AIMCO

Apartment Investment and Management Company

2001 Annual Report

Corporate Profile

Aimco is a real estate investment trust headquartered in Denver, Colorado, which holds a geographically diversified portfolio of apartment communities operated through 19 regional operating centers. Aimco, through its subsidiaries, operates 1,935 properties, including 335,509 apartment units, and serves approximately one million residents each year. Aimco's properties are located in 48 states, the District of Columbia and Puerto Rico.

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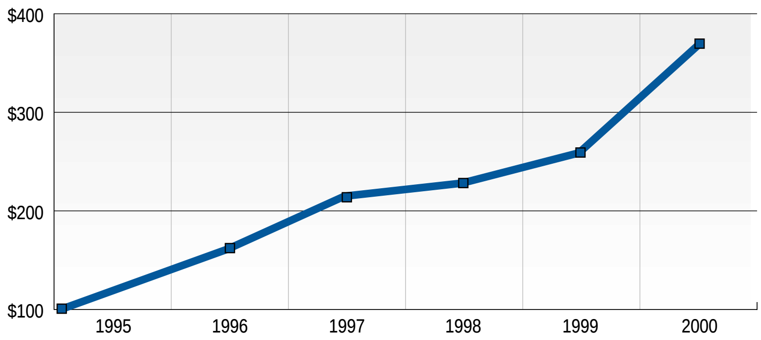
Letter To Stockholders

Dear Fellow Stockholder:

This annual letter to stockholders provides Peter and me the opportunity to report to you, our fellow stockholder, about our mutual investment in Aimco. It is a time when we in management can tell you what happened, what we make of it, and what we expect.

For the past several years, this letter has also been able to celebrate outsized stockholder returns (28% compounded annually from 1995 to 2000).

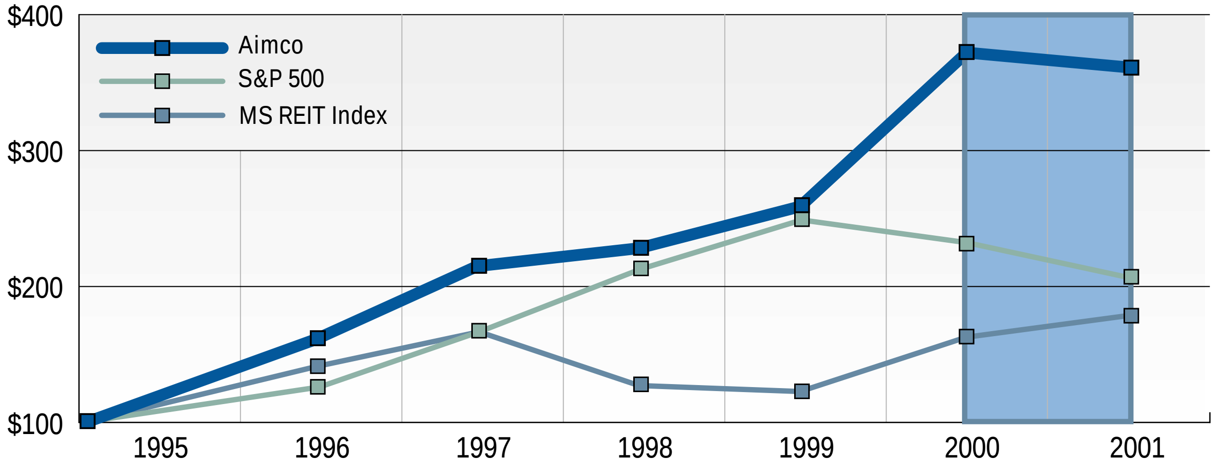
28% Compounded Total Return
1995-2000



Celebration is not in order this year: 2001 was disappointing when measured by total return to Aimco stockholders. For Peter and me, with the largest share of our families' net worth invested in Aimco, stockholder returns are the crucial measure.

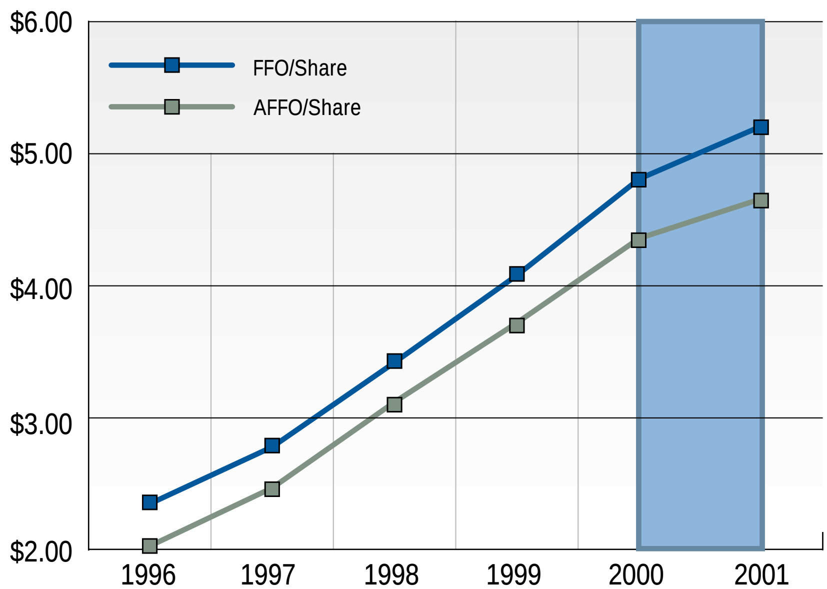
Total return last year was a negative 1.8%, the result of a $3.12 dividend more than offset by a $4.21 share price decline. By comparison, the REIT index provided a positive 12.8% total return and the S&P 500 a negative 11.9% total return.

