SPACEHAB INC \WA\
Form 10-Q
February 14, 2008

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 December 31, 2007

OR

o	**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: 0-27206

SPACEHAB, Incorporated

(Exact name of registrant as specified in this charter)

Washington	**91-1273737**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

12130 Highway 3, Building 1

Webster, Texas 77598-1504

(Address of principal executive offices and zip code)

(713) 558-5000

(Registrant s telephone number, including area code)

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 o

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

Large accelerated filer o Accelerated filer o Non-accelerated filer x

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

Yes o No x

As of February 14, 2008 there were 13,557,263 shares of the registrant s common stock outstanding.

SPACEHAB, INCORPORATED AND SUBSIDIARIES

DECEMBER 31, 2007 QUARTERLY REPORT ON FORM 10-Q

TABLE OF CONTENTS

DEFINITIONS

As used in this Form 10-Q, the abbreviations and acronyms contained herein have the meanings set forth below. Additionally, the terms SPACEHAB , the Company , we , us and our refer to SPACEHAB, Incorporated and its subsidiaries, unless the context clearly indicates otherwise.

1994 Plan	1994 Stock Incentive Plan
ARCTUS	Advanced Research and Conventional Technology Utilization Spacecraft
Astrium	Astrium GmbH
Astrotech	Astrotech Space Operations
Boeing	The Boeing Company
CE&R	Concept Exploration and Refinement
CMC	Cargo Mission Contract
COTS	Commercial Orbital Transportation Services
Common stock	SPACEHAB common stock
EPS	Earnings Per Share
ESP2	External Stowage Platform 2
ICC	Integrated Cargo Carrier
IDIQ	Indefinite-Delivery, Indefinite-Quantity
ISS	International Space Station
IT	Information Technology
Lloyd s	Lloyd s of London
Lockheed Martin	Lockheed Martin Corporation
MMS	Mini Mass Spectrometer
NASA	National Aeronautics and Space Administration
PI&C	Program Integration and Control
RDM	Research Double Module
RSC Energia	Rocket Space Corporation-Energia
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards
SES	SPACEHAB Engineering Services
SFS	SPACEHAB Flight Services
SGS	SPACEHAB Government Services
SMI	Space Media, Inc.
SMI Plan	Space Media, Inc. Stock Option Plan
SPF	Spacecraft Processing Facility
VAFB	Vandenberg Air Force Base
VCC	Vertical Cargo Carrier

PART I: FINANCIAL INFORMATION

ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SPACEHAB, INCORPORATED AND SUBSIDIARIES

Unaudited Condensed Consolidated Balance Sheets

(In thousands, except share data)

	December 31, 2007 (unaudited)	June 30, 2007 restated
ASSETS		
Cash and cash equivalents	$ 341	$ 9,724
Accounts receivable, net	4,249	8,224
Inventory	695	695
Short term note receivable, net	103	95
Prepaid expenses and other current assets	731	906
Total current assets	6,119	19,644
Property and equipment, net of accumulated depreciation and amortization of $68,402 and $53,546 respectively	42,506	43,884
Restricted cash	10,189	6,282
Deferred financing costs, net	120	1,596
Long term note receivable, net	768	178
Other assets, net	548	891
Total assets	$ 60,250	$ 72,475
LIABILITIES AND STOCKHOLDERS EQUITY		
Convertible 8% subordinated notes payable	$	$ 10,306
Accounts payable	4,855	1,494
Accounts payable-Astrium	1,580	2,955
Accrued interest	81	789
Accrued expenses	1,380	2,056
Accrued subcontracting services		3,669
Deferred gains on sale of buildings	221	221
Customer Deposits		3,106
Deferred revenue, current portion	524	1,153
Total current liabilities	8,641	25,749
Accrued contract cost and other	10	39
Advances on construction contract	7,351	5,722
Deferred gains on sale of buildings	1,041	1,152
Senior convertible 5.5% notes payable	6,861	52,944
Long term deferred compensation	145	
Total liabilities	24,049	85,606
Commitments and contingencies		
Stockholders equity		
Preferred stock, no par value, authorized 2,500,000 shares and 2,500,000 shares, respectively (1,333,334 shares, liquidation preference of $12,000 issued as of June 30, 2007)		11,892
Common stock, 75,000,000 and 7,000,000 shares authorized, respectively; 13,557,263 and 1,308,417 shares issued, respectively	182,390	84,122
Treasury stock, 11,610 and 11,610 shares, respectively at cost	(117)	(117)

Additional paid-in capital		544		544
Accumulated (deficit)		(146,616)		(109,572)
Total stockholders equity (deficit)		36,201		(13,131)
Total liabilities and stockholders equity	$	60,250	$	72,475

See accompanying notes to unaudited condensed consolidated financial statements.

SPACEHAB, INCORPORATED AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Operations

(In thousands, except share data)

	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Six Months Ended December 31, 2007	Six Months Ended December 31, 2006
Revenue	$ 4,310	$ 12,851	$ 12,906	$ 27,749
Costs of revenue	4,455	11,072	10,892	22,205
Gross profit	(145)	1,779	2,014	5,544
Operating expenses:				
Selling, general and administrative	2,199	2,679	4,013	5,366
Research and development	444	173	762	365
Total operating expenses	2,643	2,852	4,775	5,731
Income (loss) from operations	(2,788)	(1,073)	(2,761)	(187)
Interest expense	(46)	(1,077)	(1,113)	(2,157)
Debt conversion expense	(30,191)		(30,191)	
Interest and other income, net	182	241	366	403
Income (loss) before income taxes	(32,843)	(1,909)	(33,699)	(1,941)
Income tax (expense) benefit		69		69
Net income (loss)	$ (32,843)	$ (1,840)	$ (33,699)	$ (1,872)
Income (loss) per share:				
Net income (loss) per share basic and diluted	$ (4.36)	$ (1.42)	$ (7.72)	$ (1.45)
Shares used in computing net loss per share basic	8,293,710	1,292,011	4,798,215	1,289,046

See accompanying notes to unaudited condensed consolidated financial statements.

SPACEHAB, INCORPORATED AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Cash Flows

(In thousands)

	Six Months Ended December 31, 2007 restated	2006
Cash flows from operating activities		
Net (loss)	$ (33,699)	$ (1,872)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Non-cash debt conversion expense	30,191	
Stock-based compensation	145	150
Depreciation and amortization, including debt issuance cost of $0.1 million and $0.3 million	1,732	3,189
Recognition of deferred gain	(111)	(111)
Changes in assets and liabilities:		
Increase in restricted cash	(3,907)	(5,960)
(Increase) decrease in accounts receivable	3,377	(3,039)
(Increase) in prepaid expenses and other current assets	(523)	(368)
(Increase) decrease in other assets	343	(37)
Increase (decrease) in deferred revenue	(629)	8
Increase (decrease) in accounts payable, accounts payable-Astrium, accrued interest, and accrued expenses	1,982	(2,174)
Decrease in customer deposits	(3,106)	
Increase (decrease) in accrued subcontracting services and other	(3,612)	5,084
Increase in advance on construction contract	1,467	5,960
Increase (decrease) in long-term accrued contract costs and other liabilities	(86)	31
Net cash provided by (used in) operating activities	(6,436)	861
Cash flows from investing activities		
Purchases of property, equipment and leasehold improvements, net of reimbursements	(80)	(121)
Net cash used in investing activities	(80)	(121)
Cash flows from financing activities		
Payment of mortgage loan		(1,636)
Purchase of Junior Notes not participating in exchange	(2,867)	
Proceeds from issuance of common stock, net of expenses		64
Net cash used in financing activities	(2,867)	(1,572)
Net change in cash and cash equivalents	(9,383)	(832)
Cash and cash equivalents at beginning of period	9,724	6,317
Cash and cash equivalents at end of period	$ 341	$ 5,485
Non-cash financing activities:		
Issuance of common stock for bonds	$ 83,031	$
Issuance of common stock for preferred stock	$ 11,892	$
Deemed dividend related to induced conversion of preferred shares	$ 3,344	$
Cash paid for interest	$ 316	$ 1,868
Cash paid for income taxes	$	$

See accompanying notes to unaudited condensed consolidated financial statements.

SPACEHAB, INCORPORATED AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements

1. The Company

SPACEHAB is a developer and operator of space flight hardware assets, a provider of pre-launch space payload and spacecraft processing services, and an entrepreneurial force in space commerce and developing space utilization applications such as microgravity processing. Specifically the Company maintains the following core competencies:

- Expertise in qualifying hardware for spaceflight and the habitability and occupational challenges of space;
- Facilities and support services necessary for the preparation of satellites and payloads for launch;
- Engineering, analysis, and payload operations services;
- Program integration and control; and
- Product design, development, and fabrication.

A substantial portion of our revenue has been generated under contracts with NASA and our contracts are subject to periodic funding allocations by the agency. NASA s funding is dependent on receiving annual appropriations from the U.S. Government. During the years ended June 30, 2007, 2006, and 2005 approximately 84%, 80%, and 81% of our revenues were generated under U.S. Government contracts, respectively.

OUR BUSINESS UNITS

For the first half of fiscal year 2008, our Company was comprised of three primary business units providing the following products and services to the government and commercial markets. Those business units included:

SPACEHAB Flight Services. Through this business unit, we offer a range of engineering, research, logistics, integration, operations, and ground support services supporting our space shuttle module and pallet assets. Specifically, we provide a full range of ground-based pre- and post-flight experiment, cargo, and payload processing services as well as on-orbit operations support for U.S. space shuttle operations. During fiscal year 2007, our Flight Services business unit accounted for 65% of our consolidated revenues.

Astrotech Space Operations. Through our Astrotech business unit, we provide services and facilities in support of the final assembly, checkout, and countdown functions associated with preparing our customers multi-million dollar spacecraft for launch on expendable launch vehicles. Astrotech currently has long-term contracts in place with NASA, United Launch Alliance, National Reconnaissance Office and Sea Launch, LLC. During fiscal year 2007, Astrotech accounted for 23% of our consolidated revenues.

SPACEHAB Government Services. SPACEHAB Government Services provides large scale program technical support and specialized engineering analysis, products, and services to NASA and other customers. Our Government Services business unit derives most of its revenue under the ARES contract to provide configuration and data management services within NASA s Program Integration and Control (PI&C) contract for the International Space Station.

Short Term Liquidity Issues

As of December 31, 2007 we had cash on hand of $0.3 million and our working capital deficit was $2.5 million. Restricted cash, which consists of advance payments on a government contract to modify certain spacecraft processing facilities, totaled $10.2 million at December 31, 2007. We carry a liability of $7.4 million for obligations under this construction contract. For the six months ended December 31, 2007, our cash flows from operating activities utilized cash of $6.4 million.

In October 2007 we successfully exchanged $7.4 million of our 8.0% convertible notes due October 2007, $46.1 million of our 5.5% convertible notes due October 2010 and our 1.3 million shares of Series B convertible preferred stock for 32.6 million shares of common stock and 61,550 shares of new Series C convertible preferred stock. In November 2007 we converted the Series C convertible preferred stock into 89.9 million shares of common stock and affected a 1 for 10 reverse stock split. On October 15, 2007 we redeemed the outstanding $2.9 million of our 8.0% convertible notes for cash at par.

As a consequence of the Exchange Transaction, we recognized non cash debt conversion expense of ($30.2) million in the three months ended December 31, 2007, and increased our common stock by $98.3 million.

We have submitted a response to NASA s announcement soliciting proposals for the Commercial Orbital Transportation Services (COTS) Program and have committed the necessary resources for development and presentation of our proposed capability. In February 2008 we obtained commitments for $5.5 million of new equity securities contingent upon the successful award of a COTS Program funded Space Act Agreement (see Subsequent Events, Note 16).

In February 2008 (see Subsequent Events, Note 16), we consummated a financing facility with a commercial bank. This facility provides for a $4.0 million term loan, payable in monthly installments of principal and interest based upon a 15 year amortization and a $2.0 million revolving credit facility. The three-year term loan is secured by the assets of our Astrotech subsidiary and the one-year revolving credit facility is also secured by Astrotech s accounts receivable.

With the conclusion of STS-118 in August 2007, we have experienced a material decrease in our revenue from our Flight Services business unit which has accounted for over 65% of our consolidated revenue during fiscal year 2007. We continue to focus our efforts on improving overall liquidity through identifying new business opportunities within the areas of our core competencies, reducing operating expenses, and limiting cash commitments for future capital investments and new asset development. We have continued to restrict new capital investment and new asset development, limiting projects to those with unique strategic potential and those required to support current contracts and facility maintenance. Additionally, we continue to evaluate operating expenses in an effort to reduce or eliminate costs not required for us to operate effectively.

2. Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting of only normal recurring accruals necessary for a fair presentation of the consolidated financial position of SPACEHAB, Incorporated and its subsidiaries as of December 31, 2007, and the results of its operations and cash flows for the periods ended December 31, 2007 and 2006. However, the unaudited condensed consolidated financial statements do not include all related footnote disclosures.

The consolidated results of operations for the six month period ended December 31, 2007 are not necessarily indicative of the results that may be expected for the full year. Our results of operations typically fluctuate significantly from quarter to quarter. The interim unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements appearing in our Annual Report on Form 10-K for the fiscal year ended June 30, 2007.

3. Income (Loss) per Share

The following is a reconciliation of the numerator and denominator of the basic and diluted loss per share computations for the three and six month periods ended December 31, 2007 and December 31, 2006 (in thousands, except share and per share data):

	Three months ended December 31, 2007			Three months ended December 31, 2006		
	Loss (Numerator)	Shares (Denominator)	Per Share Amount	Loss (Numerator)	Shares (Denominator)	Per Share Amount
Basic and Diluted EPS:						
Net Loss	$ (32,843)	8,293,710	$ (3.96)	$ (1,840)	1,292,011	$ (1.42)
Deemed Dividend Related to Induced Conversion of Preferred Shares	(3,344)					
Net Loss Applicable to Common Shares	$ (36,187)	8,293,710	$ (4.36)	$ (1,840)	1,292,011	$ (1.42)

	Six months ended December 31, 2007 Loss (Numerator)	Shares (Denominator)	Per Share Amount	Six months ended December 31, 2006 Loss (Numerator)	Shares (Denominator)	Per Share Amount
Basic and Diluted EPS:						
Net Loss	$ (33,699)	4,798,215	$ (7.02)	$ (1,872)	1,289,046	$ (1.45)
Deemed Dividends Related to Induced Conversion of Preferred Shares	(3,344)					
Net Loss Applicable to Common Stock	$ (37,043)	4,798,215	$ (7.72)	$ (1,872)	1,289,046	$ (1.45)

Senior convertible notes payable outstanding as of December 31, 2007 due 2010 convertible into 459,133 shares of common stock at $15.00 per share, which include a mandatory conversion feature once the Company s stock price reaches $19.50 per share, have not been included in the computation of diluted EPS for the three months and six months ended December 31, 2007 and 2006 as the conversion price(s) of the convertible notes payable per share were greater than the average market price of the shares during the period and no value has been assigned to the mandatory conversion feature.

Options to purchase 97,900 shares of common stock outstanding at December 31, 2007 were not included in diluted EPS for the three months and six months ended December 31, 2007 as they were anti-dilutive due to our net loss. The options expire between July 1, 2008 and December 12, 2016.

Options to purchase 171,996 shares of common stock outstanding at December 31, 2006 were not included in diluted EPS for the three months and six months ended December 31, 2006 as they were anti-dilutive due to our net loss. The options expire between April 25, 2007 and December 1, 2015.

4. Revenue Recognition

Our business units revenue is derived primarily from long-term contracts with the U.S. Government, U.S. Government contractors, and commercial customers. Revenue under these contracts is recognized using the methods described on the following page. Estimating future costs and, therefore, revenues and profits is a process requiring management judgment. Management bases its estimate on historical experience and on various assumptions that are believed to be reasonable under the circumstances including the negotiation(s) of equitable adjustment(s) and change orders on the Cargo Mission Contract (CMC) that are added to the contract as pricing amendment(s) due to delay(s) in the space shuttle launch schedule and customer directed changes to the baseline contracted mission. Costs to complete include, when appropriate, material, labor, subcontracting costs, lease costs, commissions, insurance, and depreciation. Our business segment personnel perform periodic contract status and performance reviews. In the event of a change in total estimated contract cost or profit, the cumulative effect of such change is recorded in the period that the change in estimate occurs.

A Summary of Revenue Recognition Methods Follows:

Business Segment	Services/Products Provided	Contract Type	Method of Revenue Recognition
SPACEHAB Flight Services	Commercial Space Habitat Modules, Integration & Operations Support Services	Firm Fixed Price	Percentage-of-completion based on costs incurred
Astrotech Space Operations	Payload Processing Facilities	Firm Fixed Price Mission Specific	Ratably, over the occupancy period of a satellite within the facility from arrival through launch
		Sea Launch Facility Management Contract	Fixed Fee payable per launch
		Firm Fixed Price Guaranteed Number of Missions	For multi-year contract payments recognized ratably over the contract period
SPACEHAB Government Services	Configuration Management, Engineering Services	Cost Plus Award/Fixed Fee Fixed Rate GSA	Earned as reimbursable costs incurred plus award/fixed fee Earned as billed costs incurred

We, from time to time, make expenditures for specific enhancements and/or additions to our facilities as required by certain contracts where the customer agrees to reimburse us for all or substantially all of such expenditures. We account for such reimbursements as a reduction in the cost of such investments and recognize any excess of such reimbursements over the required investment as revenue. The $20.0 million contract,which has been amended and increased to $35.1 million, to design and construct a new payload processing facility for a governmental agency is accounted for under this method.

In calendar year 2007 Lockheed Martin Corporation (Lockheed Martin) executed a one-year option extension of the satellite ground processing contract at our Astrotech Florida facility. Under the terms of this contract option, Lockheed Martin committed to a guarantee of four missions for calendar year 2007. We accounted for this revenue as guaranteed period revenues over calendar year 2007. As of December 31, 2006, we credited Lockheed Martin for three missions in calendar year 2006 that were scheduled to be processed by The Boeing Company (Boeing) in calendar year 2007. This credit in the amount of $2.6 million is reflected in our quarter ended December 31, 2006 revenue. This contract provides for three additional one-year renewals which have not yet been executed for calendar years 2008 and 2009.

5. Statements of Cash Flows - Supplemental Information

(a) Cash paid for interest costs was $0.3 million and $1.9 million for the six months ended December 31, 2007 and 2006, respectively. We did not capitalize any interest costs during the six months ended December 31, 2007 or 2006.

(b) The bond transactions of $10,306,000 of 8.0% convertible subordinated Junior Notes and $46,083,000 of 5.5% Senior Notes in exchange for 12,254,544 shares of common stock had the following cash impact. The principal portion of the 8.0% Junior Notes not participating in the exchange amounting to $2.867 million was paid in cash. In addition there was no cash effect for the conversion of the 1,333,334 shares of Series B preferred stock for the 1,088,828 shares of common stock. All of the conversion stock transactions were effective prior to the 1 for 10 reverse stock split.

(c) We paid no income taxes for the six months ended December 31, 2007 and 2006.

6. Credit Facilities

On February 11, 2005 we entered into a revolving one-year credit facility with a bank providing for loans up to $5.0 million secured by the Company s accounts receivable. In February 2006 the revolving credit facility was renewed and the term extended until February 11, 2007 with substantially the same terms as the original agreement. This credit facility expired on February 11, 2007.

In February 2008 (see Subsequent Events, Note 16), we consummated a new financing facility with a commercial bank. This facility provides for a $4.0 million term loan, payable in monthly installments of principal and interest based upon a 15 year amortization and a $2.0 million revolving credit facility. The interest rate on the credit facility is prime plus 1.75% (9.0% as of December 31, 2007). The unused revolving credit facility balance is subject to a charge of 0.5%. Funds available under the revolving credit facility are limited to 80% of eligible accounts receivable, and we are subject to various financial and other covenants based upon our Astrotech subsidiary, including a minimum tangible net worth covenant, a liability to tangible net worth covenant, and a debt service coverage covenant. The three-year term loan is secured by the assets of our Astrotech subsidiary and the one-year revolving credit facility is also secured by Astrotech s accounts receivable.

7. Segment Information

Based on our organization, we operate in three business segments: SFS, Astrotech, and SGS. SFS was founded to commercially develop space carriers that operate in the cargo bay of the space shuttle. SFS provides space flight assets and integration and operations support services for both NASA and commercial customers. Astrotech provides payload processing facilities and services to serve the spacecraft manufacturing and launch services industry. SGS is primarily engaged in providing engineering services and products to the Government, including NASA.

Our chief operating decision maker utilizes both revenue and income (loss) before income taxes in assessing performance and making overall operating decisions and resource allocations.

Three Months Ended December 31, 2007 (in thousands):

	Revenue	Income (Loss) before income taxes	Net Fixed Assets	Depreciation And Amortization
SFS	$ 498	$ (1,282)	$ 282	$ 13
Astrotech	2,438	296	41,737	531
SGS	1,374	170		
Corporate and Other		(32,027)	487	44
	$ 4,310	$ (32,843)	$ 42,506	$ 588

Three Months Ended December 31, 2006 (in thousands):

Revenue

		Income (Loss) Before Income Taxes	Net Fixed Assets	Depreciation And Amortization
SFS	$ 9,837	$ 1,827	$ 15,067	$ 898
Astrotech	1,115	(1,141)	43,174	533
SGS	1,855	467		
Corporate and Other	44	(3,062)	591	168
	$ 12,851	$ (1,909)	$ 58,832	$ 1,599

Six Months Ended December 31, 2007 (in thousands):

	Revenue	Income (Loss) before income taxes	Net Fixed Assets	Depreciation And Amortization
SFS	$ 4,081	$ (1,072)	$ 282	$ 435
Astrotech	6,150	1,653	41,737	1,063
SGS	2,675	314		
Corporate and Other		(34,594)	487	234
	$ 12,906	$ (33,699)	$ 42,506	$ 1,732

Six Months Ended December 31, 2006 (in thousands):

	Revenue	Income (Loss) before income taxes	Net Fixed Assets	Depreciation And Amortization
SFS	$ 19,907	$ 4,105	$ 15,067	$ 1,822
Astrotech	4,288	(626)	43,174	1,037
SGS	3,315	658		
Corporate and Other	239	(6,078)	591	330
	$ 27,749	$ (1,941)	$ 58,832	$ 3,189

8. Common Stock Options, Stock Purchase Plan, and Other Long Term Incentive Plans

We grant options to employees and directors utilizing four shareholder-approved plans and issue Company stock under an Employee Stock Purchase Plan.

The 1994 Plan

Under the terms of the 1994 Plan, the number and price of the options granted to employees is determined by the Board of Directors and such options vest, in most cases, incrementally over a period of four years and expire no more than ten years after the date of grant.

The Directors Stock Option Plan

Each new non-employee director receives a one-time grant of an option to purchase 1,000 shares of common stock at an exercise price equal to the fair market value on the date of grant. In addition, effective as of the date of each annual meeting of our stockholders, each non-employee director who is elected or continues as a member of the Board of Directors of the Company shall be awarded an option to purchase 500 shares of common stock. Options under the Director s Plan vest after one year and expire seven years from the date of grant.

Space Media, Inc. Stock Option Plan

During the year ended June 30, 2000, Space Media, Inc., a majority-owned subsidiary, adopted an option plan (SMI Plan) for employees, officers, directors and consultants of SMI. Under the terms of the SMI Plan, 1,500,000 shares have been reserved for future grants for which the number and price of the options granted is determined by the Board of Directors and such options vest, in most cases, incrementally over a period of four years and expire no more than ten years after the date of grant.

1997 Employee Stock Purchase Plan

We adopted an employee stock purchase plan that permits eligible employees to purchase shares of common stock of the Company at prices no less than 85% of the current market price. Eligible employees may elect to participate in the plan by authorizing payroll deductions from 1% to 10% of gross compensation for each payroll period. On the last day of each quarter, each participant s contribution account is used to purchase the maximum number of whole and fractional shares of common stock determined by dividing the contribution account s balance by the lesser of 85% of the price of a share of common stock on the first day of the quarter or the last day of a quarter. The number of shares of common stock that may be purchased under the plan is 150,000. Through December 31, 2007, employees have purchased 148,264.5 shares under this plan. During the fourth quarter of fiscal year 2007, we suspended the purchasing of Common Stock by the employees from this plan. The shares purchased under this plan are considered compensatory for accounting and reporting purposes.

Accounting for Stock Issued to Employees

The fair value of each option award is estimated on the date of grant using the Black Scholes option pricing model, which determines inputs as shown in the following table. Because of differences in option terms and historical exercise patterns among the plans, we have segregated option awards into two homogenous groups for the purpose of determining fair values for its options. Valuation assumptions are determined separately for the two groups which represent, respectively, the 1994 Stock Incentive Plan and the Director s Stock Option Plan. The assumptions are as follows:

- We estimated volatility using our historical share price performance over the last ten years. Management considered the guidance in SFAS No. 123R and believes the historical estimated volatility is materially indicative of expectations about future volatility.

- We use the simplified method outlined in the Securities and Exchange Commission (SEC) Staff Accounting Bulletin No. 107 to estimate expected lives for options granted.

- The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the option.

- The expected dividend yield is based on our current dividend yield and the best estimate of projected dividend yield for future periods within the expected life of the option.

A summary of our stock option activity as of December 31, 2007 and changes during the first six months of fiscal year 2008 are presented in the following table:

	Shares Under Fixed Options		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term		Aggregate Intrinsic Value
Outstanding at June 30, 2007	107,691	$	2.61	4.94	$	
Granted	1,000	$	4.40	7.0	$	
Exercised		$			$	
Forfeited/Expired	(10,791)	$	34.39		$	
Outstanding at December 31, 2007	97,900	$	24.92	4.50	$	
Exercisable	82,200	$	27.14	3.84	$	

As of December 31, 2007 there was $264,029 of unamortized expense related to our stock option plans.

During the first six months of fiscal year 2008 there were 1,000 shares of stock options granted.

We issue performance shares to certain employees of the Company from our 1994 Stock Incentive Plan. Performance shares are to be issued subject to the passing of certain events as established by the Compensation Committee of the Board of Directors. Such events may result in a material risk of forfeiture before vesting of the award. In December 2007 we awarded performance shares which, subject to materiality of the risk of forfeiture we account for as follows:

- Special performance shares we issued 61,100 performance shares that vest on January 15, 2009, subject to certain events or upon designation by the Compensation Committee. Termination of employment, except for resignation or cause was not an event of forfeiture. The employees receiving special performance shares were subsequently terminated by the Company and the risk of subsequent forfeiture was not material. Consequently, we expensed the entire fair value of the grant ($127,305) valuing the performance shares at the close of business on the date of grant.

- 2007 performance shares we issued 203,350 performance shares that vest on February 15, 2011 subject to certain events or upon designation by the Compensation Committee. Termination of employment for any cause is an event of forfeiture. We valued the 2007 performance shares granted at the close of business on the date of grant and recognize expense and accrue a deferred compensation liability, pro rata over the vesting period. In the three months ended December 31, 2007, we recognized compensation expense of $9,976 for these performance shares.

The Compensation Committee of the Board of Directors adopted and implemented a Long Term Cash Incentive Plan during the three months ended December 31, 2007. The Long Term Cash Incentive Plan makes cash incentive awards to employees upon the successful completion of certain events and passage of time as established by the Committee. In the three months ended December 31, 2007, the Committee awarded Long Term Cash Incentive Units valued at $308,350 to employees. These units vest on February 15, 2011 and are subject to material risk of forfeiture. We recognized expense and accrued deferred compensation liability of $7,379 under the Long Term Cash Incentive Plan during the three months ended December 31, 2007.

9. Gain on Sale of The Space Store LLC

On October 13, 2006 the Company consummated a transaction in which Space Media, Inc., a majority-owned subsidiary of SPACEHAB, Inc., sold the assets of The Space Store LLC, consisting of retail and internet identity, inventory, furniture, fixtures, and other items. Due to the immaterial amount and insignificant impact this transaction had on our financial statements, we elected to not present this discontinued operation as a separate component in our consolidated statements of operations for the three months ended December 31, 2006. The gain on the sale is reflected in the interest and other income section on our financial statements.

