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

Form 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2000

OR

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

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 0-24497

AIMCO Properties, L.P.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of Incorporation or organization)	**84-1275621** (I.R.S. Employer Identification No.)
2000 South Colorado Boulevard, Tower 2, Suite 2-1000 Denver, Colorado (Address of principal executive offices)	**80222** (Zip Code)

(303) 757-8101
(Registrant’s telephone number, including area code)

Not Applicable
(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

The number of Partnership Common Units outstanding as of October 31, 2000: 78,891,127

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AIMCO PROPERTIES, L.P.

CONSOLIDATED BALANCE SHEETS
(In Thousands)

	September 30, 2000	December 31, 1999
	(Unaudited)	
ASSETS		
Real Estate, net of accumulated depreciation of $649,805 and $415,992	$5,471,869	$4,096,705
Investments in unconsolidated real estate partnerships	798,502	890,318
Investments in unconsolidated subsidiaries	91,358	44,921
Notes receivable from unconsolidated real estate partnerships	145,587	142,828
Notes receivable from and advances to unconsolidated subsidiaries	213,991	88,754
Cash and cash equivalents	106,544	101,604
Restricted cash	113,545	84,595
Other assets	214,688	234,526
Total assets	$7,156,084	$5,684,251
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Secured notes payable	$2,836,097	$1,954,259
Secured tax-exempt bond financing	583,106	420,830
Unsecured short-term financing	406,000	209,200
Total indebtedness	3,825,203	2,584,289
Accounts payable, accrued and other liabilities	242,957	271,298
Resident security deposits and deferred rental income	32,899	22,793
Total liabilities	4,101,059	2,878,380
Commitments and contingencies	—	—
Mandatory redeemable convertible preferred securities	35,330	149,500
Minority interest in other entities	194,955	169,482
Partners' capital:		
Preferred Units	934,474	707,745
General Partner and Special Limited Partner	1,560,826	1,545,715
Limited Partners	350,429	256,429
Less: Investment in AIMCO Preferred Stock	—	(23,000)
Investment in AIMCO Common Stock	(20,989)	—
Total partners' capital	2,824,740	2,486,889
Total liabilities and partners' capital	$7,156,084	$5,684,251

See notes to consolidated financial statements.

AIMCO PROPERTIES, L.P.

CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Unit Data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	**1999**	**2000**	**1999**
RENTAL PROPERTY OPERATIONS:				
Rental and other property revenues	$ 271,079	$120,398	$ 753,463	$ 347,187
Property operating expense	(107,031)	(48,049)	(302,435)	(135,580)
Owned property management expense	(3,473)	(282)	(9,713)	(367)
Depreciation	(76,548)	(28,139)	(223,128)	(82,582)
Income from property operations	84,027	43,928	218,187	128,658
SERVICE COMPANY BUSINESS:				
Management fees and other income	14,430	9,310	36,865	23,567
Management and other expenses	(10,697)	(14,595)	(23,603)	(25,883)
Income (loss) from service company business	3,733	(5,285)	13,262	(2,316)
General and administrative expenses	(4,459)	(2,963)	(9,609)	(7,210)
Interest expense	(67,855)	(31,322)	(190,459)	(91,416)
Interest income	18,841	17,636	47,352	37,832
Equity in earnings (losses) of unconsolidated real estate partnerships	(8,375)	1,606	(4,489)	7,264
Equity in earnings (losses) of unconsolidated subsidiaries	(1,934)	(2,086)	2,538	(5,808)
Loss from IPLP exchange and assumption	—	—	—	(684)
Minority interest in other entities	2,475	2	(10,977)	(2,078)
Amortization of intangibles	(1,898)	(1,942)	(4,968)	(5,826)
Income from operations	24,555	19,574	60,837	58,416
Net gain on disposition of properties	8,902	315	14,234	330
Net income	33,457	19,889	75,071	58,746
Net income attributable to preferred unitholders	17,381	14,636	49,698	41,571
Net income attributable to common unitholders	$ 16,076	$ 5,253	$ 25,373	$ 17,175
Basic earnings per common unit	$ 0.21	$ 0.08	$ 0.35	$ 0.25
Diluted earnings per common unit	$ 0.20	$ 0.07	$ 0.34	$ 0.25
Dividends declared per common unit	$ 0.700	$ 0.625	$ 2.100	$ 1.875

See notes to consolidated financial statements.

AIMCO PROPERTIES, L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Nine Months Ended September 30, 2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 75,071	$ 58,746
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of intangibles	234,238	100,570
Gain on disposition of properties	(14,234)	(330)
Minority interest	10,977	2,078
Equity in (earnings) losses of unconsolidated real estate partnerships	4,489	(7,264)
Equity in earnings of unconsolidated subsidiaries	(2,538)	(2,247)
Loss from IPLP exchange and assumption	—	684
Changes in operating assets and operating liabilities	(26,818)	11,615
Total adjustments	206,114	105,106
Net cash provided by operating activities	281,185	163,852
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of and additions to real estate	(520,990)	(162,686)
Proceeds from sale of property held for sale	84,324	41,204
Cash from newly consolidated properties	206,115	—
Purchase of notes receivable, general and limited partnership interests and other assets	(225,840)	(111,127)
Purchase of/additions to notes receivable	(202,314)	(38,368)
Proceeds from repayment of notes receivable	20,885	22,433
Cash received in connection with acquisitions	3,752	22,677
Cash paid for merger related costs	(8,236)	(17,949)
Distributions received from investments in real estate partnerships	79,278	58,297
Distributions received from investments in unconsolidated subsidiaries	—	33,985
Net cash used in investing activities	(563,026)	(151,534)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from secured notes payable borrowings	151,452	248,126
Principal repayments on secured notes payable	(81,450)	(24,555)
Proceeds from secured tax-exempt bond financing	—	20,731
Principal repayments on secured tax-exempt bond financing	(24,848)	(38,527)
Repayments on secured short-term financing	—	(4,522)
Net borrowings (paydowns) on revolving credit facilities	244,800	(263,600)
Payment of loan costs	(3,603)	(13,360)
Proceeds from issuance of common and preferred units, exercise of options/warrants	250,285	291,188
Repurchase of common units	(2,580)	—
Principal repayments received on notes due from officers on common unit purchases	13,283	4,444
Payment of distributions to minority interest	(58,555)	(12,606)
Payment of distributions to General Partner and Special Limited Partner	(138,622)	(113,371)
Payment of distributions to Limited Partners	(18,540)	(18,357)
Payment of preferred unit distributions	(44,841)	(84,538)
Net cash provided by (used in) financing activities	286,781	(8,947)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,940	3,371
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	101,604	52,832
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 106,544	$ 56,203

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2000
(Unaudited)

NOTE 1 — Organization

AIMCO Properties, L.P., a Delaware limited partnership (the “Partnership” and together with its consolidated subsidiaries and other controlled entities, the “Company”), was formed on May 16, 1994 to conduct the business of acquiring, developing, leasing, and managing multi-family apartment communities. The Partnership’s securities include Partnership Common Units (“Common OP Units”), Partnership Preferred Units (“Preferred Units”, together with Common OP Units, the “OP Units”), and High Performance Units (see Note 9). Apartment and Investment Management Company (“AIMCO”) is the owner of the General Partner and Special Limited Partner, as defined in the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P. (the “Partnership Agreement”) of the Partnership. The General Partner and Special Limited Partner hold Common OP Units of the Partnership. In addition, AIMCO is the primary holder of outstanding Preferred Units. The Limited Partners of the Partnership are individuals or entities that own OP Units other than AIMCO. After holding the Common OP Units for one year, the Limited Partners have the right to redeem their Common OP Units for cash, subject to the prior right of AIMCO to elect to acquire some or all of the Common OP Units tendered for redemption for cash or in exchange for shares of AIMCO Class A Common Stock, on a one-for-one ratio.

The Partnership, through its operating divisions and subsidiaries, was formed to hold and conduct substantially all of AIMCO’s operations, and manages the daily operations of AIMCO’s business and assets. All employees of the Company are employees of the Partnership; AIMCO has no employees.

AIMCO is required to contribute to the Partnership all proceeds from offerings of its securities. In addition, substantially all of AIMCO’s assets must be owned through the Partnership; therefore, AIMCO is generally required to contribute to the Partnership all assets acquired. In exchange for the contribution of offering proceeds or assets, AIMCO receives additional interests in the Partnership with similar terms (i.e., if AIMCO contributes proceeds of a preferred stock offering, AIMCO receives Preferred Units).

AIMCO frequently consummates transactions for the benefit of the Partnership. For legal, tax or other business reasons, AIMCO may hold title or ownership of certain assets until they can be transferred to the Partnership. However, the Partnership has a controlling financial interest in all of AIMCO’s assets in the process of transfer to the Partnership.

At September 30, 2000 the Partnership had 78,785,344 Common OP Units outstanding and 33,660,471 Preferred Units outstanding.