1995-2001 Total Return



A not unrelated disappointment was the rate of growth in AFFO per share: after compounding at 18% per annum from 1995 to 2000, AFFO per share increased by only 6% during 2001.

FFO and AFFO Per Share Growth

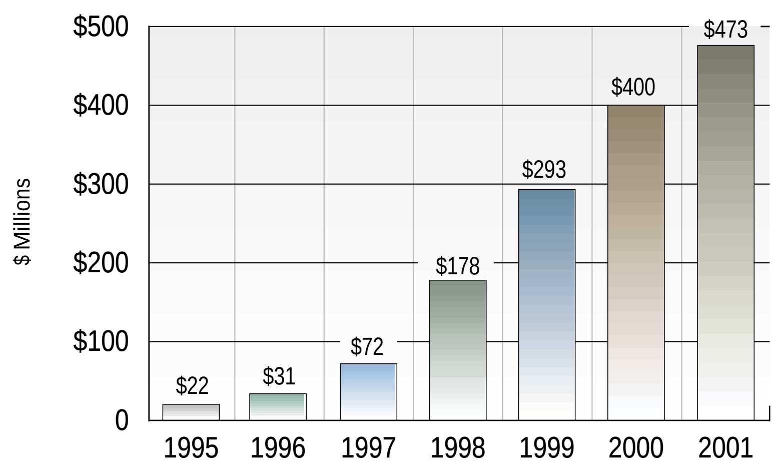


What happened?

At one level, the economy cooled. The stock market "bubble" deflated. The slowing economy was further disrupted by the terrorist attacks of "9/11" and the deployment of U.S. troops and energies to homeland security and overseas conflict. Record increases in employment and apartment rents during 2000 turned to job losses and apartment vacancies in 2001.

At Aimco, the challenging economy tested business systems already strained and outgrown by six years of 67% annually compounded AFFO growth. At that rate, Aimco had doubled in size every 13 months, or 22 fold in just six years.

