporated herein by reference.

(a) (3) The Exhibit Index is included on page 26 of this report and incorporated herein by reference.

(b) Reports on Form 8-K for the quarter ended December 31, 2000:

Current Report on Form 8-K, dated September 20, 2000 (and Amendment No. 1 thereto, filed on December 4, 2000), relating to the acquisition of all of the stock and other interests held by officers and directors in the entities that control properties owned by affiliates of Oxford Realty Financial Group, Inc., and the acquisition of the entity which owns the managing general partner of Oxford Tax Exempt Fund II Limited Partnership, including Combined Financial Statements of Oxford Holding Corporation and Subsidiaries, Oxford Realty Financial Group, Inc. and Subsidiaries, ZIMCO Entities and Oxford Equities Corporation III for the year ended December 31, 1999 and the eight months ended August 31, 2000 and 1999 (unaudited), together with the Independent Auditors Report; Combined Financial Statements of ORFG Operations, L.L.C. and Subsidiary for the year ended December 31, 1999 and the eight months ended August 31, 2000 and 1999 (unaudited), together with the Independent Auditors Report; Combined Financial Statements of OXPARC L.L.C.s for the year ended December 31, 1999 and the eight months ended August 31, 2000 and 1999 (unaudited), together with the Independent Auditors Report; Combined Financial Statements of Oxford Realty Financial Group Properties for the year ended December 31, 1999 and the eight months ended August 31, 2000 and 1999 (unaudited), together with the Independent Auditors Report; Financial Statements of Oxford Tax Exempt Fund II Limited Partnership for the year ended December 31, 1999, together with the Independent Auditors Report; Financial Statements of Oxford Tax Exempt Fund II Limited Partnership for the nine months ended September 30, 2000 (unaudited); and certain pro forma financial information.

INDEX TO EXHIBITS

Exhibit Number	Description
2.1	Second Amended and Restated Agreement and Plan of Merger, dated as of January 22, 1999, by and between Apartment Investment and Management Company and Insignia Properties Trust (Exhibit 2.2 to the Current Report on Form 8-K of Insignia Properties Trust, dated February 11, 1999,is incorporated herein by this reference)
2.2 Amended and Restated Agreement and Plan of Merger, dated as of May 26, 1998 by and among Apartment Investment Management Company, AIMCO Properties, L.P., Insignia Financial Group, Inc., and Insignia/ESG Holdings, Inc. (Appendix I to the Prospectus included in AIMCO s Registration Statement on Form S-4 filed August 5, 1998, is incorporated herein by this reference)2.3 Acquisition Agreement, dated as of June 28, 2000, by and among Apartment Investment and Management Company, AIMCO Properties, L.P., NHP Management Company and AIMCO/NHP Properties, Inc., as Buyers, and Leo E. Zickler, Francis P. Lavin, Robert B. Downing, Mark E. Schifrin, Marc B. Abrams, and Richard R.	

Singleton, as Sellers (Exhibit 2.1 to AIMCO s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000, is incorporated herein by this reference)2.4 Agreement and Plan of Merger, dated as of November 29, 2000, by and among Apartment Investment and Management Company, AIMCO Properties, L.P., AIMCO Properties, L.P., AIMCO/OTEF, LLC and Oxford Tax Exempt Fund II Limited Partnership (Annex A to AIMCO s Registration Statement on Form S-4 filed on December 1, 2000, is incorporated herein by this reference)3.1 Charter3.2 Bylaws (Exhibit 3.2 to AIMCO s Annual Report on Form 10-K for the fiscal year 1999, is incorporated herein by this reference)

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4.1	Amended and Restated Declaration of Trust of IFT Financing I (formerly Insignia Financing I), dated as of November 1, 1996, among Insignia Financial Group, Inc as Sponsor, First Union National Bank of South Carolina as Property Trustee, First Union Bank of Delaware, as Delaware Trustee and Andrew I. Farkas, John K. Lines and Ronald Uretta as Regular Trustees (Exhibit 4.2 to Form S-3 of Insignia Financial Group, Inc. dated December 10, 1996, is incorporated herein by this reference)
4.2 Indenture for the 6.5% Convertible Subordinated Debentures, dated as of November 1, 1996, between Insignia Financial Group, Inc., as Issuer and First Union National Bank of South Carolina, as Trustee (Exhibit 4.3 to Form S-3 of Insignia Financial Group, Inc., dated December 10, 1996, is incorporated herein by this reference)4.3 First Supplemental Indenture, dated as of October 1,1998, by and among Apartment Investment and Management Company, Insignia Financial Group, Inc, and First Union National Bank (formerly First Union National Bank of South Carolina, as Trustee) (Exhibit 4.3 to AIMCO s Annual Report on Form 10-K for the year ended December 31,	

1998, is incorporated herein by this reference)10.1

Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 29, 1994 as amended and restated as of October 1, 1998 (Exhibit 10.8 to AIMCO s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998, is incorporated herein by this reference)10.2

First Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of November 6, 1998 (Exhibit 10.9 to AIMCO s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998, is incorporated herein by this reference)10.3

Second Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of

December 30, 1998 (Exhibit 10.1 to Amendment No. 1 to AIMCO s Current Report on Form 8-K/A, filed February 11, 1999, No. 1 to AIMCO s Current Report on Form 8-K/A, filed is incorporated herein by this reference)10.4 Third Amendment to Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of February 18, 1999 (Exhibit 10.12 to AIMCO s Annual Report on Form 10-K for the year ended December 31, 1998, is incorporated herein by this reference)10.5 Fourth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of March 25, 1999 (Exhibit 10.2 to AIMCO s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1999, is incorporated herein by this

reference)10.6
Fifth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of March 26, 1999 (Exhibit 10.3 to AIMCO s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1999, is incorporated herein by this reference)10.7
Sixth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of March 26, 1999 (Exhibit 10.1 to AIMCO s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1999, is incorporated herein by this reference)10.8
Seventh Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 27, 1999 (Exhibit 10.1 to AIMCO s Quarterly Report on Form 10-Q

for the quarterly period ended September 30, 1999, is incorporated herein by this reference)10.9 Eighth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of December 14, 1999 (Exhibit 10.9 to AIMCO s Annual Report on Form 10-K for the year ended December 31, 1999, is incorporated herein by reference)10.10 Ninth Amendment to the Third Amended and Restated Agreement of Limited Partnership

of AIMCO Properties, L.P., dated as of December 21, 1999 (Exhibit 10.10 to AIMCO s Annual Report on Form 10-K for the year ended December 31, 1999, is incorporated herein by reference)

10.11 Tenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of December 21, 1999 (Exhibit 10.11 to AIMCO s Annual Report on Form 10-K for the year ended December 31, 1999, is incorporated herein by reference)10.12 Eleventh Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of January 13, 2000 (Exhibit 10.12 to AIMCO s Annual Report on Form 10-K for the year ended December 31, 1999, is incorporated herein by reference)10.13 Twelfth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of April 19, 2000 (Exhibit 10.2 to AIMCO s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000 is incorporated herein by this reference)10.14 Thirteenth Amendment to the Third and

Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of August 7, 2000 (Exhibit 10.1 to Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended June 30, 2000, is incorporated herein by this reference)10.15

Fourteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 12, 2000 (Exhibit 10.1 to Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended September 30, 2000, is incorporated herein by this reference)10.16

Fifteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 15, 2000 (Exhibit 10.2 to Quarterly

Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended September 30, 2000, is incorporated herein by this reference)10.17

Sixteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 15, 2000 (Exhibit 10.3 to Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended September 30, 2000 is incorporated herein by this reference)10.18

Seventeenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of November 10, 2000 (Exhibit 10-4 to Quarterly Report on Form 10-Q of AIMCO Properties, L.P. for the quarterly period ended September 30, 2000 is incorporated herein by this

reference)10.19
Eighteenth Amendment to the Third and Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of November 16, 200010.20
Nineteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of February 28, 200110.21
Twentieth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of March 19, 200110.22
Shareholders Agreement, dated October 1, 1998, by and among Apartment Investment and Management Company, Andrew L. Farkas, James A. Aston and Frank M. Garrison (Exhibit 10.4 to AIMCO s Statement of Beneficial Ownership on Schedule 13D with respect to Insignia

Properties Trust filed on October 15, 1998, is incorporated herein by this reference)10.23 Amended and Restated Indemnification Agreement, dated as of May 26, 1998, by and between Apartment Investment and Management Company and Insignia/ESG Holdings, Inc. (Appendix II to the Prospectus included in AIMCO s Registration Statement on Form S-4, filed August 5, 1998, is incorporated herein by this reference)10.24 ILPI and BAC Agreement, dated as of September 20, 2000 by and among Apartment Investment and Management Company, AIMCO Properties, L.P. and AIMCO/ NHP Properties, Inc ., as Buyers, and Leo E. Zickler, Francis P. Lavin, Robert B. Downing, Mark E. Schifrin, Marc B. Abrams, and Richard R. Singleton, as Sellers (Exhibit (B) of the Statement of Beneficial Ownership on Schedule 13D of Oxford Tax

Exempt Fund II Limited Partnership with respect to AIMCO dated September 20, 2000, is incorporated herein by this reference)

10.25	Option Sale Agreement , dated as of September 20, 2000 by and among Apartment Investment and Management Company, AIMCO Properties, L.P., NHP Management Company and AIMCO/NHP Properties, Inc., as Buyers, and Leo E. Zickler, Francis P. Lavin, Robert B. Downing, Mark E. Schifrin, Marc B. Abrams, and Richard R. Singleton, as Sellers (Exhibit (C) of the Statement of Beneficial Ownership on Schedule 13D of Oxford Tax Exempt Fund II Limited Partnership with respect to AIMCO dated September 20,2000 is incorporated herein by this reference)

10.26 Employment Contract, executed on July 29, 1994, by and between AIMCO Properties, L.P., and Peter Kompaniez (Exhibit 10.44A to AIMCO s Annual Report on Form 10-K for the year ended December 31, 1994, is incorporated herein by this reference)*10.27 Employment Contract executed on July 29, 1994 by and between AIMCO Properties, L.P. and Terry Considine (Exhibit 10.44C to AIMCO s Annual Report on Form 10-K for the year ended December 31, 1994, is incorporated herein by this reference)*10.28 Employment Contract executed on July 29, 1994 by and between AIMCO Properties, L.P. and Steven D. Ira (Exhibit 10.44D to AIMCO s Annual Report on Form 10-K for year ended December 31, 1994, is incorporated herein by this reference)*10.29 Apartment Investment and Management Company 1998 Incentive Compensation Plan (Annex B to AIMCO s Proxy Statement for Annual Meeting of Stockholders to be held on May 8, 1998, is incorporated herein by this reference)*10.30 Apartment Investment and Management Company 1997 Stock Award and Incentive Plan (October 1999) (Exhibit 10.26 to AIMCO s Annual Report on Form 10-K for the year ended December 31, 1999, is incorporated herein by this reference)*10.31 Form of Restricted Stock Agreement (1997 Stock