10. Related Party Transactions

We engaged in certain transactions with directors and executive officers during the six months ended December 31, 2007. Following is a description of these transactions:

Astrium GmbH

Dr. Graul, a member of SPACEHAB s Board of Directors until his resignation in August 2007, is the Executive Vice President for Astrium GmbH (Astrium). Astrium provides unpressurized payload and integration efforts to SPACEHAB on a fixed-price basis in addition to providing engineering services as required. For the six months ended December 31, 2007 and 2006, Astrium s payload and integration services included in cost of revenue were approximately $1.0 million and $7.8 million, respectively. In August 2007 SPACEHAB terminated its ICC/VCC lease agreements with Astrium North America (see Note 14). We agreed to reimburse Astrium North America $1.4 million upon termination of these leases.

Executive Credit Cards

Certain named executive officers of the Company have company paid credit cards for ordinary business expenses. Although the Company pays the amounts on the credit cards, the executive officer is obligated to substantiate the charges and reimburse the Company for any non-business related charges. As of December 31, 2007 the Company has a receivable due from an executive officer for $22,807.

11. Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN No. 48). This interpretation clarifies the accounting for uncertainty in income taxes recognized in an entity s financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. It prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. We have adopted provisions of this interpretation beginning with the Company s first-quarter of fiscal year 2008. The application of the standard does not have a material impact on our financial position or results of operations.

Staff Accounting Bulletin (SAB) 108, Considering the Effects of Prior-Year Misstatements when Quantifying Misstatements in Current Year Financial Statements The Securities and Exchange Commission released SAB 108 to provide interpretive guidance on how the effects of the carry-over or reversal of prior year misstatements should be considered in quantifying a current year misstatement. There have been two approaches commonly used to quantify such errors. Under one approach, the error is quantified as the amount by which the current year income statement is misstated. The other approach quantifies the error as the cumulative amount by which the current year balance sheet is misstated. The SEC staff believes that companies should quantify errors using both a balance sheet and an income statement approach and evaluate whether either approach results in quantifying a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. We do not expect the application of this interpretation to have a material impact on our financial position or results of operations.

In September 2006 the FASB issued FASB Statement No. 157, *Fair Value Measurements.* Statement No. 157 establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosure about such fair value measurements. Statement No. 157 is effective for fiscal years beginning after November 15, 2007. The adoption of this statement is not expected to have a material impact on the Company s consolidated financial position and results of operations.

12. Restricted Cash, Advances on Construction Contract, and Contingency

In December 2006, our Astrotech subsidiary was awarded a contract with a governmental agency to modify one of our payload processing facilities to specific requirements of a programmed mission. Under the terms of this $20.0 million fixed-price contract, which has subsequently been increased in contract value to $35.1 million, we will own the improvements after completion of the contract obligations. We have entered into a firm fixed price construction subcontract with J. P. Donovan Construction, Inc. to provide a significant portion of the design and construction work that will be required under our contract. In accordance with our contracts, payments will be received from our customer on a milestone schedule that generally provides receipt of cash before payments are required to the subcontractor under their milestone schedule. Receipts in advance of disbursements will be retained in a restricted cash account within our subsidiary company and used exclusively for purposes of the contract obligations. As of December 31, 2007, net cash receipts of $10.2 million have been designated as restricted cash and $7.4 million has been designated as a liability.

A $14.2 million modification to this Vandenberg construction contract requires us to complete the construction on the redesigned facility by September 30, 2009. The modification contains penalties of up to $3.0 million if we do not meet the contracted completion date. We have not established a reserve for this contingent liability.

13. Customer Deposits

During the quarter ended September 30, 2007 we paid $3.1 million for in-flight insurance on our pressurized module for use on STS-118, which launched mid-August 2007. This $3.1 million was previously recorded as a current liability. This amount is included as a cash outlay in cash flows from operating activities during the three month period ending September 30, 2007.

14. Agreement to Termination of ICC and VCC Leases

On August 28, 2007, the Company and Astrium, GmbH mutually agreed to terminate the lease agreement dated as of February 28, 2001 in regards to the Company s lease of the Integrated Cargo Carriers (ICC) assets from Astrium, GmbH. Also, we mutually agreed to terminate the lease agreement dated as of July 3, 2001 in regards to the Company s lease of the Vertical Cargo Carrier (VCC) assets from Astrium, GmbH. The ICC and VCC assets are specifically designed cargo carrying equipment used from time to time in the U.S. space shuttle. In order to terminate these two leases, we have mutually agreed that the Company reimburse Astrium, GmbH $1.4 million for the period March 1, 2007 through August 31, 2007 for the ICC and VCC assets and incur no financial obligations for either the ICC or VCC after August 31, 2007.

15. Induced Conversion of Convertible Securities and Reverse Stock Split

On October 5, 2007, we announced the successful closing of our offer to exchange (the Exchange Offer) any and all of our outstanding 8% Convertible Subordinated Notes due 2007 (the Junior Notes) and any and all of our outstanding 5.5% Senior Convertible Notes due 2010 (the Senior Notes). As a result of the closing of the Exchange Offer, for the approximately $7.4 million in principal amount of Junior Notes tendered, the holders received approximately 550,000 shares of common stock and 8,927 shares of Series C Convertible Preferred Stock on a pre reverse split basis. Following the closing of the Exchange Offer, approximately $2.9 million of Junior Notes remained outstanding pursuant to the original terms of the indenture governing the Junior Notes. On October 15, 2007 we redeemed the outstanding Junior Notes, including accrued interest, for cash. In addition, for the approximately $46.1 million in principal amount of outstanding Senior Notes tendered, the holders received approximately 30.7 million shares of common stock and 46,083 shares of Series C Convertible Preferred Stock on a pre reverse split basis. Following the closing of the Exchange Offer, approximately $6.9 million of Senior Notes remained outstanding pursuant to an indenture governing the Senior Notes that was amended through the elimination of substantially all of the indenture s restrictive covenants.

In addition, as a result of the closing of the Restructuring and Exchange Agreement, effective as of August 31, 2007, among the Company and certain holders of Junior Notes and Senior Notes, the Company issued to Astrium GmbH 1,333,334 shares of common stock and 6,540 shares of Series C Convertible Preferred Stock in exchange for Astrium s existing 1,333,334 shares of Series B Convertible Preferred Stock on a pre reverse split basis.

As a consequence of the Exchange Transaction, we recognized non cash debt conversion expense of ($30.2) million in the three months ended December 31, 2007, and we increased our common stock by $98.3 million.

In November 2007 we converted the 61,550 shares of Series C convertible preferred stock into 89.9 million shares of common stock on a pre reverse split basis and affected a 1 for 10 reverse stock split, reducing our issued and outstanding common stock to 13.6 million shares. All share amounts have been stated to reflect this split for all periods presented.

16. Subsequent Events

NASDAQ Deficiency Letters

On October 2, 2007, we received a NASDAQ Staff Determination letter indicating that we failed to comply with NASDAQ Marketplace Rules 4310(c)(4) and 4310(c)(3), and that our securities were, therefore, subject to delisting from The NASDAQ Capital Market.

Marketplace Rule 4310(c)(4) requires that we maintain a $1.00 bid price. Following earlier notices of non-compliance with the requirement, we were granted a grace period, which expired on October 1, 2007. We were also not in compliance with Marketplace Rule 4310(c)(3) which requires us to have $500,000 of net income from continuing operations for the most recently completed fiscal year or two of the three most recently completed fiscal years; or $35,000,000 market value of listed securities; or $2,500,000 in stockholders equity.

On October 22, 2007, we announced that as a result of the resignation of Myron J. Goins as a director of SPACEHAB, Inc. effective October 16, 2007, we received a letter from The NASDAQ Stock Market notifying us that we no longer comply with the NASDAQ independent director and audit committee requirements.

Consistent with Marketplace Rule 4350(c)(1), which requires that a majority of the board of directors consist of independent directors, and 4350(d)(4) requiring the participation of three independent directors on the audit committee, NASDAQ will provide us a cure period in order to regain compliance until the earlier of the Company s next annual shareholder s meeting, or October 16, 2008; or, if the next annual shareholder s meeting is held before April 14, 2008, then we must evidence compliance no later than April 14, 2008.

On December 21, 2007, NASDAQ notified us that pursuant to the Exchange Transaction, the Company was no longer out of compliance with NASDAQ Marketplace Rule 4310(c)(3) and had regained compliance with NASDAQ Marketplace Rule 4310(c)(4). On January 23, 2008, the Company appointed four new directors to fill vacancies on its Board of Directors, and has added a third Independent Director and Financial Expert to its Audit Committee. The Company has not been notified, however, that it has regained compliance with Marketplace Rule 4350(c)(1) and 4350(d)(4).

Bank Financing Facility

In February 2008 we consummated a financing facility with a commercial bank. This facility provides for a $4.0 million term loan, payable in monthly installments of principal and interest based upon a 15 year amortization and a $2.0 million revolving credit facility. The interest rate on the credit facility is prime plus 1.75% (9.0% as of December 31, 2007). The unused revolving credit facility balance is subject to a charge of 0.5%. Funds available under the revolving credit facility are limited to 80% of eligible accounts receivable, and we are subject to various financial and other covenants based upon our Astrotech subsidiary, including a minimum tangible net worth covenant, a liability to tangible net worth covenant, and a debt service coverage covenant. The three-year term loan is secured by the assets of our Astrotech subsidiary and the one-year revolving credit facility is also secured by Astrotech s accounts receivable.

Unregistered Sales of Equity Securities

On February 11, 2008, the Company entered into a Stock Purchase Agreement with certain investors for the purchase of 55,000 shares of the Company s Series D convertible preferred stock for a total price of $5.5 million. Consummation of the transaction is contingent upon NASA awarding us a funded Space Act Agreement under the COTS Program and shareholder approval of the transaction. The Company will issue 150,150 shares of common stock upon entering into the transaction.

The Series D convertible preferred stock will be converted into common stock within six months after issuance based on a ratio determined by dividing $100.00 by the average of (x) the average of the closing price of the Company s common stock for the business days January 18-25, 2008 and (y) the average of the closing price of the Company s common stock for the five business days prior to the Company s receipt of written notification from NASA indicating the Company s receipt of a COTS award of at least $120.0 million.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read together with our consolidated financial statements and notes thereto and the discussion Management s Discussion and Analysis of Financial Condition and Results of Operations and Item 1A. Risk Factors included in our 2007 Annual Report Form 10-K. The following information contains forward-looking statements, which are subject to risks and uncertainties. Should one or more of these risks or uncertainties materialize, our actual results may differ from those expressed or implied by the forward-looking statements.

OVERVIEW

Forward Looking Statements

This document may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including (without limitation) statements under Management s Discussion and Analysis of Financial Condition and Results of Operations and Liquidity and Capital Resources. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected in the statements. In addition to those risks and uncertainties discussed herein, such risks and uncertainties include, but are not limited to, whether we will fully realize the economic benefits under our NASA and other customer contracts, completion of the International Space Station (ISS), continued availability and use of the U.S. space shuttle system, award of a Commercial Orbital Transportation Services funded Space Act Agreement, technological difficulties, product demand, market acceptance risks, the effect of economic conditions, uncertainty in government funding, and the impact of competition, delays, and uncertainties in future space shuttle and ISS programs.

Financial Summary

SPACEHAB s first six months operating results reflect the completion of the Company s STS-118 space shuttle mission in August 2007. As a result, the Company s revenues were significantly below the first six months of the prior fiscal year. Recognition of non cash debt conversion expense of ($30.2) million on the induced conversion of convertible securities contributed to a loss for the six months of ($33.7) million, compared to a net loss of ($1.9) million for the first six months of the prior fiscal year.

The following table illustrates financial highlights for the six months ended December 31, 2007 and December 31, 2006:

	2007	**2006**	**Percent Change**
	(in millions except per share amounts)		
For the Six Months Ended December 31:			
Revenue	12.9	27.7	(53)%
Net (Loss)	(33.7)	(1.9)	(1674)%
Diluted EPS	(7.72)	(1.45)	(432)%
As of December 31:			

Cash and Cash Equivalents	0.3	5.4	(94)%
Restricted Cash	10.2	6.0	70%
Total Debt	6.9	63.3	(89)%
Stockholders Equity	36.2	1.2	2917%

Business Segments

For the first half of fiscal year 2008, our Company was comprised of three primary business segments. Following is a brief discussion of each of these segments, including a list of key factors that affected their respective contribution to earnings and cash flows. We also present a brief discussion of our corporate-level expenses along with a summary of our current liquidity position and items that could impact our liquidity position in fiscal year 2008 and beyond.

SPACEHAB Flight Services. Through this business unit, we offer a range of engineering, research, logistics, integration, operations, and ground support services supporting our space shuttle module and pallet assets.

Specifically, we provide a full range of ground-based pre- and post-flight experiment, cargo, and payload processing services as well as on-orbit operations support for U.S. space shuttle operations.

Additionally, we provide cargo shipment coordination services to NASA for all U.S. cargo shipped to the International Space Station via the Russian *Progress* space vehicle. These services are provided under contract with Lockheed Martin, the prime Cargo Mission Contract contractor to NASA.

The primary factors impacting our SFS business unit earnings and cash flows are the number of space shuttle missions manifested with SPACEHAB assets and the configuration of the cargo handling and research logistics required for each mission. Our revenues and earnings, if any, from each mission are dependent upon the space assets required in the cargo or research logistics configuration and the mission support services required to employ those assets. Other factors that have impacted earnings and cash flows for this business unit include:

- Congress funding for NASA and the allocation of that funding to International Space Station operations and space shuttle cargo missions
- The dependability of the U.S. space shuttle launch schedule and mission manifests
- The impending 2010 shuttle retirement date
- The role of international space research projects flying on future space shuttle and Russian and European Space Agency missions
- The growth of space exploration programs within NASA and NASA s commitment to the President s Vision for Space Exploration regarding enhancement of the commercial enterprise role in the ISS and space exploration programs

Astrotech Space Operations. Our Astrotech business unit provides modern facilities and support for the preparation of multi-million dollar satellites and payloads for launch on expendable launch vehicles. Since 1985, our Astrotech business unit has been providing government and commercial customers with a commercial alternative to using government-owned facilities to prepare their satellites for launch in the United States. Revenue is generated from various fixed-price contracts with launch service providers in both the commercial and government markets. The services and facilities we provide to our customers support the final assembly, checkout, and countdown functions associated with preparing a spacecraft for launch.

The earnings and cash flows generated from our Astrotech operations are related to the number of governmental commercial spacecraft launches, which reflects the growth in the satellite-based communication industries and the requirement to replace aging satellites. Other factors that have impacted, and are expected to continue to impact, earnings and cash flows for this business unit include:

- Our ability to control our capital expenditures which are primarily limited to modifications to accommodate payload processing for new launch vehicles, maintenance and safety, environmental and reliability projects, and other costs, through disciplined management and safe, efficient operations

- The continuing limited availability of competing facilities at the major domestic launch sites that can offer compatible services, leading to an increase in government use of our services

- The consistent launch schedule and processing requirements of our government and commercial customers

SPACEHAB Government Services. Our SGS business unit generates revenue by providing support to the U.S. Government in the areas of large-scale configuration and data management programs such as the International Space Station; specialized hardware design, development, and fabrication; low- to high-fidelity mockup design and construction; and safety and quality support services. Our SGS business unit currently provides configuration management, data management, and IT services as a subcontractor of ARES Corporation under ARES PI&C contract with NASA.

Earnings from our SGS business unit operations are dependent on our ability to continue to win contracts with NASA or other government entities through the competitive bidding process and our performance under those contracts in achieving performance bonuses. Other factors that have impacted earnings and cash flows for this business unit include:

- Continuation, through the government fiscal year 2008, of our PI&C contract with the International Space Station program and exercise of the contract options through the government fiscal year 2010

- Our ability to maintain small business qualification for our SGS business unit under NASA contracting rules

- Our ability to control costs within our budget commitments

Corporate and Other. Significant items impacting future earnings and cash flows include:

- Our ability to control sales, general and administrative costs in a period of decreasing revenues and pursuit of new business opportunities

- Interest expense on our convertible notes, costs relative to the refinancing of our long-term debt during fiscal year 2008, and interest savings on the conversion and repayment of our debt

- Income taxes, of which we currently only pay alternative minimum tax and minimal state income taxes; income taxes will also be impacted by our ability to realize our significant deferred tax assets, including loss carry forwards that are limited due to IRS restrictions after a significant change in ownership

Corporate Structure: Fiscal Year 2008 Third Quarter Going Forward

In anticipation of the planned 2010 space shuttle retirement, we began developing new products and services. As a result, in January 2008, we began focusing our business on using our core capabilities for the commercial exploitation of space. These new business initiatives include the following:

- Processing products and services in microgravity
- Developing new spacecraft and providing alternate space transportation means
- Commercializing products manufactured in microgravity
- Commercializing products developed for use in the space industry
- Acquiring other U.S. space contractors
- Providing end-to-end services for commercial and government satellite operations

Although we are developing products and services in support of the new business initiatives, we currently do not have contracts or other arrangements to provide these products and services. We cannot assure you that we will be able to successfully develop these new products and services in the future. We anticipate that we will require substantial additional capital to develop these new products and services, and that this additional financing will likely substantially dilute current holders of our common stock. These new business initiatives, several of which are newly incorporated SPACEHAB subsidiaries, will require large investments of capital and technical expertise.

The following paragraphs characterize SPACEHAB s new corporate structure:

SPACEHAB Orbital Transportation, Inc.

We have assembled a team of industry partners with a common goal of developing a commercial transportation system providing lower cost, lower risk space transportation services than conventional, government-developed transportation systems. SPACEHAB s Advanced Research and Conventional Technology Utilization Spacecraft (ARCTUS) is designed to provide cargo transportation services to the International Space Station, initially under the unfunded Space Act Agreement signed with NASA in June 2007, and an additional means of transportation for our microgravity processing business discussed below. More recently, the Company has proposed the ARCTUS solution for a funded Space Act Agreement, anticipated to be awarded in mid-February, to fully develop the commercial cargo service for NASA.

SPACEHAB Microgravity Sciences, Inc.

Our experience with the processing and integration of complex science payloads for flight propelled our entrance into the field of microgravity processing of high value bioscience products for the benefit of the general public. Since the inception of the Space Shuttle Program and extending through the International Space Station Program, NASA has spent billions of dollars on microgravity infrastructure and research. We have been logistically responsible for several hundred of these experiments on the space shuttle, the Russian Progress vehicle and the International Space Station.

On August 14, 2007, NASA announced that it was seeking private industry proposals for research and manufacturing concepts and opportunities onboard the International Space Station, a designated U.S. National Lab. SPACEHAB responded to the solicitation and was subsequently selected by NASA to cooperate on a Space Act Agreement for use of the ISS National Lab for research, development, and industrial processing purposes.

Astrotech Space Operations

Astrotech will continue to provide facilities and payload processing operations at its three Florida and California locations processing both government and commercial satellites before launch. The current expansion of our facility at its Vandenberg Air Force Base location is scheduled to be operational in 2009. Looking further ahead, Astrotech intends to expand its market by offering end-to-end assurance services to both commercial and government customers. These new end-to-end space mission assurance services would extend Astrotech s current relationships with customers spacecraft from a condensed few weeks of ground processing at an Astrotech facility to multiple years of space mission assurance services throughout the satellite s lifecycle.

SPACETECH, Inc. SPACETECH is a technology transfer, product development, and sales-focused business approach to transform space-based technologies and products into commercial applications, useful products, intellectual property, and possible spin-off businesses. The following are two current SPACETECH initiatives:

- Under an unfunded Space Act Agreement with NASA, we began development of a mini-mass spectrometer which we hope to turn into a small, portable, low power unit capable of detecting chemical compounds such as explosives, weapons of mass destruction, and toxic gases. We negotiated an agreement for the licensing, sale and distribution of the mini mass spectrometer.

- The Federal Aviation Administration and Department of Transportation have enacted new regulations for air transportation of oxygen containers to enhance safety in the event of a fire. Applying decades of experience in the development of specialized containers, we have been working with an industry partner to develop and certify a container to meet these new requirements. If successful, this project will provide us an opportunity to enter a new market.

SPACEHAB Engineering Services

SPACEHAB Engineering Services (SES) is a business hybrid of the former SPACEHAB Government Services and SPACEHAB Flight Services and is continuing to operate in support of current government and commercial customers providing specialized design, development and fabrication of flight hardware, ground systems, and mockups, as well as large scale program data management, configuration management, and IT services.

RESULTS OF OPERATIONS

For the three months ended December 31, 2007 as compared to the three months ended December 31, 2006.

Revenue. Revenue decreased approximately 67% to $4.3 million for the three months ended December 31, 2007 as compared to $12.9 million for the three months ended December 31, 2006 (in millions).

	Three Months Ended December 31, 2007	2006	Dollar Change	Percent Change
SPACEHAB Flight Services	$ 0.5	$ 9.9	$ (9.4)	(95)%
Astrotech Space Operations	2.4	1.1	1.3	118%
SPACEHAB Government Services	1.4	1.9	(0.5)	(26)%
Other				
	$ 4.3	$ 12.9	$ (8.6)	(67)%

Revenue from our SFS business unit decreased by $9.4 million for the period ending December 31, 2007 as compared to the same period ending December 31, 2006. The following summarizes the significant items that affected the quarter ended December 31, 2007 as compared to the quarter ended December 31, 2006:

- Decrease in revenue from STS-116 and STS-118 under the CMC with Lockheed Martin of $9.6 million due to launch and completion of these missions during prior periods. There are no more scheduled missions under our CMC contract with Lockheed Martin.
- Other contract revenue increase of $0.2 million due to the delivery of the EVA and PFIP flight hardware.

Revenue from our Astrotech business unit increased by $1.3 million for the three months ended December 31, 2007 as compared to the three month period ending December 31, 2006. The following summarizes significant items that affected the three months ended December 31, 2007 as compared to the same period ended December 31, 2006:

- Decrease in revenue of $1.1 million due to four different satellites in our facilities for processing for all of or a portion of the three month period ending December 31, 2006. Whereas, for the same period this fiscal year, there was only one satellite processed in our facilities.
- Increase over the three month period ending December 31, 2006 revenue of $2.4 million where the reduction of revenue on our Lockheed Martin guaranteed missions contract for two future missions that were to be processed for Boeing on Atlas launch vehicles partially offset by one Atlas mission that was processed at the Titusville facility contracted directly with Boeing.

Revenue from our SGS business unit decreased by $0.5 million for the period ending December 31, 2007 as compared to the same period ending December 31, 2006. The following summarizes the significant items that affected the quarter ended December 31, 2007 as compared to the quarter ended December 31, 2006:

- Decrease in revenue from the sale of our Destiny module to the Seattle Space Museum during the three month period ended December 31, 2006 in the amount of $0.3 million.

- Decrease in contract revenue with USA for support of the Constellation Program of $0.2 million.

Cost of Revenue. Cost of revenue for the three months ended December 31, 2007 decreased by 59% to approximately $4.5 million, as compared to $11.1 million for the same period of the prior year (in millions).

	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Dollar Change	Percent Change
SPACEHAB Flight Services	$ 1.1	$ 7.5	$ (6.4)	(85)%
Astrotech Space Operations	2.2	2.2		
SPACEHAB Government Services	1.2	1.3	(0.1)	(8)%
Other	0.0	0.1	(0.1)	(100)%
	$ 4.5	$ 11.1	$ (6.6)	(59)%

The following summarizes significant items that affected the three months ended December 31, 2007 as compared to the same period ended December 31, 2006 for SFS:

- Decrease in cost of revenue, other than direct depreciation cost of revenue, for STS-116 and STS-118 under the CMC with Lockheed Martin of $5.0 million due to launch and completion of these missions during prior periods. There are no more scheduled missions under our CMC contract with Lockheed Martin.

- Decrease in depreciation expense of $0.8 million due to the write-down of our flight assets during the period ending June 30, 2007.

- Decrease in cost of revenue of $0.4 million due to the termination of the ICC/VCC assets during the fiscal year ended June 30, 2007.

- Decrease in cost of revenue of approximately $0.2 million due to a reduction in workforce in January of 2007.

The cost of revenue in our Astrotech business unit remained in line with this same quarter the previous year at $2.2 million.

The decrease in cost of revenue of $0.1 million in our SGS business unit is primarily resulting from a reduction in staff under our PI&C contract necessary to balance obligations within the prime contract.

Operating Expenses. Operating expenses decreased to $2.7 million for the three months ended December 31, 2007 as compared to approximately $2.9 million for the three months ended December 31, 2006. The following summarizes the significant differences between the two periods:

- Legal expenses decrease by $0.4 million due to the termination of legal proceedings related to the loss of the RDM.

- Increase in consulting expenses of $0.1 million primarily related to increased business development efforts.

- Labor and related expenses decrease by $0.1 million as a result of the reduction in work-force in January 2007.

- Decrease in expenses associated with the operations of the Space Store sold in October of 2006 in the amount of $0.1 million.

- R&D increase of $0.3 million during the period ending December 31, 2007 as compared to the same period last year. This is attributable to the MMS and ARCTUS programs.

Interest Expense. Interest expense was approximately $0.1 million for the three months ended December 31, 2007 as compared to approximately $1.1 million for the three months ended December 31, 2006. The decrease in interest expense is primarily due to the conversion of $7.4 million of 8% convertible subordinated notes due October 2007 and $46.1 million of our 5.5% senior convertible notes due October 2010 into common and convertible preferred stock on October 5, 2007, and repayment of the remaining $2.9 million of 8% convertible subordinated notes on October 15, 2007.

Interest and Other Income. Interest income is earned on our mortgage receivable due to the sale of our payload processing facility in our SFS segment and on investment of our restricted cash. Additionally the gain on the sale of The Space Store, LLC of $189,000 was recorded as other income for the period ended December 31, 2006. For the first three months of fiscal year 2008 we earned $0.1 million on investment of our restricted cash. We recognized a loss of ($28.8) million from the conversion of Junior and Senior Notes to common stock.

Income Taxes. Based on our projected effective tax rate for fiscal year 2008 and 2007, we recorded no tax expense.

Net Loss. Net Loss for the three months ended December 31, 2007 was approximately ($32.8) million or ($4.36) per share as compared to net loss of approximately ($1.8) million or ($1.42) per share for the three months ended December 31, 2006.

For the six months ended December 31, 2007 as compared to the six months ended December 31, 2006.

Revenue. Revenue decreased approximately 53% to $12.9 million for the six months ended December 31, 2007 as compared to $27.7 million for the six months ended December 31, 2006 (in millions).

	Six Months Ended December 31, 2007		Six Months Ended December 31, 2006		Dollar Change	Percent Change
SPACEHAB Flight Services	$	4.1	$	20.0	$ (15.9)	(80)%
Astrotech Space Operations		6.1		4.2	1.9	45%
SPACEHAB Government Services		2.7		3.3	(0.6)	(18)%
Other		0.0		0.2	(0.2)	100%
	$	12.9	$	27.7	$ (14.8)	(53)%

Revenue from our SFS business unit decreased by $15.9 million for the period ending December 31, 2007 as compared to the same period ending December 31, 2006. The following summarizes the significant items that affected the period ended December 31, 2007 as compared to the period ended December 31, 2006:

- Decrease in revenue for STS-116, STS-121 and STS-118 under the CMC with Lockheed Martin of $16.4 million due to launch and completion of these missions during prior periods. There are no more scheduled missions under our CMC contract with Lockheed Martin.

- Increase in revenue of approximately $0.5 million mainly due to revenue for the manufacture of flight hardware for Lockheed Martin on STS-118 and flight bags for Mitsubishi.

Revenue from our Astrotech business unit increased by $1.9 million for the six months ended December 31, 2007 as compared to the six month period ending December 31, 2006. The following summarizes significant items that affected the six months ended December 31, 2007 as compared to the same period ended December 31, 2006:

- Decrease in revenue of $1.1 million due to four different satellites in our facilities for processing for all of or portion of the six month period ending December 31, 2006. Whereas, for the same period this fiscal year, there was only one satellite processed in our facilities.