As of September 30, 2000, the Partnership:

- owned or controlled (consolidated) 137,419 units in 500 apartment properties;

- held an equity interest in (unconsolidated) 132,909 units in 769 apartment properties; and

- managed 63,458 units in 487 apartment properties for third party owners and affiliates.

NOTE 2 — Basis of Presentation

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2000 are not necessarily indicative of the results that may be expected for the year ended December 31, 2000.

The balance sheet at December 31, 1999 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the statements and notes thereto included in AIMCO Properties, L.P. annual report on Form 10-K for the year ended December 31, 1999. Certain 1999 financial statement amounts have been reclassified to conform to the 2000 presentation.

The accompanying unaudited consolidated financial statements include the accounts of the Partnership and subsidiaries and limited partnerships in which the Partnership has a financial controlling interest. Pursuant to a Management and Contribution Agreement between the Partnership and AIMCO, the Partnership has acquired, in exchange for interests in the Partnership, the economic benefits of subsidiaries of AIMCO in which the Partnership does not have an interest, and AIMCO has granted the Partnership a right of first refusal to acquire such subsidiaries' assets for no additional consideration. Pursuant to the agreement, AIMCO has also granted the Partnership certain rights with respect to assets of such subsidiaries. Interests held by limited partners in real estate partnerships controlled by the Company and interests held by the shareholders of Insignia Properties Trust (through February 26, 1999) are reflected as minority interest. All significant intercompany balances and transactions have been eliminated in consolidation. Minority interest in limited partnerships represents the non-controlling partners' share of the underlying net assets of the Company's controlled limited partnerships. With regard to such partnerships, losses in excess of the minority partners' basis of $2.9 million for the three months ended and $18 million for the nine months ended September 30, 2000, respectively, have been charged to operations. The assets of property owning limited partnerships and limited liability companies owned or controlled by AIMCO or the Partnership generally are not available to pay creditors of AIMCO or the Partnership.

NOTE 3 — Acquisitions

During the nine months ended September 30, 2000 the Company purchased:

- for $117.9 million limited partnership interests in 539 partnerships (which own 1,657 properties) where the Company serves as general partner;

- six apartment communities with details below:

Date Acquired	Location	Number of Units	Purchase Price
January 2000	Falls Church, VA	159	$12.2 million
September 2000	Forestville, MD	108	4.3 million
September 2000	Leesburg, VA	164	9.6 million
September 2000	Alexandria, VA	142	9.0 million
September 2000	Hyattsville, MD	296	18.3 million
September 2000	Hyattsville, MD	303	14.0 million

- 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 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 a non-recourse pro-rata share of the outstanding mortgage debt ($1.4 billion) secured by the Oxford properties of $555 million, for a total purchase price of $883 million. Approximately $25 million in transaction costs were incurred. 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 which 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 Partnership 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.

NOTE 4 — Interest Income Recognition for Notes Receivable and Investments

As of September 30, 2000 the Company holds $91 million of par value notes, plus accrued interest, net of intercompany par value notes, plus accrued interest, of $93 million ("general partner par value notes"), for which management believes the collectibility of such amounts is both probable and estimable. Interest income for all general partner par value notes receivable, notes receivable from officers and others as well as money market and interest bearing accounts generally is recognized as it is earned. Interest income from such notes and investments for the three and nine months ended September 30, 2000, totaled approximately $12 million and $25 million, respectively.

As of September 30, 2000, the Company held discounted notes, with a carrying value including accrued interest, of $55 million, which were made by predecessors whose positions have been acquired by the Company at a discount and are carried at the acquisition amount ("discounted notes"). The total face value plus accrued interest of these notes was $126 million. In general, interest income from the discounted notes is not recognized as it is accrued under the note instrument because the timing and amounts of cash flows are not 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 three and nine months ended September 30, 2000, the Company recognized deferred interest income and discounts of approximately $7 million ($0.09 per basic and diluted unit) and $21 million ($0.29 per basic and $0.28 per diluted unit), respectively, compared to $7 million ($0.10 per basic and diluted unit) and $10 million ($0.15 per basic and diluted unit), respectively, for the three and nine months ended September 30, 1999.

NOTE 5 — 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 any 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.

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 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 flows.

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 our 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.

NOTE 6 — Partners' Capital

Common OP Units

Common OP Units are redeemable by Common OP Unitholders (other than the General Partner and Special Limited Partner) at their option, subject to certain restrictions, on the basis of one Common OP Unit for either one share of AIMCO Class A Common Stock or cash equal to the fair value of a share of AIMCO Class A Common Stock at the time of redemption. AIMCO has the option to deliver shares of AIMCO Class A Common Stock in exchange for all or any portion of the cash requested. When a Limited Partner redeems a Common OP Unit for AIMCO Class A Common Stock, Limited Partners' capital is reduced and Special Limited Partners' capital is increased. Common OP Units held by AIMCO are not redeemable.

On September 20, 2000, the Company issued 1,381,704 Common OP Units, valued at $45 per unit, in connection with the acquisition of all of the stock and other interests held by the principals, officers and directors of ORFG and control of the managing general partner of OTEF.

Tenders

During the three and nine months ending September 30, 2000 the Company completed tender offers for limited partnership interests resulting in the issuance of 58,373 and 67,085 OP Units, respectively.

Preferred Units

All outstanding classes of Preferred Units are on equal parity with each other and are senior to the Common OP Units. Generally, holders of classes of Preferred Units do not have any voting rights, except the right to approve certain changes to the Partnership Agreement that would adversely affect holders of such class of units.

In January 2000, AIMCO issued 1,200,000 shares of newly created Class M Convertible Cumulative Preferred Stock, par value $.01 per share ("Class M Preferred Stock"), in a direct placement. The proceeds of $30.0 million were contributed by AIMCO to the Partnership in exchange for 1,200,000 Class M Preferred Units and were used to repay certain indebtedness and for working capital. The Class M Preferred Units have substantially the same terms as the shares of Class M Preferred Stock. For the period beginning January 13, 2000 through and including January 13, 2003, the holders of the Class M Preferred Stock are entitled to receive, when and as declared by the Board of Directors of AIMCO, annual 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 AIMCO 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 holders 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 AIMCO Class A Common Stock into which a share of Class M Preferred Stock is convertible. Distributions are made on the Class M Preferred Units at the same time and in the same amount as dividends paid on the Class M Preferred Stock. The Class M Preferred Units are senior to the Common OP Units as to distributions and liquidation. Upon any liquidation, dissolution or winding up of the Company, before payments or distributions by the Company are made to any holders of AIMCO Class A Common Stock, the holders of the Class M Preferred Stock and the Class M Preferred Units are entitled to receive a liquidation preference of $25 per share/unit, plus accumulated, accrued and unpaid dividends/distributions.