Award and Incentive Plan) (Exhibit 10.11 to AIMCO s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1997, is incorporated herein by this reference)*10.32

Form of Incentive Stock Option Agreement (1997 Stock Award and Incentive Plan) (Exhibit 10.42to AIMCO s Annual Report on Form 10-K for the year ended December 31, 1998, is incorporated herein by this reference)*10.33

Apartment Investment and Management Company Non-Qualified Employee Stock Option Plan, adopted August 29, 1996 (Exhibit 10.8 to AIMCO s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1996, is incorporated herein by this reference)*10.34

Amended and Restated Apartment Investment and Management Company Non-Qualified Employee Stock Option Plan (Annex B to AIMCO s Proxy Statement for the

Annual Meeting of Stockholders to be held on April 24, 1997, is incorporated herein by this reference)*10.35

The 1994 Stock Incentive Plan for Officers, Directors and Key Employees of Ambassador Apartments, Inc., Ambassador Apartments, L.P., and Subsidiaries (Exhibit 10.40 to Ambassador Apartments, Inc. Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated herein by this reference)*10.36

Amendment to the 1994 Stock Incentive Plan for Officers, Directors and Key Employees of Ambassador Apartments, Inc., Ambassador Apartments, L.P. and Subsidiaries (Exhibit 10.41 to Ambassador Apartments, Inc. Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated herein by this reference)*10.37

The 1996 Stock Incentive Plan for Officers, Directors and Key Employees of Ambassador Apartments, Inc., Ambassador Apartments, L.P., and Subsidiaries, as amended March 20, 1997 (Exhibit 10.42 to Ambassador Apartments, Inc. Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated herein by this reference)*10.38 Insignia 1992 Stock Incentive Plan, as amended through March 28, 1994 and November 13, 1995 (Exhibit 10.1 to Insignia Financial Group, Inc. Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated herein by this reference)*

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10.39	NHP Incorporated 1990 Stock Option Plan (Exhibit 10.9 to NHP Incorporated Annual Report on Form 10-K for the year ended December 31, 1995, is incorporated herein by this reference)*

10.40 NHP Incorporated 1995 Incentive Stock Option Plan (Exhibit 10.10 to NHP Incorporated Annual Report on Form 10-K for the year ended

December 31, 1995, is incorporated herein by this reference)*10.41 Summary of Agreement for Sale of Stock to Executive Officers (Exhibit 10.104 to AIMCO s Annual Report on Form 10-K for the year ended December 31, 1996, is incorporated herein by this reference)*21.1 List of Subsidiaries23.1 Consent of Ernst & Young LLP99.1 Agreement re: disclosure of long-term debt instruments

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(1) Schedule and supplemental materials to the exhibits have been omitted but will be provided to the Securities and Exchange Commission upon request.

* Management contract

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 30th day of March, 2001.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

/s/ TERRY CONSIDINE

Terry Considine
Chairman of the Board
And Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ TERRY CONSIDINE Terry Considine /s/ PETER K. KOMPANIEZ Peter K. Kompaniez Vice Chairman, President and DirectorMarch 30, 2001/s/ PAUL MCAULIFFE Paul McAuliffe Executive Vice President and Chief Financial OfficerMarch 30, 2001/s/ THOMAS C. NOVOSEL Thomas C. Novosel Senior Vice President, Chief Accounting OfficerMarch 30, 2001/s/ JAMES N. BAILEY James N. Bailey DirectorMarch 30, 2001/s/ RICHARD S. ELLWOOD Richard S. Ellwood DirectorMarch 30, 2001/s/ J. LANDIS MARTIN J. Landis Martin DirectorMarch 30, 2001/s/ THOMAS L. RHODES Thomas L. Rhodes DirectorMarch 30, 2001	Chairman of the Board and Chief Executive Officer	March 30, 2001

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APARTMENT INVESTMENT AND MANAGEMENT COMPANY

INDEX TO FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT AUDITORS

Stockholders and Board of Directors
Apartment Investment and Management Company

We have audited the accompanying consolidated balance sheets of Apartment Investment and Management Company as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders equity and cash flows for each of the three years in the period ended December 31, 2000. Our audits also included the financial statement schedule listed in the Index at Item 14(a)(2). These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Apartment Investment and Management Company at December 31, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

Denver, Colorado
January 24, 2001,
except for Note 24, as to which the date is March 29, 2001

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APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED BALANCE SHEETS
As of December 31, 2000 and 1999
(In Thousands, Except Per Share Data)

ASSETS

	2000	1999
Real estate, net of accumulated depreciation of $913,263 and $416,497	$6,099,189	$4,096,200

Investments in unconsolidated
real estate
partnerships676,188891,449Investments
in unconsolidated
subsidiaries107,78144,921Notes
receivable from and advances
to unconsolidated real estate
partnerships140,860159,935Notes
receivable from and advances
to unconsolidated subsidiaries,
net190,45388,754Cash and
cash
equivalents157,115101,604Restricted
cash126,91484,595Other
assets201,374217,493

Total assets	$7,699,874	$5,684,951
LIABILITIES AND STOCKHOLDERS EQUITY		
Secured notes payable	$3,258,342	$1,954,259
Secured tax-exempt bond financing	773,033	420,830
Secured short-term financing	328,740	209,200
Total indebtedness	4,360,115	2,584,289
Accounts payable, accrued and other liabilities	300,142	271,627
Resident security deposits and deferred rental income	33,943	22,793
Total liabilities	4,694,200	2,878,709
Mandatorily redeemable convertible preferred securities	32,330	149,500
Minority interest in other entities	139,731	168,533
Minority interest in Operating Partnership	331,956	228,813
Stockholders equity:		
Preferred Stock, perpetual	315,770	316,250
Preferred Stock, convertible	521,947	325,000
Class A Common Stock, $.01 par value, 468,432,738 shares and 474,121,284 shares authorized, 71,337,217 and 66,802,886 shares issued and outstanding, respectively	713	668
Additional paid-in capital	2,072,208	1,885,424
Notes receivable on common stock purchases	(44,302)	(51,619)
Distributions in excess of earnings	(364,679)	(216,327)
Total stockholders equity	2,501,657	2,259,396

Total liabilities and
stockholders
equity$7,699,874$5,684,951

See notes to consolidated financial statements.

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APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED STATEMENTS OF INCOME
For the Years Ended December 31, 2000, 1999 and 1998
(In Thousands, Except Per Share Data)

2000	1999	1998

RENTAL PROPERTY OPERATIONS:
Rental and other property revenues$1,051,000$533,917$377,139Property operating expenses(426,177)(213,798)(147,541)Owned property management expense(13,663)(1,650)(2,009)Depreciation(323,321)(131,753)(84,635)

Income from rental property operations287,839186,716142,954

SERVICE COMPANY BUSINESS:Management fees and other income from affiliates49,69238,37720,824Management and other expenses(27,199)(14,897)(16,764)General and administrative expenses allocation(10,310)(2,136)(196)Amortization of intangibles(6,698)(14,297)(8,735)

Income (loss) from service company business5,4857,047(4,871)

General and administrative expenses:Before allocation(18,123)(15,248)(13,764)Allocation to consolidated service company business10,3102,136196

General and administrative expenses, net(7,813)(13,112)(13,568)

Interest expense(269,826)(140,094)(89,424)Interest income66,24155,32029,368Equity in earnings (losses) of unconsolidated real estate partnerships7,618(4,467)(4,854)Equity in earnings (losses) of unconsolidated subsidiaries(2,290)(5,013)5,845Minority interest in other entities(3,872)(900)(468)

Income from operations83,38285,49764,982Gain (loss) on disposition of properties26,335(1,785)4,674

Income before minority interest in Operating Partnership109,71783,71269,656Minority interest in Operating Partnership, common(3,519)(5,458)(5,182)Minority interest in Operating Partnership, preferred(7,020)(727)

Net income99,17877,52764,474Net income attributable to preferred stockholders63,18353,45326,533

Net income attributable to common stockholders$35,995$24,074$37,941

Basic earnings per common share$0.53$0.39$0.84

Diluted earnings per common share$0.52$0.38$0.80

Weighted average common shares outstanding67,57262,24245,187

Weighted average common shares and common share equivalents outstanding69,06363,44647,624

Dividends paid per common share$2.80$2.50$2.25

See notes to consolidated financial statements.

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APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
For the Years Ended December 31, 2000, 1999 and 1998
(In Thousands)

	Preferred Stock		Class A Common Stock		Class B Common Stock		Additional Paid-in Capital
	Shares Issued	Amount	Shares Issued	Amount	Shares Issued	Amount	
BALANCE DECEMBER 31, 1997	3,150	$ 135,000	40,439	$ 403	162	$ 2	$ 977,601

Net proceeds from issuances of Preferred Stock11,250356,250 (15,353)Repurchase of Class A Common Stock (303)(3) (11,064)Conversion of Class B Common Stock to Class A Common Stock 1622(162)(2) Conversion of Operating Partnership units to Class A Common Stock 2753 5,792Purchase of stock by officers and awards of restricted stock 6407 23,619Repayment of notes receivable from officers Stock options and warrants exercised 6587 11,008Class A Common Stock issued as consideration for Ambassador Common Stock 6,58066 251,209Class E Preferred Stock issued as consideration for Insignia Common Stock8,424301,218 Issuance of warrants to purchase Class A Common Stock 4,150Net income Dividends paid Class A Common Stock Dividends paid Preferred Stock Unrealized gain (loss) on investments

BALANCE DECEMBER 31,
199822,824792,46848,451485 1,246,962Net
proceeds from issuances of Preferred
Stock10,000250,000 (16,899)Repurchase of
Class A Common
Stock (205)(2) (8,036)Conversion of Operating
Partnership units to Class A Common
Stock 96410 13,756Conversion of Preferred Stock
toClass A Common
Stock(9,424)(401,218)10,924109 401,109Purchase
of stock by officers and awards of restricted
stock 2402 8,824Repayment of notes receivable
from officers Stock options and warrants
exercised 1291 3,201Class A Common Stock
issued as consideration for Insignia Property
Trust Merger 4,04440 158,753Class A Common
Stock issued as consideration for First Union
acquisition 5305 21,135Class A Common Stock
Offering 1,38314 54,598Warrants
exercised 3434 2,021Net income Dividends paid
Class A Common Stock Dividends paid
Preferred Stock