- Increase over the six month period ending December 31, 2006 revenue of $2.4 million where the reduction of revenue on our Lockheed Martin guaranteed missions contract for two future missions that were to be processed for Boeing on Atlas launch vehicles partially offset by one Atlas mission that was processed at the Titusville facility contracted directly with Boeing. One of these missions, STP-1, was processed during fiscal year 2007. Another mission , WGS-F1, was processed at the end of fiscal year 2007 and the beginning of fiscal year 2008.

- Decrease in revenue from six month period ending December 31, 2006 to six month period ending December 31, 2007 of $0.7 million from a contract to design a satellite processing facility completed in the prior fiscal year.

- Increase in revenue of $2.3 million at our VAFB facility due to three missions processed during the six month period ending December 31, 2007, as compared to no missions being processed during the same period last fiscal year.

- Astrotech supported two satellite launches at its Sea Launch facility during the period ending December 31, 2006 which resulted in revenue of $1.0 million. In the period ending December 31, 2007, Astrotech did not support a satellite launch at its Sea Launch facility. This is attributed to the January 30, 2007 launch failure experienced by Sea Launch that resulted in the loss of a satellite and damage to their ground support equipment on the floating launch platform. Sea Launch returned to flight in January 2008.

Revenue from our SGS business unit decreased by $0.6 million for the period ending December 31, 2007 as compared to the same period ending December 31, 2006. The following summarizes the significant items that affected the period ended December 31, 2007 as compared to the period ended December 31, 2006:

- Decrease in revenue from the sale of our Destiny module to the Seattle Space Museum during the six month period ended December 31, 2006 in the amount of $0.3 million.

- Decrease in contract revenue with USA for support of the Constellation Program of $0.2 million.

Cost of Revenue. Cost of revenue for the six months ended December 31, 2007 decreased by 51% to approximately $10.9 million, as compared to $22.2 million for the same period of the prior year (in millions).

	Six Months Ended December 31,	Dollar	Percent

Partnership Right To Call Limited Partner Interests

Notwithstanding any other provision of the Aimco OP partnership agreement, on and after the date on which the aggregate percentage interests of the limited partners, other than the special limited partner, are less than one percent (1%), Aimco OP will have the right, but not the obligation, from time to time and at any time to redeem any and all outstanding limited partner interests (other than the special limited partner s interest) by treating any limited partner as if such limited partner had tendered for redemption under the Aimco OP partnership agreement the amount of OP Units specified by the general partner, in its sole and absolute discretion, by notice to the limited partner.

Transfers And Withdrawals

Restrictions On Transfer. The Aimco OP partnership agreement restricts the transferability of OP Units. Any transfer or purported transfer of an OP Unit not made in accordance with the Aimco OP partnership agreement will be null and void ab initio. Until the expiration of one year from the date on which an OP Unitholder acquired OP Units, subject to some exceptions, such OP Unitholder may not transfer all or any portion of its OP Units to any transferee without the consent of the general partner, which consent may be withheld in its sole and absolute discretion. After the expiration of one year from the date on which an OP Unitholder acquired OP Units, such OP Unitholder has the right to transfer all or any portion of its OP Units to any person, subject to the satisfaction of specific conditions specified in the Aimco OP partnership agreement, including the general partner s right of first refusal.

It is a condition to any transfer (whether or not such transfer is effected before or after the one year holding period) that the transferee assumes by operation of law or express agreement all of the obligations of the transferor limited partner under the Aimco OP partnership agreement with respect to such OP Units, and no such transfer (other than under a statutory merger or consolidation wherein all obligations and liabilities of the transferor partner are assumed by a successor corporation by operation of law) will relieve the transferor partner of its obligations under the Aimco OP partnership agreement without the approval of the general partner, in its sole and absolute discretion.

In connection with any transfer of OP Units, the general partner will have the right to receive an opinion of counsel reasonably satisfactory to it to the effect that the proposed transfer may be effected without registration under the Securities Act, and will not otherwise violate any federal or state securities laws or regulations applicable to Aimco OP or the OP Units transferred.

No transfer by a limited partner of its OP Units (including any redemption or any acquisition of OP Units by the general partner or by Aimco OP) may be made to any person if (i) in the opinion of legal counsel for Aimco OP, it would result in Aimco OP being treated as an association taxable as a corporation, or (ii) such transfer is effectuated through an established securities market or a secondary market (or the substantial equivalent thereof) within the meaning of Section 7704 of the Code.

HPUs. HPUs are subject to different restrictions on transfer. Individuals may not transfer HPUs except to a family member (or a family-owned entity) or in the event of their death.

Substituted Limited Partners. No limited partner will have the right to substitute a transferee as a limited partner in its place. A transferee of the interest of a limited partner may be admitted as a substituted limited partner only with the consent of the general partner, which consent may be given or withheld by the general partner in its sole and absolute discretion. If the general partner, in its sole and absolute discretion, does not consent to the admission of any permitted transferee as a substituted limited partner, such transferee will be considered an assignee for purposes of the Aimco OP partnership agreement. An assignee will be entitled to all the rights of an assignee of a limited partnership interest under the Delaware Act, including the right to receive distributions from Aimco OP and the share of Net Income, Net Losses and other items of income, gain, loss, deduction and credit of Aimco OP attributable to the OP Units assigned to such transferee and the rights to transfer the OP Units provided in the Aimco OP partnership agreement, but will not be deemed to be a holder of OP Units for any other purpose under the Aimco OP partnership agreement, and will not be entitled to effect a consent or vote with respect to such OP Units on any matter presented to the limited partners for approval (such right to consent or vote, to the extent provided in the Aimco OP partnership agreement or under the Delaware Act, fully remaining with the transferor limited partner).

Withdrawals. No limited partner may withdraw from Aimco OP other than as a result of a permitted transfer of all of such limited partner s OP Units in accordance with the Aimco OP partnership agreement, with respect to which the transferee becomes a substituted limited partner, or under a redemption (or acquisition by Aimco) of all of such limited partner s OP Units.

Restrictions on the general partner. The general partner may not transfer any of its general partner interest or withdraw from Aimco OP unless (i) the limited partners consent or (ii) immediately after a merger of the general partner into another entity, substantially all of the assets of the surviving entity, other than the general partnership interest in Aimco OP held by the general partner, are contributed to Aimco OP as a capital contribution in exchange for OP Units.

Table of Contents

Amendment of the Partnership Agreement

By the General Partner Without the Consent of the Limited Partners. The general partner has the power, without the consent of the limited partners, to amend the Aimco OP partnership agreement as may be required to facilitate or implement any of the following purposes: (1) to add to the obligations of the general partner or surrender any right or power granted to the general partner or any affiliate of the general partner for the benefit of the limited partners; (2) to reflect the admission, substitution or withdrawal of partners or the termination of Aimco OP in accordance with the partnership agreement; (3) to reflect a change that is of an inconsequential nature and does not adversely affect the limited partners in any material respect, or to cure any ambiguity, correct or supplement any provision in the partnership agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under the partnership agreement that will not be inconsistent with law or with the provisions of the partnership agreement; (4) to satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law; (5) to reflect such changes as are reasonably necessary for Aimco to maintain its status as a REIT; and (6) to modify the manner in which capital accounts are computed (but only to the extent set forth in the definition of Capital Account in the Aimco OP partnership agreement or contemplated by the Code or the Regulations).

With the Consent of the Limited Partners. Amendments to the Aimco OP partnership agreement may be proposed by the general partner or by holders of a majority of the outstanding OP Units and other classes of units that have the same voting rights as holders of OP Units, excluding the special limited partner. Following such proposal, the general partner will submit any proposed amendment to the limited partners. The general partner will seek the written consent of a majority in interest of the limited partners on the proposed amendment or will call a meeting to vote thereon and to transact any other business that the general partner may deem appropriate.

Procedures for Actions and Consents of Partners

Meetings of the partners may be called by the general partner and will be called upon the receipt by the general partner of a written request by a majority in interest of the limited partners. Notice of any such meeting will be given to all partners not less than seven (7) days nor more than thirty (30) days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Each meeting of partners will be conducted by the general partner or such other person as the general partner may appoint under such rules for the conduct of the meeting as the general partner or such other person deems appropriate in its sole and absolute discretion. Whenever the vote or consent of partners is permitted or required under the partnership agreement, such vote or consent may be given at a meeting of partners or may be given by written consent. Any action required or permitted to be taken at a meeting of the partners may be taken without a meeting if a written consent setting forth the action so taken is signed by partners holding a majority of outstanding OP Units (or such other percentage as is expressly required by the Aimco OP partnership agreement for the action in question).

Records and Accounting; Fiscal Year

The Aimco OP partnership agreement requires the general partner to keep or cause to be kept at the principal office of Aimco OP those records and documents required to be maintained by the Delaware Act and other books and records deemed by the general partner to be appropriate with respect to Aimco OP s business. The books of Aimco OP will be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles, or on such other basis as the general partner determines to be necessary or appropriate. To the extent permitted by sound accounting practices and principles, Aimco OP, the general partner and Aimco may operate with integrated or consolidated accounting records, operations and principles. The fiscal year of Aimco OP is the calendar year.

Reports

As soon as practicable, but in no event later than one hundred and five (105) days after the close of each calendar quarter and each fiscal year, the general partner will make available to limited partners (which may be done by filing a report with the SEC) a report containing financial statements of Aimco OP, or of Aimco if such statements are prepared solely on a consolidated basis with Aimco, for such calendar quarter or fiscal year, as the case may be, presented in accordance with generally accepted accounting principles, and such other information as may be required by applicable law or regulation or as the general partner determines to be appropriate. Statements included in quarterly reports are not audited. Statements included in annual reports are audited by a nationally recognized firm of independent public accountants selected by the general partner.

Tax Matters Partner

The general partner is the tax matters partner of Aimco OP for United States Federal income tax purposes. The tax matters partner is authorized, but not required, to take certain actions on behalf of Aimco OP with respect to tax matters. In addition, the general partner will arrange for the preparation and timely filing of all returns with respect to partnership income, gains, deductions, losses and other items required of Aimco OP for United States Federal and state income tax purposes and will use all reasonable effort to furnish, within ninety (90) days of the close of each taxable year, the tax information reasonably required by limited partners for United States Federal and state income tax reporting purposes. The limited partners will promptly provide the general partner with such information as may be reasonably requested by the general partner from time to time.

Dissolution and Winding Up

Dissolution. Aimco OP will dissolve, and its affairs will be wound up, upon the first to occur of any of the following (each a liquidating event): (i) an event of withdrawal, as defined in the Delaware Act (including, without limitation, bankruptcy), of the sole general partner unless, within ninety (90) days after the withdrawal, a majority in interest (as such phrase is used in Section 17-801(3) of the Delaware Act) of the remaining partners agree in writing, in their sole and absolute discretion, to continue the business of Aimco OP and to the appointment, effective as of the date of withdrawal, of a successor general partner; (ii) an election to dissolve Aimco OP made by the general partner in its sole and absolute discretion, with or without the consent of the limited partners; (iii) entry of a decree of judicial dissolution of Aimco OP under the provisions of the Delaware Act; (iv) the occurrence of a Terminating Capital Transaction; or (v) the redemption (or acquisition by Aimco, the general partner and/or the special limited partner) of all OP Units other than OP Units held by the general partner or the special limited partner.

Winding Up. Upon the occurrence of a liquidating event, Aimco OP will continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and partners. The general partner (or, in the event that there is no remaining general partner or the general partner has dissolved, become bankrupt within the meaning of the Delaware Act or ceased to operate, any person elected by a majority in interest of the limited partners) will be responsible for overseeing the winding up and dissolution of Aimco OP and will take full account of Aimco OP s liabilities and property, and Aimco OP property will be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom (which may, to the extent determined by the general partner, include Aimco stock) will be applied and distributed in the following order: (i) first, to the satisfaction of all of Aimco OP s debts and liabilities to creditors other than the partners and their assignees (whether by payment or the making of reasonable provision for payment thereof); (ii) second, to the satisfaction of all Aimco OP s debts and liabilities to the general partner (whether by payment or the making of reasonable provision for payment thereof), including, but not limited to, amounts due as reimbursements under the partnership agreement; (ii) third, to the satisfaction of all of Aimco OP s debts and liabilities to the other partners and any assignees (whether by payment or the making of reasonable provision for payment thereof); (iv) fourth, to the satisfaction of all liquidation preferences of outstanding Partnership Preferred Units, if any; and (v) the balance, if any, to the general partner, the limited partners and any assignees in accordance with and in proportion to their positive capital account balances, after giving effect to all contributions, distributions and allocations for all periods. In the event of a liquidation, holders of HPUs will be specially allocated items of income and gain in an amount sufficient to cause the capital account of such holder to be equal to that of a holder of an equal number of OP Units.

52

Table of Contents

DESCRIPTION OF AIMCO COMMON STOCK

General

Aimco s charter authorizes the issuance of up to 422,157,736 shares of common stock. As of September 7, 2010, 117,032,326 shares were issued and outstanding. The Aimco common stock is traded on the NYSE under the symbol AIV. Computershare Limited serves as transfer agent and registrar of the Aimco common stock. On September 7, 2010, the closing price of the Aimco common stock on the NYSE was $21.66. The following table shows the high and low reported sales prices and dividends paid per share of Aimco s common stock in the periods indicated.

Quarter Ended	High	Low	Dividends
September 30, 2010 (through September 7, 2010)	$ 22.60	$ 18.12	$ 0.10
June 30, 2010	24.21	18.14	0.10
March 31, 2010	19.17	15.01	0.00
December 31, 2009	$ 17.09	$ 11.80	$ 0.20
September 30, 2009	15.91	7.36	0.10
June 30, 2009	11.10	5.18	0.10
March 31, 2009	12.89	4.57	0.00
December 31, 2008(1)	$ 43.67	$ 7.01	$ 3.88
September 30, 2008(1)	42.28	29.25	3.00
June 30, 2008	41.24	33.33	0.60
March 31, 2008	41.11	29.91	0.00

(1) During 2008, Aimco s Board of Directors declared special dividends which were paid part in cash and part in shares of Common Stock as further discussed in Note 11 to the consolidated financial statements in Item 8 of Aimco s Current Report on Form 8-K, dated September 10, 2010 and filed with the SEC on September 10, 2010, which is incorporated herein by reference. Aimco s Board of Directors declared the dividends to address taxable gains from 2008 property sales.

Aimco adopted the Apartment Investment and Management Company 1997 Stock Award and Incentive Plan, or the 1997 Plan, to attract and retain officers, key employees and independent directors. The 1997 Plan reserved for issuance a maximum of 20 million shares, which may be in the form of incentive stock options, non-qualified stock options and restricted stock, or other types of awards as authorized under the 1997 Plan. The 1997 Plan expired on April 24, 2007. On April 30, 2007, the 2007 Stock Award and Incentive Plan, or the 2007 Plan, was approved as successor to the 1997 Plan. The 2007 Plan reserves for issuance a maximum of 4.1 million shares, which may be in the form of incentive stock options, non-qualified stock options and restricted stock, or other types of awards as authorized under the 2007 Plan.

Holders of Aimco common stock are entitled to receive dividends, when and as declared by Aimco s board of directors, out of funds legally available therefor. The holders of shares of common stock, upon any liquidation, dissolution or winding up of Aimco, are entitled to receive ratably any assets remaining after payment in full of all liabilities of Aimco and the liquidation preferences of preferred stock. The shares of common stock possess ordinary voting rights for the election of directors and in respect of other corporate matters, each share entitling the holder thereof to one vote. Holders of shares of common stock do not have cumulative voting rights in the election of directors, which means that holders of more than 50% of the shares of common stock voting for the election of directors can elect all of the directors if they choose to do so and the holders of the remaining shares cannot elect any directors. Holders of shares of common stock do not have preemptive rights, which means they have no right to acquire any additional shares of common stock that may be issued by Aimco at a subsequent date.

Table of Contents

Outstanding Classes Of Preferred Stock

Aimco s charter authorizes 84,429,764 shares of preferred stock with a par value of $0.01 per share. Aimco is authorized to issue shares of preferred stock in one or more classes or subclasses, with such designations, preferences, conversion and other rights, voting powers, restriction, limitations as to dividends, qualifications and terms and conditions of redemption, in each case, if any as are permitted by Maryland law and as the Aimco Board of Directors may determine by resolution. As of June 30, 2010, Aimco had issued and outstanding the following classes of preferred stock:

Class	Shares Authorized	Shares Outstanding	Quarterly Dividend per Share	Liquidation Preference per Share	Conversion Price
Class G Cumulative Preferred Stock(1)	4,050,000	4,050,000	$ 0.586	$ 25	NA
Class T Cumulative Preferred Stock	6,000,000	6,000,000	$ 0.50	$ 25	NA
Class U Cumulative Preferred Stock	8,000,000	8,000,000	$ 0.484	$ 25	NA
Class V Cumulative Preferred Stock	3,450,000	3,450,000	$ 0.50	$ 25	NA
Class Y Cumulative Preferred Stock	3,450,000	3,450,000	$ 0.492	$ 25	NA
Series A CRA Perpetual Preferred Stock(2)	240	114	$ 4,274.17(3)	$ 500,000	NA

(1) Includes 10,000 shares held by a consolidated subsidiary that are eliminated in consolidation.

(2) During 2006, Aimco sold 200 shares of Series A Community Reinvestment Act Perpetual Preferred Stock, $0.01 par value per share, or the CRA Preferred Stock, with a liquidation preference of $500,000 per share, for net proceeds of $97.5 million. For the period from the date of original issuance through March 31, 2015, the dividend rate is a variable rate per annum equal to the Three-Month LIBOR Rate (as defined in the articles supplementary designating the CRA Preferred Stock) plus 1.25%, calculated as of the beginning of each quarterly dividend period. The rate at June 30, 2010 was 1.54%. Upon liquidation, holders of the CRA Preferred Stock are entitled to a preference of $500,000 per share, plus an amount equal to accumulated, accrued and unpaid dividends, whether or not earned or declared. The CRA Preferred Stock ranks prior to the Aimco common stock and on the same level as Aimco s outstanding shares of preferred stock with respect to the payment of dividends and the distribution of amounts upon liquidation, dissolution or winding up. The CRA Preferred Stock is not redeemable prior to June 30, 2011, except in limited circumstances related to REIT qualification. On and after June 30, 2011, the CRA Preferred Stock is redeemable for cash, in whole or from time to time in part, at Aimco s option, at a price per share equal to the liquidation preference, plus accumulated, accrued and unpaid dividends, if any, to the redemption date.

(3) Amount per share is based on 114 shares outstanding for the entire period. 20 shares were repurchased in May 2010 and received $1,980 in dividends through the date of purchase.

Ranking. Each authorized class of preferred stock ranks, with respect to dividend rights and rights upon liquidation, dissolution or winding up of Aimco, (a) prior or senior to the common stock and any other class or series of capital stock of Aimco if the holders of that class of preferred stock are entitled to the receipt of dividends or amounts distributable upon liquidation, dissolution or winding-up in preference or priority to the holders of shares of such class or series (Junior Stock); (b) on a parity with the other authorized classes of preferred stock and any other class or series of capital stock of Aimco if the holders of such class or series of stock and that class of preferred stock are entitled to receive dividends and amounts distributable upon liquidation, dissolution or winding-up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority of one over the other (Parity Stock); and (c) junior to any class or series of capital stock of Aimco if the holders of such class or series are entitled to receive dividends and amounts distributable upon liquidation, dissolution or winding-up in preference or priority to the holders of that class of preferred stock (Senior Stock).

Dividends. Holders of each authorized class of preferred stock are entitled to receive, when and as declared by Aimco s board of directors, out of funds legally available for payment, quarterly cash dividends in the amount per share set forth in the table above under the heading, Quarterly Dividend Per Share. The dividends are cumulative from the date of original issue, whether or not in any dividend period or periods Aimco declares any dividends or have funds legally available for the payment of such dividend. Holders of preferred stock are not entitled to receive any dividends in excess of cumulative dividends on the preferred stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the preferred stock that may be in arrears.

When dividends are not paid in full upon any class of preferred stock, or a sum sufficient for such payment is not set apart, all dividends declared upon that class of preferred stock and any shares of Parity Stock will be declared ratably in proportion to the respective amounts of dividends accumulated, accrued and unpaid on that class of preferred stock and accumulated, accrued and unpaid on such Parity Stock. Except as set forth in the preceding sentence, unless dividends on each class of preferred stock equal to the full amount of accumulated, accrued and unpaid dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for such payment, for all past dividend periods, no dividends may be declared or paid or set apart for payment by Aimco and no other distribution of cash or other property may be declared or made, directly or indirectly, by Aimco with respect to any shares of Parity Stock. Unless dividends equal to the full amount of all accumulated, accrued and unpaid dividends on each class of preferred stock have been declared and paid, or declared and a sum sufficient for the payment thereof has been set apart for such payment, for all past dividend periods, no dividends (other than dividends or distributions paid in shares of Junior Stock or options, warrants or rights to subscribe for or purchase shares of Junior Stock) may be declared or paid or set apart for payment by Aimco and no other distribution of cash or other property may be declared or made, directly or indirectly, by Aimco with respect to any shares of Junior Stock, nor may any shares of Junior Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of common stock made for purposes of an employee incentive or benefit plan of Aimco or any subsidiary) for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any shares of any such stock), directly or indirectly, by Aimco (except by conversion into or exchange for shares of Junior Stock, or options, warrants or rights to subscribe for or purchase shares of Junior Stock), nor shall any other cash or other property be paid or distributed to or for the benefit of holders of shares of Junior Stock. Notwithstanding the foregoing provisions of this paragraph, Aimco is not prohibited from (1) declaring or paying or setting apart for payment any dividend or distribution on any shares of Parity Stock or (2) redeeming, purchasing or otherwise acquiring any Parity Stock, in each case, if such declaration, payment, redemption, purchase or other acquisition is necessary to maintain Aimco s qualification as a REIT.

Liquidation Preference. Upon any voluntary or involuntary liquidation, dissolution or winding up of Aimco, before it makes or sets apart any payment or distribution for the holders of any shares of Junior Stock, the holders of each class of preferred stock are entitled to receive a liquidation preference per share in the amount set forth above under the heading, Liquidation Preference Per Share, plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not formed or declared) to the date of final distribution to such holders. Holders of each class of preferred stock are not entitled to any further payment. Until the holders of each class of preferred stock have been paid their respective liquidation preferences in full, plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not earned or declared) to the date of final distribution to such holders, no payment may be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of Aimco. If, upon any liquidation, dissolution or winding up of Aimco, its assets, or proceeds thereof, distributable among the holders of preferred stock are insufficient to pay in full the preference described above for any class of preferred stock and any liquidating payments on any other shares of any class or series of Parity Stock, then such proceeds shall be distributed among the holders of such class of preferred stock and holders of all other shares of any class or series of Parity Stock ratably in the same proportion as the respective amounts that would be payable on such class of preferred stock and any such Parity Stock if all amounts payable thereon were paid in full. A voluntary or involuntary liquidation, dissolution or winding up of Aimco does not include its consolidation or merger with one or more corporations, a sale or transfer of all or substantially all of its assets, or a statutory share exchange. Upon any liquidation, dissolution or winding up of Aimco, after payment shall have been made in full to the holders of preferred stock, any other series or class or classes of Junior Stock shall be entitled to receive any and all assets remaining to be paid or distributed, and the holders of each class of preferred stock and any Parity Stock shall not be entitled to share therein.

Redemption. Except as described below and in certain limited circumstances, including circumstances relating to maintaining Aimco s ability to qualify as a REIT, Aimco may not redeem the shares of preferred stock. On or after the dates set forth in the table below, Aimco may, at its option, redeem shares of the classes of preferred stock set forth below, in whole or from time to time in part, at a cash redemption price equal to the percentage of the liquidation preference for that class of preferred stock indicated under the heading, Price, plus all accumulated, accrued and unpaid dividends, if any, to the date fixed for redemption. The redemption price for each class of non-convertible preferred stock (other than any portion thereof consisting of accumulated, accrued and unpaid dividends) is payable solely with the proceeds from the sale of equity securities by Aimco or Aimco OP (whether or not such sale occurs concurrently with such redemption). For purposes of the preceding sentence, capital shares means any common stock, preferred stock, depositary shares, partnership or other interests, participations or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable at the option of the holder for equity securities (unless and to the extent such debt securities are subsequently converted into capital stock)) or options to purchase any of the foregoing securities issued by Aimco or Aimco OP.

Class	Date	Price
Class G Cumulative Preferred Stock	July 15, 2008	100%
Class T Cumulative Preferred Stock	July 31, 2008	100%
Class U Cumulative Preferred Stock	March 24, 2009	100%
Class V Cumulative Preferred Stock	September 29, 2009	100%
Class Y Cumulative Preferred Stock	December 21, 2009	100%
Series A CRA Perpetual Preferred Stock	June 30, 2011	100%

Except as otherwise described in this information statement/prospectus, none of the authorized classes of preferred stock have any stated maturity or are subject to any sinking find or mandatory redemption provisions.

Conversion. The shares of convertible preferred stock are convertible at any time, at the option of the holder, into a number of shares of common stock obtained by dividing its liquidation preference (excluding any accumulated, accrued and unpaid dividends) by the conversion price set forth in the table above. In the case of shares called for redemption, conversion rights will terminate at the close of business on the date fixed for such redemption, unless Aimco defaults in making such redemption payment. Each conversion will be deemed to have been effected immediately prior to the close of business on the date on which the holder surrenders certificates representing shares of preferred stock and Aimco receives notice and any applicable instruments of transfer and any required taxes. The conversion will be at the conversion price in effect at such time and on such date unless the stock transfer books of Aimco are closed on that date, in which event such person or persons will be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion will be at the conversion price in effect on the date on which such shares were surrendered and such notice received by Aimco. No fractional shares of common stock or scrip representing fractions of a share of common stock will be issued upon conversion of shares of preferred stock. Instead of any fractional interest in a share of common stock that would otherwise be deliverable upon the conversion of any share of preferred stock, Aimco will pay to the holder of such shares an amount in cash based upon the closing price of the common stock on the trading day immediately preceding the date of conversion. If more than one share of preferred stock is surrendered for conversion at one time by the same holder, the number of full shares of common stock issuable upon conversion thereof will be computed on the basis of the aggregate number of shares of preferred stock so converted. Except as otherwise required, Aimco will make no payment or allowance for unpaid dividends, whether or not in arrears, on converted shares or for dividends (other than dividends on the common stock the record date for which is after the conversion date and which Aimco shall pay in the ordinary course to the record holder as of the record date) on the common stock issued upon such conversion. Holders of preferred stock at the close of business on a record date for the payment of dividends on the preferred stock will be entitled to receive an amount equal to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the conversion of such shares following such record date.

Each conversion price is subject to adjustment upon the occurrence of certain events, including: (i) if Aimco (A) pays a dividend or makes a distribution on its capital stock in shares of common stock, (B) subdivides its outstanding common stock into a greater number of shares, (C) combines its outstanding common stock into a

Table of Contents

smaller number of shares or (D) issues any shares of capital stock by reclassification of its outstanding common stock; (ii) if Aimco issues rights, options or warrants to holders of common stock entitling them to subscribe for or purchase common stock at a price per share less than the fair market value thereof; and (iii) if Aimco makes a distribution on its common stock other than in cash or shares of common stock.

Conversion of preferred stock will be permitted only to the extent that such conversion would not result in a violation of the ownership restrictions set forth in Aimco s charter.

Voting Rights. Holders of shares of the authorized classes of preferred stock do not have any voting rights, except as set forth below and except as otherwise required by applicable law.