On September 13, 2000, AIMCO issued 4,000,000 shares of newly created Class N Convertible Cumulative Preferred Stock, par value $.01 per share (“Class N Preferred Stock”), in a direct placement at a purchase price of $25.00 per share. The proceeds of $100 million were contributed by AIMCO to the Partnership in exchange for 4,000,000 Class N Preferred Units and were used to repay indebtedness. The Class N Preferred Units have substantially the same terms as the shares of Class N Preferred Stock. The terms of the Class N Preferred Stock are summarized as follows: Dividends on the Class N Preferred Stock will be 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 portion thereof) 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 (the initial dividend payable on the Class N Preferred Stock will be $0.10 per share). Distributions are made on the Class N Preferred Units at the same time and in the same amount as dividends paid on the Class N Preferred Stock. The Class N Preferred Units are senior to the Common OP Units as to distributions and liquidation. AIMCO is not allowed to redeem the Class N Preferred Stock before the third anniversary of the original date of issuance except in order to preserve its status as a real estate investment trust or upon a change of control. On and after the third anniversary of the original date of issuance, AIMCO may, at its option, redeem the Class N Preferred Stock for cash at the redemption prices set forth in the placement agreement plus accrued and unpaid dividends, if any, to the redemption date. The Class N Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption. Investors in the Class N Preferred Stock generally have no voting rights, except if AIMCO fails to pay dividends for six or more quarters on the Class N Preferred Stock or if AIMCO fails to pay dividends on AIMCO Class A Common Stock of at least $0.595 per quarter. Each share of Class N Preferred Stock will initially be convertible, at the option of the holder at any time, into one share of Class A Common Stock, subject to adjustment in certain circumstances. Between the first and second anniversary of the date of issuance, AIMCO may require that up to 2,000,000 shares of the Class N Preferred Stock be converted into Class A Common Stock if the rate of return on the Class N Preferred Stock exceeds 20% per annum. Between the second and third anniversary of the date of issuance, AIMCO may require that all or any portion of the Class N Preferred Stock be converted into Class A Common Stock if the rate of return on the Class N Preferred Stock exceeds 20% per annum. The Class N Preferred Units are redeemed or converted to Common OP Units, when the shares of Class N Preferred Stock are redeemed or converted to Class A Common Stock. On September 13, 2000, AIMCO also issued 1,904,762 shares of newly created Class O Cumulative Convertible Preferred Stock, par value $.01 per share (“Class O Preferred Stock”), to an institutional investor in a sale effected under AIMCO’s shelf registration statement. The proceeds of $100.0 million were contributed by AIMCO to the Partnership in exchange for 1,904,762 Class O Preferred Units and were used to repay indebtedness. The Class O Preferred Units have substantially the same terms as the shares of Class O Preferred Stock. The terms of the Class O Preferred Stock are summarized as follows: Dividends on the Class O Preferred Stock will be 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 portion thereof) 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 (the initial dividend payable on the Class O Preferred Stock will be $0.21 per share). Distributions are made on the Class O Preferred Units at the same time and in the same amount as dividends paid on the Class O Preferred Stock. The Class O Preferred Units are senior to the Common OP Units as to distributions and liquidation. AIMCO is not allowed to redeem the Class O Preferred Stock before the third anniversary of the original date of issuance except in order to preserve its status as a real estate investment trust or upon a change of control. On and after the third anniversary of the original date of issuance, AIMCO may, at its option, redeem the Class O Preferred Stock for cash at the redemption prices set forth in the placement agreement plus accrued and unpaid dividends, if any, to the redemption date. The Class O Preferred Stock has no stated maturity and is not subject to any sinking fund or mandatory redemption. Investors in the Class O Preferred Stock generally have no voting rights, except if AIMCO fails to pay dividends for six or more quarters on the Class O Preferred Stock or if AIMCO fails to pay dividends on AIMCO Class A Common Stock of at least $0.595 per quarter. Each share of Class O Preferred Stock will initially be convertible, at the option of the holder at any time, into one share of Class A Common Stock, subject to adjustment in certain circumstances. Between the first and second anniversary of the date of issuance, AIMCO may require that up to 952,381 shares of the Class O Preferred Stock be converted into Class A Common Stock if the rate of return on the Class O Preferred Stock exceeds 20% per annum. Between the second and third anniversary of the date of issuance, AIMCO may require that all or any portion of the Class O Preferred Stock be converted into Class A Common Stock if the rate of return on the Class O Preferred Stock exceeds 20% per annum. The Class O Preferred Units are redeemed or converted into Common OP Units when the shares of Class O Preferred Stock are redeemed or converted to Class A Common Stock.

In addition to the Preferred Units described above, the Partnership has issued Preferred Units to third parties as follows:

In the three months and nine months ended September 30, 2000, the Company completed tender offers for limited partnership interests resulting in the issuance of 15,000 and 68,843 Class Two Partnership Preferred Units, respectively.

In January 2000, the Company acquired Merrill House, a 159 unit apartment community for approximately $12.2 million, including the issuance of 205,938 Class Four Partnership Preferred Units valued at $5.2 million. During June 2000, 24,235 of the 205,938 Class Four Partnership Preferred Units issued were exchanged for cash and retired pursuant to the provisions of the purchase agreement. During July 2000, 3,445 of the remaining 181,702 Class Four Partnership Preferred Units issued were exchanged for cash and retired pursuant to the provisions of the purchase agreement;

In September 2000, the Company acquired five apartment properties, with a combined total of 1,013 units for approximately $55 million, including the issuance of 807,016 Class Six Partnership Preferred Units valued at $20.2 million.

In June 2000, the Partnership converted 250,000 shares of AIMCO Class J Cumulative Convertible Preferred Stock, with a liquidation value of $25 million, into 625,000 shares of AIMCO Class A Common Stock. In connection with this conversion, 41,991 shares of AIMCO Class A Common Stock, valued at $1.5 million, were exchanged by the Partnership for Common OP Units held by a limited partner.

As of September 30, 2000, the Partnership had issued and outstanding the following partnership interests:

Class	Units Outstanding
Partnership Common OP Units	78,785,344
Partnership Preferred Units:	
Class B Partnership Preferred Units	419,471
Class C Partnership Preferred Units	2,400,000
Class D Partnership Preferred Units	4,200,000
Class G Partnership Preferred Units	4,050,000
Class H Partnership Preferred Units	2,000,000
Class K Partnership Preferred Units	5,000,000
Class L Partnership Preferred Units	5,000,000
Class M Partnership Preferred Units	1,200,000
Class N Partnership Preferred Units	4,000,000
Class O Partnership Preferred Units	1,904,762
Class One Partnership Preferred Units	90,000
Class Two Partnership Preferred Units	79,534
Class Three Partnership Preferred Units	1,682,397
Class Four Partnership Preferred Units	758,620
Class Five Partnership Preferred Units	68,671
Class Six Partnership Preferred Units	807,016
Total Partnership Preferred Units	33,660,471

NOTE 7 — Earnings Per Unit

The following tables illustrate the calculation of basic and diluted earnings per common unit for the three and nine months ended September 30, 2000 and 1999 (in thousands, except per unit data):

	Three Months Ended September 30,	
	2000	**1999**
NUMERATOR:		
Net income	$ 33,457	$ 19,889
Preferred unit distributions	(17,381)	(14,636)
Numerator for basic and diluted earnings per common unit — income attributable to common unitholders	$ 16,076	$ 5,253
DENOMINATOR:		
Denominator for basic earnings per common unit — weighted average number of common units outstanding	74,022	69,925
Effect of dilutive securities:		
Dilutive potential common units, options and warrants	4,018	1,081
Denominator for dilutive earnings per common unit	78,040	71,006
Basic earnings per common unit:		
Operations	$ 0.08	$ 0.07
Gain on disposition of properties	0.13	0.01
Total	$ 0.21	$ 0.08
Diluted earnings per common unit:		
Operations	$ 0.08	$ 0.07
Gain on disposition of properties	0.12	—
Total	$ 0.20	$ 0.07

	Nine Months Ended September 30,	
	2000	**1999**
NUMERATOR:		
Net income	$ 75,071	$ 58,746
Preferred unit distributions	(49,698)	(41,571)
Numerator for basic and diluted earnings per common unit — income attributable to common unitholders	$ 25,373	$ 17,175
DENOMINATOR:		
Denominator for basic earnings per common unit — weighted average number of common units outstanding	72,969	67,597
Effect of dilutive securities:		
Dilutive potential common units, options and warrants	1,837	1,179
Denominator for dilutive earnings per common unit	74,806	68,776
Basic earnings per common unit:		
Operations	$ 0.14	$ 0.25
Gain on disposition of properties	0.21	—
Total	$ 0.35	$ 0.25
Diluted earnings per common unit:		
Operations	$ 0.13	$ 0.25
Gain on disposition of properties	0.21	—
Total	$ 0.34	$ 0.25

NOTE 8 — Industry Segments

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. The Company separately evaluates the performance of each of its apartment communities. However, because the apartment communities have 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 are no tenants who contributed 10% or more of the Company’s total revenues during the three months and nine months ended September 30, 2000 or September 30, 1999.

Although the Company operates in only one segment, there are different components of the multi-family business for which management considers disclosure to be useful. The following tables present the contribution (separated between consolidated and unconsolidated activity) to the Company’s Free Cash Flow for the three months and nine months ended September 30, 2000, from these components, and a reconciliation of Free Cash Flow to: Earnings Before Structural Depreciation; Net Income; Funds From Operations; and Adjusted Funds From Operations (in thousands, except equivalent units (ownership effected and period weighted) and monthly rents):

FREE CASH FLOW FROM BUSINESS COMPONENTS
For the Three Months Ended September 30, 2000
(in thousands)

	Consolidated	Unconsolidated	Total	%
Real Estate				
Conventional				
Average monthly rent greater than $800 per unit (14,427 equivalent units)	$ 32,626	$ 2,194	$ 34,820	20.2%
Average monthly rent $700 to $800 per unit (8,698 equivalent units)	15,805	1,141	16,946	9.9%
Average monthly rent $600 to $700 per unit (27,225 equivalent units)	40,015	1,861	41,876	24.3%
Average monthly rent $500 to $600 per unit (40,558 equivalent units)	38,532	4,213	42,745	24.9%
Average monthly rent less than $500 per unit (23,363 equivalent units)	14,316	837	15,153	8.8%
Subtotal conventional real estate contribution to Free Cash Flow	141,294	10,246	151,540	88.1%
Affordable (12,445 equivalent units)	6,731	7,362	14,093	8.2%
College housing (average rent of $663 per month) (2,490 equivalent units)	3,206	129	3,335	1.9%
Other Properties	587	92	679	0.4%
Resident services	628	67	695	0.4%
Minority interest	(22,119)	—	(22,119)	(12.9%)
Total real estate contribution to Free Cash Flow	130,327	17,896	148,223	86.1%
Service Businesses				
Management contract (property and asset management)				
Controlled properties	1,740	232	1,972	1.1%
Third party with terms in excess of one year	—	2,701	2,701	1.6%
Third party cancelable in 30 days	—	1,142	1,142	0.7%
Subtotal management contracts contribution to Free Cash Flow	1,740	4,075	5,815	3.4%
Buyers Access	—	53	53	0.0%
Other service businesses	978	915	1,893	1.1%
Total service businesses contribution to Free Cash Flow	2,718	5,043	7,761	4.5%
Interest income				
General partner loan interest	6,721	—	6,721	3.9%
Notes receivable from officers	184	—	184	0.1%
Other notes receivable	138	—	138	0.1%
Money market and interest bearing accounts	4,638	—	4,638	2.7%
Subtotal interest income	11,681	—	11,681	6.8%
Accretion of loan discount	7,160	—	7,160	4.2%
Total interest income contribution to Free Cash Flow	18,841	—	18,841	11.0%
Fee Income				
Disposition Fees	347	678	1,025	0.6%
Refinancing Fees	665	—	665	0.4%
Total fee income contribution to Free Cash Flow	1,012	678	1,690	1.0%
General and Administrative Expense	(4,459)	—	(4,459)	(2.6%)
Free Cash Flow (1)	$148,439	$23,617	$172,056	100.0%