BALANCE DECEMBER 31,
199923,400641,25066,803668 1,885,424Net
proceeds from issuances of Preferred
Stock7,105230,000 (3,106)Repurchase of Class A
Common Stock (69)(1) (2,579)Conversion of
Operating Partnership units to Class A Common
Stock (480)2582 10,103Conversion of Class B
Preferred Stock to Class A Common
Stock(331)(33,053)1,08511 33,042Conversion of
mandatorily redeemable convertible preferred
securities to Class A Common
Stock 2,36324 117,146Repayment of notes
receivable from officers Purchase of stock by
officers and awards of restricted
stock 3003 11,984Stock options and warrants
exercised 5976 20,194Net income Dividends paid
Class A Common Stock Dividends paid
Preferred Stock

BALANCE DECEMBER 31,
200030,174$837,71771,337$713 $ $2,072,208

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Notes Receivable from Officers	Distributions in Excess of Earnings	Unrealized Gain (Loss) On Investments	Total
BALANCE DECEMBER 31, 1997	$(35,095)	$(30,928)	$(1,683)	$1,045,300

Net proceeds from issuances of Preferred Stock 340,897Repurchase of Class A Common Stock (11,067)Conversion of Class B Common Stock to Class A Common Stock Conversion of Operating Partnership units to Class A Common Stock 5,795Purchase of stock by officers and awards of restricted stock(23,471) 155Repayment of notes receivable from officers8,908 8,908stock options and warrants exercised 11,015Class A Common Stock issued as consideration for Ambassador Common Stock 251,275Class E Preferred Stock issued as consideration for Insignia Common Stock 301,218Issuance of warrants to purchase Class ACommon Stock 4,150Net income 64,474 64,474Dividends paid Class A Common Stock (100,045) (100,045)Dividends paid Preferred Stock (21,194) (21,194)Unrealized gain (loss) on investments 1,6831,683

BALANCE DECEMBER 31, 1998(49,658)(87,693) 1,902,564Net proceeds from issuances of Preferred Stock 233,101Repurchase of Class A Common Stock (8,038)Conversion of Operating Partnership units to Class A Common Stock 13,766Conversion of Preferred Stock to Class ACommon

Stock Purchase of stock by officers and awards of restricted stock(8,202) 624Repayment of notes receivable from officers6,241 6,241Stock options and warrants exercised 3,202Class A Common Stock issued as consideration for Insignia Property Trust Merger 158,793Class A Common Stock issued as consideration for First Union acquisition 21,140Class A Common Stock Offering 54,612Warrants exercised 2,025Net income 77,527 77,527Dividends paid Class A Common Stock (154,654) (154,654)Dividends paid Preferred Stock (51,507) (51,507)

BALANCE DECEMBER 31, 1999(51,619)(216,327) $2,259,396Net proceeds from issuances of Preferred Stock 226,894Repurchase of Class A Common Stock (2,580)Conversion of Operating Partnership units to Class A Common Stock 9,625Conversion of Class B Preferred Stock to Class A Common Stock Conversion of mandatorily redeemable convertible preferred securities to Class A Common Stock 117,170Repayment of notes receivable from officers15,050 15,050Purchase of stock by officers and awards of restricted stock(7,733) 4,254Stock options and warrants exercised 20,200Net income 99,178 99,178Dividends paid Class A Common Stock (188,600) (188,600)Dividends paid Preferred Stock (58,930) (58,930)

BALANCE DECEMBER 31, 2000$(44,302)$(364,679)$ $2,501,657

See notes to consolidated financial statements.

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APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2000, 1999 and 1998
(In Thousands)

	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$99,178	$77,527	$64,474
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	330,019	151,166	101,610
Loss (gain) on disposition of properties	(26,335)	1,785	(4,674)
Minority interest in Operating Partnership	10,539	6,185	5,182
Minority interests in other entities	3,872	900	468
Equity in (earnings) losses of unconsolidated real estate partnerships	(7,618)	4,467	4,854
Equity in (earnings) losses of unconsolidated subsidiaries	2,290	5,013	(5,845)
Changes in operating assets and operating liabilities	(11,581)	6,214	(17,655)
Total adjustments	301,186	175,730	83,940
Net cash provided by operating activities	400,364	253,257	148,414

CASH FLOWS FROM INVESTING ACTIVITIES: Purchase of and additions to real estate (334,264) (217,380) (235,131) Proceeds from sales of property 159,340 49,023 36,468 Purchase of notes receivable, general and limited partnership interests and other assets (453,263) (233,640) (56,760) Purchase of/additions to notes receivable (81,657) (103,943) (81,587) Proceeds from sale of notes receivable 17,788 Proceeds from repayment of notes receivable 64,559 61,407 29,290 Cash from newly consolidated properties 54,875 68,127 Cash received in connection with acquisitions 60,777 Cash paid for merger / acquisition related costs (31,889) (19,347) (78,568) Distributions received from investments in unconsolidated real estate partnerships 75,318 87,284 15,673 Distributions received from (contributions to) unconsolidated subsidiaries 9,575 (13,032) Purchase of investments held for sale (4,935) Redemption of OP Units (516)

Net cash used in investing activities (546,981) (281,106) (328,321)

CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from secured notes payable borrowings 502,085 297,536 102,115 Principal repayments on secured notes payable (265,269) (53,572) (93,469) Proceeds from secured tax-exempt bond financing 20,731 210,720 Principal repayments on secured tax-exempt bond financing (26,677) (41,894) (224,395) Net

borrowings (pay downs) on the secured
short-term
financing 119,540 (155,622) (23,455) Payment
of loan
costs (21,920) (16,070) (7,407) Proceeds from
issuance of common and preferred stock,
exercise of
options/warrants 251,348 293,225 386,770 Principal
repayments received on notes due from officers
on Class A Common Stock
purchases 15,050 6,241 8,951 Repurchase
of Class A Common
Stock (2,580) (8,038) (11,066) Payment of
common stock
dividends (188,600) (154,654) (100,045) Payment
of distributions to minority
interest (121,919) (32,898) (15,531) Payment
of preferred stock
dividends (58,930) (51,507) (21,194) Payment
of special dividend on Class E Preferred
Stock (45,330) Proceeds from issuance of
High Performance Units 2,130

Net cash provided by financing
activities 202,128 58,148 214,124

NET INCREASE IN CASH AND CASH
EQUIVALENTS 55,511 30,299 34,217 CASH
AND CASH EQUIVALENTS AT
BEGINNING OF
YEAR 101,604 71,305 37,088

CASH AND CASH EQUIVALENTS AT
END OF
YEAR $157,115 $101,604 $71,305

See notes to consolidated financial statements.

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APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2000, 1999 and 1998
(In Thousands)

	2000	1999	1998

SUPPLEMENTAL CASH INFORMATION:
Interest
paid$254,802$140,410$91,795Non
Cash
Transactions
Associated with
the Acquisition
of
Properties:Secured
debt assumed in
connection with
purchase of real
estate60,605110,101115,151Real
estate, assets
acquired93,975230,19443,756Assumption
of operating
liabilities14815,233857Accrual
of contingent
consideration (4,500)4,500OP
Units
issued33,22283,810 Class A
Common Stock
issued 21,140 Non
Cash
Transactions
Associated with
Acquisition of
Limited
PartnershipInterests
and Interests in
the
Unconsolidated
Subsidiaries:Issuance
of OP Units for
interests in
unconsolidated
real estate
partnerships29,88515,0854,045Issuance
of OP Units and

assumption of
liabilities for
interests in
unconsolidated
subsidiaries 4,762 Non
Cash
Transactions
Associated with
Mergers:Real
estate324,6026,012773,189Investments
in and notes
receivable from
unconsolidated
real estate
partnerships121,67197,708801,467Investments
in and notes
receivable from
unconsolidated
subsidiaries157,785(13,137)68,168Restricted
cash7,212 38,210Other
assets6,163 110,969Secured
debt248,524 764,543Unsecured
debt 2,513Accounts
payable,
accrued and
other
liabilities74,31030,183181,158Mandatorily
redeemable
convertible
preferred
securities of a
subsidiary
trust 149,500Minority
interest in other
entities23,816(98,353)117,922OP
Units
issued62,177 Class A
Common Stock
issued 158,753552,492Non
Cash
Transactions
Associated with
Consolidation
of Assets:Real
estate1,754,4921,016,34322,089Investments
in and notes
receivable from
unconsolidated
real estate
partnerships(685,173)(380,359)(16,683)Investments
in and notes
receivable from
unconsolidated
subsidiaries(3,271) Restricted
cash46,28443,605 Other
assets55,128 Secured
debt1,133,197561,1294,679Accounts
payable,
accrued and
other
liabilities63,01144,361727Minority
interest in other

entities1,57377,774 Non
Cash Transfer
of Assets to an
Unconsolidated
Subsidiary:Real
estate(9,429)(32,091) Notes
receivable 6,245 Secured
debt (25,620) Other:Redemption
of OP
Units8,15113,7665,650Receipt
of notes payable
from
officers7,7338,20223,471Conversion
of Preferred
Stock into
Class A
Common
Stock150,199401,218 Tenders
payable for
purchase of
limited partner
interest 77,380

See notes to consolidated financial statements.

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APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2000

NOTE 1 Organization

Apartment Investment and Management Company, a Maryland corporation incorporated on January 10, 1994 (AIMCO and, together with its consolidated subsidiaries and other controlled entities, the Company), owns a majority of the ownership interests in AIMCO Properties, L.P., (the AIMCO Operating Partnership) through its wholly owned subsidiaries, AIMCO-GP, Inc. and AIMCO-LP, Inc. The Company held an approximate 91% interest in the AIMCO Operating Partnership as of December 31, 2000. AIMCO-GP, Inc. is the sole general partner of the AIMCO Operating Partnership.

As of December 31, 2000, AIMCO:

owned or controlled (consolidated) 153,872 units in 566 apartment properties;

held an equity interest in (unconsolidated) 111,748 units in 683 apartment properties; and

managed 60,669 units in 471 apartment properties for third party owners and affiliates.