If and whenever dividends on any shares of any class of preferred stock or any series or class of Parity Stock are in arrears for six or more quarterly periods, whether or not consecutive, the number of directors then constituting Aimco s board of directors will be increased by two, if not already increased by reason of similar types of provisions with respect to shares of Parity Stock of any other class or series which is entitled to similar voting rights (the Voting Preferred Stock), and the holders of shares of that class of preferred stock, together with the holders of shares of all other Voting Preferred Stock then entitled to exercise similar voting rights, voting as a single class regardless of series, will be entitled to vote for the election of the two additional directors of Aimco at any annual meeting of stockholders or at a special meeting of the holders of that class of preferred stock and of the Voting Preferred Stock called for that purpose. Whenever dividends in arrears on outstanding shares of Voting Preferred Stock shall have been paid and dividends thereon for the current quarterly dividend period have been paid or declared and set apart for payment, then the right of the holders of the Voting Preferred Stock to elect the additional two directors shall cease and the terms of office of the directors shall terminate and the number of directors constituting Aimco s board of directors shall be reduced accordingly. Holders of Class W Cumulative Convertible Preferred Stock, voting as a single class, are also entitled to elect one director of Aimco if and whenever (i) for two consecutive quarterly dividend periods, Aimco fails to pay at least $0.45 per share in dividends on the common stock or (ii) Aimco fails to pay a quarterly dividend on that class of preferred stock, whether or not earned or declared.

The affirmative vote or consent of at least 662/3% of the votes entitled to be cast by the holders of the outstanding shares of each class of preferred stock and the holders of all other classes or series of Parity Stock entitled to vote on such matters, voting as a single class, will be required to (1) authorize, create, increase the authorized amount of, or issue any shares of any class of Senior Stock or any security convertible into shares of any class of Senior Stock, or (2) amend, alter or repeal any provision of, or add any provision to, Aimco s charter or by-laws, if such action would materially adversely affect the voting powers, rights or preferences of the holders of that class of preferred stock or, with respect to the Class W Cumulative Convertible Preferred Stock, would convert such preferred stock into cash or any other security other than Preferred Stock with terms and provisions equivalent to those set forth in the articles supplementary for such class of preferred stock (including any amendment, alteration or repeal effected pursuant to a merger, consolidation, or similar transaction); provided, however, that no such vote of the holders of that class of preferred stock shall be required if, at or prior to the time such amendment, alteration or repeal is to take effect or the issuance of any such Senior Stock or convertible security is to be made, as the case may be, provisions are made for the redemption of all outstanding shares of that class of preferred stock. The amendment of or supplement to Aimco s charter to authorize, create, increase or decrease the authorized amount of or to issue Junior Stock, or any shares of any class of Parity Stock shall not be deemed to materially adversely affect the voting powers, rights or preferences of any class of preferred stock.

Transfer. For Aimco to qualify as a REIT under the Code, not more than 50% in value of its outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year and the shares of common stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year.

Because the Aimco board of directors believes that it is essential for Aimco to meet the REIT Requirements, the board of directors has adopted, and the stockholders have approved, provisions of Aimco s charter restricting the acquisition of shares of common stock.

Table of Contents

Subject to specific exceptions specified in Aimco s charter, no holder may own, or be deemed to own by virtue of various attribution and constructive ownership provisions of the Code and Rule 13d-3 under the Exchange Act, more than 8.7% (or 15% in the case of specific pension trusts described in the Code, investment companies registered under the Investment Company Act of 1940, as amended, and Mr. Considine) of the outstanding shares of common stock (the Ownership Limit). The board of directors may waive the Ownership Limit if evidence satisfactory to the board of directors and Aimco s tax counsel is presented that such ownership will not then or in the future jeopardize Aimco s status as a REIT. However, in no event may such holder s direct or indirect ownership of common stock exceed 9.8% of the total outstanding shares of common stock. As a condition of such waiver, the board of directors may require opinions of counsel satisfactory to it and/or an undertaking from the applicant with respect to preserving the REIT status of Aimco. The foregoing restrictions on transferability and ownership will not apply if the board of directors determines that it is no longer in the best interests of Aimco to attempt to qualify, or to continue to quality as a REIT and a resolution terminating Aimco s status as a REIT and amending Aimco s charter to remove the foregoing restrictions is duly adopted by the board of directors and a majority of Aimco s stockholders. If shares of common stock in excess of the Ownership Limit, or shares of common stock which would cause the REIT to be beneficially owned by fewer than 100 persons, or which would result in Aimco being closely held, within the meaning of Section 856(h) of the Code, or which would otherwise result in Aimco failing to qualify as a REIT, are issued or transferred to any person, such issuance or transfer shall be null and void to the intended transferee, and the intended transferee would acquire no rights to the stock. Shares of common stock transferred in excess of the Ownership Limit or other applicable limitations will automatically be transferred to a trust for the exclusive benefit of one or more qualifying charitable organizations to be designated by Aimco. Shares transferred to such trust will remain outstanding, and the trustee of the trust will have all voting and dividend rights pertaining to such shares. The trustee of such trust may transfer such shares to a person whose ownership of such shares does not violate the Ownership Limit or other applicable limitation. Upon a sale of such shares by the trustee, the interest of the charitable beneficiary will terminate, and the sales proceeds would be paid, first, to the original intended transferee, to the extent of the lesser of (a) such transferee s original purchase price (or the original market value of such shares if purportedly acquired by gift or devise) and (b) the price received by the trustee, and, second, any remainder to the charitable beneficiary. In addition, shares of stock held in such trust are purchasable by Aimco for a 90 day period at a price equal to the lesser of the price paid for the stock by the original intended transferee (or the original market value of such shares if purportedly acquired by gift or devise) and the market price for the stock on the date that Aimco determines to purchase the stock. The 90 day period commences on the date of the violative transfer or the date that the board of directors determines in good faith that a violative transfer has occurred, whichever is later. All certificates representing shares of common stock bear a legend referring to the restrictions described above.

All persons who own, directly or by virtue of the attribution provisions of the Code and Rule 13d-3 under the Exchange Act, more than a specified percentage of the outstanding shares of common stock must file an affidavit with Aimco containing the information specified in Aimco s charter within 30 days after January 1 of each year. In addition, each stockholder shall upon demand be required to disclose to Aimco in writing such information with respect to the direct, indirect and constructive ownership of shares as the board of directors deems necessary to comply with the provisions of the Code applicable to a REIT or to comply with the requirements of any taxing authority or governmental agency.

The ownership limitations may have the effect of precluding acquisition of control of Aimco by specific parties unless the board of directors determines that maintenance of REIT status is no longer in the best interests of Aimco.

COMPARISON OF AIMCO OP UNITS AND AIMCO COMMON STOCK

Set forth below is a comparison of the OP Units to the Aimco common stock.

OP Units	Common Stock
Nature of Investment	
The OP Units constitute equity interests entitling each holder to his or her pro rata share of cash distributions made from Available Cash (as such term is defined in the Aimco OP partnership agreement) to the partners of Aimco OP, a Delaware limited partnership.	The common stock constitutes equity interests in Aimco, a Maryland corporation.
Voting Rights	
Under the Aimco OP partnership agreement, limited partners have voting rights only with respect to certain limited matters such as certain amendments of the partnership agreement and certain transactions such as the institution of bankruptcy proceedings, an assignment for the benefit of creditors and certain transfers by the general partner of its interest in Aimco OP or the admission of a successor general partner.	Each outstanding share of common stock entitles the holder thereof to one vote on all matters submitted to stockholders for a vote, including the election of directors. Holders of common stock have the right to vote on, among other things, a merger of Aimco, amendments to the Aimco charter and the dissolution of Aimco. Certain amendments to the Aimco charter require the affirmative vote of not less than two-thirds of votes entitled to be cast on the matter. The Aimco charter permits the Aimco Board of Directors to classify and issue capital stock in one or more series having voting power which may differ from that of the common stock. Under Maryland law, a consolidation, merger, share exchange or transfer of all or substantially all of the assets of Aimco requires the affirmative vote of not less than two-thirds of all of the votes entitled to be cast on the matter. With respect to each of these transactions, only the holders of common stock are entitled to vote on the matters. No approval of the stockholders is required for the sale of less than all or substantially all of Aimco s assets. Maryland law provides that the Aimco Board of Directors must obtain the affirmative vote of at least two-thirds of the votes entitled to be cast on the matter in order to dissolve Aimco. Only the holders of common stock are entitled to vote on Aimco s dissolution.
Distributions/Dividends	
Subject to the rights of holders of any outstanding partnership preferred units, the Aimco OP partnership agreement requires the general partner to cause Aimco OP	Holders of the common stock are entitled to receive dividends when and as declared by the Aimco Board of Directors, out of funds legally available therefor. Under

to distribute quarterly all, or such portion as the general partner may in its sole and absolute discretion determine, of Available Cash (as such term is defined in the partnership agreement) generated by Aimco OP during such quarter to the general partner, the Special Limited Partner and the holders of OP Units and HPUs on the record date established by the general partner with respect to such quarter, in accordance with their respective interests in Aimco OP on such record date. Holders of any Partnership Preferred Units currently issued and which may be issued in the future may have priority over the general partner, the special limited partner and holders of OP Units and HPUs

the REIT rules, Aimco is required to distribute dividends (other than capital gain dividends) to its stockholders in an amount at least equal to (A) the sum of (i) 90% of Aimco s REIT taxable income (computed without regard to the dividends paid deduction and Aimco s net capital gain) and (ii) 90% of the net income (after tax), if any, from foreclosure property, minus (B) the sum of certain items of noncash income. See Certain United States Federal Income Tax Matters.

59

Table of Contents

OP Units	Common Stock
with respect to distributions of Available Cash, distributions upon liquidation or other distributions. See Description of OP Units Distributions. The general partner in its sole and absolute discretion may distribute to the holders of OP Units and HPUs Available Cash on a more frequent basis and provide for an appropriate record date. The partnership agreement requires the general partner to take such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with the REIT Requirements, to cause Aimco OP to distribute sufficient amounts to enable the general partner to transfer funds to Aimco and enable Aimco to pay stockholder dividends that will (i) satisfy the requirements for qualifying as a REIT under the Code, and the Treasury Regulations and (ii) avoid any United States Federal income or excise tax liability of Aimco. See Description of OP Units Distributions.	
Liquidity and Transferability/Redemption	
There is no public market for the OP Units and the OP Units are not listed on any securities exchange. Under the Aimco OP partnership agreement, until the expiration of one year from the date on which a holder acquired OP Units, subject to certain exceptions, such OP Unitholder may not transfer all or any portion of its OP Units to any transferee without the consent of the general partner, which consent may be withheld in its sole and absolute discretion. After the expiration of one year, such OP Unitholder has the right to transfer all or any portion of its OP Units to any person, subject to the satisfaction of certain conditions specified in the partnership agreement, including the general partner s right of first refusal. See Description of OP Units Transfers and Withdrawals. After the first anniversary of becoming a holder of OP Units, a holder has the right, subject to the terms and conditions of the partnership agreement, to require Aimco OP to redeem all or a portion of such holder s OP Units in exchange for shares of common stock or a cash amount equal to the value of such shares, as Aimco OP may elect. See Description of OP Units Redemption Rights of Qualifying Parties. Upon receipt of a notice of redemption, Aimco OP may, in its sole and absolute discretion but subject to the restrictions on the ownership of common stock imposed under the Aimco charter and the transfer restrictions and other limitations thereof, elect to cause Aimco to acquire	The common stock is transferable subject to the Ownership Limit set forth in the Aimco charter. The common stock is listed on the NYSE.

some or all of the tendered OP Units in exchange for common stock, based on an exchange ratio of one share of common stock for each OP Unit, subject to adjustment as provided in the partnership agreement.

COMPARISON OF CCIP SERIES A UNITS AND AIMCO OP UNITS

The rights of CCIP limited partners are currently governed by the Delaware Act and the CCIP partnership agreement. The rights of the limited partners of Aimco OP are currently governed by the Delaware Act and the Aimco OP partnership agreement.

The information below highlights a number of the significant differences between CCIP Series A Units and Aimco OP Units. These comparisons are intended to assist CCIP limited partners in understanding how their investment will be changed after completion of the merger, if they elect to receive OP Units in lieu of cash with respect to the merger.

Series A Units	**OP Units**
Nature of Investment	
The Series A Units constitute equity interests entitling each partner to its pro rata share of distributions to be made to the partners of CCIP.	The OP Units constitute equity interests entitling each holder to his or her pro rata share of cash distributions made from Available Cash (as such term is defined in the partnership agreement) to the partners of Aimco OP.
Voting Rights	
With limited exceptions, under the CCIP partnership agreement, upon the vote of a majority in units of all limited partners of each series, the limited partners may make amendments to CCIP s partnership agreement. The limited partners holding a majority of units of each series may remove any or all of the general partners. If a general partner withdraws or is otherwise removed, the remaining general partners may elect to carry on the business of CCIP. If no general partner remains in office, all of the limited partners may elect to reform CCIP and elect a successor general partner to continue CCIP s business. An affiliate of the general partner of CCIP currently owns a majority of each series of CCIP s limited partnership units.	Under the Aimco OP partnership agreement, limited partners have voting rights only with respect to certain limited matters such as certain amendments of the partnership agreement and certain transactions such as the institution of bankruptcy proceedings, an assignment for the benefit of creditors and certain transfers by the general partner of its interest in Aimco OP or the admission of a successor general partner.
The general partner of CCIP may serialize interests without the consent of the limited partners.	Under the Aimco OP partnership agreement, the general partner has the power to effect the acquisition, sale, transfer, exchange or other disposition of any assets of Aimco OP (including, but not limited to, the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by Aimco OP) or the merger, consolidation, reorganization or other combination of Aimco OP with or into another entity, all without the consent of the OP Unitholders. The general partner may cause the dissolution of Aimco OP by an event of withdrawal, as defined in the Delaware Act (including, without limitation,

bankruptcy), unless, within 90 days after the withdrawal, holders of a majority in interest, as defined in the Delaware Act, agree in writing, in their sole and absolute discretion, to continue the business of Aimco OP and to the appointment of a successor general partner. The general partner may elect to dissolve Aimco OP in its sole and absolute discretion, with or without the consent of the OP Unitholders. OP Unitholders cannot remove the general partner of Aimco OP with or without cause.

Series A Units	OP Units
Distributions	
Distributions from operations will be made quarterly to the extent deemed available by the general partner. The distributions payable to the partners are not fixed in amount and depend upon the operating results and net sales or refinancing proceeds available from the disposition of CCIP s assets.	Subject to the rights of holders of any outstanding partnership preferred units, the Aimco OP partnership agreement requires the general partner to cause Aimco OP to distribute quarterly all, or such portion as the general partner may in its sole and absolute discretion determine, of Available Cash (as such term is defined in the partnership agreement) generated by Aimco OP during such quarter to the general partner, the special limited partner and the holders of OP Units and HPUs on the record date established by the general partner with respect to such quarter, in accordance with their respective interests in Aimco OP on such record date. Holders of any partnership preferred units currently issued and which may be issued in the future may have priority over the general partner, the special limited partner and holders of OP Units and HPUs with respect to distributions of Available Cash, distributions upon liquidation or other distributions. See Description of OP Units Distributions. The general partner in its sole and absolute discretion may distribute to the holders of OP Units and HPUs Available Cash on a more frequent basis and provide for an appropriate record date. The partnership agreement requires the general partner to take such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with the REIT requirements, to cause Aimco OP to distribute sufficient amounts to enable the general partner to transfer funds to Aimco and enable Aimco to pay stockholder dividends that will (i) satisfy the requirements for qualifying as a REIT under the Code, and the Treasury Regulations and (ii) avoid any United States Federal income or excise tax liability of Aimco. See Description of OP Units Distributions.
Liquidity and Transferability/Redemption	
There is a limited market for the Series A Units and the Series A Units are not listed on any securities exchange.	There is no public market for the OP Units and the OP Units are not listed on any securities exchange.

Series A Units	OP Units
Under the CCIP partnership agreement, holders of Series A Units may transfer Series A Units by written instrument satisfactory in form to the general partner, accompanied by such assurances of the genuineness and effectiveness of each such signature, provided that the limited partner obtains any governmental approval as reasonably required by the general partner and that the transfer is effected in accordance with the provisions of the CCIP partnership agreement. A minimum of five units may be transferred. Notwithstanding the above, no partner may make a transfer if the transfer would, when considered with all other transfers in the same applicable twelve month period, cause a termination of the partnership for federal or any applicable state income tax purposes. No assignee of a limited partner s interest may become a substituted limited partner unless (a) the assignor designates such intention in the instrument of assignment, (b) the written consent of the general partner is obtained, which consent may be withheld in the general partner s sole discretion, (c) the assignment instrument is satisfactory to the general partner in form and substance, (d) the assignor and assignee execute and acknowledge other instruments that the general partner deems necessary or desirable to effect admission, and (e) and the assignee accepts, adopts, and approves in writing all the terms of the partnership agreement. Unauthorized assignments and transfers are *void ab initio*. The CCIP partnership agreement contains no redemption rights.	Under the Aimco OP partnership agreement, until the expiration of one year from the date on which a holder acquired OP Units, subject to certain exceptions, such OP Unitholder may not transfer all or any portion of its OP Units to any transferee without the consent of the general partner, which consent may be withheld in its sole and absolute discretion. After the expiration of one year, such OP Unitholder has the right to transfer all or any portion of its OP Units to any person, subject to the satisfaction of certain conditions specified in the partnership agreement, including the general partner s right of first refusal. See Description of OP Units Transfers and Withdrawals. After the first anniversary of becoming a holder of OP Units, a holder has the right, subject to the terms and conditions of the partnership agreement, to require Aimco OP to redeem all or a portion of such holder s OP Units in exchange for shares of common stock or a cash amount equal to the value of such shares, as Aimco OP may elect. See Description of OP Units Redemption Rights of Qualifying Parties. Upon receipt of a notice of redemption, Aimco OP may, in its sole and absolute discretion but subject to the restrictions on the ownership of common stock imposed under the Aimco charter and the transfer restrictions and other limitations thereof, elect to cause Aimco to acquire some or all of the tendered OP Units in exchange for common stock, based on an exchange ratio of one share of common stock for each OP Unit, subject to adjustment as provided in the partnership agreement.

Table of Contents

Series A Units	OP Units
Fiduciary Duty	
Delaware law provides that, except as provided in a partnership agreement, a general partner owes the fiduciary duties of loyalty and care to the partnership and its limited partners. The CCIP partnership agreement provides that ConCap, as the general partner, has a fiduciary responsibility for the safekeeping and use of all funds of the partnership, whether or not in ConCap s immediate possession or control, and shall not employ or permit another to employ such funds or assets in any manner except for the exclusive benefit of the partnership. ConCap and its affiliates may acquire units on their own behalf and for their own benefit, provided that such right does not create any preference in rights or benefits in favor of such persons or permit them to buy units other than at the same cash price and on the same terms as are available to other non-affiliated limited partners. The CCIP partnership agreement expressly limits the liability of ConCap and its affiliates by providing that, except in the case of negligence or misconduct, ConCap and its affiliates or agents acting on their behalf will not be liable, responsible or accountable in damages or otherwise to CCIP (in any action, including a CCIP derivative suit) or to any of the limited partners for the doing of any act or the failure to do any act, the effect of which may cause or result in loss or damage to CCIP, if done in good faith to promote the best interests of CCIP.	Delaware law provides that, except as provided in a partnership agreement, a general partner owes the fiduciary duties of loyalty and care to the partnership and its limited partners. The Aimco OP partnership agreement expressly authorizes the general partner to enter into, on behalf of Aimco OP, a right of first opportunity arrangement and other conflict avoidance agreements with various affiliates of Aimco OP and the general partner, on such terms as the general partner, in its sole and absolute discretion, believes are advisable. The Aimco OP partnership agreement expressly limits the liability of the general partner by providing that the general partner, and its officers and directors, will not be liable or accountable in damages to Aimco OP, the limited partners or assignees for errors in judgment or mistakes of fact or law or of any act or omission if the general partner or such director or officer acted in good faith.
Investment Policy	
CCIP is engaged in the business of operating and holding real estate properties for investment. In general, ConCap, as the general partner, regularly evaluates CCIP s properties by considering various factors, such as the partnership s financial position and real estate and capital markets conditions. ConCap monitors a property s specific locale and sub-market conditions (including stability of the surrounding neighborhood), evaluating current trends, competition, new construction and economic changes. It oversees the operating performance of the property and evaluates the physical improvement requirements. In addition, the financing structure for the property (including any prepayment penalties), tax implications, availability of attractive mortgage financing to a purchaser, and the investment climate are all considered. Any of these factors, and possibly others, could potentially contribute to any decision by ConCap to sell, refinance, upgrade with capital	Aimco OP was formed to engage in the acquisition, ownership, management and redevelopment of apartment properties. Although it holds all of its properties for investment, Aimco OP may sell properties when they do not meet its investment criteria or are located in areas that it believes do not justify a continued investment when compared to alternative uses for capital. Its portfolio management strategy includes property acquisitions and dispositions to concentrate its portfolio in its target markets. It may market for sale certain properties that are inconsistent with this long-term investment strategy. Additionally, from time to time, Aimco OP may market certain properties that are consistent with this strategy but offer attractive returns. Aimco OP may use its share of the net proceeds from such dispositions to, among other things, reduce debt, fund capital expenditures on existing assets, fund

improvements or hold a partnership property.	acquisitions, and for other operating needs and corporate purposes.

Compensation and Distributions

CCIP. CCIP has no employees and depends on ConCap, CCIP s general partner, and its affiliates for the management and administration of all partnership activities. The CCIP partnership agreement provides that ConCap and its affiliates receive 5% of gross receipts from all of CCIP s properties as compensation for providing property management services, and also provides that ConCap and its affiliates receive certain payments for other services and reimbursement of certain expenses incurred on behalf of CCIP.

In addition, under the CCIP partnership agreement, Distributable Cash From Operations (as defined in the CCIP partnership agreement), to the extent deemed available by ConCap for distribution, is distributed quarterly as follows: ninety-nine percent to the limited partners and one percent to ConCap, as the general partner.

A description of the compensation paid to ConCap, as CCIP s general partner, and its affiliates during the years ended December 31, 2009 and 2008, and during the six months ended June 30, 2010 and 2009, can be found under the heading Certain Relationships and Related Transactions in this information statement/prospectus. In addition, for more information, see Note D Transactions with Affiliated Persons in the notes to the consolidated financial statements appearing in CCIP s Annual Report on Form 10-K for the year ended December 31, 2009, which is included as Annex D to this information statement/prospectus, and Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations in CCIP s Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, which is included as Annex E to this information statement/prospectus.

Aimco OP. The Aimco OP partnership agreement provides that Aimco OP s general partner shall not be compensated for its services as a general partner, other than the compensation it receives with respect to distributions and allocations in accordance with the partnership agreement. Subject to certain provisions of the partnership agreement, Aimco OP will reimburse the general partner for all sums expended in connection with the partnership s business.

In addition, subject to the rights of holders of any outstanding preferred OP Units, the Aimco OP partnership agreement requires the general partner to cause Aimco OP to distribute quarterly all, or such portion of, as the general partner may in its sole and absolute discretion determine, Available Cash (as such term is defined in the partnership agreement) generated by Aimco OP during such quarter to the general partner, the special limited partner and the holders of common OP Units and HPUs on the record date established by the general partner with respect to such quarter, in accordance with their respective interests in Aimco OP on such record date. The partnership agreement requires the general partner to take such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with the REIT Requirements, to cause Aimco OP to distribute sufficient amounts to enable the general partner to transfer funds to Aimco and enable Aimco to pay stockholder dividends that will (i) satisfy the requirements for qualifying as a REIT under the Code and the Treasury Regulations and (ii) avoid any United States Federal income or excise tax liability of Aimco.

Table of Contents

CERTAIN UNITED STATES FEDERAL INCOME TAX MATTERS

The following is a summary of certain United States Federal income tax consequences of the merger, and an investment in Aimco OP Units and Aimco stock. This discussion is based upon the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), regulations promulgated by the U.S. Treasury Department (the Treasury Regulations), rulings issued by the IRS, and judicial decisions, all in effect as of the date of this information statement/prospectus and all of which are subject to change or differing interpretations, possibly with retroactive effect. This summary is also based on the assumptions that the operation of Aimco, Aimco OP and the limited liability companies and limited partnerships in which they own controlling interests (collectively, the Subsidiary Partnerships) and any affiliated entities will be in accordance with their respective organizational documents and partnership agreements. This summary is for general information only and does not purport to discuss all aspects of United States Federal income taxation which may be important to a particular investor, or to certain types of investors subject to special tax rules (including financial institutions, broker-dealers, regulated investment companies, holders that receive Aimco stock through the exercise of stock options or otherwise as compensation, insurance companies, persons holding Aimco stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment, and, except to the extent discussed below, tax-exempt organizations and foreign investors, as determined for United States Federal income tax purposes). This summary assumes that investors will hold their OP Units and Aimco stock as capital assets (generally, property held for investment). No opinion of counsel or advance ruling from the IRS has been or will be sought regarding the tax status of Aimco or Aimco OP, or the tax consequences relating to Aimco or Aimco OP or an investment in OP Units or Aimco stock. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax aspects set forth below.

THE FEDERAL INCOME TAX TREATMENT OF A PARTICULAR HOLDER DEPENDS UPON DETERMINATIONS OF FACT AND INTERPRETATIONS OF COMPLEX PROVISIONS OF UNITED STATES FEDERAL INCOME TAX LAW FOR WHICH NO CLEAR PRECEDENT OR AUTHORITY MAY BE AVAILABLE. ACCORDINGLY, EACH HOLDER IS URGED TO CONSULT ITS TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE MERGER, OF ACQUIRING, HOLDING, EXCHANGING, OR OTHERWISE DISPOSING OF OP UNITS AND AIMCO STOCK, AND OF AIMCO S ELECTION TO BE SUBJECT TO TAX, FOR FEDERAL INCOME TAX PURPOSES, AS A REAL ESTATE INVESTMENT TRUST.

United States Federal Income Tax Consequences Relating to the Merger

Tax Consequences of the Transaction to CCIP, Aimco, and Aimco OP

When the assets or operations of two partnerships such as CCIP and Aimco OP are combined in a transaction pursuant to which one of the partnerships ceases to exist as a partnership (the terminated partnership) for Federal income tax purposes, and the members of the terminated partnership become members of the surviving partnership (the resulting partnership), that combined transaction is generally treated as a partnership merger.

In general, CCIP would be treated as contributing all of its assets, and assigning all of its liabilities, to Aimco OP in exchange for interests in Aimco OP and any other consideration issued by Aimco OP in connection with the transaction, including cash or an assumption of liability, which may result in gain recognition under the rules described below. Immediately thereafter, CCIP is treated as distributing all of its assets to its partners in complete liquidation.

Aimco is not expected to recognize any gain or loss on the transaction.

Tax Consequences of Exchanging Series A Units Solely for Cash

For Federal income tax purposes, any payment of cash for Series A Units will be treated as a sale of such Series A Units by such holder. Each such holder of Series A Units who accepts cash must explicitly agree and consent to treat the payment of cash for Series A Units as a sale of such units, in accordance with the terms of the merger agreement.

Table of Contents

If a holder of Series A Units sells such units for cash, such holder will recognize gain or loss on the sale of his units equal to the difference between (i) such holder s amount realized on the sale and (ii) such holder s adjusted tax basis in the Series A Units sold. The amount realized with respect to a Series A Unit will be equal to the sum of the amount of cash such holder receives for his units plus the amount of liabilities of CCIP allocable to such Series A Units as determined under section 752 of the Internal Revenue Code.

Tax Consequences of Exchanging Series A Units Solely for OP Units

Generally, section 721 of the Internal Revenue Code provides that neither a contributing partner nor the partnership will recognize a gain or loss, for United States Federal income tax purposes, upon a contribution of property to such partnership in exchange for solely OP Units, except to the extent described below. Each such holder of Series A Units who accepts OP Units must explicitly agree and consent to such treatment, in accordance with the terms of the merger agreement.

If a holder of Series A Units contributes such units to Aimco OP in exchange for solely OP Units, such holder may recognize gain upon such exchange if, immediately prior to such exchange, the amount of liabilities of CCIP allocable to the Series A Units transferred exceeds the amount of the Aimco OP partnership liabilities allocable to such holder immediately after such exchange. In that case the excess would be treated as a deemed distribution of cash to such holder from Aimco OP. This deemed cash distribution would be treated as a nontaxable return of capital to the extent such holder s adjusted tax basis in his OP Units and thereafter as taxable gain.