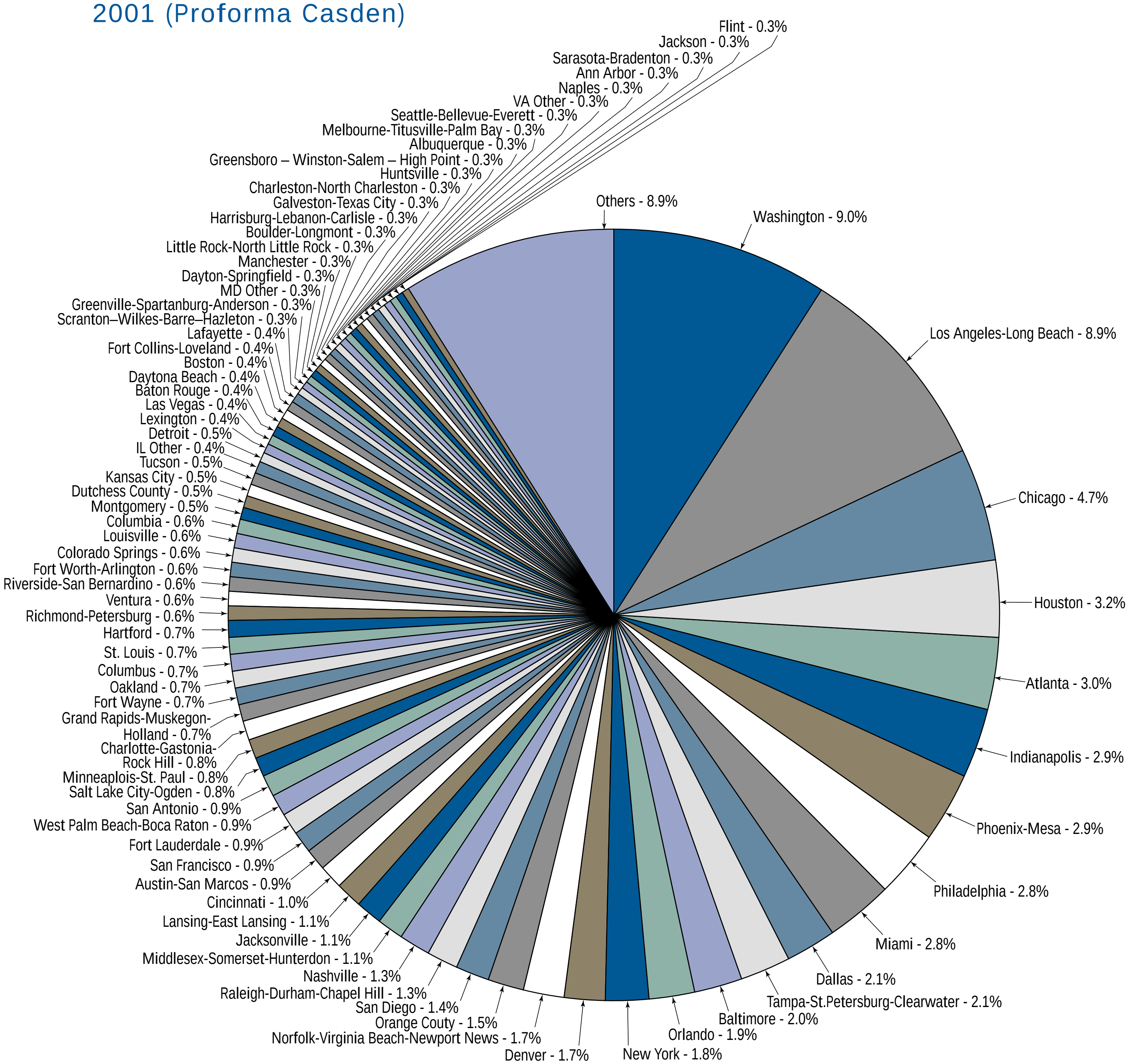
67% Compounded Growth in AFFO



Peter and I were not especially surprised by the decline in the economy: we had pointed to it more than a year ago. Our prediction was not because we consider ourselves economists. Rather, we have lived long enough to know that economies ebb and flow, and that "trees do not grow to the sky."

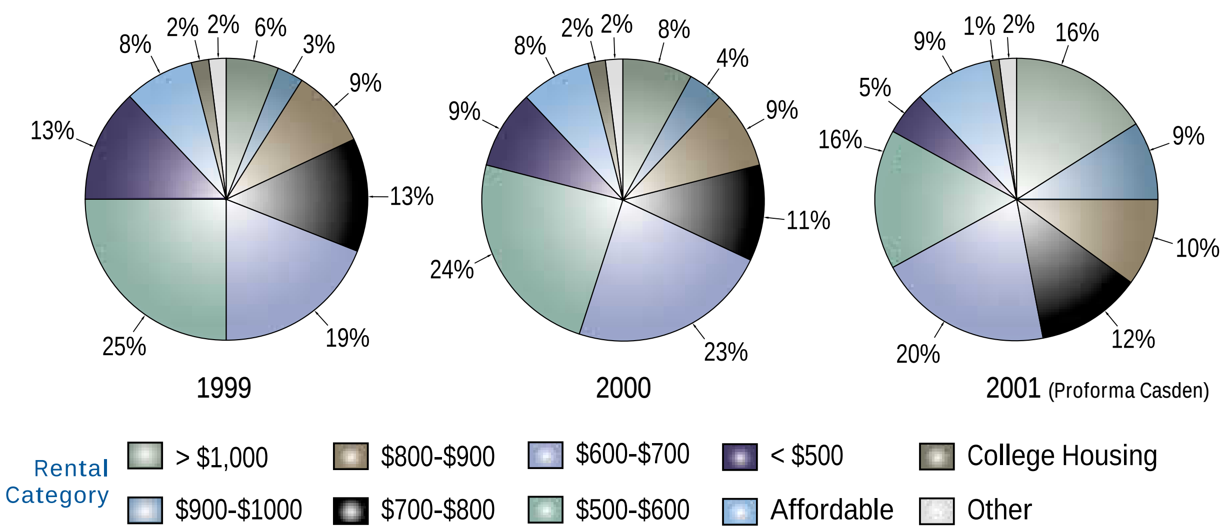
Geographic Diversification

Percentage of Real Estate Free Cash Flow 2001 (Proforma Casden)



As for Aimco, Peter and I had set its basic policies with hard times in mind. Even in recession, there is predictable demand for Aimco apartments. The Aimco portfolio is diversified both geographically (see page 4) and by price point. Aimco assets are as solid as the American economy they serve.

Rental Price Point Diversification
Percentage of Real Estate Free Cash Flow



The Aimco balance sheet is also solid (see chart on page 9). 22% of Aimco leverage results from preferred stocks, not debt. Aimco debt is primarily property debt, long term, fixed rate, self amortizing and non recourse.

Aimco has avoided the short term debt and high end developments which create financial risk.