At December 31, 2000, AIMCO had 71,337,217 shares of Class A Common Stock outstanding and the AIMCO Operating Partnership had 8,341,161 Partnership Common Units (Common OP Units) outstanding (excluding units held by the Company), for a combined total of 79,678,378 shares of Class A Common Stock and Common OP Units outstanding.

Interests in the AIMCO Operating Partnership held by limited partners other than AIMCO are referred to as OP Units . OP Units include Common OP Units, Partnership Preferred Units (Preferred OP Units) and High Performance Partnership Units. The AIMCO Operating Partnership s income is allocated to holders of Common OP Units based on the weighted average number of Common OP Units outstanding during the period. The AIMCO Operating Partnership records the issuance of Common OP Units and the assets acquired in purchase transactions based on the market price of the Company s Class A Common Stock at the date of execution of the purchase contract. The holders of the Common OP Units receive distributions, prorated from the date of issuance, in an amount equivalent to the dividends paid to holders of Class A Common Stock. After holding the Common OP Units for one year, the limited partners generally have the right to redeem their Common OP Units for cash. Notwithstanding that right, the AIMCO Operating Partnership may elect to cause AIMCO to acquire some or all of the Common OP Units tendered for redemption in exchange for shares of Class A Common Stock in lieu of cash. During 2000, 1999 and 1998, the weighted average ownership interest in the AIMCO Operating Partnership held by the Common OP Unit holders was 9%, 9% and 12%, respectively. Preferred OP Units entitle the holders thereof to a preference with respect to distributions or upon liquidation (see Note 13). See Footnote 19 for the discussion on High Performance Units.

NOTE 2 Basis of Presentation and Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of AIMCO, the AIMCO Operating Partnership, majority owned subsidiaries and controlled real estate partnerships. Interests held by limited partners in real estate partnerships controlled by the Company and interests held by the minority shareholders of Insignia Properties Trust (through February 26, 1999) are reflected as minority interest in other entities. Significant intercompany balances and transactions have been eliminated in consolidation. The assets of property owning limited partnerships and limited liability companies owned or controlled by AIMCO or the AIMCO Operating Partnership generally are not available to pay creditors of AIMCO or the AIMCO Operating Partnership.

Real Estate and Depreciation

Real estate is recorded at cost, less accumulated depreciation, unless considered impaired. If events or circumstances indicate that the carrying amount of a property may be impaired, the Company will make an assessment of its recoverability by estimating the undiscounted future cash flows, excluding interest charges, of the property. If the carrying amount exceeds the aggregate future cash flows, the Company would recognize an impairment loss to the extent the carrying amount exceeds the fair value of the property.

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As of December 31, 2000, management believes that no impairments exist based on periodic reviews. No impairment losses were recognized for the years ended December 31, 2000, 1999 and 1998.

Direct costs associated with the acquisition of ownership or control of properties are capitalized as a cost of the assets acquired, and are depreciated over the estimated useful lives of the related assets. Expenditures for ordinary repairs, maintenance and apartment turnover costs are expensed as incurred.

Initial Capital Expenditures (ICE) are those costs considered necessary by the Company in its investment decision to correct deferred maintenance or improve a property. Capital enhancements are costs incurred that add a material new feature or increase the revenue potential of a property. ICE and capital enhancement costs are capitalized and depreciated over the estimated useful lives of the related assets.

Expenditures in excess of $250 that maintain an existing asset which has a useful life of more than one year are capitalized as capital replacement expenditures and depreciated over the estimated useful life of the asset.

Depreciation is calculated on the straight-line method based on a fifteen to thirty year life for buildings and improvements and five years for furniture, fixtures and equipment.

Redevelopment

The Company capitalizes direct and indirect costs (including interest, taxes and other costs) in connection with the redevelopment of its owned or controlled properties and land under development. Interest of $9.3 million, $6.6 million and $2.8 million was capitalized for the years ended December 31, 2000, 1999 and 1998, respectively.

Investments in Unconsolidated Real Estate Partnerships

The Company owns general and limited partnership interests in numerous partnerships that own multi-family apartment properties. Investments in real estate partnerships in which the Company has significant influence but does not have control are accounted for under the equity method. Under the equity method, the Company s pro-rata share of the earnings or losses of the entity for the periods being presented is included in equity in earnings (losses) from unconsolidated partnerships (see Note 5).

Investments in Unconsolidated Subsidiaries

The Company has investments in numerous subsidiaries. Investments in entities in which the Company has significant influence but does not have control are accounted for under the equity method. Under the equity method, the Company s pro-rata share of the earnings or losses of the entity for the periods being presented is included in equity in earnings (losses) from unconsolidated subsidiaries (see Note 6).

Notes Receivable from Unconsolidated Real Estate Partnerships and Subsidiaries

The Company has investments in numerous notes receivable, which were either extended by the Company or were made by predecessors whose positions have been acquired by the Company. Interest income is recognized on these investments based upon whether the collectibility of such amounts is both probable and estimable. Notes receivable from unconsolidated real estate partnerships and subsidiaries consist substantially of second mortgage note receivable, whose ultimate repayment is subject to a number of variables, including the performance and value of the underlying real property and the ultimate timing of repayments of receivables. The carrying amounts of notes receivable approximates their fair value in consideration of interest rates, market conditions and other qualitative factors (see Note 7).

Cash Equivalents

The Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

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Restricted Cash

Restricted cash includes capital replacement reserves, completion repair reserves, bond sinking fund amounts and tax and insurance impound accounts held by lenders.

Other Assets

Fees and costs incurred in obtaining financing are capitalized and are included in other assets. Such costs are amortized over the terms of the related loan agreements and are charged to interest expense.

Certain intangible assets are included in other assets and consist of costs associated with the purchase of property management businesses, including property management contracts, legal and other acquisition costs. These costs are amortized on a straight-line basis over terms ranging from five to twenty years.

Revenue Recognition

The Company s properties have operating leases with apartment residents with terms generally of twelve months or less. Rental revenues and property management and asset management fees are recognized when earned.

Income on Loans

Income on loans is recorded as earned in accordance with the terms of the related loan agreements. The accrual of interest is discontinued when a loan becomes ninety days contractually delinquent or sooner when, in the opinion of the Company, impairment has occurred in the value of the collateral property securing the loan. Income on nonaccrual loans or loans that are otherwise not performing in accordance with their terms is recorded on a cash basis.

Allowance for Loan Losses

Loan losses on notes receivable are charged to income and an allowance account is established when the Company believes the principal balance will not be recovered. The Company assesses the collectibility of each note on a periodic basis through a review of the collateral, property operations, the property value and the borrower s ability to repay the loan.

Income Taxes

AIMCO has elected to be taxed as a real estate investment trust (REIT), as defined under the Internal Revenue Code of 1986, as amended. In order for AIMCO to qualify as a REIT, at least 90% (95% in 2000) of AIMCO s gross income in any year must be derived from qualifying sources. The activities of unconsolidated subsidiaries engaged in the service company business are not qualifying sources.

As a REIT, AIMCO generally will not be subject to U.S. Federal income taxes at the corporate level on its net income that is distributed to its stockholders if it distributes at least 90% of its REIT taxable income to its stockholders. REITs are also subject to a number of other organizational and operational requirements. If AIMCO fails to qualify as a REIT in any taxable year, its taxable income will be subject to U.S. Federal income tax at regular corporate rates (including any applicable alternative minimum tax). Even if AIMCO qualifies as a REIT, it may be subject to certain state and local income taxes and to U.S. Federal income and excise taxes on its undistributed income.

Earnings and profits, which determine the taxability of dividends to stockholders, differ from net income reported for financial reporting purposes due to differences for U.S. Federal tax purposes in the estimated useful lives and methods used to compute depreciation and the carrying value (basis) of the investments in properties, among other things.

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The following table reconciles the Company s net income to REIT taxable income for the year ended December 31, 2000:

Net income	$ 99,178
Elimination of earnings from unconsolidated subsidiaries	(3,666)
Depreciation and amortization expense not deductible for tax	89,885
Gain on disposition of properties	42,645
Interest income, not taxable	(12,987)
Depreciation timing differences on real estate	7,007
Dividends on officer stock, not deductible for tax	2,496
LP deficit allocations, not deductible for tax	21,992
Transaction and project costs, deductible for tax	(2,730)
REIT taxable income	$243,820

For income tax purposes, distributions paid to common stockholders consist of ordinary income, capital gains, return of capital or a combination thereof. For the years ended December 31, 2000, 1999 and 1998, distributions paid per share were taxable as follows:

	2000		1999		1998	
	Amount	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Ordinary income	$1.84	66%	$2.04	82%	$0.90	40%
Return of capital			0.16	6%	1.33	59%
Capital gains	0.32	11%	0.12	5%		
Unrecaptured SEC.1250 gain	0.64	23%	0.18	7%	0.02	1%
	$2.80	100%	$2.50	100%	$2.25	100%

Earnings Per Share

Earnings per share is calculated based on the weighted average number of shares of common stock, common stock equivalents and dilutive convertible securities outstanding during the period (see Note 17).

Fair Value of Financial Instruments

The estimated aggregate fair value of the Company s cash and cash equivalents, receivables, payables and short-term secured debt as of December 31, 2000 is assumed to approximate their carrying value due to their relatively short terms. Management further believes that the fair market value of the Company s secured tax-exempt bond debt and secured long-term debt approximate their carrying value, based on market comparisons to similar types of debt instruments having similar maturities.

Concentration of Credit Risk

Financial instruments that potentially could subject the Company to significant concentrations of credit risk consist principally of notes receivable from unconsolidated real estate partnerships. Concentrations of credit risk with respect to notes receivable from unconsolidated real estate partnerships are limited due to the large number of partnerships comprising the Company s partnership base and the geographic diversity of the underlying properties.

Industry Segment

The Company owns and operates multi-family apartment communities throughout the United States and Puerto Rico which generate rental and other property related income through the leasing of apartment units to a diverse base of tenants. The Company separately evaluates the performance of each of its apartment communities. However, because each of the apartment communities has similar economic characteristics, facilities, services and tenants, the apartment communities have been aggregated into a single apartment communities segment. All segment disclosures are included in or can be derived from the Company s consolidated financial statements.

All revenues are from external customers and no revenues are generated from transactions with other segments. There were no tenants that contributed 10% or more of the Company s total revenues during 2000, 1999 or 1998.

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Use of Estimates

The preparation of the Company s consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts included in the financial statements and accompanying notes thereto. Actual results could differ from those estimates.

Reclassifications

Certain items included in the 1999 and 1998 consolidated financial statements have been reclassified to conform with the 2000 presentation.