Tax Consequences of Receipt of Cash Payment for Waiver and Release

As discussed in The Merger Waiver and Additional Consideration, each limited partner unaffiliated with Aimco OP may elect to receive an additional cash payment in exchange for executing a waiver and release of certain claims. The United Stated Federal income tax treatment of such additional cash payment is uncertain. Aimco OP intends to treat the additional cash payment as a payment made for the waiver and release of certain claims, and not as additional Merger Consideration, and intends to report the additional cash payment accordingly. No assurance can be given that the IRS would not assert that the additional cash payment should be treated as part of the Merger Consideration. Holders that elect to receive the additional cash payment in exchange for executing a waiver and release should consult their tax advisors concerning the tax treatment of such payment.

Information Reporting Requirements And Backup Withholding

United States Holders

In general, backup withholding and information reporting will apply to all payments made to a United States Holder pursuant to the Merger. A United States Holder will generally be subject to backup withholding (at a rate of 28%, through 2010) with respect to payments made pursuant to the Merger unless such holder, among other conditions, provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with the applicable requirements of the backup withholding rules, or otherwise establishes a basis for exemption from backup withholding. Exempt United States Holders (including, among others, all corporations) are not subject to these backup withholding and information reporting requirements. A holder who does not provide Aimco OP with his correct taxpayer identification number also may be subject to penalties imposed by the IRS. Any amount paid as backup withholding will be creditable against the holder s income tax liability.

Non-United States Holders

Information reporting may apply to payments made to a Non-United States Holder pursuant to the Merger. Copies of information returns reporting such amounts and any withholding also may be made available by the IRS to the tax authorities in the country in which a Non-United States Holder is resident under the provision of an applicable income tax treaty or other agreement. Non-United States Holders that receive OP Units as Merger Consideration should see Taxation of Aimco OP and OP Unitholders Taxation of Foreign OP Unitholders, below.

Table of Contents

In general, backup withholding will not apply to payments made a Non-United States Holder pursuant to the Merger, if, among other conditions, such Non-United States Holder certifies as to its non-United States status under penalties of perjury or otherwise establishes an exemption, provided that neither Aimco OP nor our withholding agent has actual knowledge, or reason to know, that the Non-United States Holder is a United States person or that the conditions of any other exemption are not in fact satisfied. In order to claim an exemption from or reduction of withholding tax, the Non-United States Holder must deliver a properly executed IRS Form W-8ECI, as applicable, claiming such exemption or reduction. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or credit against such Non-United States Holder s United States Federal income tax liability if the Non-United States Holder follows the required procedures.

Because the tax treatment of the receipt of an additional cash payment in exchange for executing a waiver and release of certain claims is unclear under United States Federal income tax law, Aimco OP intends to withhold United States Federal income tax at a rate of 30% from any additional cash payment paid to a Non-U.S. Holder, unless an exemption from or reduction of withholding tax is applicable. In order to claim an exemption from or reduction of withholding tax, the Non-United States Holder must deliver a properly executed IRS Form W-8ECI, as applicable, claiming such exemption or reduction. Non-U.S. Holders are urged to consult their tax advisors regarding the possibility of claiming a refund with respect to the receipt of an additional cash payment in exchange for executing a waiver and release.

Taxation of Aimco OP and OP Unitholders

Partnership Status

Aimco believes that Aimco OP is classified as a partnership, and not as an association taxable as a corporation or as a publicly traded partnership taxable as a corporation for United States Federal income tax purposes. If Aimco OP were treated as a publicly traded partnership taxed as a corporation for United States Federal income tax purposes, material adverse consequences to the Transferor and its owners would result. In addition, classification of Aimco OP as an association or publicly traded partnership taxable as a corporation would also result in the termination of Aimco s status as a REIT for United States Federal income tax purposes, which would have a material adverse impact on Aimco. See Certain United States Federal Income Tax Matters Taxation of Aimco and Aimco Stockholders Tax Aspects of Aimco s Investments in Partnerships. The following discussion assumes that Aimco OP is, and will continue to be, classified and taxed as a partnership (and not as a publicly traded partnership) for United States Federal income tax purposes.

Taxation Of OP Unitholders

In general, a partnership is treated as a pass-through entity for United States Federal income tax purposes and is not itself subject to United States Federal income taxation. Each partner of a partnership, however, is subject to tax on his allocable share of partnership tax items, including partnership income, gains, losses, deductions, and expenses (Partnership Tax Items) for each taxable year of the partnership ending within or with such taxable year of the partner, regardless of whether he receives any actual distributions from the partnership during the taxable year. Generally, the characterization of any particular Partnership Tax Item is determined at the partnership, rather than at the partner level, and the amount of a partner s allocable share of such item is governed by the terms of the partnership agreement. An OP Unitholder s allocable share of Aimco OP s taxable income may exceed the cash distributions to the OP Unitholder for any year if Aimco OP retains its profits rather than distributing them.

Allocations Of Aimco OP Profits And Losses

For United States Federal income tax purposes, an OP Unitholder s allocable share of Aimco OP s Partnership Tax Items will be determined by Aimco OP s partnership agreement if such allocations either have substantial economic effect or are determined to be in accordance with the OP Unitholder s interests in Aimco OP. If the allocations provided by Aimco OP s agreement of limited partnership were successfully challenged by the IRS, the redetermination of the allocations to a particular OP Unitholder for United States Federal income tax purposes may be less favorable than the allocation set forth in Aimco OP s agreement of limited partenrship.

Table of Contents

Tax Basis Of A Partnership Interest

A partner s adjusted tax basis in his partnership interest is relevant, among other things, for determining (i) gain or loss upon a taxable disposition of his partnership interest, (ii) gain upon the receipt of partnership distributions, and (iii) the limitations imposed on the use of partnership deductions and losses allocable to such partner. Generally, the adjusted tax basis of an OP Unitholder s interest in Aimco OP is equal to (A) the sum of the adjusted tax basis of the property contributed by the OP Unitholder to Aimco OP in exchange for an interest in Aimco OP and the amount of cash, if any, contributed by the OP Unitholder to Aimco OP, (B) reduced, but not below zero, by the OP Unitholder s allocable share of Aimco OP partnership distributions, deductions, and losses, (C) increased by the OP Unitholder s allocable share of Aimco OP partnership income and gains, and (D) increased by the OP Unitholder s allocable share of Aimco OP partnership liabilities and decreased by the OP Unitholder s liabilities assumed by Aimco OP.

Cash Distributions

Cash distributions received from a partnership do not necessarily correlate with income earned by the partnership as determined for United States Federal income tax purposes. Thus, an OP Unitholder s United States Federal income tax liability in respect of his allocable share of Aimco OP taxable income for a particular taxable year may exceed the amount of cash, if any, received by the OP Unitholder from Aimco OP during such year.

If cash distributions, including a deemed cash distribution as discussed below, received by an OP Unitholder in any taxable year exceed his allocable share of Aimco OP taxable income for the year, the excess will generally constitute, for United States Federal income tax purposes, a return of capital to the extent of such OP Unitholder s adjusted tax basis in his Aimco OP interest. Such return of capital will not be includible in the taxable income of the OP Unitholder, for United States Federal income tax purposes, but it will reduce, but not below zero, the adjusted tax basis of Aimco OP interests held by the OP Unitholder. If an OP Unitholder s tax basis in his Aimco OP interest is reduced to zero, a subsequent cash distribution received by the OP Unitholder will be subject to tax as capital gain and/or ordinary income, but only if, and to the extent that, such distribution exceeds the subsequent positive adjustments, if any, to the tax basis of the OP Unitholder s Aimco OP interest as determined at the end of the taxable year during which such distribution is received. A decrease in an OP Unitholder s share of Aimco OP liabilities resulting from the payment or other settlement, or reallocation of such liabilities is generally treated, for United States Federal income tax purposes, as a deemed cash distribution. The Transaction documents permit Aimco to make such debt payments. A decrease in an OP Unitholder s percentage interest in Aimco OP because of the issuance by Aimco OP of additional OP Units or otherwise, may decrease an OP Unitholder s share of nonrecourse liabilities of Aimco OP and thus, may result in a corresponding deemed distribution of cash. A deemed distribution of cash resulting from the payment, settlement, or other reduction or reallocation of Aimco OP liabilities formerly allocated to an OP Unitholder will result in taxable gain to such OP Unitholder to the extent such deemed distribution of cash exceeds the OP Unitholder s basis in his OP Units

A non-pro rata distribution (or deemed distribution) of money or property may result in ordinary income to an OP Unitholder, regardless of such OP Unitholder s tax basis in his OP Units, if the distribution reduces such OP Unitholder s share of Aimco OP s Section 751 Assets. Section 751 Assets are defined by the Internal Revenue Code to include unrealized receivables or inventory items. Among other things, unrealized receivables include amounts attributable to previously claimed depreciation deductions on certain types of property. To the extent that such a reduction in an OP Unitholder s share of Section 751 Assets occurs, Aimco OP will be deemed to have distributed a proportionate share of the Section 751 Assets to the OP Unitholder followed by a deemed exchange of such assets with Aimco OP in return for the non-pro rata portion of the actual distribution made to such OP Unitholder. This deemed exchange will generally result in the realization of ordinary income by the OP Unitholder. Such income will equal the excess of (1) the non-pro rata portion of such distribution over (2) the OP Unitholder s tax basis in such OP Unitholder s share of such Section 751 Assets deemed relinquished in the exchange.

Tax Consequences Relating To Contributed Assets and Transferred Liabilities

Generally, section 721 of the Internal Revenue Code provides that neither the contributing partner nor Aimco OP will recognize a gain or loss, for United States Federal income tax purposes, upon a contribution of property to Aimco OP solely in exchange for OP Units. If, however, in connection with such a contribution of property, the investor receives, or is deemed to receive, cash or other consideration in addition to OP Units, the receipt or deemed receipt of such cash or other consideration may be treated as part of a disguised sale. In that case, the investor would be treated as having sold, in a taxable transaction, a portion of the contributed property to Aimco OP in exchange for such cash or other consideration; the balance of the contributed property would, however, remain subject to the tax-free contribution treatment described above. Subject to certain exceptions, including exceptions that apply to distributions of operating cash flow, any transfer or deemed transfer (such as a debt pay down which is permitted under the transaction documents), of cash by Aimco OP to the contributing partner within two years before or after such contribution, including cash paid at closing, will be treated as part of a taxable disguised sale. In addition, the IRS may assert that any redemption or exchange transaction involving the OP Units issued in connection with the Transaction that occurs within several years after such transaction constitutes an integrated disguised sale that may result in taxation (without the receipt of cash) for OP Unitholders who do not dispose of their OP Units.

The disguised sale rules may also apply, and give rise to taxable income without a corresponding receipt of cash where, for example, the Series A unitholder contributes property to Aimco OP subject to one or more liabilities, where liabilities are assumed or paid by Aimco OP or where a redemption or exchange involving the OP Units issued in connection with the Transaction occurs within several years after the Transaction. The application of the disguised sale rules is complex and depends, in part, upon the facts and circumstances applicable the Series A unitholders, which Aimco has not undertaken to review. Accordingly, investors are particularly urged with their tax advisors concerning the extent to which the disguised sale rules would apply.

If an investor transfers property to Aimco OP in exchange for an OP Unit, and the adjusted tax basis of such property differs from its fair market value, Partnership Tax Items must be allocated in a manner such that the contributing partner is charged with, or benefits from, the unrealized gain or unrealized loss associated with such property at the time of the contribution. This may result in a tax liability without a corresponding receipt of cash. Where a partner contributes cash to a partnership that holds appreciated property, Treasury Regulations provide for a similar allocation of such items to the other partners. These rules may apply to a contribution by Aimco to Aimco OP of cash proceeds received by Aimco from the offering of its stock. Such allocations are solely for United States Federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the OP Unitholders. The general purpose underlying this provision is to specially allocate certain Partnership Tax Items in order to place both the noncontributing and contributing partners in the same tax position that they would have been in had the contributing partner contributed property with an adjusted tax basis equal to its fair market value. Treasury Regulations provide Aimco OP with several alternative methods and allow Aimco OP to adopt any other reasonable method to make allocations to reduce or eliminate these book-tax differences. The general partner, in its sole and absolute discretion and in a manner consistent with Treasury Regulations, will select and adopt a method of allocating Partnership Tax Items for purposes of eliminating such disparities. The method selected by Aimco OP in its sole discretion could cause the transferor (or its partners) to incur a tax liability without a corresponding receipt of cash. Each prospective investor is urged to consult his tax advisor regarding the tax consequences of any special allocations of Partnership Tax Items resulting from the contribution of property to Aimco OP.

Disguised Sales Rules

As described above, if a contributing partner receives or is deemed to receive for United States Federal income tax purposes, cash or other consideration in addition to OP Units upon the contribution of property to Aimco OP or within two years before or after such consideration (other than certain safe harbor distributions), the transaction will likely be treated as part contribution of property and part sale of property under the disguised sale rules. The disguised sale rules may also apply where property is transferred to Aimco OP subject to certain liabilities. In such event, the contributing partner will recognize gain or loss with respect to the portion of the property that is deemed to be sold to Aimco OP. If the disguised sale rules apply, all or a portion of the liabilities associated with the contributed property may be treated as consideration received by the contributing partner in a sale of the property to

Aimco OP. The disguised sales rules may apply if, for example, the issuance of OP Units to CCIP limited partners in connection with the merger is integrated with any other acquisition between Aimco and any OP Unitholder or any related party. For example, the IRS may assert that any redemption or exchange for several years between Aimco OP and any OP Unitholder who receives OP Units in the current transaction constitutes an integrated disguised sale that may result in taxation (without receipt of cash) for OP Unitholders who do not dispose of their OP Units. No assurances can be given that the IRS would not be successful in such an assertion. Each prospective investor is urged to consult his tax advisor regarding the application of the disguised sale rules.

Limitations On Deductibility Of Losses

Basis Limitation. To the extent that an OP Unitholder s allocable share of Aimco OP partnership deductions and losses exceeds his adjusted tax basis in his Aimco OP interest at the end of the taxable year in which the losses and deductions flow through, the excess losses and deductions cannot be utilized, for United States Federal income tax purposes, by the OP Unitholder in such year. The excess losses and deductions may, however, be utilized in the first succeeding taxable year in which, and to the extent that, there is an increase in the tax basis of Aimco OP interest held by such OP Unitholder, but only to the extent permitted under the at risk and passive activity loss rules discussed below.

At Risk Limitation. Under the at risk rules of section 465 of the Internal Revenue Code, a noncorporate taxpayer and a closely held corporate taxpayer are generally not permitted to claim a deduction, for United States Federal income tax purposes, in respect of a loss from an activity, whether conducted directly by the taxpayer or through an investment in a partnership, to the extent that the loss exceeds the aggregate dollar amount which the taxpayer has at risk in such activity at the close of the taxable year. To the extent that losses are not permitted to be used in any taxable year, such losses may be carried over to subsequent taxable years and may be claimed as a deduction by the taxpayer if, and to the extent that, the amount which the taxpayer has at risk is increased. Provided certain requirements are met, a taxpayer is considered at risk for the taxpayer s share of any nonrecourse financing which is secured by real property used in any activity that constitutes the holding of real property, which activity should be the case for a limited partner of a common OP Unit generally should constitute.

Passive Activity Loss Limitation. The passive activity loss rules of section 469 of the Internal Revenue Code limit the use of losses derived from passive activities, which generally includes an investment in limited partnership interests such as the OP Units. If an investment in an OP Unit is treated as a passive activity, an OP Unitholder who is an individual investor, as well as certain other types of investors, would not be able to use losses from Aimco OP to offset nonpassive activity income, including salary, business income, and portfolio income (e.g., dividends, interest, royalties, and gain on the disposition of portfolio investments) received during the taxable year. Passive activity losses that are disallowed for a particular taxable year may, however, be carried forward to offset passive activity income earned by the OP Unitholder in future taxable years. In addition, such disallowed losses may be claimed as a deduction, subject to the basis and at risk limitations discussed above, upon a taxable disposition of an OP Unitholder s entire interest in Aimco OP, regardless of whether such OP Unitholder has received any passive activity income during the year of disposition.

If Aimco OP were characterized as a publicly traded partnership, each OP Unitholder would be required to treat any loss derived from Aimco OP separately from any income or loss derived from any other publicly traded partnership, as well as from income or loss derived from other passive activities. In such case, any net losses or credits attributable to Aimco OP which are carried forward may only be offset against future income of Aimco OP. Moreover, unlike other passive activity losses, suspended losses attributable to Aimco OP would only be allowed upon the complete disposition of the OP Unitholder s entire interest in Aimco OP.

Section 754 Election

Aimco OP has made the election permitted by section 754 of the Internal Revenue Code. Such election is irrevocable without the consent of the IRS. The election will generally permit a purchaser of OP Units, such as Aimco when it acquires Aimco OP Units from OP Unitholders, to adjust its share of the basis in Aimco OP s properties pursuant to section 743(b) of the Internal Revenue Code to fair market value (as reflected by the value of consideration paid for the OP Units), as if such purchaser had acquired a direct interest in Aimco OP assets. The section 743(b) adjustment is attributed solely to a purchaser of OP Units and is not added to the bases of Aimco OP s assets associated with all of the OP Unitholders in Aimco OP.

Depreciation

Section 168(i)(7) of the Internal Revenue Code provides that in the case of property transferred to a partnership in a section 721 transaction, the transferee shall be treated as the transferor for purposes of computing the depreciation deduction with respect to so much of the basis in the hands of the transferee as does not exceed the adjusted basis in the hands of the transferor. The effect of this rule would be to continue the historic basis, placed in service dates and methods with respect to the depreciation of the properties being contributed by a Contributing Partner to Aimco OP in exchange for OP Units. However, an acquirer of OP Units that obtains a section 743(b) adjustment by reason of such acquisition (see Section 754 Election, above) generally will be allowed depreciation with respect to such adjustment beginning as of the date of the exchange as if it were new property placed in service as of that date.

Sale, Redemption, Exchange or Abandonment of OP Units

An OP Unitholder will recognize a gain or loss upon a sale of an OP Unit, a redemption of an OP Unit for cash, an exchange of an OP Unit for shares of common stock or other taxable disposition of an OP Unit. Gain or loss recognized upon a sale or exchange of an OP Unit will be equal to the difference between (i) the amount realized in the transaction (i.e., the sum of the cash and the fair market value of any property received for the OP Unit plus the amount of Aimco OP liabilities allocable to the OP Unit at such time) and (ii) the OP Unitholder s tax basis in the OP Unit disposed of, which tax basis will be adjusted for the OP Unitholder s allocable share of Aimco OP s income or loss for the taxable year of the disposition. The tax liability resulting from the gain recognized on a disposition of an OP Unit could exceed the amount of cash and the fair market value of property received.

If Aimco OP redeems an OP Unitholder s OP Units for cash (which is not contributed by Aimco to effect the redemption), the tax consequences generally would be the same as described in the preceding paragraphs, except that if Aimco OP redeems less than all of an OP Unitholder s OP Units, the OP Unitholder would recognize taxable gain only to the extent that the cash, plus the amount of Aimco OP liabilities allocable to the redeemed OP Units, exceeded the OP Unitholder s adjusted tax basis in all of such OP Unitholder s OP Units immediately before the redemption.

Capital gains recognized by individuals and certain other noncorporate taxpayers upon the sale or disposition of an OP Unit will be subject to a maximum United States Federal income tax rate of 15% (through 2010) if the OP Unit is held for more than 12 months and will be taxed at ordinary income tax rates if the OP Unit is held for 12 months or less. Generally, gain or loss recognized by an OP Unitholder on the sale or other taxable disposition of an OP Unit will be taxable as capital gain or loss. However, to the extent that the amount realized upon the sale or other taxable disposition of an OP Unit attributable to an OP Unitholder s share of unrealized receivables of Aimco OP exceeds the basis attributable to those assets, such excess will be treated as ordinary income. Among other things, unrealized receivables include amounts attributable to previously claimed depreciation deductions on certain types of property. In addition, the maximum United States Federal income tax rate for net capital gains attributable to the sale of depreciable real property (which may be determined to include an interest in a partnership such as Aimco OP) held for more than 12 months is currently 25% (rather than 15%) to the extent of previously claimed depreciation deductions that would not be treated as unrealized receivables. See also Disguised Sales Rules above for sales integrated with the contribution of property for OP Units.

The law is currently uncertain regarding the treatment of an abandoned interest in a partnership, and whether an abandonment gives rise to a deductible loss is a question of fact. Even if an investor were able to successfully abandon his interest in an OP Unit and thereby recognized loss to the extent of his basis in such OP Unit, under authority recently issued by the IRS, it is likely that such loss would be capital, rather than ordinary, in nature. Prospective investors are urged to consult their tax advisors regarding the application, effect and method of abandoning an interest in an OP Unit.

Table of Contents

Alternative Minimum Tax

The Internal Revenue Code contains different sets of minimum tax rules applicable to corporate and noncorporate investors. The discussion below relates only to the alternative minimum tax applicable to noncorporate taxpayers. Accordingly, corporate investors should consult with their tax advisors with respect to the effect of the corporate minimum tax provisions that may be applicable to them. Noncorporate taxpayers are subject to an alternative minimum tax to the extent the tentative minimum tax (TMT) exceeds the regular income tax otherwise payable. In general, alternative minimum taxable income (AMTI) consists of the taxpayer s taxable income, determined with certain adjustments, plus his items of tax preference. For example, alternative minimum taxable income is calculated using an alternative cost recovery (depreciation) system that is not as favorable as the methods provided for under section 168 of the Internal Revenue Code which Aimco OP will use in computing its income for regular United States Federal income tax purposes. Accordingly, an OP Unitholder s AMTI derived from Aimco OP may be higher than such OP Unitholder s share of Aimco OP s net taxable income. Prospective investors should consult their tax advisors as to the impact of an investment in OP Units on their liability for the alternative minimum tax.

Information Returns and Audit Procedures

Aimco OP will use all reasonable efforts to furnish to each OP Unitholder as soon as possible after the close of each taxable year of Aimco OP, certain tax information, including a Schedule K-l, which sets forth each OP Unitholder s allocable share of Aimco OP s Partnership Tax Items. In preparing this information the general partner will use various accounting and reporting conventions to determine the respective OP Unitholder s allocable share of Partnership Tax Items. The general partner cannot assure a current or prospective OP Unitholder that the IRS will not successfully contend in court that such accounting and reporting conventions are impermissible.

No assurance can be given that Aimco OP will not be audited by the IRS or that tax adjustments will not be made. Further, any adjustments in Aimco OP s tax returns will lead to adjustments in OP Unitholders tax returns and may lead to audits of their returns and adjustments of items unrelated to Aimco OP. Each OP Unitholder would bear the cost of any expenses incurred in connection with an examination of such OP Unitholder s personal tax return.

The tax treatment of Partnership Tax Items generally is determined at the partnership level in a unified partnership proceeding rather than in separate proceedings with the partners. The Internal Revenue Code provides for one partner to be designated as the Tax Matters Partner for these purposes.

The Tax Matters Partner is authorized, but not required, to take certain actions on behalf of Aimco OP and OP Unitholders and can extend the statute of limitations for assessment of tax deficiencies against OP Unitholders with respect to Aimco OP Tax Items. The Tax Matters Partner may bind an OP Unitholder with less than a l% profits interest in Aimco OP to a settlement with the IRS, unless such OP Unitholder elects, by filing a statement with the IRS, not to give such authority to the Tax Matters Partner. The Tax Matters Partner may seek judicial review (to which all the OP Unitholders are bound) of a final partnership administrative adjustment and, if the Tax Matters Partner fails to seek judicial review, such review may be sought by any OP Unitholder having at least a 1% interest in the profits of Aimco OP or by OP Unitholders having in the aggregate at least a 5% profits interest. However, only one action for judicial review will go forward, and each OP Unitholder with an interest in the outcome may participate.

Tax Return Disclosure and Investor List Requirements

Treasury Regulations require participants in a reportable transaction to disclose certain information about the transaction to the IRS with their tax returns and retain certain information relating to the transaction (the Disclosure Requirement). In addition, organizers, sellers, and certain advisors of a reportable transaction are required to maintain certain records, including lists identifying the investors in a transaction, and to furnish those records, as well as detailed information regarding the transaction, to the IRS upon demand (the List Maintenance Requirement). While the Disclosure Requirement and the List Maintenance Requirement are directed towards tax shelters, the regulations are written quite broadly, and apply to transactions that would not typically be considered tax shelters. There are significant penalties for failure to comply with these requirements.

A transaction may be a reportable transaction based upon any of several indicia, including, among other things, losses. Characterization of this transaction as a reportable transaction could increase the likelihood of an audit by the IRS. You would be required to attach a completed IRS Form 8886, the Reportable Transaction Disclosure Statement, to your tax return for the taxable year of the transaction, as well as provide a copy of this form to the Office of Tax Shelter Analysis at the same time that such statement is first filed with the IRS. You should consult your tax advisors concerning these disclosure obligations with respect to the receipt or disposition of Common OP Units, or transactions that might be undertaken directly or indirectly by Aimco OP. Moreover, you should be aware that Aimco OP and other participants in the transactions involving Aimco OP (including their advisors) would be subject to the Disclosure Requirement and/or the List Maintenance Requirement if this transaction were to be classified as a reportable transaction.

Taxation Of Foreign OP Unitholders

A Non-U.S. Holder (as defined below under Certain United States Federal Income Tax Matters Taxation of Aimco and Aimco Stockholders Taxation of Foreign Stockholders) will generally be considered to be engaged in a United States trade or business on account of its ownership of an OP Unit. As a result, a Non-U.S. Holder will be required to file United States Federal income tax returns with respect to its allocable share of Aimco OP s income which is effectively connected to its trade or business. A Non-U.S. Holder that is a corporation may also be subject to United States branch profit tax at a rate of 30%, in addition to regular United States Federal income tax, on its allocable share of such income. Such a tax may be reduced or eliminated by an income tax treaty between the United States and the country with respect to which the Non-U.S. Holder is resident for tax purposes. Non-U.S. Holders are advised to consult their tax advisors regarding the effects an investment in Aimco OP may have on information return requirements and other United States and non-United States tax matters, including the tax consequences of an investment in Aimco OP for the country or other jurisdiction of which such Non-U.S. Holder is a citizen or in which such Non-U.S. Holder resides or is otherwise located.

Taxation of Aimco and Aimco Stockholders

Taxation of Aimco

The REIT provisions of the Internal Revenue Code are highly technical and complex. The following summary sets forth certain aspects of the provisions of the Internal Revenue Code that govern the United States Federal income tax treatment of a REIT and its stockholders. This summary is qualified in its entirety by the applicable Internal Revenue Code provisions, Treasury Regulations, and administrative and judicial interpretations thereof, all of which are subject to change, possibly with retroactive effect.

Aimco has elected to be taxed as a REIT under the Internal Revenue Code commencing with its taxable year ended December 31, 1994, and Aimco intends to continue such election. Although Aimco believes that, commencing with the Aimco s initial taxable year ended December 31, 1994, Aimco was organized in conformity with the requirements for qualification as a REIT, and its actual method of operation has enabled, and its proposed method of operation will enable, it to meet the requirements for qualification and taxation as a REIT under the Internal Revenue Code, no assurance can be given that Aimco has been or will remain so qualified. Such qualification and taxation as a REIT depends upon Aimco s ability to meet, on a continuing basis, through actual annual operating results, asset ownership, distribution levels, requirements regard diversity of stock ownership, and the various qualification tests imposed under the Internal Revenue Code as discussed below. No assurance can be given that the actual results of Aimco s operation for any one taxable year will satisfy such requirements. See Certain United States Federal Income Tax Matters Taxation of Aimco and Aimco Stockholders Failure to Qualify. No assurance can be given that the IRS will not challenge Aimco s eligibility for taxation as a REIT.

Taxation of REITs in General

Provided Aimco qualifies as a REIT, it will generally be entitled to a deduction for dividends that it pays and therefore will not be subject to United States Federal corporate income tax on its net income that is currently distributed to its stockholders. This deduction for dividends paid substantially eliminates the double taxation of corporate income (i.e., taxation at both the corporate and stockholder levels) that generally results from investment in a corporation. Rather, income generated by a REIT is generally taxed only at the stockholder level upon a distribution of dividends by the REIT.