FREE CASH FLOW FROM BUSINESS COMPONENTS (Continued)
For the Three Months Ended September 30, 2000
(in thousands)

	Consolidated	Unconsolidated	Total
Free Cash Flow	$148,439	$ 23,617	$172,056
Cost of Senior Capital			
Interest Expense:			
Secured debt			
Long-term, fixed rate	(58,429)	(7,544)	(65,973)
Long-term, variable rate	(281)	(433)	(714)
Lines of credit and other unsecured debt	(8,433)	(335)	(8,768)
Interest expense on convertible debt	(3,426)	—	(3,426)
Interest capitalized	2,714	—	2,714
Total interest expense before minority interest	(67,855)	(8,312)	(76,167)
Minority interest share of interest expense	10,687	—	10,687
Total interest expense after minority interest	(57,168)	(8,312)	(65,480)
Dividends on preferred securities	(18,056)	—	(18,056)
Contribution before non-cash charges and ownership adjustments	73,215	15,305	88,520
Non-structural depreciation, net of capital replacements	(3,608)	(1,665)	(5,273)
Amortization of intangible assets	(1,898)	(186)	(2,084)
Gain (loss) on sales of real estate, net of minority interest	5,578	—	5,578
Deferred tax provision	—	286	286
Earnings Before Structural Depreciation (EBSD) (1)	73,287	13,740	87,027
Structural depreciation, net of minority interest in other entities	(57,504)	(13,447)	(70,951)
Net income	15,783	293	16,076
Gain (loss) on sales of real estate, net of minority interest	(5,578)	—	(5,578)
Structural depreciation, net of minority interest in other entities	57,504	13,447	70,951
Non-structural depreciation, net of minority interest in other entities	11,736	3,226	14,962
Amortization of intangible assets	1,898	186	2,084
Deferred tax provision	—	(286)	(286)
Funds From Operations (FFO) (1)	81,343	16,866	98,209
Capital Replacement provision	(8,129)	(1,562)	(9,691)
Adjusted Funds From Operations (AFFO) (1)	$ 73,214	$ 15,304	$ 88,518

	Earnings	Common Units	Earnings per Common Unit
EBSD			
Basic	$ 87,027	74,022	
Diluted	$101,303	91,615	
Net Income			
Basic	$ 16,076	74,022	$0.21
Diluted	$ 16,076	78,040	$0.20
FFO			
Basic	$ 98,209	74,022	
Diluted	$112,485	91,615	
AFFO			
Basic	$ 88,518	74,022	
Diluted	$102,794	91,615	

FREE CASH FLOW FROM BUSINESS COMPONENTS
For the Nine Months Ended September 30, 2000
(in thousands)

	Consolidated	Unconsolidated	Total	%
Real Estate				
Conventional				
Average monthly rent greater than $800 per unit (14,396 equivalent units)	$ 88,164	$ 8,212	$ 96,376	19.7%
Average monthly rent $700 to $800 per unit (8,978 equivalent units)	40,322	5,362	45,684	9.3%
Average monthly rent $600 to $700 per unit (27,629 equivalent units)	104,637	10,059	114,696	23.4%
Average monthly rent $500 to $600 per unit (39,972 equivalent units)	111,741	14,098	125,839	25.7%
Average monthly rent less than $500 per unit (23,046 equivalent units)	45,135	4,608	49,743	10.1%
Subtotal conventional real estate contribution to Free Cash Flow	389,999	42,339	432,338	88.2%
Affordable (13,003 equivalent units)	13,772	26,390	40,162	8.2%
College housing (average rent of $663 per month) (2,691 equivalent units)	9,755	619	10,374	2.1%
Other Properties	1,376	1,240	2,616	0.5%
Resident services	3,015	390	3,405	0.7%
Minority interest	(65,134)	—	(65,134)	(13.3)%
Total real estate contribution to Free Cash Flow	352,783	70,978	423,761	86.4%
Service Businesses				
Management contract (property and asset management)				
Controlled properties	8,366	2,581	10,947	2.2%
Third party with terms in excess of one year	—	7,226	7,226	1.5%
Third party cancelable in 30 days	—	2,570	2,570	0.5%
Subtotal management contracts contribution to Free Cash Flow	8,366	12,377	20,743	4.2%
Buyers Access	—	402	402	0.1%
Other service businesses	2,150	2,075	4,225	0.9%
Total service businesses contribution to Free Cash Flow	10,516	14,854	25,370	5.2%
Interest income				
General partner loan interest	15,662	—	15,662	3.2%
Notes receivable from officers	559	—	559	0.1%
Other notes receivable	731	—	731	0.1%
Money market and interest bearing accounts	9,843	—	9,843	2.0%
Subtotal interest income	26,795	—	26,795	5.5%
Accretion of loan discount	20,557	—	20,557	4.2%
Total interest income contribution to Free Cash Flow	47,352	—	47,352	9.7%
Fee Income				
Disposition Fees	1,914	644	2,558	0.5%
Refinancing Fees	832	99	931	0.2%
Total fee income contribution to Free Cash Flow	2,746	743	3,489	0.7%
General and Administrative Expense	(9,609)	—	(9,609)	(2.0)%
Free Cash Flow (1)	$403,788	$86,575	$490,363	100.0%

FREE CASH FLOW FROM BUSINESS COMPONENTS (Continued)
For the Nine Months Ended September 30, 2000
(in thousands)

	Consolidated	Unconsolidated	Total
Free Cash Flow	$ 403,788	$ 86,575	$ 490,363
Cost of Senior Capital			
Interest Expense:			
Secured debt			
Long-term, fixed rate	(167,040)	(27,475)	(194,515)
Long-term, variable rate	(742)	(1,178)	(1,920)
Lines of credit and other unsecured debt	(21,545)	(1,168)	(22,713)
Interest expense on convertible debt	(8,285)	—	(8,285)
Interest capitalized	7,153	1,165	8,318
Total interest expense before minority interest	(190,459)	(28,656)	(219,115)
Minority interest share of interest expense	28,758	—	28,758
Total interest expense after minority interest	(161,701)	(28,656)	(190,357)
Dividends on preferred securities	(51,728)	—	(51,728)
Contribution before non-cash charges and ownership adjustments	190,359	57,919	248,278
Non-structural depreciation, net of capital replacements	(8,372)	(2,927)	(11,299)
Amortization of intangible assets	(4,968)	(1,205)	(6,173)
Gain (loss) on sales of real estate, net of minority interest	8,883	—	8,883
Deferred tax provision	—	(2,675)	(2,675)
Earnings Before Structural Depreciation (EBSD) (1)	185,902	51,112	237,014
Structural depreciation, net of minority interest in other entities	(169,178)	(42,463)	(211,641)
Net income	16,724	8,649	25,373
Gain (loss) on sales of real estate, net of minority interest	(8,883)	—	(8,883)
Structural depreciation, net of minority interest in other entities	169,178	42,463	211,641
Non-structural depreciation, net of minority interest in other entities	31,769	8,771	40,540
Amortization of intangible assets	4,968	1,205	6,173
Deferred tax provision	—	2,675	2,675
Funds From Operations (FFO) (1)	213,756	63,763	277,519
Capital Replacement provision	(23,397)	(5,851)	(29,248)
Adjusted Funds From Operations (AFFO) (1)	$ 190,359	$ 57,912	$ 248,271

	Earnings	Common Units	Earnings per Common Unit
EBSD			
Basic	$237,014	72,969	
Diluted	$275,405	89,396	
Net Income			
Basic	$ 25,373	72,969	$0.35
Diluted	$ 25,373	74,806	$0.34
FFO			
Basic	$277,519	72,969	
Diluted	$315,910	89,396	
AFFO			
Basic	$248,271	72,969	
Diluted	$286,662	89,396	

(1) Free Cash Flow, Earnings Before Structural Depreciation, Funds From Operations, and Adjusted Funds From Operations are measurement standards used by the Company's management. These should not be considered alternatives to net income or net cash flow from operating activities, as determined in accordance with GAAP, as an indication of the Company's performance or as a measure of liquidity.