NOTE 3 Real Estate

Real estate at December 31, 2000 and 1999, is as follows (in thousands):

	2000	1999
Land	$ 976,421	$ 661,502
Buildings and improvements	6,036,031	3,851,195

	7,012,452	4,512,697
Accumulated depreciation	(913,263)	(416,497)
	$6,099,189	$4,096,200

The Company directly acquired 12 apartment communities containing 2,830 units in separate transactions during 2000 (not including those acquired in connection with the acquisition of the Oxford properties (see Note 4)). The aggregate consideration paid by the Company of $136.5 million consisted of $42.7 million in cash, $26.4 million in preferred OP Units, $6.8 million in common OP Units and the assumption of $60.6 million of secured long-term indebtedness. As part of these acquisitions, the Company has also determined to undertake $4.8 million of initial capital enhancements to these properties.

The Company directly acquired 28 apartment communities containing 12,721 units in unrelated transactions during 1999 (not including those acquired in connection with the merger with Insignia Properties Trust (see Note 4)). The aggregate consideration paid by the Company of $495.0 million consisted of $91.5 million in cash, 2.4 million preferred OP Units, 0.9 million common OP Units and 0.5 million shares of Class A Common Stock with a total recorded value of $116.8 million, the assumption of $110.1 million of secured long-term indebtedness, the assumption of $15.2 million of other liabilities, and new financing of $161.4 million of secured long-term indebtedness. Four of these assets were then contributed to an unconsolidated subsidiary.

In addition to the acquisitions described above, in 2000 and 1999, the Company acquired controlling interests in partnerships owning 201 properties (52,217 units) and 125 properties (34,228 units), respectively, and began consolidating these entities. Control was obtained through the purchase of limited partnership interests from unaffiliated third parties or other increases in the Company s equity investment in the partnerships.

During 2000, the Company sold 32 properties containing 7,660 units to unaffiliated third parties. Cash proceeds from the sales of approximately $159.3 million were used to repay a portion of the Company s outstanding indebtedness. The Company recognized a net GAAP gain of approximately $26.3 million on the disposition of these properties, of which 35% of the gain related to one property.

During 1999, the Company sold 8 properties containing 2,309 units to unaffiliated third parties. Cash proceeds from the sales of approximately $49.0 million were used to repay a portion of the Company s outstanding indebtedness. The Company recognized a loss of approximately $1.8 million on disposition of these properties, of which 96% of the loss related to one property.

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NOTE 4 Mergers

Ambassador Merger

On May 8, 1998, Ambassador Apartments, Inc. (Ambassador), was merged with and into AIMCO, with AIMCO being the surviving corporation. The merger was accounted for as a purchase and as a result, the results of operations were included in the consolidated statement of income from the date of acquisition. The purchase price of $713.6 million was comprised of $90.3 million in cash, $372.0 million of assumed debt and approximately 6.6 million shares of Class A Common Stock valued at $251.3 million. Pursuant to the Ambassador merger agreement, each outstanding share of Ambassador common stock not owned by AIMCO was converted into the right to receive 0.553 shares of Class A Common Stock. Concurrently, all outstanding options to purchase Ambassador common stock were converted into cash or options to purchase Class A Common Stock, at the same conversion ratio. Contemporaneously with the consummation of the Ambassador merger, a subsidiary of the AIMCO Operating Partnership merged with Ambassador s operating partnership and each outstanding unit of limited partnership interest in the Ambassador operating partnership was converted into the right to receive 0.553 OP Units. Prior to its acquisition by AIMCO, Ambassador was a self-administered and self-managed real estate investment trust engaged in the ownership and management of garden-style apartment properties leased primarily to middle income tenants. Ambassador owned 52 apartment communities with a total of 15,728 units located in Arizona, Colorado, Florida, Georgia, Illinois, Tennessee and Texas, and managed one property containing 252 units for an unrelated third party.

Insignia Merger

On October 1, 1998, Insignia Financial Group, Inc., a Delaware corporation, (Insignia) was merged with and into AIMCO with AIMCO being the surviving corporation. The merger was accounted for as a purchase and as a result, the results of operations were included in the consolidated statement of income from the date of acquisition. The purchase price of $1,125.7 million was comprised of the issuance of up to approximately 8.9 million shares of Class E Cumulative Convertible Preferred Stock (the Class E Preferred Stock) valued at $301.2 million, $670.1 million in assumed debt and liabilities (including a $50 million special dividend, assumed liabilities of Insignia Properties Trust and transaction costs), $149.5 million in assumed mandatory redeemable convertible preferred securities, and $4.9 million in cash. The Class E Preferred Stock entitled the holders thereof to receive the same cash dividends per share as holders of Class A Common Stock. On January 15, 1999, holders of Class E Preferred Stock received a special dividend in an aggregate amount of approximately $50 million, and all outstanding shares of Class E Preferred Stock automatically converted into an equal number of shares of Class A Common Stock.

As a result of the Insignia merger, AIMCO acquired: (i) Insignia s interests in Insignia Properties Trust, (IPT), a Maryland REIT, which was a majority owned subsidiary of Insignia; (ii) Insignia s interest in Insignia Properties, L.P., IPT s operating partnership; (iii) 100% of the ownership of the Insignia entities that provide multifamily property management and partnership administrative services; (iv) Insignia s interest in multi-family co-investments; (v) Insignia s ownership of subsidiaries that control multi-family properties not included in IPT; (vi) Insignia s limited partner interests in public and private syndicated real estate limited partnerships; and (vii) assets incidental to the foregoing businesses. Insignia owned or managed in excess of 170,000 apartment units.

Insignia Properties Trust Merger

As a result of the Insignia merger, AIMCO acquired approximately 51% of the outstanding shares of beneficial interest of IPT. On February 26, 1999, IPT was merged into AIMCO. Pursuant to the merger, each of the outstanding shares of IPT that were not held by AIMCO were converted into the right to receive 0.3601 shares of Class A Common Stock, resulting in the issuance of approximately 4.3 million shares of Class A Common Stock (with a recorded value of approximately $158.8 million).

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Oxford Acquisition

On September 20, 2000, the Company acquired all of the stock and other interests of the Oxford entities that were held by six executive officers and directors of the Oxford entities. The Oxford properties, which are owned by 166 separate partnerships, are 167 apartment communities including 36,949 units, located in 18 states. This transaction was accounted for as a purchase, and as a result, the results of operations were included in the consolidated statement of income from the date of acquisition. The purchase price of $1,189 million was comprised of $266 million in cash, $861 million of assumed liabilities and transaction costs and $62 million in Common OP Units valued at $45 per unit.

Unaudited Pro forma Statements

The unaudited pro forma condensed consolidated statements of operations for the years ended December 31, 2000 and 1999 have been prepared as if each of the following transactions had occurred on January 1, 1999: (i) the Oxford acquisition; (ii) the acquisition of the Regency Windsor Apartment Communities, which include fourteen separate residential apartment communities located in Indiana, Michigan and North Carolina; (iii) the acquisition of the Dreyfuss Apartment Communities located in Virginia and Maryland; and (v) the Oxford tender offers of approximately $58 million ($37 million paid in cash, $21 million paid in Common OP units) that occurred in 2000 subsequent to the Oxford acquisition.

The pro forma information is not necessarily indicative of what the Company s results of operations would have been assuming the completion of the described transactions at the beginning of the periods indicated, nor does it purport to project the Company s results of operations for any future period.

Pro Forma Condensed Consolidated Statements of Operations
(In Thousands, Except Per Share Data)
(unaudited)

	2000	1999
Rental and other property revenues	$1,139,564	$688,568
Net income	$ 82,462	$ 33,788
Net income (loss) attributable to common stockholders	$ 19,279	$ (23,097)
Basic earnings (loss) per common share	$ 0.29	$ (0.37)
Diluted earnings (loss) per common share	$ 0.28	$ (0.37)

NOTE 5 Investments in Unconsolidated Real Estate Partnerships

The Company owns general and limited partner interests in approximately 625 partnerships which it acquired through acquisitions, direct purchases and separate offers to other limited partners. The Company s total ownership interests in these unconsolidated real estate partnerships range from 1% to 99%. However, based on the provisions of the related partnership agreements, which grant varying degrees of control, the Company is not deemed to have control of these partnerships sufficient to require or permit consolidation for accounting purposes.

During 2000 and 1999, the Company acquired limited partnership interests in various partnerships in which affiliates of the Company served as a general partner. The Company paid approximately $195 million in cash and OP Units and $271 million in cash and OP Units, during 2000 and 1999, respectively, in connection with such tender offers. In 2000, the Company also acquired general and limited partnership interests in various partnerships as part of the Oxford acquisition, which closed on September 20, 2000, increasing the resulting partnership debt.

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The Oxford acquisition and consolidation of an additional 201 and 125 properties in 2000 and 1999, respectively, resulted in the following net change to the selected combined gross historical financial information for the Company s unconsolidated real estate partnerships as of and for the years ended December 31, 2000 and 1999 (in thousands):

	2000	1999
Real estate, net of accumulated depreciation	$ 2,597,025	$2,930,748
Total assets	3,136,264	3,501,195
Secured notes payable	4,246,457	2,940,819
Total liabilities	4,484,159	3,536,646
Partners deficit	(1,347,895)	(35,451)
Rental and other property revenues	777,621	1,120,888
Property operating expenses	(408,198)	(582,523)
Depreciation expense	(140,730)	(237,066)
Interest expense	(232,995)	(269,163)
Net income	135,927	42,106

NOTE 6 Investments in Unconsolidated Subsidiaries

In order to satisfy certain requirements of the Internal Revenue Code applicable to AIMCO s status as a REIT, certain assets of the Company are held through corporations in which the AIMCO Operating Partnership holds non-voting preferred stock and certain officers and/or directors of AIMCO hold, directly or indirectly, all of the voting common stock. Effective December 29, 1999, a portion of the voting common stock was purchased by the Company and was exchanged for non-voting preferred stock, bringing the total voting common stock interests to represent a 1% economic interest and the non-voting preferred stock to represent a 99% economic interest.

In 2000, in connection with the Oxford acquisition, the Company sold or contributed certain real estate assets and liabilities to the unconsolidated subsidiaries in exchange for notes receivable and preferred stock interest.