The rates at which individual stockholders are taxed on corporate dividends have been reduced from a maximum of 38.6% (as ordinary income) to a maximum of 15% (the same as long-term capital gains) through 2010. With limited exceptions, however, dividends received by stockholders from Aimco or from other entities that are taxed as REITs are generally not eligible for the reduced rates, and will continue to be taxed at rates applicable to ordinary income, which, will be as high as 35% through 2010. See Taxation of Aimco and Aimco Stockholders Taxation of Stockholders Taxation of Taxable Domestic Stockholders Distributions.

Net operating losses, foreign tax credits and other tax attributes of a REIT generally do not pass through to the stockholders of the REIT, subject to special rules for certain items such as capital gains recognized by REITs. See Taxation of Aimco and Aimco Stockholders Taxation of Stockholders.

If Aimco qualifies as a REIT, it will nonetheless be subject to Federal income tax in the following circumstances:

Aimco will be taxed at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains.

A 100% excise tax may be imposed on some items of income and expense that are directly or constructively paid between Aimco and its taxable REIT subsidiaries (as described below) if and to the extent that the IRS successfully asserts that the economic arrangements between Aimco and its taxable REIT subsidiaries are not comparable to similar arrangements between unrelated parties.

If Aimco has net income from prohibited transactions, which are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax.

If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or certain leasehold terminations as foreclosure property, we may thereby avoid the 100% prohibited transactions tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction), but the income from the sale or operation of the property may be subject to corporate income tax at the highest applicable rate (currently 35%). We do not anticipate receiving any income from foreclosure property.

If Aimco should fail to satisfy the 75% gross income test or the 95% gross income test (as discussed below), but has nonetheless maintained its qualification as a REIT because certain other requirements have been met, it will be subject to a 100% tax on an amount based on the magnitude of the failure adjusted to reflect the profit margin associated with Aimco s gross income.

Similarly, if Aimco should fail to satisfy the asset or other requirements applicable to REITs, as described below, yet nonetheless maintain its qualification as a REIT because there is reasonable cause for the failure and other applicable requirements are met, it may be subject to an excise tax. In that case, the amount of the tax will be at least $50,000 per failure, and, in the case of certain asset test failures, will be determined as the amount of net income generated by the assets in question multiplied by the highest corporate tax rate (currently 35%) if that amount exceeds $50,000 per failure.

If Aimco should fail to distribute during each calendar year at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain net income for such year, and (iii) any undistributed taxable income from prior periods, Aimco would be required to pay a 4% excise tax on the excess of the required distribution over the sum of (a) the amounts actually distributed, plus (b) retained amounts on which income tax is paid at the corporate level.

Aimco may be required to pay monetary penalties to the IRS in certain circumstances, including if it fails to meet the record keeping requirements intended to monitor its compliance with rules relating to the composition of a REIT s stockholders, as described below in Taxation of Aimco and Aimco Stockholders Requirements for Qualification General.

If Aimco acquires appreciated assets from a corporation that is not a REIT (i.e., a subchapter C corporation) in a transaction in which the adjusted tax basis of the assets in the hands of Aimco is determined by reference to the adjusted tax basis of the assets in the hands of the subchapter C corporation, Aimco may be subject to tax on such appreciation at the highest corporate income tax rate then applicable if Aimco subsequently recognizes gain on the disposition of any such asset during the ten-year period following its acquisition from the subchapter C corporation.

Certain earnings of Aimco s subsidiaries are subchapter C corporations, the earnings of which could be subject to Federal corporate income tax.

Aimco may be subject to the alternative minimum tax on its items of tax preference, including any deductions of net operating losses.

Aimco and its subsidiaries may be subject to a variety of taxes, including state, local and foreign income taxes, property taxes and other taxes on their assets and operations. Aimco could also be subject to tax in situations and on transactions not presently contemplated.

Requirements for Qualification

The Internal Revenue Code defines a REIT as a corporation, trust or association:

1. that is managed by one or more trustees or directors;

2. the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;

3. that would be taxable as a domestic corporation, but for the special Internal Revenue Code provisions applicable to REITs;

4. that is neither a financial institution nor an insurance company subject to certain provisions of the Internal Revenue Code;

5. the beneficial ownership of which is held by 100 or more persons;

6. in which, during the last half of each taxable year, not more than 50% in value of the outstanding stock is owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include certain entities); and

7. that meets other tests described below (including with respect to the nature of its income and assets).

The Internal Revenue Code provides that conditions (1) through (4) must be met during the entire taxable year, and that the condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year.

Aimco believes that it has been organized, has operated and has issued sufficient shares of stock to satisfy conditions (1) through (7) inclusive. Aimco s articles of incorporation provide certain restrictions regarding transfers of its shares, which are intended to assist Aimco in satisfying the share ownership requirements described in conditions (5) and (6) above. These restrictions, however, may not ensure that Aimco will, in all cases, be able to satisfy the share ownership requirements described in (5) and (6) above.

To monitor Aimco s compliance with the share ownership requirements, Aimco is generally required to maintain records regarding the actual ownership of its shares. To do so, Aimco must demand written statements each year from the record holders of certain percentages of its stock in which the record holders are to disclose the actual owners of the shares (i.e., the persons required to include in gross income the dividends paid by Aimco). A list of those persons failing or refusing to comply with this demand must be maintained as part of Aimco s records. Failure by Aimco to comply with these record keeping requirements could subject it to monetary penalties. A stockholder who fails or refuses to comply with the demand is required by the Treasury Regulations to submit a statement with its tax return disclosing the actual ownership of the shares and certain other information.

Table of Contents

In addition, a corporation generally may not elect to become a REIT unless its taxable year is the calendar year. Aimco satisfies this requirement.

The Internal Revenue Code provides relief from violations of the REIT gross income requirements, as described below under Income Tests, in cases where a violation is due to reasonable cause and not willful neglect, and other requirements are met, including the payment of a penalty tax that is based upon the magnitude of the violation. In addition, the Internal Revenue Code extends similar relief in the case of certain violations of the REIT asset requirements (see Asset Tests below) and other REIT requirements, again provided that the violation is due to reasonable cause and not willful neglect, and other conditions are met, including the payment of a penalty tax. If Aimco fails to satisfy any of the various REIT requirements, there can be no assurance that these relief provisions would be available to enable it to maintain its qualification as a REIT, and, if available, the amount of any resultant penalty tax could be substantial.

Effect of Subsidiary Entities

Ownership of Partnership Interests. In the case of a REIT that is a partner in a partnership, the Treasury Regulations provide that the REIT is deemed to own its proportionate share of the partnership s assets and to earn its proportionate share of the partnership s income for purposes of the asset and gross income tests applicable to REITs as described below. Similarly, the assets and gross income of the partnership are deemed to retain the same character in the hands of the REIT. Thus, Aimco s proportionate share of the assets, liabilities and items of income of the Subsidiary Partnerships will be treated as assets, liabilities and items of income of Aimco for purposes of applying the REIT requirements described below. A summary of certain rules governing the Federal income taxation of partnerships and their partners is provided below in Taxation of Aimco and Aimco Stockholders Tax Aspects of Investments in Affiliated Entities Partnerships.

Disregarded Subsidiaries. Aimco s indirect interests in Aimco OP and other Subsidiary Partnerships are held through wholly owned corporate subsidiaries of Aimco organized and operated as qualified REIT subsidiaries within the meaning of the Internal Revenue Code. A qualified REIT subsidiary is any corporation, other than a taxable REIT subsidiary as described below, that is wholly-owned by a REIT, or by other disregarded subsidiaries, or by a combination of the two. If a REIT owns a qualified REIT subsidiary, that subsidiary is disregarded for Federal income tax purposes, and all assets, liabilities and items of income, deduction and credit of the subsidiary are treated as assets, liabilities and items of income, deduction and credit of the REIT itself, including for purposes of the gross income and asset tests applicable to REITs as summarized below. Each qualified REIT subsidiary, therefore, is not subject to Federal corporate income taxation, although it may be subject to state or local taxation. Other entities that are wholly-owned by a REIT, including single member limited liability companies, are also generally disregarded as separate entities for Federal income tax purposes, including for purposes of the REIT income and asset tests. Disregarded subsidiaries, along with partnerships in which Aimco holds an equity interest, are sometimes referred to herein as pass-through subsidiaries.

In the event that a disregarded subsidiary of Aimco ceases to be wholly-owned for example, if any equity interest in the subsidiary is acquired by a person other than Aimco or another disregarded subsidiary of Aimco the subsidiary s separate existence would no longer be disregarded for Federal income tax purposes. Instead, it would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect Aimco s ability to satisfy the various asset and gross income requirements applicable to REITs, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the securities of another corporation. See Taxation of Aimco and Aimco Stockholders Asset Tests and Taxation of Aimco and Aimco Stockholders Income Tests.

Taxable Subsidiaries. A REIT, in general, may jointly elect with subsidiary corporations, whether or not wholly-owned, to treat the subsidiary corporation as a taxable REIT subsidiary (TRS). A TRS also includes any corporation, other than a REIT, with respect to which a TRS in which a REIT owns an interest, owns securities possessing 35% of the total voting power or total value of the outstanding securities of such corporation. The separate existence of a TRS or other taxable corporation, unlike a disregarded subsidiary as discussed above, is not ignored for Federal income tax purposes. As a result, a parent REIT is not treated as holding the assets of a TRS or as receiving any income that the TRS earns. Rather, the stock issued by the TRS is an asset in the hands of the parent

REIT, and the REIT recognizes as income, the dividends, if any, that it receives from the subsidiary. This treatment can affect the income and asset test calculations that apply to the REIT, as described below. Because a parent REIT does not include the assets and income of such subsidiary corporations in determining the parent s compliance with the REIT requirements, such entities may be used by the parent REIT to indirectly undertake activities that the REIT rules might otherwise preclude it from doing directly or through pass-through subsidiaries (for example, activities that give rise to certain categories of income such as management fees or foreign currency gains). As a taxable corporation, a TRS is required to pay regular Federal income tax, and state and local income tax where applicable.

Certain of Aimco s operations (including certain of its property management, asset management, risk, etc.) are conducted through its taxable REIT subsidiaries. Because Aimco is not required to include the assets and income of such taxable REIT subsidiaries in determining Aimco s compliance with the REIT requirements, Aimco uses its taxable REIT subsidiaries to facilitate its ability to offer services and activities to its residents that are not generally considered as qualifying REIT services and activities. If Aimco fails to properly structure and provide such nonqualifying services and activities through its taxable REIT subsidiaries, its ability to satisfy the REIT gross income requirement, and also its REIT status, may be jeopardized.

A TRS may generally engage in any business except the operation or management of a lodging or health care facility. The operation or management of a health care or lodging facility precludes a corporation from qualifying as a TRS. If any of Aimco s taxable REIT subsidiaries were deemed to operate or manage a health care or lodging facility, such taxable REIT subsidiaries would fail to qualify as taxable REIT subsidiaries, and Aimco would fail to qualify as a REIT. Aimco believes that none of its taxable REIT subsidiaries operate or manage any health care or lodging facilities. However, the statute provides little guidance as to the definition of a health care or lodging facility. Accordingly, there can be no assurance that the IRS will not contend that any of Aimco s taxable REIT subsidiaries operate or manage a health care or lodging facility, disqualifying it from treatment as a TRS, thereby resulting in the disqualification of Aimco as a REIT.

Several provisions of the Internal Revenue Code regarding arrangements between a REIT and a TRS ensure that a TRS will be subject to an appropriate level of Federal income taxation. For example, a TRS is limited in its ability to deduct interest payments made to its REIT owner. In addition, Aimco would be obligated to pay a 100% penalty tax on some payments that it receives from, or on certain expenses deducted by, its taxable REIT subsidiaries, if the IRS were to successfully assert that the economic arrangements between Aimco and its taxable REIT subsidiaries are not comparable to similar arrangements among unrelated parties. See Taxation of REITs in General Penalty Tax.

Income Tests

In order to maintain qualification as a REIT, Aimco annually must satisfy two gross income requirements:

First, at least 75% of Aimco s gross income for each taxable year, excluding gross income from sales of inventory or dealer property in prohibited transactions, must be derived from investments relating to real property or mortgages on real property, including rents from real property, dividends received from other REITs, interest income derived from mortgage loans secured by real property, and gains from the sale of real estate assets, as well as certain types of temporary investments.

Second, at least 95% of Aimco s gross income for each taxable year, excluding gross income from prohibited transactions, must be derived from some combination of such income from investments in real property (i.e., income that qualifies under the 75% income test described above), as well as other dividends, interest and gains from the sale or disposition of stock or securities, which need not have any relation to real property.

Rents received by Aimco directly or through the Subsidiary Partnerships will qualify as rents from real property in satisfying the gross income requirements described above, only if several conditions are met, including the following. If rent is partly attributable to personal property leased in connection with a lease of real property, the portion of the total rent attributable to the personal property will not qualify as rents from real property unless it constitutes 15% or less of the total rent received under the lease. Moreover, for rents received to qualify as rents from real property, the REIT generally must not operate or manage the property (subject to certain exceptions) or furnish or render services to the tenants of such property, other than through an independent contractor from

Table of Contents

which the REIT derives no revenue. Aimco and its affiliates are permitted, however, to directly perform services that are usually or customarily rendered in connection with the rental of space for occupancy only and are not otherwise considered rendered to the occupant of the property. In addition, Aimco and its affiliates may directly or indirectly provide non-customary services to tenants of its properties without disqualifying all of the rent from the property if the payment for such services does not exceed 1% of the total gross income from the property. For purposes of this test, the income received from such non-customary services is deemed to be at least 150% of the direct cost of providing the services. Moreover, Aimco is generally permitted to provide services to tenants or others through a TRS without disqualifying the rental income received from tenants for purposes of the REIT income requirements.

Aimco manages apartment properties for third parties and affiliates through its taxable REIT subsidiaries. These taxable REIT subsidiaries receive management fees and other income. A portion of such fees and other income accrue to Aimco through distributions from the taxable REIT subsidiaries that are classified as dividend income to the extent of the earnings and profits of the taxable REIT subsidiaries. Such distributions will generally qualify for purposes of the 95% gross income test but not for purposes of the 75% gross income test. Any dividends received by us from a REIT will be qualifying income in our hands for purposes of both the 95% and 75% income tests.

Any income or gain derived by Aimco directly or through its Subsidiary Partnerships from instruments that hedge certain risks, such as the risk of changes in interest rates, will not constitute gross income for purposes of the 75% or 95% gross income test, provided that specified requirements are met. Such requirements include that the instrument hedges risks associated with indebtedness issued by Aimco or its Subsidiary Partnerships that is incurred to acquire or carry real estate assets (as described below under Taxation of Aimco and Aimco Stockholders Asset Tests), and the instrument is properly identified as a hedge, along with the risk that it hedges, within prescribed time periods.

If Aimco fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it may nevertheless qualify as a REIT for the year if it is entitled to relief under certain provisions of the Internal Revenue Code. These relief provisions will be generally available if Aimco s failure to meet these tests was due to reasonable cause and not due to willful neglect, Aimco attaches a schedule of the sources of its income to its tax return, and any incorrect information on the schedule was not due to fraud with intent to evade tax. It is not possible to state whether Aimco would be entitled to the benefit of these relief provisions in all circumstances. If these relief provisions are inapplicable to a particular set of circumstances involving Aimco, Aimco will not qualify as a REIT. As discussed above under Taxation of Aimco and Aimco Stockholders Taxation of REITs in General, even where these relief provisions apply, a tax is imposed based upon the amount by which Aimco fails to satisfy the particular gross income test.

Asset Tests

Aimco, at the close of each calendar quarter of its taxable year, must also satisfy four tests relating to the nature of its assets:

First, at least 75% of the value of the total assets of Aimco total assets must be represented by some combination of real estate assets, cash, cash items, U.S. government securities, and under some circumstances, stock or debt instruments purchased with new capital. For this purpose, real estate assets include interests in real property, such as land, buildings, leasehold interests in real property, stock of other corporations that qualify as REITs, and some kinds of mortgage backed securities and mortgage loans. Assets that do not qualify for purposes of the 75% test are subject to the additional asset tests described below.

Second, not more than 25% of Aimco s total assets may be represented by securities other than those in the 75% asset class.

Third, of the investments included in the 25% asset class, the value of any one issuer s securities owned by Aimco may not exceed 5% of the value of Aimco s total assets, Aimco may not own more than 10% of any one issuer s outstanding voting securities, and Aimco may not own more than 10% of the total value of the outstanding securities of any one issuer. The 5% and 10% asset tests do not apply to securities of taxable REIT subsidiaries.

Fourth, the aggregate value of all securities of taxable REIT subsidiaries held by Aimco may not exceed 25% of the value of Aimco s total assets.

Aimco believes that the value of the securities held by Aimco in its taxable REIT subsidiaries will not exceed, in the aggregate, 25% of the value of Aimco s total assets and that Aimco s ownership interests in its taxable REIT subsidiaries qualify under the asset tests set forth above.

Notwithstanding the general rule that a REIT is treated as owning its share of the underlying assets of a subsidiary partnership for purposes of the REIT income and asset tests, if a REIT holds indebtedness issued by a partnership, the indebtedness will be subject to, and may cause a violation of, the asset tests, resulting in loss of REIT status, unless it is a qualifying mortgage asset satisfies the rules for straight debt, or is sufficiently small so as not to otherwise cause an asset test violation. Similarly, although stock of another REIT is a qualifying asset for purposes of the REIT asset tests, non-mortgage debt held by Aimco that is issued by another REIT may not so qualify.

The Internal Revenue Code contains a number of provisions applicable to REITs, including relief provisions that make it easier for REITs to satisfy the asset requirements, or to maintain REIT qualification notwithstanding certain violations of the asset and other requirements.

One such provision allows a REIT which fails one or more of the asset requirements to nevertheless maintain its REIT qualification if (a) it provides the IRS with a description of each asset causing the failure, (b) the failure is due to reasonable cause and not willful neglect, (c) the REIT pays a tax equal to the greater of (i) $50,000 per failure, and (ii) the product of the net income generated by the assets that caused the failure multiplied by the highest applicable corporate tax rate (currently 35%), and (d) the REIT either disposes of the assets causing the failure within 6 months after the last day of the quarter in which it identifies the failure, or otherwise satisfies the relevant asset tests within that time frame.

A second relief provision contained in the Internal Revenue Code applies to de minimis violations of the 10% and 5% asset tests. A REIT may maintain its qualification despite a violation of such requirements if (a) the value of the assets causing the violation do not exceed the lesser of 1% of the REIT s total assets, and $10,000,000, and (b) the REIT either disposes of the assets causing the failure within 6 months after the last day of the quarter in which it identifies the failure, or the relevant tests are otherwise satisfied within that time frame.

The Internal Revenue Code also provides that certain securities will not cause a violation of the 10% value test described above. Such securities include instruments that constitute straight debt, which now has an expanded definition and includes securities having certain contingency features. A restriction, however, precludes a security from qualifying as straight debt where a REIT (or a controlled TRS of the REIT) owns other securities of the issuer of that security which do not qualify as straight debt, unless the value of those other securities constitute, in the aggregate, 1% or less of the total value of that issuer s outstanding securities. In addition to straight debt, the Internal Revenue Code provides that certain other securities will not violate the 10% value test. Such securities include (a) any loan made to an individual or an estate, (b) certain rental agreements in which one or more payments are to be made in subsequent years (other than agreements between a REIT and certain persons related to the REIT), (c) any obligation to pay rents from real property, (d) securities issued by governmental entities that are not dependent in whole or in part on the profits of (or payments made by) a non-governmental entity, (e) any security issued by another REIT, and (f) any debt instrument issued by a partnership if the partnership s income is of a nature that it would satisfy the 75% gross income test described above under Income Tests. The Internal Revenue Code also provides that in applying the 10% value test, a debt security issued by a partnership is not taken into account to the extent, if any, of the REIT s proportionate equity interest in that partnership.

Aimco believes that its holding of securities and other assets comply, and will continue to comply, with the foregoing REIT asset requirements, and it intends to monitor compliance on an ongoing basis. No independent appraisals have been obtained, however, to support Aimco s conclusions as to the value of its assets, including Aimco OP s total assets and the value of Aimco OP s interest in the taxable REIT subsidiaries. Moreover, values of some assets may not be susceptible to a precise determination, and values are subject to change in the future.

Table of Contents

Furthermore, the proper classification of an instrument as debt or equity for Federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT asset requirements. Accordingly, there can be no assurance that the IRS will not contend that Aimco s interests in its subsidiaries or in the securities of other issuers will cause a violation of the REIT asset requirements and loss of REIT status.

If we should fail to satisfy the asset tests at the end of a calendar quarter, such a failure would not cause us to lose our REIT status if we (1) satisfied the asset tests at the close of the preceding calendar quarter and (2) the discrepancy between the value of our assets and the asset test requirements was not wholly or partly caused by an acquisition of non-qualifying assets, but instead arose from changes in the market value of our assets. If the condition described in (2) were not satisfied, we still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose.

Annual Distribution Requirements

In order for Aimco to qualify as a REIT, Aimco is required to distribute dividends (other than capital gain dividends) to its stockholders in an amount at least equal to:

the sum of

(a) 90% of Aimco s REIT taxable income (computed without regard to the deduction for dividends paid and net capital gain of Aimco), and

(b) 90% of the net income, if any, from foreclosure property (as described below), minus

the sum of certain items of noncash income.

These distributions must be paid in the taxable year to which they relate, or in the following taxable year if they are declared in October, November, or December of the taxable year, are payable to stockholders of record on a specified date in any such month, and are actually paid before the end of January of the following year. In order for distributions to be counted for this purpose, and to give rise to a tax deduction by Aimco, they must not be preferential dividends. A dividend is not a preferential dividend if it is pro rata among all outstanding shares of stock within a particular class, and is in accordance with the preferences among different classes of stock as set forth in Aimco s organizational documents.

To the extent that Aimco distributes at least 90%, but less than 100%, of its REIT taxable income, as adjusted, it will be subject to tax thereon at ordinary corporate tax rates. In any year, Aimco may elect to retain, rather than distribute, its net capital gain and pay tax on such gain. In such a case, Aimco s stockholders would include their proportionate share of such undistributed long-term capital gain in income and receive a corresponding credit for their share of the tax paid by Aimco. Aimco s stockholders would then increase the adjusted basis of their Aimco shares by the difference between the designated amounts included in their long-term capital gains and the tax deemed paid with respect to their shares.

To the extent that a REIT has available net operating losses carried forward from prior tax years, such losses may reduce the amount of distributions that it must make in order to comply with the REIT distribution requirements. Such losses, however, will generally not affect the character, in the hands of stockholders, of any distributions that are actually made by the REIT, which are generally taxable to stockholders to the extent that the REIT has current or accumulated earnings and profits. See Taxation of Aimco and Aimco Stockholders Taxation of Stockholders Taxation of Taxable Domestic Stockholders Distributions.

If Aimco should fail to distribute during each calendar year at least the sum of:

85% of its REIT ordinary income for such year,

(c) 95% of its REIT capital gain net income for such year (excluding retained net capital gain), and

(d) any undistributed taxable income from prior periods,

Aimco would be subject to a 4% excise tax on the excess of such required distribution over the sum of (x) the amounts actually distributed, and (y) the amounts of income retained on which it has paid corporate income tax.

Table of Contents

It is possible that Aimco, from time to time, may not have sufficient cash to meet the 90% distribution requirement due to timing differences between (i) the actual receipt of cash (including receipt of distributions from Aimco OP) and (ii) the inclusion of certain items in income by Aimco for Federal income tax purposes. In the event that such timing differences occur, in order to meet the distribution requirements, Aimco may find it necessary to arrange for short-term, or possibly long-term, borrowings, or to pay dividends in the form of taxable in-kind distributions of property.

Under certain circumstances, Aimco may be able to rectify a failure to meet the distribution requirement for a year by paying deficiency dividends to stockholders in a later year, which may be included in Aimco s deduction for dividends paid for the earlier year. In this case, Aimco may be able to avoid losing its REIT status or being taxed on amounts distributed as deficiency dividends; however, Aimco will be required to pay interest and a penalty based on the amount of any deduction taken for deficiency dividends.

Failure to Qualify

If Aimco fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, Aimco will be subject to tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates. Distributions to stockholders in any year in which Aimco fails to qualify will not be deductible by Aimco nor will they be required to be made. In such event, to the extent of current and accumulated earnings and profits, all distributions to stockholders that are individuals will generally be taxable at a rate of 15% (through 2010) and, subject to certain limitations of the Internal Revenue Code, corporate distributees may be eligible for the dividends received deduction. Unless Aimco is entitled to relief under specific statutory provisions, Aimco would also be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year during which qualification was lost. It is not possible to state whether, in all circumstances, Aimco would be entitled to this statutory relief.

Prohibited Transactions

Net income derived by a REIT from a prohibited transaction is subject to a 100% excise tax. The term prohibited transaction generally includes a sale or other disposition of property (other than foreclosure property) that is held primarily for sale to customers in the ordinary course of a trade or business. Aimco intends to conduct its operations so that no asset owned by Aimco or its pass-through subsidiaries will be held for sale to customers, and that a sale of any such asset will not be in the ordinary course of Aimco s business. Whether property is held primarily for sale to customers in the ordinary course of a trade or business depends, however, on the particular facts and circumstances. No assurance can be given that any property sold by Aimco will not be treated as property held for sale to customers, or that Aimco can comply with certain safe-harbor provisions of the Internal Revenue Code that would prevent the imposition of the 100% excise tax. The 100% tax does not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be subject to tax in the hands of the corporation at regular corporate rates.

Penalty Tax

Aimco will be subject to a 100% penalty tax on the amount of certain non-arm s length payments received from, or certain expenses deducted by, its taxable REIT subsidiaries if the IRS were to successfully assert that the economic arrangements between Aimco and its taxable REIT subsidiaries are not comparable to similar transaction between unrelated parties. Such amounts may include rents from real property that are overstated as a result of services furnished by a TRS to tenants of Aimco and amounts that are deducted by a TRS for payments made to Aimco that are in excess of the amounts that would have been charged by an unrelated party.

Aimco believes that the fees paid to its taxable REIT subsidiaries for tenant services are comparable to the fees that would be paid to an unrelated third party negotiating at arm s-length. This determination, however, is inherently factual, and the IRS may assert that the fees paid by Aimco do not represent arm s-length amounts. If the IRS successfully made such an assertion, Aimco would be required to pay a 100% penalty tax on the excess of an arm s-length fee for tenant services over the amount actually paid.

Table of Contents

Tax Aspects Of Aimco s Investments In Partnerships

General

Substantially all of Aimco s investments are held indirectly through Aimco OP. In general, partnerships are pass-through entities that are not subject to Federal income tax. Rather, partners are allocated their proportionate shares of the items of income, gain, loss, deduction and credit of a partnership, and are potentially subject to tax on these items, without regard to whether the partners receive a distribution from the partnership. Aimco will include in its income its proportionate share of the foregoing partnership items for purposes of the various REIT income tests and in the computation of its REIT taxable income. Moreover, for purposes of the REIT asset tests, Aimco will include its proportionate share of assets held by the Subsidiary Partnerships. See Taxation of Aimco and Aimco Stockholders Taxation of Aimco Effect of Subsidiary Entities Ownership of Partnership Interests.

Entity Classification.

Aimco s direct and indirect investment in partnerships involves special tax considerations, including the possibility of a challenge by the IRS of the tax status of any of the Subsidiary Partnerships as a partnership, as opposed to as an association taxable as a corporation, for Federal income tax purposes. If any of these entities were treated as an association for Federal income tax purposes, it would be taxable as a corporation and therefore could be subject to an entity-level tax on its income. In such a situation, the character of Aimco s assets and items of gross income would change and could preclude Aimco from satisfying the REIT asset tests and gross income tests (see Taxation of Aimco and Aimco Stockholders Taxation of Aimco Asset Tests and Taxation of Aimco and Aimco Stockholders Taxation of Aimco Income Tests), and in turn could prevent Aimco from qualifying as a REIT unless Aimco is eligible for relief from the violation pursuant to relief provisions described above. See Taxation of Aimco and Aimco Stockholders Taxation of Aimco Failure to Qualify above for a summary of the effect of Aimco s failure to satisfy the REIT tests for a taxable year, and of the relief provisions. In addition, any change in the status of any of the Subsidiary Partnerships for tax purposes might be treated as a taxable event, in which case Aimco might incur a tax liability without any related cash distributions.