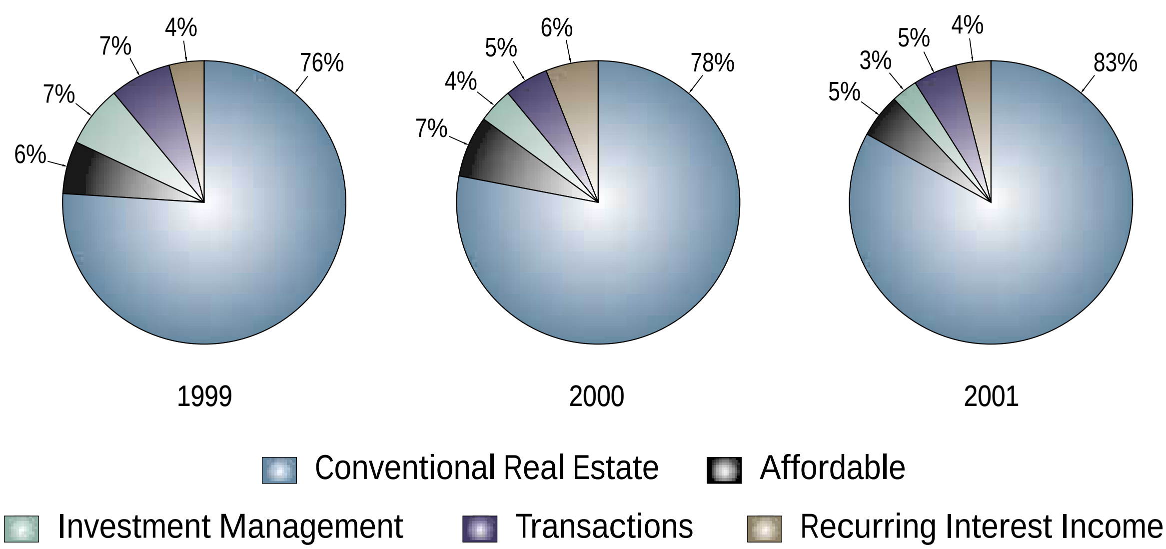
While the recession did not change our comfort with Aimco's direction, Peter and I did recognize that there was work to be done in response to the enormous growth in Aimco's scale. In the fourth quarter of 2000, we began what became known inside Aimco as "Project Century," an effort to "build a better Aimco" that made size a strength, and not just more bulk.

We retained as advisers an outside consulting firm and benefited from their assistance as hundreds of Aimco's top performers, including dozens who worked full-time for six months, were challenged to examine every aspect of the Aimco business. This process consumed the first half of 2001; implementation began in the second half and continues this year.

No part of Aimco was untouched:

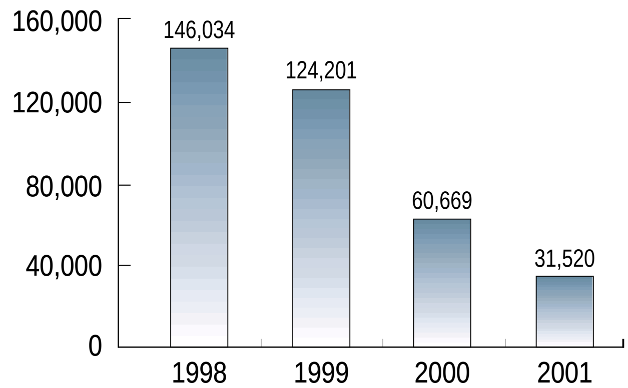
- Accounting and financial control were strengthened by the hiring of additional senior personnel in order to make financial reporting more accurate and more timely for Peter and me, as well as more transparent to "Wall Street."
- Property Management improved its focus, on both Conventional properties (83% of Free Cash Flow) as well as Affordable properties (5% of Free Cash Flow), by reorganizing into two autonomous organizations.

Contributors of Free Cash Flow
(After Pro Rata Allocation of General and Administrative Expenses)



Both management organizations are better able to focus on "owned" properties due to Aimco's accelerated exit from the management for unrelated third parties of properties now valued at less than $1 billion.

Aimco Third Party Managed Units at Year End



- Corporate functions that support Property Management were strengthened by key hires in Marketing, Pricing, Purchasing/Logistics, and Risk Management. Human Resources was tasked to improve employee recruiting, training and retention. Aimco information and communication systems were further digitized and integrated. The redevelopment group was expanded to provide financial and program control for property enhancements as well as for redevelopments.

The direct cost of Project Century last year exceeded $15 million and was expensed. The benefits were apparent to Peter and me in Aimco's reduced rate of expense increases during the fourth quarter 2001. This success has led us to establish "Continuous Improvement" as a regular part of Aimco life.

The focus on improving Aimco operations did not preclude an active year for acquisitions, redevelopments, and dispositions.