As a result of the controlling ownership interest in the unconsolidated subsidiaries being held by others, AIMCO accounts for its interest in the unconsolidated subsidiaries using the equity method. As of December 31, 2000, the unconsolidated subsidiaries included AIMCO/NHP Holdings, Inc., AIMCO/NHP Properties, Inc., NHP Management Company, NHP A&R Services, Inc., and AIMCO/Bethesda Holdings, Inc.

The following table provides selected combined historical financial information for the Company s unconsolidated subsidiaries as of and for the years ended December 31, 2000 and 1999 (in thousands):

	2000	1999
Total assets	$ 649,813	$ 166,019
Total liabilities	654,076	128,423
Stockholders equity	(4,263)	37,596
Total revenues	158,609	139,667
Total expenses	(154,487)	(142,515)
Net income (loss)	4,122	(2,848)

NOTE 7 Notes Receivable

The following table summarizes the Company s notes receivable from unconsolidated real estate partnerships and subsidiaries at December 31, 2000 and 1999 (in thousands):

	Notes Receivable from Unconsolidated Real Estate Partnerships		Notes Receivable from Unconsolidated Subsidiaries	
	2000	**1999**	**2000**	**1999**
Par value notes	$ 60,355	$ 67,414	$218,873	$88,754
Discounted notes	80,505	92,521		
Less: General partner notes payable			(28,420)	
Total	$140,860	$159,935	$190,453	$88,754

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The Company recognizes interest income earned from its investments in notes receivable based upon whether the collectibility of such amounts is both probable and estimable. The notes receivable were either extended by the Company and are carried at the face amount plus accrued interest (par value notes) or were made by predecessors whose positions have been acquired by the Company at a discount and are carried at the acquisition amount using the cost recovery method (discounted notes).

As of December 31, 2000 and 1999, the Company held $60.4 million and $67.4 million, respectively, of par value notes receivable from unconsolidated real estate partnerships, including accrued interest, for which management believes the collectibility of such amounts is both probable and estimable. As such, interest income from the par value notes is generally recognized as it is earned. Interest income from such notes for the years ended December 31, 2000, 1999 and 1998, totaled $23.2 million, $12.8 million, and $15.3 million, respectively.

As of December 31, 2000 and 1999, the Company held discounted notes, including accrued interest, with a carrying value of $80.5 million and $92.5 million, respectively. The total face value plus accrued interest of these notes were $151.0 million and $173.1 million in 2000 and 1999, respectively. In general, interest income from the discounted notes is not recognized as it is earned until such time as the timing and amounts of cash flows are probable and estimable.

Under the cost recovery method, the discounted notes are carried at the acquisition amount, less subsequent cash collections, until such time as collectibility is probable and the timing and amounts are estimable. Based upon closed or pending transactions (including sales activity), market conditions, and improved operations of the obligor, among other things, certain notes and the related discounts have been determined to be collectible. Accordingly, interest income that had previously been deferred and portions of the related discounts were recognized as interest income during the period. For the years ended December 31, 2000, 1999 and 1998, the Company recognized deferred interest income and discounts of approximately $26.4 million ($0.39 per share (basic) and $0.38 per share (diluted)), $32.5 million ($0.52 per share (basic) and $0.51 per share (diluted)), and $1.4 million ($0.03 per basic and diluted share). Approximately 90% of the recognized interest income is collected in cash or through foreclosure of the property securing the note within 12 months from the date that such amounts were determined to be collectible, and the remainder is collected in the following six months.

As of December 31, 2000 and 1999, the Company held $218.9 million and $88.8 million, respectively of par value notes receivable from unconsolidated subsidiaries. In 2000, in connection with the Oxford acquisition, the Company sold certain assets and liabilities to the unconsolidated subsidiaries in exchange for notes receivable. The Company also acquired, in the Oxford acquisition, notes receivable that were payable from Oxford entities that are now owned by the unconsolidated subsidiaries. Certain general partner notes are held at the unconsolidated subsidiaries and, therefore, the general partner payables ($28.4 million) related to these notes are offset against the Company's notes receivable from unconsolidated subsidiaries.

NOTE 8 Secured Notes Payable

During 2000, the Company issued or assumed $669.0 million of long-term, fixed-rate, fully amortizing non-recourse notes payable with a weighted average interest rate of 7.5%. Each of the notes is individually secured by 107 properties with no cross-collateralization. In addition, the Company also assumed $895.9 million of long-term, fixed-rate notes payable, as a part of purchasing controlling interests in limited partnerships owning 201 properties, which resulted in these properties being consolidated in 2000.

The following table summarizes the Company s secured notes payable at December 31, 2000 and 1999, all of which are non-recourse to the Company (in thousands):

	2000	1999
Fixed rate, ranging from 5.00% to 12.00%, fully-amortizing notes maturing at various dates through 2034	$2,428,155	$1,597,772
Fixed rate, ranging from 5.00% to 10.04%, non-amortizing notes maturing at various dates through 2029	830,187	356,487
Total	$3,258,342	$1,954,259

As of December 31, 2000, the scheduled principal amortization and maturity payments for the Company s secured notes payable are as follows (in thousands):

	Amortization	Maturities	Total
2001	$51,266	$ 96,343	$ 147,609
2002	70,542	102,484	173,026
2003	79,344	150,237	229,581
2004	82,831	141,173	224,004
2005	89,253	142,302	231,555
Thereafter			2,252,567
			$3,258,342

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NOTE 9 Secured Tax-Exempt Bond Financing

During 2000, the Company assumed $394.0 million of long-term, fixed-rate, fully amortizing non-recourse tax-exempt bonds with a weighted average interest rate of 5.9%. Each of the bonds is individually secured by one of 22 properties with no cross-collateralization.

In 1999, the Company issued $17.8 million of long-term, fixed-rate, fully amortizing non-recourse tax-exempt bonds with a weighted average interest rate of 7.1%. Each of the bonds is individually secured by one of two properties with no cross-collateralization. The Company used the net proceeds after transaction costs of $17.3 million to repay existing debt.

The following table summarizes the Company s secured tax-exempt bond financing at December 31, 2000 and 1999, all of which is non-recourse to the Company (in thousands):

	2000	1999
7.0% fully-amortizing bonds, due July 2016	$ 42,435	$ 43,889
6.9% fully-amortizing bonds, due July 2016	8,686	8,987
Fixed rate fully-amortizing bonds, ranging from 5.1% to 5.8%, due 2021	117,025	157,578
Fixed rate fully-amortizing bonds, ranging from 6.5% to 7.3%, due at various dates through 2036	286,604	79,866
Fixed rate non-amortizing bonds, ranging from 5.0% to 8.19%, due at various dates through 2017	32,993	50,158
Interest-only bonds, ranging from 3.7% to 7.70%, due at various dates through 2029	195,331	4,453
Floating rate non-amortizing bonds, due 2001 and 2008	30,799	31,689
Variable rate bonds, ranging from 4.9% to 5.3%, due 2021	59,160	44,210
Total	$773,033	$420,830

As of December 31, 2000, the scheduled principal amortization and maturity payments for the Company s secured tax-exempt bonds are as follows (in thousands):

	Amortization	Maturities	Total
2001	$28,225	$	$ 28,225
2002	12,718		12,718
2003	13,400		13,400
2004	14,139	121,795	135,934
2005	15,192		15,192
Thereafter			567,564
			$773,033

NOTE 10 Secured Short-Term Financing

In August 1999, the Company closed a $300 million revolving credit facility arranged by Bank of America, N.A., Fleet National Bank (successor in Bank Boston, N.A.) and First Union National Bank with a syndicate comprised of a total of nine lender participants. Effective March 15, 2000 the credit facility was expanded by $45 million with the potential to expand it by another $55 million to a total of $400 million. Of the $55 million potential expansion, $5 million was expanded on April 14, 2000 bringing the total availability to $350 million. In September 2000, the credit facility was amended and restated. The obligations under the credit facility are secured by a first priority pledge of certain non-real estate assets of the Company and a second priority pledge of the stock ownership of the AIMCO Operating Partnership, NHP Management Company, AIMCO/Bethesda Holdings, Inc., and AIMCO Holdings, L.P., in certain subsidiaries of AIMCO and certain options to purchase Beneficial Assignee Interests (BACs) in Oxford Tax Exempt Fund II Limited Partnership (OTEF). Borrowings under the credit facility, including the $50 million expansion, are available for general corporate purposes. The credit facility matures in July 2002 and can be extended twice at AIMCO s option, for a term of one year. The annual interest rate under the new credit facility is based on either LIBOR or a base rate which is the higher of Bank of America s reference rate or 0.5% over the federal funds rate, plus, in either case, an applicable margin. The margin ranges between 2.05% and 2.55%, in the case of LIBOR-based loans, and between 0.55% and 1.05%, in the case of base rate loans, based upon a fixed charge coverage ratio. The weighted average interest rate at December 31, 2000 was 9.16% and the balance outstanding was $254.7 million. The amount available under the credit facility at December 31, 2000 and 1999 was $95.3 million (less $1.2 million for outstanding letters for credit) and $90.8 million, respectively. Of the total availability of $94.1 million, $28.8 million pertains to unused letters of credit.

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In September 2000, the Company closed a term loan from Bank of America, N.A., Lehman Commercial Paper Inc. and several other lenders, pursuant to a term loan with a total availability of $302 million to finance part of the Oxford acquisition. Transaction costs (including advisory fees) incurred on the term loan were $9.4 million. The borrowers under the term loan are the AIMCO Operating Partnership, NHP Management Company and AIMCO/Bethesda Holdings, Inc., and all obligations thereunder are guaranteed by AIMCO and certain of its subsidiaries. The obligations under the term loan are secured by a first priority pledge of the stock ownership of the AIMCO Operating Partnership, NHP Management Company, AIMCO/Bethesda Holdings, Inc., and AIMCO Holdings, L.P., in certain subsidiaries of AIMCO and certain options to purchase BACs in OTEF and a second priority pledge of certain non-real estate assets of the Company. The annual interest rate under the term loan is based either on LIBOR or a base rate which is the higher of Bank of America s reference rate or 0.5% over the federal funds rate, plus, in either case, an applicable margin. The margin ranges between 4.0% and 5.0% in the case of LIBOR-based loans, and between 1.0% and 2.0% in the case of base rate loans, based upon the number of months the loan is outstanding. The term loan expires in July 2002. The weighted average interest rate at December 31, 2000 was 10.5%. The total amount outstanding under the term loan at December 31, 2000 was $137 million, of which $74 million is classified as secured short-term financing of the Company and the remainder is a liability at the unconsolidated subsidiaries and, therefore, is included in investment in unconsolidated subsidiaries.