- “Free Cash Flow” is defined by the Company as net operating income minus the capital spending required to maintain the related assets. It measures profitability prior to the cost of capital.

- “Earnings Before Structural Depreciation” (“EBSD”) is defined by the Company as Net Income, determined in accordance with GAAP, plus “structural depreciation”, i.e. depreciation of buildings and land improvements whose useful lives exceed 20 years.

- “Funds From Operations” (“FFO”) is defined by the Board of Governors of the National Association of Real Estate Investment Trusts (“NAREIT”) 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 adjusted for minority interest in AIMCO Properties, L.P., amortization, the non-cash deferred portion of the income tax provision for unconsolidated subsidiaries and less the payment of dividends on preferred stock. There can be no assurance that the Company’s basis for computing FFO is comparable with that of other real estate investment trusts.

- “Adjusted Funds From Operations” (“AFFO”) is defined by the Company as FFO less a charge for capital replacements equal to $300 per apartment unit.

NOTE 9 — High Performance Units

In January 1998, the Partnership sold an aggregate of 15,000 of its Class I High Performance Partnership Units (the “High Performance Units”) to a joint venture comprised of twelve members of AIMCO’s senior management and to three of its independent directors for a total of $2.1 million in cash. The High Performance Units have nominal value unless the Company’s total return (as defined below) over the three-year period ending December 31, 2000, is at least 30% and exceeds the industry average, as determined by a peer group index, by at least 15%. At the conclusion of the three year period, if the Company’s total return satisfies these criteria, the holders of the High Performance Units will receive distributions and allocations of income and loss from AIMCO Properties, L.P. in the same amounts and at the same times as would holders of a number of Common OP Units equal to the quotient obtained by dividing (i) the product of (a) 15% of the amount by which the Company’s cumulative total return over the three year period exceeds the greater of 115% of a peer group index or 30% (such excess being the “Excess Return”), multiplied by (b) the weighted average market value of the Company’s outstanding Class A Common Stock and Common OP Units, by (ii) the market value of one share of Class A Common Stock at the end of the three year period. The three-year measurement period will be shortened in the event of a change of control of the Company. Unlike Common OP Units, the High Performance Units are not redeemable or convertible into Class A Common Stock unless a change of control of the Company occurs. Because there is substantial uncertainty that the High Performance Units will have more than nominal value due to the required total return over the three-year term, the Company has not recorded any value to the High Performance Units in the consolidated financial statements as of September 30, 2000. The Company includes any dilutive effect of the High Performance Units in its earnings per unit calculations.

The Morgan Stanley Dean Witter REIT Index is being used as the peer group index for purposes of the High Performance Units. The Morgan Stanley Dean Witter REIT Index is a capitalization-weighted index (with dividends reinvested) of the most actively traded real estate investment trusts. The Morgan Stanley Dean Witter REIT Index is comprised of over 100 real estate investment trusts selected by Morgan Stanley Dean Witter & Co. Incorporated. The Board of Directors of the Company has selected this index because it believes that it is the real estate investment trust index most widely reported and accepted among institutional investors.

“Total return” means, for any security and for any period, the cumulative total return for such security over such period, as measured by (i) the sum of (a) the cumulative amount of dividends paid in respect of such security for such period (assuming that all cash dividends are reinvested in such security as of the payment date for such dividend based on the security price on the dividend payment date), and (b) an amount equal to (x) the security price at the end of such period, minus (y) the security price at the beginning of such period, divided by (ii) the security price at the beginning of the measurement period; provided, however, that if the foregoing calculation results in a negative number, the total return shall be equal to zero. For purposes of calculating the total return of the AIMCO Class A Common Stock, the security price at the end of the period will be based on an average of the volume-weighted average daily trading price of the AIMCO Class A Common Stock for the 20 trading days immediately preceding the end of the period.

The High Performance Units are not convertible into AIMCO Class A Common Stock. However, in the event of a change of control of the Company, holders of High Performance Units will have redemption rights similar to those of holders of Common OP Units. Upon the occurrence of a change of control, any holder of High Performance Units may, subject to certain restrictions, require the Partnership to redeem all or a portion of the High Performance Units held by such party in exchange for a cash payment per unit equal to the liquidation value of a unit at the time of redemption. However, in the event that any High Performance Units are tendered for redemption, the Partnership’s obligation to pay the redemption price is subject to the prior right of the Company to acquire such High Performance Units in exchange for an equal number of shares of AIMCO Class A Common Stock with a market value equivalent to the liquidation value of the units.

If AIMCO’s total return over the measurement period exceeds 115% of the total return of the Morgan Stanley Dean Witter REIT Index and exceeds the minimum return (30% over three years), then the holders of High Performance Units could be entitled to a significant percentage of future distributions made by the Partnership. This could have a dilutive effect on future earnings per share of AIMCO Class A Common Stock, and on AIMCO’s equity ownership in the Partnership after the three-year measurement period.

The following table illustrates the value of the 15,000 High Performance Units at the end of the three-year measurement period, assuming a range of different prices for the AIMCO Class A Common Stock at the end of the measurement period. For the period from January 1, 1998 to September 30, 2000, the cumulative total return of the Morgan Stanley Dean Witter REIT Index was (3.11%) and the cumulative total return of the AIMCO Class A Common Stock was 49.49%. As a result, for purposes of the illustration, we have assumed that the cumulative total return of the AIMCO Class A Common Stock will exceed 115% of the cumulative total return of the peer group index. This implies that the High Performance Units will only have value if the cumulative total return on the AIMCO Class A Common Stock from January 1, 1998 to January 1, 2001 exceeds 30%. We have also assumed, for purposes of the illustration, that the weighted average market value of outstanding equity (AIMCO Class A Common Stock and Common OP Units) during the measurement period is $2,531,024,164, which was the amount as of September 30, 2000.

Please note that the table below is for illustrative purposes only and there can be no assurance that actual outcomes will be within the ranges used. Some of the factors that could affect the results set forth in the table are the total return of the AIMCO Class A Common Stock relative to the total return of the Morgan Stanley Dean Witter REIT Index, and the market value of the average outstanding equity of the Company during the measurement period. These factors may be affected by general economic conditions, local real estate conditions and the dividend policy of the Company.

Stock Price (12/31/00)	AIMCO Total Return	Minimum Return (1)	Excess Return (2)	Average Market Capitalization (thousands) (3)	Excess Shareholder Value Added (thousands) (4)	Value of High Performance Units (thousands) (5)
$39.00	28.93%	30.00%	0.00%	$2,531,024	$ —	$ 6
39.51	30.58%	30.00%	0.58%	2,531,024	14,680	2,202
40.00	32.17%	30.00%	2.17%	2,531,024	54,923	8,238
41.00	35.41%	30.00%	5.41%	2,531,024	136,928	20,539
42.00	38.65%	30.00%	8.65%	2,531,024	218,934	32,840
43.00	41.89%	30.00%	11.89%	2,531,024	300,939	45,141
44.00	45.13%	30.00%	15.13%	2,531,024	382,944	57,442
45.00	48.37%	30.00%	18.37%	2,531,024	464,949	69,742
46.00	51.60%	30.00%	21.60%	2,531,024	546,701	82,005
47.00	54.84%	30.00%	24.84%	2,531,024	628,706	94,306
48.00	58.07%	30.00%	28.07%	2,531,024	710,458	106,569
49.00	61.31%	30.00%	31.31%	2,531,024	792,464	118,870
50.00	64.54%	30.00%	34.54%	2,531,024	874,216	131,132

[Additional columns below]

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

Stock Price (12/31/00)	OP Unit Dilution (thousands) (6)	OP Unit Dilution as a % of total Diluted shares Outstanding (7)	Cash Proceeds To Company From Initial Investment (thousands) (8)
$39.00	—	0.00%	$2,064
39.51	56	0.06%	2,064
40.00	206	0.22%	2,064
41.00	501	0.55%	2,064
42.00	782	0.85%	2,064
43.00	1,050	1.15%	2,064
44.00	1,305	1.42%	2,064
45.00	1,550	1.69%	2,064
46.00	1,783	1.95%	2,064
47.00	2,007	2.19%	2,064
48.00	2,220	2.42%	2,064
49.00	2,426	2.65%	2,064
50.00	2,623	2.86%	2,064

(1) Assumes that the AIMCO total return will exceed that of the peer group by at least 15%.

(2) “Excess Return” is the amount, if any, by which the total return of the AIMCO Class A Common Stock over the measurement period exceeds the minimum return.

(3) Assumes the market value of outstanding equity (AIMCO Class A Common Stock and Common OP Units) at September 30, 2000 throughout the measurement period.