During 2001, Aimco:

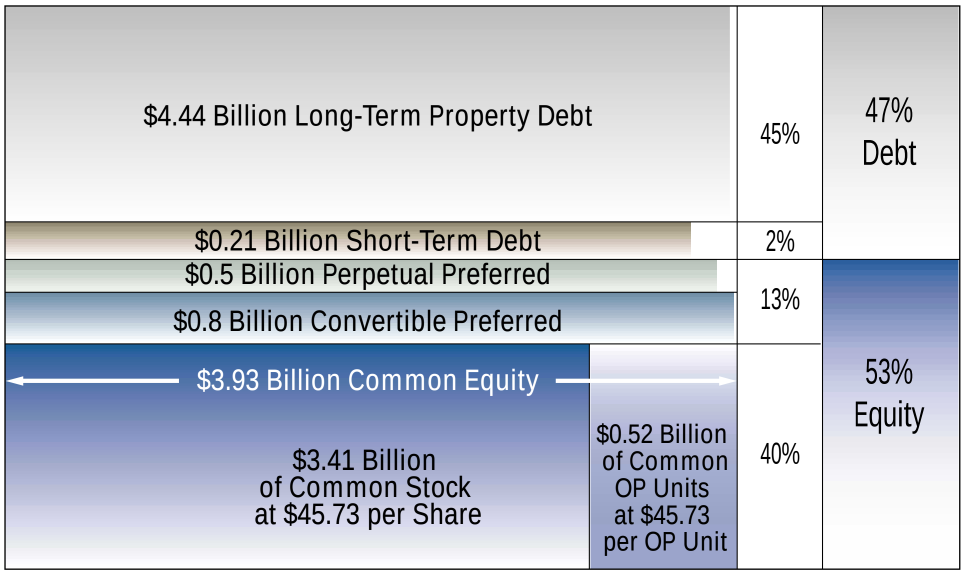
- Acquired five properties including 2,673 units for $120 million, and purchased 7,350 limited partnership interests for $178 million;
- Spent $171 million to redevelop 20 properties (7,532 units) of which 8 properties (2,671 units) were completed and returned to Property Management;
- Sold, as part of Aimco's regular "pruning" process, 76 properties (12,800 units), for $420 million of which $160 million was Aimco's share;
- Agreed to the "Casden Transactions" including the purchase of 17 properties (4,975 units) located primarily in Southern California; the commitment to purchase upon completion two Los Angeles properties (1,731 units) now being developed; the purchase of 99 Affordable properties (11,027 units); the purchase of NAPICO, a tax credit syndication business; together with purchase of a 20% stake in Casden Properties, LLC. These transactions closed March 11, 2002.

Aimco was also active in the capital markets and:

- Closed 91 property loans totaling $906 million at a weighted average interest rate of 6.1%;
- Completed the merger with ASE-listed Oxford Tax Exempt Fund ("OTEF") acquiring $270 million in financial assets in return for Aimco convertible preferred, Aimco common stock, debt assumption and cash;
- Issued in two offerings $187 million in perpetual preferred shares;
- Renewed and increased to $400 million the Aimco line of credit, of which $187 million was available at year end; and

- Agreed to the $287 million term borrowing used to fund the cash portion of the "Casden Transactions."

$10 Billion Capitalization as of December 31, 2001



Includes Proportionate Share of Unconsolidated Debt

What lies ahead?

In Aimco's primary business, the ownership of "conventional" apartments, the Aimco portfolio, strengthened by the Casden Transactions, is highly diversified, one of the largest in the nation, and includes more than 774 well located, well maintained conventional properties including 208,000 units. Their long term value, boosted by the Casden Transactions to more than $11 billion, seems secure.

In the shorter term, the apartment market, following the job market, continues to be quite weak. Rents are declining in response to reduced demand. As we write in March 2002, there are some indications of modest recovery, which is consistent with current expectations of the general economy. We will see.

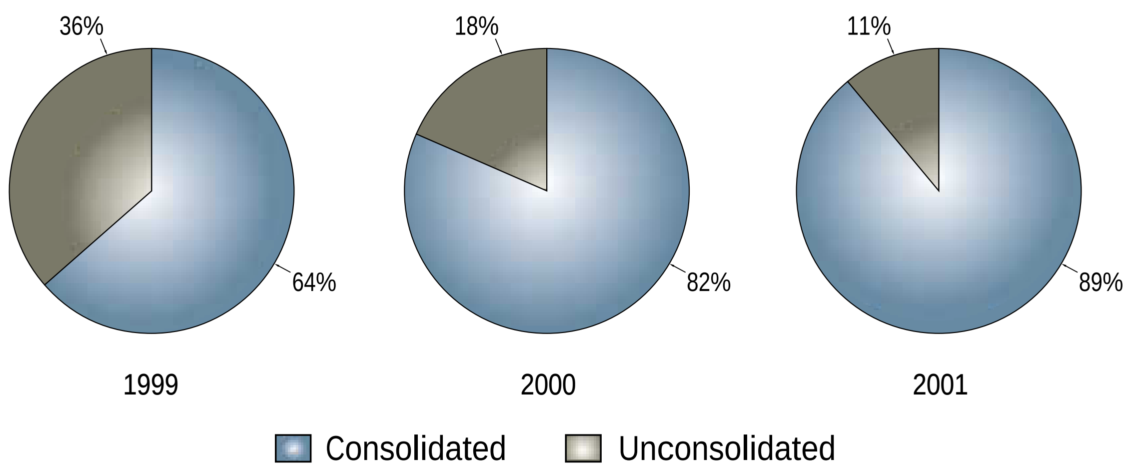
Expenses, due in part to Project Century, seem under control; the price of property insurance is an expensive exception.