NOTE 11 Commitments and Contingencies

Legal

The Company is a party to various legal actions resulting from its operating activities. These actions are routine litigation and administrative proceedings arising in the ordinary course of business, some of which are covered by liability insurance, and none of which are expected to have a material adverse effect on the consolidated financial condition or results of operations of the Company and its subsidiaries taken as a whole.

Limited Partnerships

In connection with the Company s acquisitions of interests in limited partnerships that own properties, the Company and its affiliates are sometimes subject to legal actions, including allegations that such activities may involve breaches of fiduciary duties to the limited partners of such partnerships or violations of the relevant partnership agreements. The Company believes it complies with its fiduciary obligations and relevant partnership agreements, and does not expect such legal actions to have a material adverse effect on the consolidated financial condition or results of operations of the Company and its subsidiaries taken as a whole. The Company may incur costs in connection with the defense or settlement of such litigation, which could adversely affect the Company s desire or ability to complete certain transactions or otherwise have a material adverse effect on the Company and its subsidiaries.

Pending Investigations of HUD Management Arrangements

In July 1999, The National Housing Partnership (NHP) received a grand jury subpoena requesting documents relating to NHP s management of HUD-assisted or HUD-insured multi-family projects and NHP s operation of a group purchasing program created by NHP, known as Buyers Access. The subpoena relates to the same subject matter as subpoenas NHP received in October and December of 1997 from the HUD Inspector General. To date, neither the HUD Inspector General nor the grand jury has initiated any action against NHP or AIMCO or, to NHP s or AIMCO s knowledge, any owner of a HUD property managed by NHP. AIMCO believes that NHP s operations and programs are in compliance, in all material respects, with all laws, rules and regulations relating to HUD-assisted or HUD-insured properties. AIMCO is cooperating with the investigation and does not believe that the investigation will result in a material adverse effect on the financial condition of the Company. However, as with any similar investigation, there can be no assurance that these will not result in material fines, penalties or other costs that may impact the Company s future results of operations or cash flow.

Environmental

Various Federal, state and local laws subject property owners or operators to liability for the costs of removal or remediation of certain hazardous substances present on a property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of the hazardous substances. The presence of, or the failure to properly remediate hazardous substances may adversely affect occupancy at contaminated apartment communities and the ability to sell or borrow against contaminated properties. In addition to the costs associated with investigation and remediation actions brought by governmental agencies, the presence of hazardous wastes on a property could result in personal injury or similar claims by private plaintiffs.

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Various laws also impose liability for the cost of removal or remediation of hazardous substances at the disposal or treatment facility. Anyone who arranges for the disposal or treatment of hazardous or toxic substances is potentially liable under such laws. These laws often impose liability whether or not the person arranging for the disposal ever owned or operated the disposal facility. In connection with the ownership, operation and management of our properties, the Company could potentially be liable for environmental liabilities or costs associated with properties or properties it acquires or manages in the future.

Operating Leases

The Company is obligated under office space and equipment non-cancelable operating leases. In addition, the Company subleases certain of its office space to tenants under non-cancelable subleases. Approximate minimum annual rentals under operating leases and approximate minimum payments to be received under annual subleases for the five years ending after December 31, 2000 are as follows (in thousands):

	Operating Lease Payments	Sublease Payments
2001	$11,059	$2,350
2002	5,796	84
2003	4,116	
2004	3,525	
2005	1,534	
Total	$26,030	$2,434

Under the Company s current operating structure, substantially all of the office space and equipment subject to the operating leases described above are for the use of its regional operating centers, which are operated by certain of the Company s unconsolidated subsidiaries (see Note 6). Rent expense recognized by the unconsolidated subsidiaries totaled $5.6, $5.8 and $6.2 million in 2000, 1999 and 1998, respectively. Sublease payments for 2000, 1999 and 1998 were not material.

NOTE 12 Mandatorily Redeemable Convertible Preferred Securities

In connection with the Insignia merger, the Company assumed the obligations under the Trust Based Convertible Preferred Securities with an aggregate liquidation amount of $149.5 million. The securities will mature on September 30, 2016 and require distributions at the rate of 6.5% per annum, with quarterly distributions payable in arrears. The securities are convertible by the holders at any time through September 30, 2016 and may be redeemed by the Company on or after November 1, 1999. Each $50 of liquidation value of the securities can be converted into Class A Common Stock at a conversion price of $49.61, which equates to 1.007 shares of Class A Common Stock. In 2000, the holders of the securities converted a total of $117.2 million of the $149.5 million of the securities into approximately 2,363,000 shares of Class A Common Stock.

NOTE 13 Transactions Involving Minority Interests in Operating Partnership

The Company completed tender offers for limited partnership interests and acquisitions of individual properties resulting in the issuance of 2,189,000 and 1,084,000 Common OP Units in 2000 and 1999, respectively. Of the 2,189,000 Common OP Units issued in 2000, approximately 1,382,000 were issued in connection with the acquisition of interests in Oxford properties. The Company also issued Preferred OP Units to acquire individual properties and limited partnership interests.

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As of December 31, 2000 and 1999, the following amounts of Preferred OP Units were outstanding (in thousands):

	2000	1999
Class One Partnership Preferred Units, redeemable to Class A Common Stock in one year, holder to receive dividends at 8% ($8.00 per annum per unit)	90	90
Class Two Partnership Preferred Units, redeemable to Class A Common Stock in one year, holders to receive dividends at 8% ($2.00 per annum per unit)	80	11
Class Three Partnership Preferred Units, redeemable to Class A Common Stock in one year, holders to receive dividends at 9.5% ($2.375 per annum per unit)	1,682	1,682
Class Four Partnership Preferred Units, redeemable to Class A Common Stock in one year, holders to receive dividends at 8% ($2.00 per annum per unit)	759	580
Class Five Partnership Preferred Units, redeemable to Class A Common Stock at any time at the option of the partnership, holder to receive dividends equal to the per unit distribution on the Common OP Units ($2.80 per unit for 2000)	69	
Class Six Partnership Preferred Units, redeemable to Class A Common Stock in one year, holder to receive dividends at 8.5% ($2.125 per annum per unit)	859	
Class Seven Partnership Preferred Units, redeemable to Class A Common Stock in one year, holder to receive dividends at 9.5% ($2.375 per annum per unit)	30	
Class Eight Partnership Preferred Units, redeemable to Class A Common Stock at any time at the option of the partnership, holder to receive dividends equal to the per unit distribution on the Common OP Units ($2.80 per unit for 2000)	6	
	3,575	2,363

NOTE 14 Registration Statements

In August 1998, AIMCO and the AIMCO Operating Partnership filed a shelf registration statement with the Securities and Exchange Commission with respect to an aggregate of $1,268 million of debt and equity securities of AIMCO (of which $268 million was carried forward from a 1997 shelf registration statement) and $500 million of debt securities of the AIMCO Operating Partnership. The registration statement was declared effective by the SEC on December 10, 1998. As of December 31, 2000, the Company had $988 million available and the AIMCO Operating Partnership had $500 million available from this registration statement. The Company expects to finance pending acquisitions of real estate interests with the issuance of equity and debt securities under the shelf registration statement.

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NOTE 15 Stockholders Equity

Preferred Stock

At December 31, 2000 and 1999, the Company had the following classes of preferred stock outstanding:

	2000	1999
Perpetual:		
Class C Cumulative Preferred Stock, $.01 par value, 2,400,000 shares authorized, 2,400,000 and 2,400,000 shares issued and outstanding; dividends payable at 9.0%, per annum	$ 59,845	$ 60,000
	105,000	105,000

Class D Cumulative Preferred Stock, $.01 par value, 4,200,000 shares authorized, 4,200,000 and 4,200,000 shares issued and outstanding; dividends payable at 8.75%, per annum		
Class G Cumulative Preferred Stock, $.01 par value, 4,050,000 shares authorized, 4,050,000 and 4,050,000 shares issued and outstanding; dividends payable at 9.375%, per annum	101,000	101,250
Class H Cumulative Preferred Stock, $.01 par value, 2,000,000 shares authorized, 2,000,000 and 2,000,000 shares issued and outstanding; dividends payable at 9.5%, per annum	49,925	50,000
	315,770	316,250
Convertible:		
Class B Cumulative Convertible Preferred Stock, $.01 par value, 750,000 shares authorized, 419,471 and 750,000 shares issued and outstanding	41,947	75,000
Class K Convertible Cumulative Preferred Stock, $.01 par value, 5,000,000 shares authorized, 5,000,000 and 5,000,000 shares issued and outstanding	125,000	125,000
Class L Convertible Cumulative Preferred Stock, $.01 par value, 5,000,000 shares authorized, 5,000,000 and 5,000,000 shares issued and outstanding	125,000	125,000
Class M Convertible Cumulative Preferred Stock, $.01 par value, 1,600,000 shares authorized, 1,200,000 and no shares issued and outstanding	30,000	
Class N Convertible Cumulative Preferred Stock, $.01 par value, 4,000,000 shares authorized, 4,000,000 and no shares issued and outstanding	100,000	
Class O Cumulative Convertible Preferred Stock, $.01 par value, 1,904,762 shares authorized, 1,904,762 and no shares issued and outstanding	100,000	
	521,947	325,000
Total	$837,717	$641,250

All classes of preferred stock are on equal parity and are senior to the Class A Common Stock. The holders of each class of preferred stock are generally not entitled to vote on matters submitted to stockholders. Dividends on all preferred stocks are subject to being declared by the Company s Board of Directors.

Holders of the Class B Cumulative Convertible Preferred Stock (the Class B Preferred Stock) are entitled to receive, cash dividends in an amount per share equal to the greater of (i) $7.125 per year (equivalent to 7.125% of the liquidation preference) or (ii) the cash dividends declared on the number of shares of Class A Common Stock into which one share of Class B Preferred Stock is convertible. Each share of Class B Preferred Stock is convertible, at the option of the holder, beginning August 1998, into 3.28407 shares of Class A Common Stock, subject to certain anti-dilution adjustments. The initial conversion ratio was based upon the fair market value of the Class A Common Stock on the commitment date. In 2000, 330,529 shares of Class B Preferred Stock were converted into 1,085,480 shares of Class A Common Stock.