Tax Allocations With Respect To The Properties.

Under the Internal Revenue Code and the Treasury Regulations, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated for tax purposes in a manner such that the contributing partner is charged with, or benefits from the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of the unrealized gain or unrealized loss is generally equal to the difference between the fair market value of the contributed property at the time of contribution, and the adjusted tax basis of such property at the time of contribution (a Book Tax Difference). Such allocations are solely for Federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. Aimco OP was formed by way of contributions of appreciated property. Consequently, allocations must be made in a manner consistent with these requirements. Where a partner contributes cash to a partnership at a time that the partnership holds appreciated (or depreciated) property, the Treasury Regulations provide for a similar allocation of these items to the other (i.e., non-contributing) partners. These rules apply to the contribution by Aimco to Aimco OP of the cash proceeds received in any offerings of its stock.

In general, certain unitholders will be allocated lower amounts of depreciation deductions for tax purposes and increased taxable income and gain on the sale by Aimco OP or other Subsidiary Partnerships of the contributed properties. This will tend to eliminate the Book-Tax Difference over the life of these partnerships. However, the special allocations do not always entirely rectify the Book-Tax Difference on an annual basis or with respect to a specific taxable transaction such as a sale. Thus, the carryover basis of the contributed properties in the hands of Aimco OP or other Subsidiary Partnerships may cause Aimco to be allocated lower depreciation and other deductions, and possibly greater amounts of taxable income in the event of a sale of such contributed assets in excess of the economic or book income allocated to it as a result of such sale. This may cause Aimco to recognize, over time, taxable income in excess of cash proceeds, which might adversely affect Aimco s ability to comply with the REIT distribution requirements. See Taxation of Aimco and Aimco Stockholders Taxation of Aimco Annual Distribution Requirements.

With respect to any property purchased or to be purchased by any of the Subsidiary Partnerships (other than through the issuance of units) subsequent to the formation of Aimco, such property will initially have a tax basis equal to its fair market value and the special allocation provisions described above will not apply.

Sale Of The Properties.

Aimco s share of any gain realized by Aimco OP or any other Subsidiary Partnership on the sale of any property held as inventory or primarily for sale to customers in the ordinary course of business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. See United States Federal Income Taxation of Aimco and Aimco Stockholder Taxation of Aimco Prohibited Transactions. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a partnership s trade or business is a question of fact that depends on all the facts and circumstances with respect to the particular transaction. Aimco OP and the other Subsidiary Partnerships intend to hold their properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing, owning and operating the properties and to make such occasional sales of the properties, including peripheral land, as are consistent with Aimco s investment objectives.

Taxation of Taxable REIT Subsidiaries

A portion of the amounts to be used to fund distributions to stockholders may come from distributions made by Aimco s taxable REIT subsidiaries to Aimco OP, and interest paid by the taxable REIT subsidiaries on certain notes held by Aimco OP. In general, taxable REIT subsidiaries pay Federal, state and local income taxes on their taxable income at normal corporate rates. Any Federal, state or local income taxes that Aimco s taxable REIT subsidiaries are required to pay will reduce Aimco s cash flow from operating activities and its ability to make payments to holders of its securities.

Taxation of Stockholders

Taxable Domestic Stockholders

Distributions. Provided that Aimco qualifies as a REIT, distributions made to Aimco s taxable domestic stockholders out of current or accumulated earnings and profits (and not designated as capital gain dividends) will generally be taken into account by them as ordinary income (35% maximum Federal rate through 2010) and will not be eligible for the dividends received deduction for corporations. With limited exceptions, dividends received from REITs are not eligible for taxation at the preferential income tax rates (15% maximum Federal rate through 2010) for qualified dividends received by individuals from taxable C corporations. Stockholders that are individuals, however, are taxed at the preferential rates on dividends designated by and received from REITs to the extent that the dividends are attributable to (i) income retained by the REIT in the prior taxable year on which the REIT was subject to corporate level income tax (less the amount of tax), (ii) dividends received by the REIT from taxable REIT subsidiaries or other taxable C corporations, or (iii) income in the prior taxable year from the sales of built-in gain property acquired by the REIT from C corporations in carryover basis transactions (less the amount of corporate tax on such income).

Distributions (and retained net capital gains) that are designated as capital gain dividends will generally be taxed to stockholders as long-term capital gains, to the extent that they do not exceed Aimco s actual net capital gain for the taxable year, without regard to the period for which the stockholder has held its stock. However, corporate stockholders may be required to treat up to 20% of certain capital gain dividends as ordinary income. Long-term capital gains are generally taxable at maximum Federal rates of 15% (through 2010) in the case of stockholders who are individuals, and 35% in the case of stockholders that are corporations. Capital gains attributable to the sale of depreciable real property held for more than 12 months are subject to a 25% maximum Federal income tax rate for taxpayers who are individuals, to the extent of previously claimed depreciation deductions.

Table of Contents

In determining the extent to which a distribution constitutes a dividend for tax purposes, Aimco s earnings and profits generally will be allocated first to distributions with respect to preferred stock prior to allocating any remaining earnings and profits to distributions on Aimco s common stock. If Aimco has net capital gains and designates some or all of its distributions as capital gain dividends to that extent, the capital gain dividends will be allocated among different classes of stock in proportion to the allocation of earnings and profits as described above.

Distributions in excess of current and accumulated earnings and profits will not be taxable to a stockholder to the extent that they do not exceed the adjusted basis of the stockholder s shares in respect of which the distributions were made, but rather will reduce the adjusted basis of such shares. To the extent that such distributions exceed the adjusted basis of a stockholder s shares, they will be included in income as long-term capital gain, or short-term capital gain if the shares have been held for one year or less. In addition, any dividend declared by Aimco in October, November or December of any year and payable to a stockholder of record on a specified date in any such month will be treated as both paid by Aimco and received by the stockholder on December 31 of such year, *provided* that the dividend is actually paid by Aimco before the end of January of the following calendar year.

To the extent that a REIT has available net operating losses and capital losses carried forward from prior tax years, such losses may reduce the amount of distributions that must be made in order to comply with the REIT distribution requirements. See Taxation of Aimco and Aimco Stockholders Taxation of Aimco Annual Distribution Requirements. Such losses, however, are not passed through to stockholders and do not offset income of stockholders from other sources, nor would they affect the character of any distributions that are actually made by a REIT, which are generally subject to tax in the hands of stockholders to the extent that the REIT has current or accumulated earnings and profits.

Dispositions of Aimco Stock. A stockholder will realize gain or loss upon the sale, redemption or other taxable disposition of stock in an amount equal to the difference between the sum of the fair market value of any property and cash received in such disposition, and the stockholder s adjusted tax basis in the stock at the time of the disposition. In general, a stockholder s tax basis will equal the stockholder s acquisition cost, increased by the excess of net capital gains deemed distributed to the stockholder (as discussed above), less tax deemed paid on such net capital gains, and reduced by returns of capital. In general, capital gains recognized by individuals upon the sale or disposition of shares of Aimco stock will be subject to a maximum Federal income tax rate of 15% (through 2010) if the Aimco stock is held for more than 12 months, and will be taxed at ordinary income rates (of up to 35% through 2010) if the Aimco stock is held for 12 months or less. Gains recognized by stockholders that are corporations are subject to Federal income tax at a maximum rate of 35%, whether or not classified as long-term capital gains. Capital losses recognized by a stockholder upon the disposition of Aimco stock held for more than one year at the time of disposition will be considered long-term capital losses, and are generally available only to offset capital gain income of the stockholder but not ordinary income (except in the case of individuals, who may offset up to $3,000 of ordinary income each year). In addition, any loss upon a sale or exchange of shares of Aimco stock by a stockholder who has held the shares for six months or less, after applying holding period rules, will be treated as a long-term capital loss to the extent of distributions received from Aimco that are required to be treated by the stockholder as long-term capital gain.

A redemption of Aimco stock (including preferred stock or equity stock) will be treated under Section 302 of the Internal Revenue Code as a dividend subject to tax at ordinary income tax rates (to the extent of Aimco s current or accumulated earnings and profits), unless the redemption satisfies certain tests set forth in Section 302(b) of the Internal Revenue Code enabling the redemption to be treated as a sale or exchange of the stock. The redemption will satisfy such test if it (i) is substantially disproportionate with respect to the holder (which will not be the case if only the stock is redeemed, since it generally does not have voting rights), (ii) results in a complete termination of the holder s stock interest in Aimco, or (iii) is not essentially equivalent to a dividend with respect to the holder, all within the meaning of Section 302(b) of the Internal Revenue Code. In determining whether any of these tests have been met, shares considered to be owned by the holder by reason of certain constructive ownership rules set forth in the Internal

Revenue Code, as well as shares actually owned, must generally be taken into account. Because the determination as to whether any of the alternative tests of Section 302(b) of the Internal Revenue Code is satisfied with respect to any particular holder of the stock will depend upon the facts and circumstances as of the time the determination is made, prospective investors are advised to consult their own tax advisors to determine such tax treatment. If a redemption of the stock is treated as a distribution that is taxable as a dividend, the amount of

Table of Contents

the distribution would be measured by the amount of cash and the fair market value of any property received by the stockholders. The stockholder s adjusted tax basis in such redeemed stock would be transferred to the holder s remaining stockholdings in Aimco. If, however, the stockholder has no remaining stockholdings in Aimco, such basis may, under certain circumstances, be transferred to a related person or it may be lost entirely.

If an investor recognizes a loss upon a subsequent disposition of stock or other securities of Aimco in an amount that exceeds a prescribed threshold, it is possible that the provisions of the Treasury Regulations involving reportable transactions could apply, with a resulting requirement to separately disclose the loss generating transaction to the IRS. While these Treasury Regulations are directed towards tax shelters, they are written quite broadly, and apply to transactions that would not typically be considered tax shelters. In addition, the Internal Revenue Code imposes penalties for failure to comply with these requirements. Prospective investors should consult your tax advisors concerning any possible disclosure obligation with respect to the receipt or disposition of stock or securities of Aimco, or transactions that might be undertaken directly or indirectly by Aimco. Moreover, prospective investors should be aware that Aimco and other participants in the transactions involving Aimco (including their advisors) might be subject to disclosure or other requirements pursuant to these Treasury Regulations

Taxation Of Foreign Stockholders

The following is a summary of certain anticipated U.S. Federal income and estate tax consequences of the ownership and disposition of securities applicable to Non-U.S. Holders of securities. A Non-U.S. Holder is generally any person other than (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organized in the United States or under the laws of the United States or of any state thereof or the District of Columbia, (iii) an estate whose income is includable in gross income for U.S. Federal income tax purposes regardless of its source or (iv) a trust if a United States court is able to exercise primary supervision over the administration of such trust and one or more United States fiduciaries have the authority to control all substantial decisions of such trust. The discussion is based on current law and is for general information only. The discussion addresses only certain and not all aspects of U.S. Federal income and estate taxation.

Ordinary Dividends. The portion of dividends received by Non-U.S. Holders payable out of Aimco s earnings and profits which are not attributable to capital gains of Aimco and which are not effectively connected with a U.S. trade or business of the Non-U.S. Holder will be subject to U.S. withholding tax at the rate of 30% (unless reduced by treaty and the Non-U.S. Holder provides appropriate documentation regarding its eligibility for treaty benefits). In general, Non-U.S. Holders will not be considered engaged in a U.S. trade or business solely as a result of their ownership of securities. In cases where the dividend income from a Non-U.S. Holder s investment in securities is, or is treated as, effectively connected with the Non-U.S. Holder s conduct of a U.S. trade or business, the Non-U.S. Holder generally will be subject to U.S. tax at graduated rates, in the same manner as domestic stockholders are taxed with respect to such dividends, such income must generally be reported on a U.S. income tax return filed by or on behalf of the non-U.S. holder, and the income may also be subject to the 30% branch profits tax in the case of a Non-U.S. Holder that is a corporation.

Non-Dividend Distributions. Unless Aimco stock constitutes a United States real property interest (a USRPI) within the meaning of the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA), distributions by Aimco which are not dividends out of the earnings and profits of Aimco will not be subject to U.S. income tax. If it cannot be determined at the time at which a distribution is made whether or not the distribution will exceed current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applicable to dividends. However, the Non-U.S. Holder may seek a refund from the IRS of any amounts withheld if it is subsequently determined that the distribution was, in fact, in excess of current and accumulated earnings and profits of Aimco. If Aimco stock constitutes a USRPI, distributions by Aimco in excess of the sum of its earnings and profits plus the stockholder s basis in its Aimco stock will be taxed under the FIRPTA at the rate of tax, including any applicable capital gains rates, that would apply to a domestic stockholder of the same type (e.g., an individual or a corporation, as the case may be), and the collection of the tax will be enforced by a refundable withholding at a rate of 10% of the amount by which the distribution exceeds the stockholder s share of Aimco s earnings and profits.

Table of Contents

Capital Gain Dividends. Under FIRPTA, a distribution made by Aimco to a Non-U.S. Holder, to the extent attributable to gains from dispositions of USRPIs held by Aimco directly or through pass-through subsidiaries (USRPI Capital Gains), will, except as described below, be considered effectively connected with a U.S. trade or business of the Non-U.S. Holder and will be subject to U.S. income tax at the rates applicable to U.S. individuals or corporations, without regard to whether the distribution is designated as a capital gain dividend. In addition, Aimco will be required to withhold tax equal to 35% of the amount of dividends to the extent such dividends constitute USRPI Capital Gains. Distributions subject to FIRPTA may also be subject to a 30% branch profits tax in the hands of a Non-U.S. Holder that is a corporation. A distribution is not a USRPI capital gain if Aimco held the underlying asset solely as a creditor. Capital gain dividends received by a non-U.S. holder from a REIT that are attributable to dispositions by that REIT of assets other then USRPIs are generally not subject to U.S. income or withholding tax.

A capital gain dividend by Aimco that would otherwise have been treated as a USRPI capital gain will not be so treated or be subject to FIRPTA, will generally not be treated as income that is effectively connected with a U.S. trade or business, and will instead be treated the same as an ordinary dividend from Aimco (see Taxation of Foreign Stockholders Ordinary Dividends), provided that (1) the capital gain dividend is received with respect to a class of stock that is regularly traded on an established securities market located in the United States, and (2) the recipient non-U.S. holder does not own more than 5% of that class of stock at any time during the one year period ending on the date on which the capital gain dividend is received.

Dispositions of Aimco Stock. Unless Aimco stock constitutes a USRPI, a sale of the stock by a Non-U.S. Holder generally will not be subject to U.S. taxation under FIRPTA. The stock will be treated as a USRPI if 50% or more of Aimco s assets throughout a prescribed testing period consist of interests in real property located within the United States, excluding, for this purpose, interests in real property solely in a capacity as a creditor. Even if the foregoing test is met, Aimco stock nonetheless will not constitute a USRPI if Aimco is a domestically controlled qualified investment entity. A domestically controlled qualified investment entity is a REIT in which, at all times during a specified testing period, less than 50% in value of its shares is held directly or indirectly by Non-U.S. Holders. Aimco believes that it is, and it expects to continue to be, a domestically controlled qualified investment entity. If Aimco is, and continues to be, a domestically controlled qualified investment entity, the sale of Aimco stock should not be subject to taxation under FIRPTA. Because most classes of stock of Aimco are publicly traded, however, no assurance can be given that Aimco is or will continue to be a domestically controlled qualified investment entity.

Even if Aimco does not constitute a domestically controlled qualified investment entity, a Non-U.S. Holder s sale of stock generally nonetheless will generally not be subject to tax under FIRPTA as a sale of a USRPI provided that:

- the stock is of a class that is regularly traded (as defined by applicable Treasury Regulations) on an established securities market (e.g., the NYSE, on which Aimco stock is listed), and

- the selling Non-U.S. Holder held 5% or less of such class of Aimco s outstanding stock at all times during a specified testing period.

If gain on the sale of stock of Aimco were subject to taxation under FIRPTA, the Non-U.S. Holder would be subject to the same treatment as a U.S. stockholder with respect to such gain (subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals) and the purchaser of the stock could be required to withhold 10% of the purchase price and remit such amount to the IRS.

Gain from the sale of Aimco stock that would not otherwise be subject to taxation under FIRPTA will nonetheless be taxable in the United States to a Non-U.S. Holder in two cases. First, if the Non-U.S. Holder s investment in the Aimco stock is effectively connected with a U.S. trade or business conducted by such Non-U.S. Holder, the Non-U.S. Holder will be subject to the same treatment as a U.S. stockholder with respect to such gain. Second, if the Non-U.S. Holder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a tax home in the United States, the nonresident alien individual will be subject to a 30% tax on the individual s capital gain.

Table of Contents

Estate Tax

Aimco stock owned or treated as owned by an individual who is not a citizen or resident (as specially defined for U.S. Federal estate tax purposes) of the United States at the time of death will be includible in the individual s gross estate for U.S. Federal estate tax purposes, unless an applicable estate tax treaty provides otherwise. Such individual s estate may be subject to U.S. Federal estate tax on the property includible in the estate for U.S. Federal estate tax purposes.

Information Reporting Requirements And Backup Withholding

Aimco will report to its U.S. stockholders and to the IRS the amount of distributions paid during each calendar year, and the amount of tax withheld, if any. Under the backup withholding rules, a stockholder may be subject to backup withholding at the rate of 28% (through 2010) with respect to distributions paid unless such holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with the applicable requirements of the backup withholding rules. A stockholder who does not provide Aimco with his correct taxpayer identification number also may be subject to penalties imposed by the IRS. Any amount paid as backup withholding will be creditable against the stockholder s income tax liability. In addition, Aimco may be required to withhold a portion of capital gain distributions to any Non-U.S. Holders. The IRS has issued final Treasury Regulations regarding the withholding, backup withholding and information reporting rules as applied to Non-U.S. Holders. Prospective investors in securities should consult their tax advisors regarding the application of these Treasury Regulations.

Tax Return Disclosure and Investor List Requirements

Treasury Regulations require participants in a reportable transaction to disclose certain information about the transaction to the IRS with their tax returns and retain certain information relating to the transaction (the Disclosure Requirement). In addition, organizers, sellers, and certain advisors of a reportable transaction are required to maintain certain records, including lists identifying the investors in a transaction, and to furnish those records, as well as detailed information regarding the transaction, to the IRS upon demand (the List Maintenance Requirement).

While the Disclosure Requirement and the List Maintenance Requirement are directed towards tax shelters, the regulations are written quite broadly, and apply to transactions that would not typically be considered tax shelters. There are significant penalties for failure to comply with these requirements.

A transaction may be a reportable transaction based upon any of several indicia, including, among other things, if it could result in tax losses or book-tax differences in excess of prescribed thresholds. The transaction contemplated herein may result in book-tax differences in excess of prescribed thresholds and as such, could be a reportable transaction under the Treasury Regulations involving tax shelters. Characterization of this transaction as a reportable transaction could increase the likelihood of an audit by the IRS. If this transaction were to be classified as a reportable transaction, you would be required to attach a completed IRS Form 8886, the Reportable Transaction Disclosure Statement, to your tax return for the taxable year of the transaction, as well as provide a copy of this form to the Office of Tax Shelter Analysis at the same time that such statement is first filed with the IRS. You should consult your tax advisors concerning these disclosure obligations with respect to the receipt or disposition of Aimco Stock, or transactions that might be undertaken directly or indirectly by the Aimco. Moreover, you should be aware that Aimco and other participants in the transactions involving Aimco (including their advisors) would be subject to the Disclosure Requirement and/or the List Maintenance Requirement if this transaction were to be classified as a reportable transaction.

Taxation of Tax-Exempt Stockholders

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from Federal income taxation. However, they are subject to taxation on their unrelated business taxable income (UBTI). While many investments in real estate may generate UBTI, the IRS has ruled that dividend distributions from a REIT to a tax-exempt entity do not constitute UBTI. Based on that ruling, and provided that (1) a tax-exempt stockholder has not held its Aimco stock as debt financed property within the meaning of the Internal Revenue Code (i.e., where the acquisition or holding of the property is financed through a borrowing by the tax-exempt stockholder), and (2) the Aimco stock is not otherwise used in an unrelated trade or business, Aimco believe that distributions from Aimco and income from the sale of the Aimco stock should not give rise to UBTI to a tax-exempt stockholder.

Tax-exempt stockholder that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans that are exempt from taxation under paragraphs (7), (9), (17) and (20), respectively, of Section 501(c) of the Internal Revenue Code are subject to different UBTI rules, which generally will require them to characterize distributions from Aimco as UBTI.

In addition, in certain circumstances, a pension trust that owns more than 10% of Aimco s stock could be required to treat a percentage of the dividends from Aimco as UBTI (the UBTI Percentage). The UBTI Percentage is the gross income derived by Aimco from an unrelated trade or business (determined as if Aimco were a pension trust) divided by the gross income of Aimco for the year in which the dividends are paid. The UBTI rule applies to a pension trust holding more than 10% of Aimco s stock only if:

- the UBTI Percentage is at least 5%,
- Aimco qualifies as a REIT by reason of the modification of the 5/50 Rule that allows the beneficiaries of the pension trust to be treated as holding shares of Aimco in proportion to their actuarial interest in the pension trust, and
- either (A) one pension trust owns more than 25% of the value of Aimco s stock or (B) a group of pension trusts each individually holding more than 10% of the value of Aimco s stock collectively owns more than 50% of the value of Aimco s stock.

The restrictions on ownership and transfer of Aimco s stock should prevent an Exempt Organization from owning more than 10% of the value of Aimco s stock.

Other Tax Consequences

Legislative or Other Actions Affecting REITs

The rules dealing with Federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. For example, Congress is considering proposals that would delay the scheduled increase in the maximum tax rates applicable to individual taxpayers on qualified dividend income and long term capital gains, for taxable years beginning after December 31, 2010, to 39.6% and 20% respectively. In addition, for taxable years beginning after December 31, 2012, certain U.S. holders who are individuals, estates or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare tax on dividend and other income, including capital gains from the sale or other disposition of our stock. No assurance can be given as to whether, or in what form, the proposals described above (or any other proposals affecting REITs or their stockholders) will be enacted. Changes to the Federal laws and interpretations thereof could adversely affect an investment in Aimco or Aimco OP.

Recently enacted legislation will require, after December 31, 2012, withholding at a rate of 30% on dividends in respect of, and gross proceeds from the sale of, our common stock held by or through certain foreign financial institutions (including investment funds), unless such institution enters into an agreement with the Secretary of the Treasury to report, on an annual basis, information with respect to shares in the institution held by certain United

States persons and by certain non-US entities that are wholly or partially owned by United States persons. Accordingly, the entity through which our common stock is held will affect the determination of whether such withholding is required. Similarly, dividends in respect of, and gross proceeds from the sale of, our common stock held by an investor that is a non-financial non-US entity will be subject to withholding at a rate of 30%, unless such entity either (i) certifies to us that such entity does not have any substantial United States owners or (ii) provides certain information regarding the entity s substantial United States owners, which we will in turn provide to the Secretary of the Treasury. Non-United States stockholders are encouraged to consult with their tax advisors regarding the possible implications of the legislation on their investment in our common stock.

Table of Contents

State, Local And Foreign Taxes

Aimco OP, OP Unitholders, Aimco and Aimco stockholders may be subject to state, local or foreign taxation in various jurisdictions, including those in which it or they transact business, own property or reside. It should be noted that Aimco OP owns properties located in a number of states and local jurisdictions, and Aimco OP and OP Unitholders may be required to file income tax returns in some or all of those jurisdictions. The state, local or foreign tax treatment of Aimco OP and OP Unitholders and of Aimco and its stockholders may not conform to the United States Federal income tax consequences discussed above. Consequently, prospective investors are urged to consult their tax advisors regarding the application and effect of state, local foreign tax laws on an investment in Aimco OP or Aimco.

FEES AND EXPENSES

The costs of planning and implementing the merger, including the preparation of this information statement/prospectus, will be borne by Aimco OP without regard to whether the merger is effectuated. Except as set forth in this information statement/prospectus, Aimco OP will not pay any fees or commissions to any broker, dealer or other person in connection with the merger. ConCap has retained Eagle Rock Proxy Advisors, LLC to act as the information agent (the Information Agent) in connection with the merger. The Information Agent may contact holders of Series A Units by mail, e-mail, telephone, telex, telegraph and in person and may request brokers, dealers and other nominee limited partners to forward materials relating to the merger to beneficial owners of the Series A Units. Aimco OP will pay the Information Agent reasonable and customary compensation for its services in connection with the merger, plus reimbursement for out-of-pocket expenses, and will indemnify it against certain liabilities and expenses in connection therewith, including liabilities under the United States Federal securities laws. Aimco OP will also pay all costs and expenses of filing, printing and mailing the information statement/prospectus as well as any related legal fees and expenses.

Below is an itemized list of the estimated expenses incurred and to be incurred in connection with preparing and delivering this information statement/prospectus:

Information Agent Fees	$ 2,500
Printing Fees	20,000
Postage Fees	42,000
Tax and Accounting Fees	80,000
Appraisal Fees	31,710
Legal Fees	400,000
Total	$ 576,210

LEGAL MATTERS

Certain tax matters will be passed upon for Aimco by Skadden, Arps, Slate, Meagher & Flom LLP. The validity of the Aimco Class A Common Stock issuable upon redemption of the OP Units will be passed upon by DLA Piper LLP (US). The validity of the OP Units offered by this information statement/prospectus will be passed upon by Skadden, Arps, Slate, Meagher & Flom LLP.

Table of Contents

EXPERTS

The consolidated financial statements of Aimco for the year ended December 31, 2009 appearing in Aimco s Current Report on Form 8-K dated September 10, 2010 (including the schedule appearing therein), and the effectiveness of Aimco s internal control over financial reporting appearing in Aimco s Annual Report on Form 10-K for the year ended December 31, 2009 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and Aimco management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2009 are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Aimco OP for the year ended December 31, 2009 appearing in Aimco OP s Current Report on Form 8-K dated September 10, 2010 (including the schedule appearing therein), and the effectiveness of Aimco OP s internal control over financial reporting appearing in Aimco OP s Annual Report on Form 10-K for the year ended December 31, 2009 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and Aimco OP management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2009 are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of CCIP appearing in CCIP s Annual Report on Form 10-K for the year ended December 31, 2009 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon, included therein, and included in Annex D of this information statement/prospectus. Such consolidated financial statements are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Table of Contents

WHERE YOU CAN FIND ADDITIONAL INFORMATION

Aimco, Aimco OP and CCIP are subject to the informational requirements of the Exchange Act, and, in accordance therewith, file reports, proxy statements and other information with the SEC. You may read and copy any document so filed at the SEC s public reference rooms in Washington, D.C.; New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Aimco, Aimco OP and CCIP s filings are also available to the public at the SEC s web site at http://www.sec.gov.

The information that Aimco and Aimco OP file with the SEC is incorporated by reference, which means that important information is being disclosed to you by referring you to those documents. The information incorporated by reference is considered to be part of this information statement/prospectus. The documents listed below are incorporated by reference along with and any future filings made by Aimco or Aimco OP with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until the offering of the securities hereby is completed.