In redevelopment, Aimco expects to invest an additional $150 million during 2002 and to return to service 3,732 units. Peter and I remain quite cautious about redevelopment and avoid new development altogether. Nevertheless, as Aimco has increased in size, this activity, limited to 10% or so of Aimco equity, has grown proportionately.

Aimco continues to prune its $3 billion portfolio of Affordable properties. These are properties where the federal government regulates, and pays a portion of, the rent owed by residents. Last year, Affordable properties contributed 5% of Aimco Free Cash Flow. 43 (out of 425) properties were sold and seven were withdrawn from service for redevelopment. We expect similar activity this year.

Aimco owns more than 740 of its properties in partnerships. The weighted average owned by limited partners is 60%. We treat these properties exactly as we treat wholly owned properties, and we treat limited partners exactly as provided by their respective partnership agreements. During the past six years, Aimco has liquidated some partnerships and increased its ownership in others. The number of individual “K 1s” has declined from over 325,000 in 1998 to under 200,000 in 2001. We expect this trend to continue.

Consolidated/Unconsolidated Free Cash Flow



While the economy is weak and the threat of terrorism quite sobering, Peter and I are optimistic. Some of that may be due to “animal spirits,” or entrepreneurial enthusiasm. Some reflects confidence in our colleagues who are an unusually bright and hard working team. Some also is faith in this country, the strength of its economy, and the resilience of its people.

We look forward to hearing from you and seeing you at the Annual Meeting to be held in Denver on April 26th.

Sincerely,

Terry Considine	Peter Kompaniez
Chairman and CEO	Vice Chairman and President

The Lakes at South Coast   Costa Mesa, California

Casden Transactions

YEAR BUILT 1988
UNITS 770
AVERAGE RENT $1,378

Ten Principles That Define AIMCO

1. Own and operate apartments
2. Buy at a discount to replacement cost
3. Realize economies of scale
4. Operate locally
5. Diversify geographically
6. Measure profitability after Capital Replacements: “AFFO”
7. Retain Cash Cushion for flexibility
8. Avoid development risk
9. Use debt with caution
10. Make managers owners

Lighthouse   Beltsville, Maryland

YEAR BUILT 1969

UNITS 480

AVERAGE RENT $845

Apartment Investment and Management Company

Accounting Policies and Definitions

1. Aimco has elected to be taxed as a real estate investment trust or "REIT." In general, a REIT is not subject to federal income taxation of its income from rental properties. Many, but not all, states follow the federal treatment. Income from provision of services is generally subject to customary state and federal corporate income taxes. Aimco will not provide services that are not usual and customary for REIT qualification purposes. Any such services are provided to Aimco through taxable REIT subsidiaries which pay tax at those entity levels and preserve Aimco's qualification as a REIT. Aimco's income tax provision is based on its qualification as a REIT.

2. Aimco conducts its business through Aimco Properties, L.P., the Aimco Operating Partnership whose general partner is Aimco and whose limited partners hold "OP Units," exchangeable for Aimco common stock. This Operating Partnership structure is also known as an "UPREIT."

3. OP Units are limited partnership interests in Aimco's Operating Partnership, Aimco Properties, L.P. These OP Units are received in exchange for Aimco's purchase of a property, a property management business or limited partnership interest and are redeemable for Aimco Class A Common Stock after one year. OP Units may offer the holder the opportunity to defer recognition of taxes otherwise due on the sale to Aimco.

4. For financial reporting purposes, Aimco consolidates all entities in which it owns both a general partnership interest and controls major investment decisions with respect to underlying assets.

One Lytle Place   Cincinnati, Ohio

Year Built	1980
Units	231
Average Rent	$1,029

Apartment Investment and Management Company

5. Aimco reports Funds From Operations (“FFO”). FFO is defined in a manner consistent with the guidelines 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 extraordinary items and sales of depreciable real estate property, net of related income taxes, plus real estate related depreciation and amortization (excluding amortization of financing costs), including depreciation for unconsolidated partnerships and joint ventures. Aimco calculates FFO based on the NAREIT definition plus distributions to minority interest partners in excess of income and less dividends on preferred stock. Aimco calculates fully diluted FFO by “adding back” the interest expense and preferred dividends relating to convertible securities whose conversion is “dilutive” to FFO.

6. Aimco measures its economic profitability by Adjusted Funds from Operations (“AFFO”). AFFO is defined as FFO less capital replacement spending, $367 per apartment unit in 2001.