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Holders of Class K Convertible Cumulative Preferred Stock (the Class K Preferred Stock), which was issued on February 18, 1999, are entitled to receive, cash dividends in an amount per share equal to the greater of (i) $2.00 per year (equivalent to 8% of the liquidation preference) or (ii) the cash dividends payable on the number of shares of Class A Common Stock into which a share of Class K Preferred Stock is convertible. Beginning with the third anniversary of the date of original issuance, holders of Class K Preferred Stock will be entitled to receive an amount per share equal to the greater of (i) $2.50 per year (equivalent to 10% of the liquidation preference), or (ii) the cash dividends payable on the number of Class A Common Stock into which a share of Class K Preferred Stock is convertible. Each share of Class K Preferred Stock is convertible, at the option of the holder, into 0.59524 shares of Class A Common Stock, subject to certain anti-dilution adjustments. The initial conversion ratio was in excess of the fair market value of the Class A Common Stock on the commitment date.

Holders of Class L Convertible Cumulative Preferred Stock (the Class L Preferred Stock), which was issued on May 28, 1999, are entitled to receive, cash dividends in an amount per share equal to the greater of (i) $2.025 per year (equivalent to 8.1% of the liquidation preference) or (ii) the cash dividends payable on the number of shares of Class A Common Stock into which a share of Class L Preferred Stock is convertible. Beginning with the third anniversary of the date of original issuance, the holders of Class L Preferred Stock will be entitled to receive an amount per share equal to the greater of (i) $2.50 per year (equivalent to 10% of the liquidation preference) or (ii) the cash dividends payable on the number of shares of Class A Common Stock into which a share of Class L Preferred Stock is convertible. Each share of Class L Preferred Stock is convertible, at the option of the holder, into 0.5379 shares of Class A Common Stock, subject to certain anti-dilution adjustments. The initial conversion ratio was in excess of the fair market value of the Class A Common Stock on the commitment date.

Holders of Class M Convertible Cumulative Preferred Stock (the Class M Preferred Stock), which was issued on January 13, 2000, are entitled to receive, for the period beginning January 13, 2000 through and including January 13, 2003, cash dividends in an amount per share equal to the greater of (i) $2.125 per year (equivalent to 8.5% of the liquidation preference) or (ii) the cash dividends payable on the number of shares of Class A Common Stock into which a share of Class M Preferred Stock is convertible. Beginning with the third anniversary of the date of original issuance, the holder of Class M Preferred Stock will be entitled to receive an amount per share equal to the greater of (i) $2.3125 per year (equivalent to 9.25% of the liquidation preference), or (ii) the cash dividends payable on the number of shares of Class A Common Stock into which a share of Class M Preferred Stock is convertible. Each share of Class M Preferred Stock is convertible, at the option of the holder, into 0.5681818 shares of Class A Common Stock, subject to certain anti-dilution adjustments. The initial conversion ratio was in excess of the fair market value of the Class A Common Stock on the commitment date.

Holders of Class N Convertible Cumulative Preferred Stock (the Class N Preferred Stock), which was issued on September 12, 2000 are entitled to receive cash dividends in an amount per share equal to the greater of (i) $2.25 per year (equivalent to 9% per annum of the liquidation preference), subject to increase in the event of a change in control of AIMCO or (ii) the cash dividends payable on the number of shares of Class A Common Stock into which a share of Class N Preferred Stock is convertible. Dividends will be paid on the Class N Preferred Stock quarterly, beginning on October 1, 2000. Each share of Class N Preferred Stock is convertible, at the option of the holder, into 0.4762 shares of Class A Common Stock, subject to certain anti-dilution adjustments. The initial conversion ratio was in excess of the fair market value of the Class A Common Stock on the commitment date.

Holders of Class O Cumulative Convertible Preferred Stock (the Class O Preferred Stock), which was issued on September 15, 2000 are entitled to receive, cash dividends in an amount per share equal to the greater of (i) $4.725 per year (equivalent to 9% per annum of the liquidation preference), subject to increase in the event of a change in control of AIMCO or (ii) the cash dividends payable on the number of shares of Class A Common Stock into which a share of Class O Preferred Stock is convertible. Dividends will be paid on the Class O Preferred Stock quarterly, beginning on October 1, 2000. Each share of Class O Preferred Stock is convertible, at the option of the holder, into one share of

Class A Common Stock, subject to certain anti-dilution adjustments. The initial conversion ratio was in excess of the fair market value of the Class A Common Stock on the commitment date.

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The dividends paid on each class of preferred stock for the years ended December 31, 2000, 1999, and 1998 are as follows (in thousands, except per share data):

	2000		1999		1998	
Class of Preferred Stock	Amount Per Share(1)	Total Amount Paid	Amount Per Share(1)	Total Amount Paid	Amount Per Share(1)	Total Amount Paid
Perpetual:						
Class C	$2.25	$ 5,400	$2.25	$ 5,400	$1.89(2)	$ 4,538
Class D	2.19	9,188	2.19	9,188	1.40(2)	5,869
Class G	2.34	9,492	2.34	9,492	0.59(2)	2,373
Class H	2.38	4,750	2.38	4,750	0.40(2)	805
		28,830		28,830		13,585
Convertible:						
Class B	9.20	7,137	8.21	6,158	7.39	5,542
Class E					0.22(3)	1,892
Class J			3.16(4)	3,956	0.14(2)	175
Class K	2.00	10,000	1.50(5)	7,500		
Class L	2.03	10,125	1.01(5)	5,063		
Class M	1.59(6)	1,913				
Class N	0.12(6)	475				
Class O	0.24(6)	450				
		30,100		22,677		7,609
Total		$58,930		$51,507		$21,194

(1) Amounts per share are calculated based on the number of preferred shares outstanding at the end of each year.
(2) For the period from the date of issuance to December 31, 1998.
(3) For the period from the date of issuance to December 31, 1998. The Class E Preferred Stock was converted to Class A Common Stock on January 15, 1999.
(4) For the period from January 1, 1999 to the date of conversion to Class A Common Stock.
(5) For the period from the date of issuance to December 31, 1999.
(6) For the period from the date of issuance to December 31, 2000.

Common Stock

During 2000 and 1999, the Company issued approximately 258,000 shares and 215,000 shares, respectively, of Class A Common Stock to certain executive officers (or entities controlled by them) at market prices. In exchange for the shares purchased, the executive officers (or entities controlled by them) executed notes payable totaling $7.7 million and $8.2 million, respectively. Total payments on such notes from officers in 2000 and 1999 were $15.1 million and $6.2 million, respectively. In addition, in 2000 and 1999, the Company issued approximately 42,000 and 37,000 restricted shares of Class A Common Stock, respectively, to certain executive officers. The restricted stock was issued at the fair market value of the Class A Common Stock on the date of issuance. The restricted stock may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of and shall be subject to a risk of forfeiture within the vesting periods of 3 to 5 years.

On September 15, 1999, the Company completed a direct placement of 1,382,580 shares of Class A Common Stock at a net price of $39.50 per share to five institutional investors. The net proceeds of approximately $54.6 million were used to repay outstanding indebtedness under the new credit facility.

During 2000, the Company repurchased and retired approximately 69,000 shares of Class A Common Stock at an average price of $37.39 per share.

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NOTE 16 Stock Option Plans and Stock Warrants

The Company has adopted the 1994 Stock Option Plan of Apartment Investment and Management Company (the 1994 Plan), the Apartment Investment and Management Company 1996 Stock Award and Incentive Plan (the 1996 Plan), the Apartment Investment and Management Company 1997 Stock Award and Incentive Plan (the 1997 Plan) and the Apartment Investment and Management Company Non-Qualified Employee Stock Option Plan (the Non-Qualified Plan) to attract and retain officers, key employees and independent directors. The 1994 Plan provides for the granting of a maximum of 150,000 options to purchase common shares. The 1996 Plan provides for the granting of a maximum of 500,000 options to purchase common shares. The 1997 Plan provides for the granting of a maximum of 20,000,000 options to purchase common shares. The Non-Qualified Plan provides for the granting of a maximum of 500,000 options to purchase common shares and allows for the granting of non-qualified stock options. The 1994 Plan, the 1996 Plan and the 1997 Plan allow for the grant of incentive and non-qualified stock options, and together with the Non-Qualified Plan, are administered by the Compensation Committee of the Board of Directors. The 1994 Plan also provides for a formula grant of the non-qualified stock options to the independent directors to be administered by the Board of Directors to the extent necessary. The exercise price of the options granted may not be less than the fair market value of the common stock at the date of grant. The term of the incentive and non-qualified options is ten years from the date of grant. The options vest over a one to five-year period from the date of grant. Terms may be modified at the discretion of the Compensation Committee of the Board of Directors.

The Company has elected to follow Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (APB 25) and related interpretations in accounting for its employee stock options because, as discussed below, the alternative fair value accounting provided for under Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* (SFAS 123), requires the use of option valuation models that were not developed for use in valuing employee stock options and warrants. Under APB 25, because the exercise price of the Company s employee stock options and warrants equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

Pro forma information regarding net income and earnings per share is required by SFAS 123, which also requires that the information be determined as if the Company had accounted for its employee stock options and warrants granted subsequent to December 31, 1994 under the fair value method. The fair value for these options and warrants were estimated at the date of grant using a Black-Scholes valuation model with the following assumptions:

	2000	1999	1998
Risk free interest rates	6.1%	5.0%	5.0%
Expected dividend yield	6.8%	6.6%	6.0%
Volatility factor of the expected market price of the Company s common stock	0.192	0.183	0.183
Weighted average expected life of options	4.5 years	4.5 years	4.5 years

The Black-Scholes valuation model was developed for use in estimating the fair value of traded options and for warrants which have no vesting restrictions and are fully transferable. In addition, the valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company s stock options and warrants have characteristics significantly different from those of traded options and warrants, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management s opinion, the existing model does not necessarily provide a reliable single measure of the fair value of its employee stock options and warrants.

For purposes of pro forma disclosures, the estimated fair values of the options are amortized over the options vesting period. The Company s pro forma information for the years ended December 31, 2000, 1999 and 1998 is as follows (in thousands, except per share data):

	2000	1999	1998
Pro forma net income attributable to common stockholders	$31,396	$17,606	$34,396

Pro forma basic earnings per common share $0.46 $0.28 $0.76 Pro forma diluted earnings per common share $0.45 $0.28 $0.75

The effects of applying SFAS 123 in calculating pro forma income attributable to common stockholders and pro forma basic earnings per share may not necessarily be indicative of the effects of applying SFAS 123 to future years earnings.

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The following table summarizes the option and warrants activity for the years ended December 31, 2000, 1999 and 1998:

	2000		1999		1998	
	Options And	Weighted Average Exercise	Options And	Weighted Average Exercise	Options and	Weighted Average Exercise