(4) “Excess Shareholder Value Added” is calculated by multiplying the Excess Return by the average market capitalization.

(5) The “Value of High Performance Units” is calculated by multiplying the Excess Shareholder Value Added by 15%. If Excess Shareholder Value Added is 0, the “Value of High Performance Units” is calculated by multiplying the stock price by 150 OP Units. The initial investment of $2,070,000 will continue to be treated as contributed equity on the balance sheet of the Partnership.

(6) The “OP Unit Dilution” is calculated by dividing the Value of High Performance Units by the stock price at the end of the period.

(7) “OP Unit Dilution as a % of Total Diluted Shares Outstanding” is calculated by dividing the OP Unit Dilution by the total weighted-average diluted units outstanding as of September 30, 2000.

(8) If Excess Shareholder Value Added is $0, the “Cash Proceeds to Company from Initial Investment” is

calculated by subtracting the “Value of High Performance Units” from $2,070,000, which is the purchase price of 15,000 High Performance Units.

The following table summarizes the status of the High Performance Units as of December 31, 1999 and September 30, 2000:

As of	AIMCO Total Return	Morgan Stanley Dean Witter REIT Index	Minimum Return	Excess Return	Average Market Capitalization	Excess Shareholder Value Added(1)
December 31, 1999	22.71%	-20.69%	19.11%	3.60%	$2,327,728,992	$ 83,798,244
September 30, 2000	49.49%	-3.11%	27.19%	22.30%	$2,531,024,164	$564,418,389

[Additional columns below]

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

As of	Value of High Performance Units (2)	OP Unit Dilution	OP Unit Dilution %
December 31, 1999	$12,569,737	340,096(3)	0.40%
September 30, 2000	$84,662,758	1,867,132(4)	2.04%

(1) Excess Return multiplied by average market capitalization
(2) Excess Shareholder Value Added multiplied by 15%
(3) OP Unit calculation based on trailing 20-day average stock price of $36.96
(4) OP Unit calculation based on trailing 20-day average stock price of $45.34

NOTE 10 — Portfolios Held for Sale

The Company is currently marketing for sale certain real estate properties as part of its policy 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). Approximately 6,400 units with an approximate carrying value of $80 million are included with real estate in the consolidated financial statements and approximately 18,500 units with an approximate carrying value of $101 million are included with investments in unconsolidated real estate partnerships in the consolidated financial statements. The Company does not expect to incur any material losses with respect to the sales of the properties.

NOTE 11 — Recent Accounting Developments

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (“Statement 133”). Statement 133 requires recording all derivative instruments as assets or liabilities, measured at fair value. Statement 133 is effective beginning after 2000. The Company has elected not to adopt early the provisions of Statement 133 as of December 31, 1999 and when Statement 133 is adopted, the Company does not expect the Statement to have a significant impact on its financial position and results of operations.

NOTE 12 — Pro Forma Financial Statements

The unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2000 and the nine months ended September 30, 1999 have been prepared as if each of the following transactions had occurred on January 1, 1999: (i) the Oxford acquisition (Note 3); (ii) the acquisition of the Regency Windsor Apartment Communities, which include fourteen separate residential apartment communities located in Indiana, Michigan and North Carolina; and (iii) the acquisition of the Dreyfuss Apartment Communities, which include nine separate residential apartment communities located in Virginia and Maryland.

The pro forma financial statements are 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. The allocation of purchase costs are subject to final determination based upon estimates and other evaluations of fair market value.

PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except per unit data)
(unaudited)

	For the Nine Months Ended September 30,	
	2000	**1999**
Income from property operations	$ 228,207	$ 141,590
Company’s share of income from service company business	13,069	2,117
Net income	$ 39,353	$ 30,333
Net income attributable to preferred unitholders	$ 50,476	$ 46,667
Net loss attributable to common unitholders	($11,123)	($16,334)
Diluted loss per unit	($0.15)	($0.23)
Weighted average number of common units and common unit equivalents outstanding	75,986	71,184

ITEM 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Overview

As of September 30, 2000, the Company owned or managed 333,786 apartment units, comprised of 137,419 units in 500 apartment communities owned or controlled by the Company (the "Owned Properties"), 132,909 units in 769 apartment communities in which the Company has an equity interest (the "Equity Properties") and 63,458 units in 487 apartment communities which the Company manages for third parties and affiliates (the "Managed Properties" and together with the Owned Properties and the Equity Properties, the "AIMCO Properties"). The apartment communities are located in 48 states, the District of Columbia and Puerto Rico.

In the three months ended September 30, 2000, the Company completed $1.2 billion in acquisitions, dispositions, and mortgage financing transactions. The Company acquired all of the stock and other interests held by the principals, officers and directors of Oxford Realty Financial Group, Inc. in entities which own and control 167 properties with 36,949 apartment units as well as control of the managing general partner of Oxford Tax Exempt Fund II, an Amex listed partnership for $883 million. Additionally, the Company acquired five properties in the Dreyfuss portfolio from affiliates of Dreyfuss Brothers, Inc. for $55 million. The Company purchased $56 million of limited partnership interests. The Company sold 21 apartment communities and 4 land parcels for a total of $168 million of which the Company's share of the dispositions was $79 million with a GAAP gain of $9 million. Third quarter refinancing activity included the closing of $63 million of new mortgages at a weighted average interest rate of 7.86%.

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 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; the 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 current and continuing qualification as a real estate investment trust involves the application of highly technical and complex provisions of the Internal Revenue Code and depends on its ability to meet the various requirements imposed by the Internal Revenue Code, through actual operating results, distributions levels and diversity of stock ownership. Readers should carefully review the Company's financial statements and the notes thereto, as well as the risk factors described in documents the Company files from time to time with the Securities and Exchange Commission.

Results of Operations

Comparison of the Three Months Ended September 30, 2000 to the Three Months Ended September 30, 1999

Net Income

The Company recognized net income of $33.5 million for the three months ended September 30, 2000, compared with $19.9 million for the three months ended September 30, 1999. The increase in net income of $13.6 million, or 68.3%, was the result of an increase in net "same store" property results, the acquisition of 28 properties during 1999 and six properties during 2000, and the acquisition of controlling interests in partnerships owning 246 properties with the subsequent consolidation of the purchased and newly controlled entities. The effect of the foregoing was partly offset by the sale of 46 properties.

Consolidated Rental Property Operations

Rental and other property revenues from the consolidated Owned Properties totaled $271.1 million for the three months ended September 30, 2000, compared with $120.4 million for the three months ended September 30, 1999, an increase of $150.7 million, or 125.2%. The increase in rental and other property revenues reflects an increase in “same store” sales revenue of 5.5%; the purchase of 28 properties during 1999 and six properties in 2000; the acquisition of controlling interests in partnerships owning 246 properties; and the subsequent consolidation of the purchased and newly controlled entities. The effect of the foregoing was partly offset by the sale of 46 properties.

Property operating expenses for the consolidated Owned Properties, consisting 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, totaled $107.0 million for the three months ended September 30, 2000, compared with $48.0 million for the three months ended September 30, 1999, an increase of $59.0 million or 122.9%. The increase in property operating expenses primarily was due to an increase in “same store” expenses of 1.5%; the purchase of 28 properties in 1999 and 6 properties in 2000; the acquisition of controlling interests in partnerships owning 246 properties; and the subsequent consolidation of the purchased and newly controlled entities. The effect of the foregoing was partly offset by the sale of 46 properties.

Service Company Business

The Company’s share of income from the service company business totaled $3.7 million for the three months ended September 30, 2000, compared with a loss of $5.3 million for the three months ended September 30, 1999, an increase of $9 million or 169.8%. The increase was primarily due to the establishment of the new Corporate Housing program and other product enhancements, and a reduction in the use of third party information technology consultants.

General and Administrative Expenses

General and administrative expenses were $4.5 million for the three months ended September 30, 2000 compared to $3.0 million for the three months ended September 30, 1999 an increase if $1.5 million, or 50.0%. This increase is primarily due to legal and accounting fees for operational initiatives and information technology enhancements.

Interest Expense

Interest expense, which includes the amortization of deferred financing costs, totaled $67.9 million for the three months ended September 30, 2000, compared with $31.3 million for the three months ended September 30, 1999, an increase of $36.6 million, or 116.9%. The increase primarily was due to the Company acquiring controlling interests in partnerships owning 246 properties and the subsequent consolidation of these properties. The Company had also drawn $175 million on its credit facility with Bank of America, N.A. as of September 30, 2000 compared with $111.7 million at September 30, 1999. The cost of such borrowing was at a weighted average interest rate of 9.19% and 9.17% at September 30, 2000 and September 30, 1999, respectively.

Interest Income

Interest income remained relatively unchanged, although interest accretion on discounted acquisition notes decreased, with $18.8 million for the three months ended September 30, 2000, and $17.6 million for the three months ended September 30, 1999.