7. Aimco also measures its economic profitability by Free Cash Flow which is defined by Aimco as AFFO plus interest expense and preferred stock dividends. It measures profitability prior to the cost of capital.

8. Net Asset Value estimates the private market value of a REIT’s real estate. It provides a different calculation of the fair value of the underlying real estate and other assets than do other measures, such as book value, which is based on the original or depreciated purchase price of the real estate.

9. A Conventional Property is one whose rents are set in the marketplace. An Affordable Property is one whose rents are regulated, and in part paid, by the government.

10. In upgrading, redeveloping or expanding a property, Aimco capitalizes its direct and related indirect costs, including allocated interest, real estate taxes and other costs, as part of the cost of the property. These costs are reflected in the associated returns from these properties. Indirect costs that do not relate to the above activities, including general and administrative expenses, are charged to expense as incurred.

Captiva Club   Tampa, Florida

Year Built	1975
Renovated	1998
Units	357
Average Rent	$676

AIMCO
Apartment Investment and Management Company

11. Aimco capitalizes spending for items that cost more than $250 and have a useful life of more than one year. Capitalized spending which maintains a property is termed a Capital Replacement and is deducted in the calculation of AFFO. Common examples are carpet replacement, new appliances, roof replacements or parking lot repaving. This spending is better considered a recurring cost of preserving an asset rather than as an additional investment. It is a cash proxy for depreciation. In 2001, Aimco deducted $367 per unit in determining AFFO.

12. In purchasing a property, Aimco generally considers as part of its investment decision a program of spending to improve the property. Such spending incurred within one year of the acquisition is capitalized as part of Aimco's investment and is called Initial Capital Expenditures ("ICE"). Common examples are correction of deferred maintenance, upgrades to unit interiors, roof replacements, exterior painting and improved landscaping.

13. Capital spending which adds a material new feature or revenue source is a Capital Enhancement and is capitalized as part of Aimco's investment. Common examples are construction of new garages and storage areas, replumbing to provide washer and dryer connections, and kitchen and bath renovations.

14. Total Return for one year is defined by NAREIT as the total of the closing price at year-end plus any dividends paid less the closing price for the prior year-end. Divide the result by the closing price of the prior year end. The return is calculated with dividends reinvested on a quarterly basis.

15. The Morgan Stanley REIT Index ("MS REIT Index" or "REIT Index") includes 108 REITs with a market capitalization of approximately $140 billion at December 31, 2001.

Villa Azure   Los Angeles, California

Casden Transactions

Year Built 2000

Units 624

Average Rent $1,562

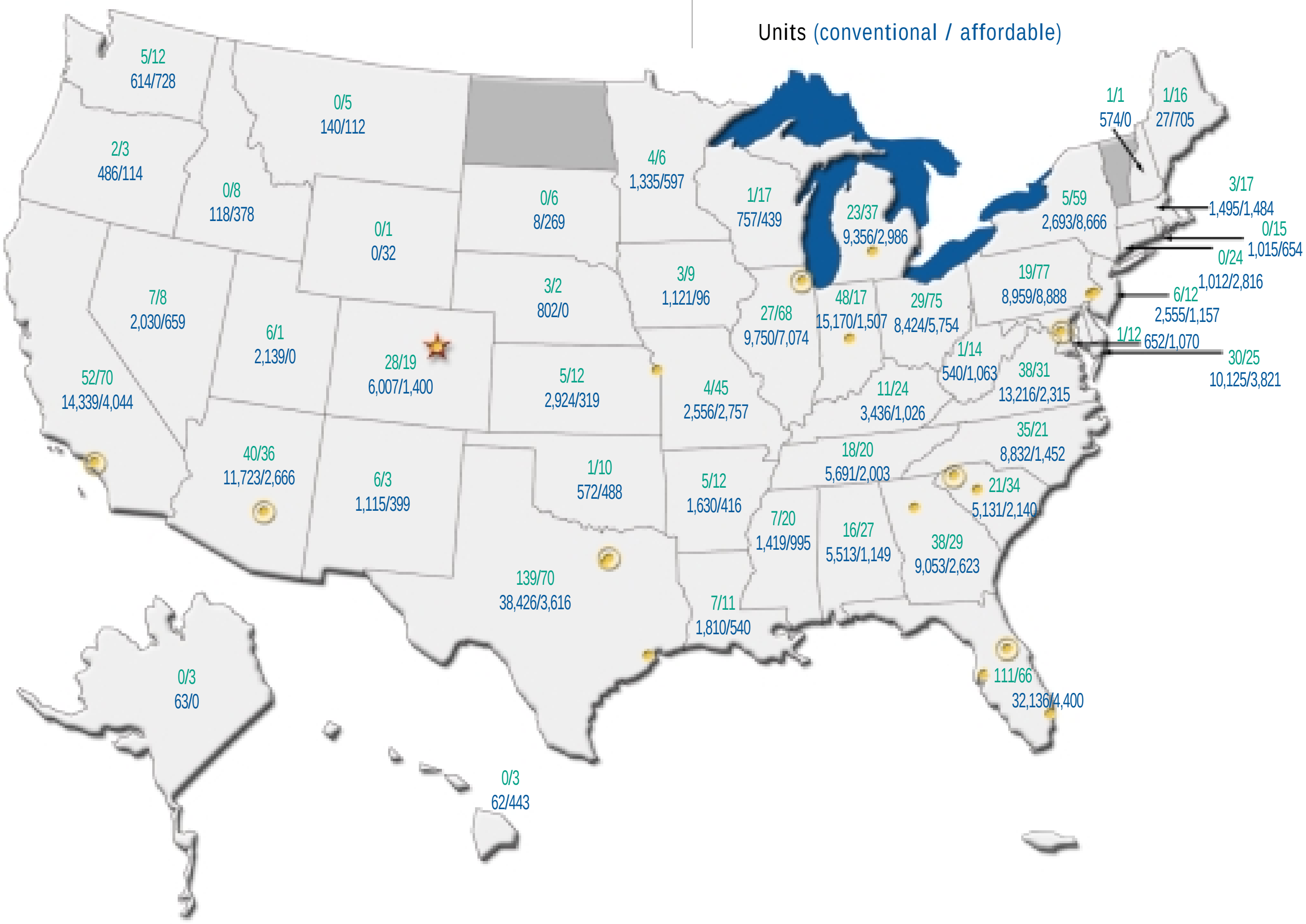
AIMCO Properties

(Proforma Casden)

Total Properties Owned and Managed: 1,935

Total Units Owned and Managed: 335,509

- Corporate Headquarters
- Divisional Offices
- Regional Operating Centers (ROC's)
- Sites (conventional / affordable)
- Units (conventional / affordable)



Divisional Offices:

Northeast - Rockville, MD	Midwest - Chicago	West - Phoenix	Affordable - Orlando
Southeast - Greenville, SC	Texas - Dallas	Pacific - Los Angeles	

Regional Operating Centers (ROC's) include:

Atlanta	Columbia, SC	Greenville, SC	Kansas City	Orlando	Rockville, MD
Boca Raton	Dallas (2)	Houston	Lansing	Philadelphia (2)	Tampa
Chicago	Denver	Indianapolis	Los Angeles	Phoenix	

Elm Creek   Chicago, IL

Year Built 1986

Units 372

Average Rent $1,271

Chairman's Four Star Award of Excellence

Aimco's culture is to rank and reward employees for performance. Seven of our property managers ranked in the Top 25% in property income improvement during all four quarters of 2001. These outstanding performers were recently honored in Denver for their achievement. Congratulations!

Property Manager	Community	ROC
Amor Sierra	Valencia Isles I	Boca Raton
Humberto Guzman	Citrus Sunset	Los Angeles
Mike Glass	Springhill Lake	Rockville
Nadine McNeely	Villa La Paz	Los Angeles
Nicole St. Amand	Springwoods at Lake Ridge Windsor Park	Rockville
Richard Costa	Plantation Gardens	Boca Raton
Yesenia Rivera	Presidential House	Boca Raton

Financial Contents

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Peter K. Kompaniez
Vice Chairman

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Senior Managing Director
Cambridge Associates, LLC
Treasurer, Director and Co-founder
The Plymouth Rock Company
Chairman, Nominating Committee

Richard S. Ellwood (1) (2) (3)
President
R.S. Ellwood & Co., Inc.
Chairman, Audit Committee

J. Landis Martin (1) (2) (3)
Chairman and Chief Executive Officer
Titanium Metals Corp.
President and CEO and Director
NL Industries, Inc.
Chairman, Compensation Committee

Thomas L. Rhodes (1) (2) (3)
President and Director
National Review

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Nominating Committee

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Chief Executive Officer

Peter K. Kompaniez
President

Harry G. Alcock
Executive Vice President
Chief Investment Officer

Joel F. Bonder
Executive Vice President
Legal and Regulatory Affairs

Miles Cortez
Executive Vice President
General Counsel

Joseph DeTuno
Executive Vice President
Redevelopment

Patrick J. Foye
Executive Vice President
Limited Partnerships;
Continuous Improvement

Lance J. Graber
Executive Vice President
Affordable Transactions

Paul J. McAuliffe
Executive Vice President
Chief Financial Officer

Ronald D. Monson
Executive Vice President
Head of Property Operations

David Robertson
Executive Vice President
Affordable Properties

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Atlanta, GA

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Leeann Morein – Continuous Improvement
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David O'Leary – Buyers Access
James Wallace – Tax
Scott Wesson – Chief Information Officer

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James Mathes – Southeast
Stephen Peters – West
C.W. Roemke – Midwest
Carl Ruff, Sr. – Texas
Charles Turner – Affordable
David Zweig – Northeast

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Mark Vernon – Atlanta
Miki Wilson – Philadelphia
Cooper Winston – N.E. Affordable

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