Comparison of the Nine Months Ended September 30, 2000 to the Nine Months Ended September 30, 1999

Net Income

The Company recognized net income of $75.1 million for the nine months ended September 30, 2000, compared with $58.7 million for the nine months ended September 30, 1999. The increase in net income of $16.4 million, or 27.9%, primarily was the result of an increase in net “same store” property results, the acquisition of 28 properties during 1999 and six properties during 2000, the completion of the merger of Insignia Properties Trust into AIMCO, the purchase of $271 million in limited partnership interests from unaffiliated third parties in 1999, and an increase in interest income on notes receivable from unconsolidated real estate partnerships in 2000. The effect of the foregoing on net income was partially offset by $18 million charged to operations for partnership losses or distributions in excess of the minority partners’ basis and the sale of 8 properties during 1999 and forty-six properties in 2000. These factors are discussed in more detail in the following paragraphs.

Consolidated Rental Property Operations

Rental and other property revenues from the consolidated Owned Properties totaled $753.5 million for the nine months ended September 30, 2000, compared with $347.2 million for the nine months ended September 30, 1999, an increase of $406.3 million, or 117.0%. The increase in rental and other property revenues primarily was due to an increase in “same store” sales revenue of 4.9%, the purchase of 28 properties in 1999 and six properties in 2000, the acquisition of controlling interests in partnerships owning 246 properties, and the subsequent consolidation of the purchased and newly controlled entities. The effect of the foregoing was partly offset by the sale of 46 properties.

Property operating expenses for the consolidated Owned Properties, consisting 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, totaled $302.4 million for the nine months ended September 30, 2000, compared with $135.6 million for the nine months ended September 30, 1999, an increase of $166.8 million or 123.0%. The increase in property operating expenses primarily was due to an increase in “same store” expenses of 2.6%, the purchase of 28 properties in 1999 and six properties in 2000, the acquisition of controlling interests in partnerships owning 246 properties, and the subsequent consolidation of the purchased and newly controlled entities. The effect of the foregoing was partly offset by the sale of 46 properties.

Service Company Business

The Company’s share of income from the service company business was $13.3 million for the nine months ended September 30, 2000, compared with a loss of $2.3 million for the nine months ended September 30, 1999. The increase in service company business income of $15.6 million was mainly due to the establishment of the new Corporate Housing program and other product enhancements, and a reduction in the use of third party information technology consultants.

General and Administrative Expenses

General and administrative expenses totaled $9.6 million for the nine months ended September 30, 2000 compared with $7.2 million for the nine months ended September 30, 1999. This increase of $2.4 million or 33.3% is due to legal and accounting fees for operational initiatives and information technology enhancements.

Interest Expense

Interest expense, which includes the amortization of deferred financing costs, totaled $190.5 million for the nine months ended September 30, 2000, compared with $91.4 million for the nine months ended September 30, 1999, an increase of $99.1 million, or 108.4%. The increase primarily was due to the Company acquiring controlling interests in partnerships owning 246 properties and the subsequent consolidation of these properties, as well as the conversion costs associated with the TOPRS convertible preferred securities. The Company had also drawn $175.0 million on its credit facility with Bank of America, N.A. as of September 30, 2000 compared with $111.7 million at September 30, 1999. The cost of such borrowing was at a weighted average interest rate of 9.19% and 9.17% at September 30, 2000 and September 30, 1999, respectively.

Interest Income

Interest income totaled $47.4 million for the nine months ended September 30, 2000, compared with $37.8 million for the nine months ended September 30, 1999. The increase of $9.6 million, or 25.4%, primarily is due to the recognition of interest accretion on discounted acquisition notes.

Funds From Operations

For the three months and nine months ended September 30, 2000 and 1999, the Company's Funds From Operations ("FFO") on a fully diluted basis were as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	**1999**	**2000**	**1999**
Net Income	$ 33,457	$19,889	$ 75,071	$ 58,746
Real estate depreciation, net of minority interest	72,564	27,152	206,298	78,960
Real estate depreciation related to unconsolidated entities	16,672	29,204	51,235	73,950
Amortization of intangibles	2,084	2,455	5,523	7,366
Amortization of recoverable amount of management contracts	—	11,330	648	32,126
Deferred tax (benefit) provision	(286)	1,305	2,675	3,102
Preferred stock dividends and distributions	(6,530)	(7,208)	(19,590)	(26,735)
TOPRS interest expense	3,426	2,429	8,284	2,429
Dilutive Funds From Operations before gain on disposition of properties	121,387	86,556	330,144	229,944
Gain on disposition of properties	(8,902)	(315)	(14,234)	(330)
Dilutive Funds From Operations available to common units	$112,485	$86,241	$315,910	$229,614
Weighted average number of units and common unit equivalents outstanding:				
Common OP units and common OP unit equivalents	85,308	77,691	83,068	69,204
Preferred units convertible into common OP units	6,307	5,555	6,328	7,259
	91,615	83,246	89,396	76,463

FFO increased to $112.5 million and $315.9 million for the three and nine months ended September 30, 2000, respectively, compared with $86.2 million and $229.6 million, respectively, for the same periods in 1999 primarily due to: increases in "same store" property operations; the acquisition and subsequent consolidation of newly controlled entities and controlling interests in partnerships owning 246 properties; and the purchase of 28 properties in 1999 and six properties in 2000; partly offset by the sale of 46 properties.

Same Store Property Operating Results

The Company defines “same store” properties as apartment communities owned in the comparable periods of 2000 and 1999. The following table summarizes the unaudited consolidated rental property operations on a “same store” basis (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
Properties	556	556	556	556
Apartment Units	152,195	152,195	152,195	152,195
Average Physical Occupancy	95.1%	95.9%	95.0%	95.0%
Average Rent Collected/Unit/Month	$ 642	$ 612	$ 645	$ 621
Revenues	$211,338	$200,246	$621,450	$592,695
Expenses	81,078	79,858	235,373	229,487
Net Operating Income	$130,260	$120,388	$386,077	$363,208

Liquidity and Capital Resources

For the nine months ended September 30, 2000 and 1999, net cash flows were as follows (dollars in thousands):

	2000	1999
Cash flow provided by operating activities	$ 281,185	$ 163,852
Cash flow used in investing activities	(563,026)	(151,534)
Cash flow provided by (used in) financing activities	286,781	(8,947)

During the nine months ended September 30, 2000, the Company closed $270.4 million of long-term, fixed-rate, fully amortizing notes payable with a weighted average interest rate of 7.99%. Each of the notes is individually secured by one of nineteen properties with no cross-collateralization. The Company used the net proceeds totaling $265.5 million after transaction costs to repay existing debt and for working capital. During the nine months ended September 30, 2000, the Company has also assumed $38.2 million in long-term, fixed rate, fully amortizing notes-payable, with an interest rate of 7.70% in connection with the acquisition of six properties. The notes are secured by the acquired properties.

In August 1999, the Company closed a $300 million revolving credit facility arranged by Bank of America, N.A., Fleet National Bank (successor in interest 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. On April 14, 2000, the credit facility was expanded by $5 million 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 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. Borrowings under the credit facility, including the $50 million expansion, are available for general corporate purposes. The credit facility matures in July 2002. The annual interest rate under the credit facility 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 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 September 30, 2000 was 9.19%. The amount available under different credit facilities at September 30, 2000 and 1999 was $175 million and $188.3 million, respectively.

On September 20, 2000 the Company 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 entities, including ORFG, which own interests in and control the Oxford properties for $266 million in cash and $62 million in Common OP Units. The Partnership borrowed $279 million to pay the cash portion of the purchase price and transaction 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. The borrowers under the term loan are the 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 Partnership, NHP Management Company, AIMCO/Bethesda Holding, 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 financial covenants contained in the term loan require the 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), imposes minimum net worth requirements and provides other financial covenants related to certain of AIMCO's assets and obligations.

At September 30, 2000, the Company had $106.5 million in cash and cash equivalents. In addition, the Company had $113.5 million of restricted cash, primarily consisting of reserves and impounds held by lenders for capital expenditures, property taxes and insurance. The Company's principal demands for liquidity include normal operating activities, payments of principal and interest on outstanding debt, capital improvements, acquisitions of or investments in properties, and distributions paid to unitholders. The Company considers its cash provided by operating activities, and funds available under its credit facilities, to be adequate to meet short-term liquidity demands. The Company utilizes its revolving credit facility for general corporate purposes and to fund investments on an interim basis.

The Company expects to fund its requirements for property acquisitions, tender offers and refinancing of short-term debt with: long-term, fixed rate, fully amortizing debt; secured or unsecured short-term debt; the issuance of debt or equity securities in public offerings or private placements; and cash generated from operations.

From time to time, the Company has offered to acquire and, in the future, may offer to acquire the interests held by third party investors in certain limited partnerships for which the Company acts as general partner. Any such acquisitions will require funds to pay the cash purchase price for such interests. During the nine months ended September 30, 2000, the Company made separate offers to the limited partners of 539 partnerships to acquire their limited partnership interests, and purchased approximately $117.9 million (including transaction costs) of limited partnership interests.

Return on Assets and Return on Partners' Capital

The Company's Return On Assets and Return On Partners' Capital for the nine months ended September 30, 2000 and 1999 are as follows:

	Based on AFFO		Based on FFO	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
Return on Assets (a)	9.9%	10.0%	10.4%	10.5%
Return on Partners' Capital				
Basic (b)	15.4%	12.8%	16.6%	14.9%
Diluted (c)	14.8%	11.9%	15.9%	13.6%

(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 $77,863, for the nine months ended September 30, 2000, 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 Partners' Capital-Basic (AFFO) as (i) annualized AFFO-Basic, divided by (ii) Average Partners' Capital. Average Partners' Capital is computed by averaging the sum of Partners' Capital, as defined below, at the beginning and the end of the period. Partners' Capital is total partners' capital, plus accumulated depreciation, less accumulated Capital Replacements of $77,863 for the nine months ended September 30, 2000, less Preferred Units. The Company defines Return on Partners' Capital-Basic (FFO) as (i) annualized AFFO-Basic plus Capital Replacements; divided by (ii) Average Partners' Capital plus accumulated Capital Replacements.

(c) The Company defines Return on Partners' Capital-Diluted (AFFO) and Return on Partners' Capital-Diluted (FFO) assuming conversion of debt and preferred securities whose conversion is dilutive.

Litigation

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.

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 any 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.

Contingencies

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 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 flows.

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 our 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.

ITEM 3. *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 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 equity offerings or long-term debt financings.

The Company had $552.9 million of variable rate debt outstanding at September 30, 2000, which represents 14.5% 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 $5.5 million on an annual basis.

The estimated aggregate fair value of the Company's cash and cash equivalents, receivables, payables and short-term secured and unsecured debt as of September 30, 2000 is assumed to approximate their carrying value due to their relatively short terms. Management further believes that, after consideration of interest rate agreements, 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.

PART II. OTHER INFORMATION

ITEM 1. ***Legal Proceedings***

None.

ITEM 2. ***Changes in Securities and Use of Proceeds***

On September 20, 2000, the Company issued 1,381,704 Common OP Units, valued at $45 per unit, in connection with the acquisition of all of the stock and other interests held by the principals, officers and directors of ORFG and control of the managing general partner of OTEF.

On September 13, 2000 AIMCO issued 4,000,000 shares of newly created Class N Preferred Stock in a direct placement. The proceeds of $100 million were contributed by AIMCO to the Partnership in exchange for 4,000,000 Class N Preferred Units and were used to repay certain indebtedness and for working capital. The Class N Preferred Units are redeemed or converted to Common OP Units when the shares of Class N Preferred Stock are redeemed or converted to Class A Common Stock.

On September 13, 2000 AIMCO issued 1,904,762 shares of newly created Class O Preferred Stock to an institutional investor in a sale effected under AIMCO's shelf registration statement. The proceeds of $100 million were contributed by AIMCO to the Partnership in exchange for 1,904,762 Class O Preferred Units and were used to repay certain indebtedness and for working capital. The Class O Preferred Units are redeemed or converted to Common OP Units when the shares of Class O Preferred Stock are redeemed or converted to Class A Common Stock.

In the three months ended September 30, 2000, the Partnership completed tender offers for limited partnership interests resulting in the issuance of 15,000 Class Two Partnership Preferred Units.

In January 2000, the Company acquired Merrill House, a 159 unit apartment community for approximately $12.2 million, including the issuance of 205,937 Class Four Partnership Preferred Units valued at $5.2 million. During June 2000, 24,235 of the 205,937 Class Four Partnership Preferred Units issued were exchanged for cash and retired pursuant to the provisions of the purchase agreement. During July 2000, 3,445 of the remaining 181,702 Class Four Partnership Preferred Units issued were exchanged for cash and retired pursuant to the provisions of the purchase agreement.

In September 2000, the Company acquired five apartment properties, with a combined total of 1,013 units for approximately $55 million, including the issuance of 807,016 Class Six Partnership Preferred Units valued at $20.2 million.

During the three months ending September 30, 2000 the Company completed tender offers for limited partnership interests resulting in the issuance of 58,373 Common Units.

All of the foregoing issuances of partnership units were made in private placement transactions exempt from registration under the Securities Act pursuant to Section 4(2) thereof.

ITEM 3. ***Defaults Upon Senior Securities***

None.

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

None.

ITEM 5. ***Other Information***

None.

ITEM 6. ***Exhibits and Reports on Form 8-K***

(a) Exhibits. The following exhibits are filed with this report (1):

EXHIBIT NUMBER		DESCRIPTION
10.1	-	Fourteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 12, 2000
10.2	-	Fifteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 15, 2000
10.3	-	Sixteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 15, 2000
10.4	-	Seventeenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of November 10, 2000
10.5	-	Interim Credit Agreement, dated as of September 20, 2000, among AIMCO Properties, L.P., NHP Management Company, AIMCO/Bethesda Holdings, Inc., Bank of America, N.A., Lehman Commercial Paper Inc. and several other lenders. (Exhibit (d) to AIMCO's Schedule 13D related to Oxford Tax Exempt Fund II Limited Partnership, dated September 20, 2000, is incorporated herein by this reference.)
10.6	-	Second Amended and Restated Credit Agreement, dated as of September 20, 2000, among AIMCO Properties, L.P., NHP Management Company, AIMCO/Bethesda Holdings, Inc., Bank of America, N.A. and several other lenders. (Exhibit (e) to AIMCO's Schedule 13D related to Oxford Tax Exempt Fund II Limited Partnership, dated September 20, 2000, is incorporated herein by this reference.)
10.7	-	Intercreditor and Subordination Agreement, dated as of September 20, 2000, among AIMCO Properties, L.P., NHP Management Company, AIMCO/Bethesda Holdings, Inc., Bank of America, N.A. and several other lenders. (Exhibit (f) to AIMCO's Schedule 13D related to Oxford Tax Exempt Fund II Limited Partnership, dated September 20, 2000, is incorporated herein by this reference.)
27.1	-	Financial Data Schedule
99.1	-	Agreement re: disclosure of long-term debt instruments

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

(b) Reports on Form 8-K for the quarter ended September 30, 2000:

During the quarter for which this report is filed, AIMCO Properties, L.P. filed its Current Report on Form 8-K, dated September 20, 2000, relating to the acquisition by AIMCO Properties, L.P. and Apartment Investment and Management Company of all the stock of certain affiliates of Oxford Realty Financial Group, Inc. which own and control 167 apartment communities.

AIMCO PROPERTIES, L.P.

SIGNATURES

Pursuant to the requirements 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.

AIMCO Properties, L.P.
By: AIMCO-GP, Inc. its General Partner

By: /s/ PAUL J. McAULIFFE
Paul J. McAuliffe
Executive Vice President,
Chief Financial Officer
(duly authorized officer and
principal financial officer)

By: /s/ THOMAS C. NOVOSEL
Thomas C. Novosel
Senior Vice President,
Chief Accounting Officer

Date: November 14, 2000

EXHIBIT INDEX(1)

EXHIBIT NUMBER		DESCRIPTION
10.1	-	Fourteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 12, 2000
10.2	-	Fifteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 15, 2000
10.3	-	Sixteenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of September 15, 2000
10.4	-	Seventeenth Amendment to the Third Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of November 10, 2000
10.5	-	Interim Credit Agreement, dated as of September 20, 2000, among AIMCO Properties, L.P., NHP Management Company, AIMCO/Bethesda Holdings, Inc., Bank of America, N.A., Lehman Commercial Paper Inc. and several other lenders. (Exhibit (d) to AIMCO's Schedule 13D related to Oxford Tax Exempt Fund II Limited Partnership, dated September 20, 2000, is incorporated herein by this reference.)
10.6	-	Second Amended and Restated Credit Agreement, dated as of September 20, 2000, among AIMCO Properties, L.P., NHP Management Company, AIMCO/Bethesda Holdings, Inc., Bank of America, N.A. and several other lenders. (Exhibit (e) to AIMCO's Schedule 13D related to Oxford Tax Exempt Fund II Limited Partnership, dated September 20, 2000, is incorporated herein by this reference.)
10.7	-	Intercreditor and Subordination Agreement, dated as of September 20, 2000, among AIMCO Properties, L.P., NHP Management Company, AIMCO/Bethesda Holdings, Inc., Bank of America, N.A. and several other lenders. (Exhibit (f) to AIMCO's Schedule 13D related to Oxford Tax Exempt Fund II Limited Partnership, dated September 20, 2000, is incorporated herein by this reference.)
27.1	-	Financial Data Schedule
99.1	-	Agreement re: disclosure of long-term debt instruments

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