Proxy Statement for the 2010 Annual Meeting of Stockholders of Aimco;

Aimco s Annual Report on Form 10-K for the year ended December 31, 2009;

Aimco s Quarterly Report on Form 10-Q for the quarter ended June 30, 2010;

Aimco s Current Reports on Form 8-K, dated April 26, 2010 (filed April 29, 2010), dated May 24, 2010 (filed May 24, 2010), dated July 30, 2010 (filed July 30, 2010), dated September 1, 2010 (filed September 3, 2010), dated September 7, 2010 (filed September 7, 2010) and dated September 10, 2010 (filed September 10, 2010);

Aimco OP s Annual Report on Form 10-K for the year ended December 31, 2009;

Aimco OP s Quarterly Report on Form 10-Q for the quarter ended June 30, 2010;

Aimco OP s Current Reports on Form 8-K, dated May 24, 2010 (filed May 24, 2010) dated September 1, 2010 (filed September 3, 2010) and dated September 10, 2010 (filed September 10, 2010).

You may request a copy of these filings, at no cost, by writing or calling Aimco at the following address and telephone number:

ISTC Corporation
P.O. Box 2347
Greenville, South Carolina 29602
(864) 239-1029

CCIP s Annual Report on Form 10-K for the year ended December 31, 2009 is included as Annex D to this information statement/prospectus. CCIP s Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 is included as Annex E to this information statement/prospectus.

You should rely only on the information included or incorporated by reference in this information statement/prospectus. No person is authorized to provide you with different information. You should not assume that the information in this information statement/prospectus is accurate as of any date other than the date on the front of the document.

ANNEX A

Agreement and Plan of Merger

AGREEMENT AND PLAN OF MERGER (this **Agreement**), dated as of September 13, 2010, by and among CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP, a Delaware limited partnership (**CCIP**), AIMCO CCIP MERGER SUB LLC, a Delaware limited liability company (the **Aimco Subsidiary**), and AIMCO PROPERTIES, L.P., a Delaware limited partnership (**Aimco OP**).

WHEREAS, ConCap Equities, Inc., the general partner of CCIP (**ConCap**) and owner of the Series A GP Interest of CCIP, has determined that the Merger (as defined below) of the Aimco Subsidiary with and into CCIP, with CCIP as the surviving entity, is advisable and in the best interests of CCIP and its partners; and

WHEREAS, Aimco OP, the sole member of the Aimco Subsidiary, has determined that the Merger of the Aimco Subsidiary with and into CCIP, with CCIP as the surviving entity, is advisable and in the best interests of the Aimco Subsidiary and its member; and

WHEREAS the Board of Directors of AIMCO-GP, Inc., the general partner of Aimco OP (**AIMCO-GP**), has determined that the Merger of the Aimco Subsidiary with and into CCIP, with CCIP as the surviving entity, is advisable and in the best interests of Aimco OP and its partners; and

WHEREAS, the parties desire to enter this Agreement to evidence the terms, provisions, representations, warranties, covenants and conditions upon which the Merger will be consummated.

NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth herein, and for other good and valuable consideration, the adequacy, sufficiency, and receipt of which are hereby acknowledged, CCIP, the Aimco Subsidiary and Aimco OP hereby agree as follows:

Section 1. *The Merger.* Subject to the terms and conditions set forth herein, the Aimco Subsidiary shall be merged with and into CCIP (the **Merger**), and CCIP shall be the surviving entity of the Merger (the **Surviving Entity**). The Merger will have the effects specified in this Agreement, section 17-211 of the Delaware Revised Uniform Limited Partnership Act, as amended (the DRULPA), and section 18-209 of the Delaware Limited Liability Company Act, as amended (the DLLCA).

Section 2. *General Partner.* ConCap will be the sole general partner of the Surviving Entity.

Section 3. *Certificate.* As soon as practicable after the approval of this Agreement by a majority in interest of each class or series of limited partnership interests of CCIP, CCIP shall cause to be filed a certificate of merger with respect to the Merger (the **Certificate of Merger**) with the Office of the Secretary of State of the State of Delaware pursuant to section 17-211 of the DRULPA and section 18-209 of the DLLCA. The Merger shall become effective at such time as the Certificate of Merger has been accepted for record by the Secretary of State of the State of Delaware (the **Effective Time**).

Section 4. *Limited Partnership Agreement.* The agreement of limited partnership of CCIP as in effect immediately prior to the consummation of the Merger (the **Partnership Agreement**), shall be the agreement of limited partnership of the Surviving Entity until thereafter amended in accordance with the provisions thereof and applicable law. The general partner and each limited partner of the Surviving Entity shall have the rights under, be bound by and be subject to the terms and conditions of, the Partnership Agreement, as a general partner or limited partner, as applicable.

Section 5. *Treatment of Interests in CCIP*.

(a) *Limited Partners Interests*.

(i) In connection with the Merger and in accordance with the procedures set forth in Section 5(a)(iii) hereto, each Series A Unit of CCIP outstanding immediately prior to the Effective Time and held by limited partners of CCIP, except Series A Units held by limited partners who have perfected their appraisal rights pursuant to Exhibit A hereto, shall be converted into the right to receive, at the election of the limited partner, either (x) $4.31 in cash (the **Cash Consideration**) or (y) a number of partnership common units of Aimco OP calculated by dividing $4.31 by

A-1

the average closing price of Apartment Investment and Management Company common stock, as reported on the NYSE, over the ten consecutive trading days ending on the second trading day immediately prior to the Effective Time (the **OP Unit Consideration** , and, together with the Cash Consideration, the **Merger Consideration**).

(ii) Notwithstanding Section 5(a)(i), if Aimco OP determines that the law of the state or other jurisdiction in which a limited partner resides would prohibit the issuance of partnership common units of Aimco OP in that state or jurisdiction (or that the registration in that state or other jurisdiction would be prohibitively costly), then such limited partner will only be entitled to receive the Cash Consideration for each Series A Unit.

(iii) Aimco OP shall prepare a form of election (the **Election Form**) describing the Merger and pursuant to which each limited partner of CCIP will have the right to elect to receive either the Cash Consideration or the OP Unit Consideration (subject to Section 5(a)(ii)). Aimco OP shall mail or cause to be mailed an Election Form to each limited partner, together with any other materials that Aimco OP determines to be necessary or prudent, no later than ten (10) days after the Effective Time. An election to receive the Cash Consideration or the OP Unit Consideration shall be effective only if a properly executed Election Form is received by Aimco OP or its designees prior to 5:00 p.m., Eastern Time on the day that is thirty (30) days after the mailing of such Election Form by Aimco OP. If a limited partner fails to return a duly completed Election Form within the time period specified in the Election Form, such holder shall be deemed to have elected to receive the Cash Consideration. In addition, each limited partner that resides in a state or other jurisdiction that Aimco OP determines would prohibit the issuance of partnership common units of Aimco OP (or in which registration would be prohibitively costly) will be deemed to have elected the Cash Consideration. CCIP, the Aimco Subsidiary and Aimco OP agree that limited partners shall have the right to revoke any election made in connection with the Merger at any time prior to the expiration of the time period stated in the Election Form. Aimco OP and ConCap, by mutual agreement, shall have the right to make rules, not inconsistent with the terms of this Agreement, governing the validity of Election Forms and the issuance and delivery of the Merger Consideration, as applicable.

(b) *General Partner s Interests*. Each Series A GP Interest of CCIP outstanding immediately prior to consummation of the Merger shall remain outstanding and unchanged, with all of the rights set forth in the Partnership Agreement.

Section 6. *Treatment of Interests in Aimco Subsidiary.* The entire membership interest in the Aimco Subsidiary immediately prior to the Effective Time shall be converted into 1,000 Series A Units of the Surviving Entity.

Section 7. *Appraisal Rights.* In connection with the Merger, the holders of Series A Units of CCIP immediately prior to the Merger shall have the appraisal rights set forth in Exhibit A hereto.

Section 8. *Covenants.* Aimco OP agrees to pay for, or reimburse CCIP for, all expenses incurred by CCIP in connection with the Merger. Aimco OP agrees to pay cash or issue and deliver common units of Aimco OP to the former holders of Series A Units, in accordance with section 5(a) of this Agreement.

Section 9. *Conditions to the Merger.*

(a) The Merger shall not occur unless and until the Merger has been approved or consented to by a majority in interest of each class or series of limited partners of CCIP.

(b) Notwithstanding any provisions of this Agreement to the contrary, none of the parties hereto shall be required to consummate the transactions contemplated hereby if any third-party consent, authorization or approval that any of the parties hereto deem necessary or desirable in connection with this Agreement, or the consummation of the transactions contemplated hereby, has not been obtained or received.

Section 10. *Tax Treatment.* The parties hereto intend and agree that, for Federal income tax purposes, (i) any payment of cash for Series A Units shall be treated as a sale of such Series A Units by such holder and a purchase of such Series A Units by Aimco OP for the cash so paid under the terms of this Agreement in accordance with the guidelines set forth in Treas. Reg. Sections 1.708-1(c)(3) and 1.708-1(c)(4), and (ii) each such holder of Series A Units who receives cash explicitly agrees and consents to such treatment. Furthermore, the parties hereto intend and agree that, for Federal income tax purposes, (x) any exchange of Series A Units for partnership common units of Aimco OP under the terms of this Agreement shall be treated in accordance with Sections 721 and 731 of the

Table of Contents

Internal Revenue Code of 1986, as amended, and (y) each such holder of Series A Units who accepts partnership common units of Aimco OP explicitly agrees and consents to such treatment. Any cash and/or partnership common units of Aimco OP to which a holder of Series A Units is entitled pursuant to this Agreement shall be paid only after the receipt of a consent from such holder that, for Federal income tax purposes, the receipt of cash and/or partnership common units of Aimco OP shall be treated as described in this Section 10.

Section 11. *Further Assurances.* From time to time, as and when required by the Surviving Entity or by its successors and assigns, there shall be executed and delivered on behalf of the Aimco Subsidiary such deeds and other instruments, and there shall be taken or caused to be taken by the Aimco Subsidiary all such further actions, as shall be appropriate or necessary in order to vest, perfect or confirm, of record or otherwise, in the Surviving Entity the title to and possession of all property, interests, assets, rights, privileges, immunities, powers, franchises and authority of the Aimco Subsidiary, and otherwise to carry out the purposes of this Agreement, and the officers and directors of ConCap are fully authorized in the name and on behalf of Aimco Subsidiary or otherwise to take any and all such action and to execute and deliver any and all such deeds and other instruments.

Section 12. *Amendment.* Subject to applicable law, this Agreement may be amended, modified or supplemented by written agreement of the parties hereto at any time prior to the consummation of the Merger with respect to any of the terms contained herein.

Section 13. *Abandonment.* At any time prior to consummation of the Merger, this Agreement may be terminated and the Merger may be abandoned without liability to any party hereto by any of the Aimco Subsidiary, Aimco OP or CCIP, in each case, acting in its sole discretion and for any reason or for no reason, notwithstanding approval of this Agreement by any of the members of the Aimco Subsidiary, the partners of CCIP or the general partner of Aimco OP.

Section 14. *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to the conflict of law provisions thereof.

Section 15. *No Third-Party Beneficiaries.* No provision of this Agreement is intended to confer upon any person, entity, or organization other than the parties hereto any rights or remedies hereunder, other than the appraisal rights given to holders of Series A Units of CCIP pursuant to Section 7.

Table of Contents

IN WITNESS WHEREOF, CCIP, the Aimco Subsidiary and Aimco OP have caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

By: ConCap Equities, Inc.,
its General Partner

By:

Name:
Title:

AIMCO CCIP MERGER SUB LLC

By: Aimco Properties, L.P.,
its sole Member

By: AIMCO-GP, Inc.
its General Partner

By:

Name:
Title:

AIMCO PROPERTIES, L.P.

By: AIMCO-GP, Inc.,
its General Partner

By:

Name:
Title

[Signature Page Merger Agreement]

A-4

Table of Contents

EXHIBIT A

Appraisal Rights of Limited Partners

Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Agreement and Plan of Merger, dated as of September 13, 2010 (the Merger Agreement), by and among Consolidated Capital Institutional Properties, LP, a Delaware limited partnership (CCIP), AIMCO CCIP Merger Sub LLC, a Delaware limited liability company (the Aimco Subsidiary), and AIMCO Properties, L.P., a Delaware limited partnership (Aimco OP). In connection with the Merger, limited partners of CCIP shall have the following appraisal rights:

(a) Any limited partner who holds Series A Units on the effective date of the Merger who has not consented to the merger (the Nonconsenting Limited Partners) and who has otherwise complied with paragraph (b) hereof shall be entitled to an appraisal by arbitration of the fair value of the Nonconsenting Limited Partner s Series A Units. This arbitration shall be conducted in Denver, Colorado, in accordance with the Commercial Arbitration Rules of the American Arbitration Association by a panel of three arbitrators selected by Aimco OP. Any arbitration award shall be appealable in the Federal District Court located in Denver, Colorado.

(b) Within 10 days after the effective date of the Merger, Aimco OP shall notify each of the Nonconsenting Limited Partners of the consummation of the Merger, the effective date of the Merger and that appraisal rights are available for any or all Series A Units held by Nonconsenting Limited Partners, and shall include in such notice a copy of this Annex. Such notice shall include an Election Form pursuant to which Nonconsenting Limited Partners may elect an appraisal by arbitration of the fair value of their Series A Units pursuant to paragraph (a) hereof. Any limited partner who holds Series A Units on the effective date of the Merger and who has not consented to the Merger shall be entitled to receive such notice and may, within 30 days after the date of mailing of such notice (such 30th day being the Election Deadline), demand from Aimco OP the appraisal of his or her Series A Units by making the appropriate election in the Election Form in accordance with the instructions thereto. Each completed Election Form must be delivered to the address, and within the time period, specified in the instructions to the Election Form. If a Nonconsenting Limited Partner fails to properly complete an Election Form or return it to the correct address within the specified time period, such Nonconsenting Limited Partner shall be deemed to have elected not to seek an appraisal of his or her Series A Units, and will be deemed to have elected the Cash Consideration.

(c) At any time prior to the Election Deadline, any Nonconsenting Limited Partner who has made a demand for appraisal of his or her Series A Units shall have the right to withdraw his or her demand for appraisal and to accept the Cash Consideration payable pursuant to the Merger Agreement. Nonconsenting Limited Partners who wish to withdraw their demands must do so in writing delivered to Aimco Properties, L.P., c/o Eagle Rock Proxy Advisors, LLC, by mail at 10 Commerce Drive, Cranford, New Jersey, 07016, or by fax at (908) 497-2314. At any time prior to 20 days after the Election Deadline, any Nonconsenting Limited Partner who has complied with the requirements of subsections (a) and (b) hereof, upon written request, shall be entitled to receive from Aimco OP a statement setting forth the aggregate number of Series A Units with respect to which Nonconsenting Limited Partners have made demands for appraisal and the aggregate number of holders of such Series A Units. Such written statement shall be mailed to the Nonconsenting Limited Partner within 10 days after such Nonconsenting Limited Partner s written request for such a statement is received by Aimco OP or within 20 days after the Election Deadline, whichever is later.

(d) Upon the submission of any such demand by a Nonconsenting Limited Partner, Aimco OP shall, within 40 days after the Election Deadline, submit to the arbitration panel a duly verified list containing the names and addresses of all Nonconsenting Limited Partners who have demanded payment for their Series A Units and with whom agreements as to the value of their Series A Units have not been reached with Aimco OP. The arbitration panel shall give notice of the time and place fixed for the hearing of such demand by registered or certified mail to Aimco OP and to the

Nonconsenting Limited Partners shown on the list at the addresses therein stated. The forms of the notices shall be approved by the panel, and the costs thereof shall be borne by Aimco OP.

(e) At the hearing on such demand, the panel shall determine the Nonconsenting Limited Partners who have become entitled to appraisal rights hereunder.

(f) After determining the Nonconsenting Limited Partners entitled to an appraisal, the panel shall appraise the Series A Units, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the panel shall take into account all relevant factors. Unless the panel in its discretion determines otherwise for good cause shown, interest from the effective date of the Merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge), as established from time to time during the period between the effective date of the Merger and the date of payment of the judgment. Upon application by Aimco OP or by any Nonconsenting Limited Partner entitled to participate in the appraisal proceeding, the panel may, in its discretion, proceed with the appraisal prior to the final determination of the Nonconsenting Limited Partners entitled to an appraisal. Any Nonconsenting Limited Partner whose name appears on the list submitted by Aimco OP pursuant to paragraph (d) hereof may participate fully in all proceedings until it is finally determined that such Nonconsenting Limited Partner is not entitled to appraisal rights hereunder.

(g) The panel shall direct the payment of the fair value of the Series A Units, together with interest, if any, by Aimco OP to the Nonconsenting Limited Partners entitled thereto. Payment shall be so made to each such Nonconsenting Limited Partner upon the receipt by Aimco OP of the written consent from such Nonconsenting Limited Partner that, for federal income tax purposes, the issuance of cash for the Series A Units shall be treated as a sale of the Series A Units by the owner and a purchase of such Series A Units by Aimco OP for the cash consideration so paid under the terms of the Merger Agreement in accordance with the guidelines set forth in Treas. Reg. Sections 1.708-1(c)(3) and 1.708-1(c)(4).

(h) The costs of the proceeding may be determined by the panel and taxed upon the parties as the panel deems equitable in the circumstances. Upon application of a Nonconsenting Limited Partner, the panel may order all or a portion of the expenses incurred by any Nonconsenting Limited Partner in connection with the appraisal proceeding, including, without limitation, reasonable attorney s fees and the fees and expenses of experts, to be charged pro rata against the value of all the interests entitled to an appraisal.

(i) From and after the effective date of the Merger, no Nonconsenting Limited Partner who has demanded appraisal rights as provided in paragraph (b) hereof shall be entitled to vote such Series A Units for any purpose or to receive payment of distributions on such interests (except distributions payable as of a record date prior to the effective date of the Merger); provided, however, that if such Nonconsenting Limited Partner shall deliver to Aimco Properties, L.P., c/o Eagle Rock Proxy Advisors, LLC, by mail at 10 Commerce Drive, Cranford, New Jersey, 07016, or by fax at (908) 497-2314, a written withdrawal of such Nonconsenting Limited Partner s demand for an appraisal and an acceptance of the Cash Consideration payable pursuant to the Merger Agreement, either as provided in paragraph (c) hereof or thereafter with the written approval of Aimco OP, then the right of such Nonconsenting Limited Partner to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding before the panel shall be dismissed as to any Nonconsenting Limited Partner without the approval of the panel, and such approval may be conditioned upon such terms as the panel deems just.

ANNEX B

Appraisal Rights of Limited Partners

Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Agreement and Plan of Merger, dated as of September 13, 2010 (the **Merger Agreement**), by and among Consolidated Capital Institutional Properties, LP, a Delaware limited partnership (**CCIP**), AIMCO CCIP Merger Sub LLC, a Delaware limited liability company (the **Aimco Subsidiary**), and AIMCO Properties, L.P., a Delaware limited partnership (**Aimco OP**). In connection with the Merger, limited partners of CCIP shall have the following appraisal rights:

(a) Any limited partner who holds Series A Units on the effective date of the Merger who has not consented to the merger (the **Nonconsenting Limited Partners**) and who has otherwise complied with paragraph (b) hereof shall be entitled to an appraisal by arbitration of the fair value of the Nonconsenting Limited Partner s Series A Units. This arbitration shall be conducted in Denver, Colorado, in accordance with the Commercial Arbitration Rules of the American Arbitration Association by a panel of three arbitrators selected by Aimco OP. Any arbitration award shall be appealable in the Federal District Court located in Denver, Colorado.

(b) Within 10 days after the effective date of the Merger, Aimco OP shall notify each of the Nonconsenting Limited Partners of the consummation of the Merger, the effective date of the Merger and that appraisal rights are available for any or all Series A Units held by Nonconsenting Limited Partners, and shall include in such notice a copy of this Annex. Such notice shall include an Election Form pursuant to which Nonconsenting Limited Partners may elect an appraisal by arbitration of the fair value of their Series A Units pursuant to paragraph (a) hereof. Any limited partner who holds Series A Units on the effective date of the Merger and who has not consented to the Merger shall be entitled to receive such notice and may, within 30 days after the date of mailing of such notice (such 30th day being the Election Deadline), demand from Aimco OP the appraisal of his or her Series A Units by making the appropriate election in the Election Form in accordance with the instructions thereto. Each completed Election Form must be delivered to the address, and within the time period, specified in the instructions to the Election Form. If a Nonconsenting Limited Partner fails to properly complete an Election Form or return it to the correct address within the specified time period, such Nonconsenting Limited Partner shall be deemed to have elected not to seek an appraisal of his or her Series A Units, and will be deemed to have elected the Cash Consideration.

(c) At any time prior to the Election Deadline, any Nonconsenting Limited Partner who has made a demand for appraisal of his or her Series A Units shall have the right to withdraw his or her demand for appraisal and to accept the Cash Consideration payable pursuant to the Merger Agreement. Nonconsenting Limited Partners who wish to withdraw their demands must do so in writing delivered to Aimco Properties, L.P., c/o Eagle Rock Proxy Advisors, LLC, by mail at 10 Commerce Drive, Cranford, New Jersey, 07016, or by fax at (908) 497-2314. At any time prior to 20 days after the Election Deadline, any Nonconsenting Limited Partner who has complied with the requirements of subsections (a) and (b) hereof, upon written request, shall be entitled to receive from Aimco OP a statement setting forth the aggregate number of Series A Units with respect to which Nonconsenting Limited Partners have made demands for appraisal and the aggregate number of holders of such Series A Units. Such written statement shall be mailed to the Nonconsenting Limited Partner within 10 days after such Nonconsenting Limited Partner s written request for such a statement is received by Aimco OP or within 20 days after the Election Deadline, whichever is later.

(d) Upon the submission of any such demand by a Nonconsenting Limited Partner, Aimco OP shall, within 40 days after the Election Deadline, submit to the arbitration panel a duly verified list containing the names and addresses of all Nonconsenting Limited Partners who have demanded payment for their Series A Units and with whom agreements as to the value of their Series A Units have not been reached with Aimco OP. The arbitration panel shall give notice of the time and place fixed for the hearing of such demand by registered or certified mail to Aimco OP and to the

Nonconsenting Limited Partners shown on the list at the addresses therein stated. The forms of the notices shall be approved by the panel, and the costs thereof shall be borne by Aimco OP.

(e) At the hearing on such demand, the panel shall determine the Nonconsenting Limited Partners who have become entitled to appraisal rights hereunder.

(f) After determining the Nonconsenting Limited Partners entitled to an appraisal, the panel shall appraise the Series A Units, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the panel shall take into account all relevant factors. Unless the panel in its discretion determines otherwise for good cause shown, interest from the effective date of the Merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge), as established from time to time during the period between the effective date of the Merger and the date of payment of the judgment. Upon application by Aimco OP or by any Nonconsenting Limited Partner entitled to participate in the appraisal proceeding, the panel may, in its discretion, proceed with the appraisal prior to the final determination of the Nonconsenting Limited Partners entitled to an appraisal. Any Nonconsenting Limited Partner whose name appears on the list submitted by Aimco OP pursuant to paragraph (d) hereof may participate fully in all proceedings until it is finally determined that such Nonconsenting Limited Partner is not entitled to appraisal rights hereunder.

(g) The panel shall direct the payment of the fair value of the Series A Units, together with interest, if any, by Aimco OP to the Nonconsenting Limited Partners entitled thereto. Payment shall be so made to each such Nonconsenting Limited Partner upon the receipt by Aimco OP of the written consent from such Nonconsenting Limited Partner that, for federal income tax purposes, the issuance of cash for the Series A Units shall be treated as a sale of the Series A Units by the owner and a purchase of such Series A Units by Aimco OP for the cash consideration so paid under the terms of the Merger Agreement in accordance with the guidelines set forth in Treas. Reg. Sections 1.708-1(c)(3) and 1.708-1(c)(4).

(h) The costs of the proceeding may be determined by the panel and taxed upon the parties as the panel deems equitable in the circumstances. Upon application of a Nonconsenting Limited Partner, the panel may order all or a portion of the expenses incurred by any Nonconsenting Limited Partner in connection with the appraisal proceeding, including, without limitation, reasonable attorney s fees and the fees and expenses of experts, to be charged pro rata against the value of all the interests entitled to an appraisal.

(i) From and after the effective date of the Merger, no Nonconsenting Limited Partner who has demanded appraisal rights as provided in paragraph (b) hereof shall be entitled to vote such Series A Units for any purpose or to receive payment of distributions on such interests (except distributions payable as of a record date prior to the effective date of the Merger); provided, however, that if such Nonconsenting Limited Partner shall deliver to Aimco Properties, L.P., c/o Eagle Rock Proxy Advisors, LLC, by mail at 10 Commerce Drive, Cranford, New Jersey, 07016, or by fax at (908) 497-2314, a written withdrawal of such Nonconsenting Limited Partner s demand for an appraisal and an acceptance of the Cash Consideration payable pursuant to the Merger Agreement, either as provided in paragraph (c) hereof or thereafter with the written approval of Aimco OP, then the right of such Nonconsenting Limited Partner to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding before the panel shall be dismissed as to any Nonconsenting Limited Partner without the approval of the panel, and such approval may be conditioned upon such terms as the panel deems just.

Table of Contents

ANNEX C

OFFICERS AND DIRECTORS

CCIP, Aimco OP and the Aimco Subsidiary do not have directors, officers or significant employees of their own. The names and positions of the executive officers and directors of Aimco, AIMCO-GP, AIMCO/IPT and ConCap are set forth below. The business address of each executive officer and director is 4582 South Ulster Street Parkway, Suite 1100, Denver, Colorado 80237. Each executive officer and director is a citizen of the United States of America.

Name (Age)	Position
Terry Considine(62)	Chairman of the Board of Directors and Chief Executive Officer of Aimco; Director, Chief Executive Officer and President of AIMCO-GP and AIMCO/IPT.
Timothy Beaudin(51)	President and Chief Operating Officer of Aimco, AIMCO-GP, AIMCO/IPT and ConCap.
Lisa R. Cohn(41)	Executive Vice President, General Counsel and Secretary of Aimco, AIMCO-GP, AIMCO/IPT and ConCap.
Miles Cortez(66)	Executive Vice President and Chief Administrative Officer of Aimco, AIMCO-GP and AIMCO/IPT.
Ernest M. Freedman(39)	Executive Vice President and Chief Financial Officer of Aimco, AIMCO-GP, AIMCO/IPT and ConCap.
Steven D. Cordes(37)	Senior Vice President of Aimco, AIMCO-GP, AIMCO/IPT and ConCap; Director of ConCap.
John Bezzant(47)	Senior Vice President of Aimco, AIMCO-GP, AIMCO/IPT and ConCap; Director of ConCap.
Paul Beldin(36)	Senior Vice President and Chief Accounting Officer of Aimco, AIMCO-GP, AIMCO/IPT and ConCap.
Stephen B. Waters(47)	Senior Director of Partnership Accounting of Aimco, AIMCO-GP, AIMCO/IPT and ConCap.
James N. Bailey(63)	Director of Aimco
Richard S. Ellwood(78)	Director of Aimco
Thomas L. Keltner(63)	Director of Aimco
J. Landis Martin(64)	Director of Aimco
Robert A. Miller(64)	Director of Aimco
Michael A. Stein(56)	Director of Aimco
Kathleen M. Nelson(64)	Director of Aimco

Name	Biographical Summary of Current Directors and Officers
Terry Considine	Mr. Considine has been Chairman of the Board of Directors and Chief Executive Officer of Aimco and AIMCO-GP, Inc. since July 1994, and has been a director, Chief Executive Officer and President of AIMCO/IPT since February 1999. Mr. Considine also serves on the board of directors of Intrepid Potash, Inc. a publicly held producer of potash, and, until its acquisition in early 2009, Mr. Considine served as Chairman of the Board and Chief Executive Officer of American Land Lease, Inc. Mr. Considine

has over 40 years of experience in the real estate and other industries. Among other real estate ventures, in 1975, Mr. Considine founded and managed the predecessor companies that became Aimco at its initial public offering in 1994.

Name	Biographical Summary of Current Directors and Officers
Timothy Beaudin	Mr. Beaudin was appointed President and Chief Operating Officer of Aimco, AIMCO-GP, AIMCO/IPT and ConCap in February 2009. He joined the companies as Executive Vice President and Chief Development Officer in October 2005 and was appointed Executive Vice President and Chief Property Operating Officer in October 2008. Mr. Beaudin oversees conventional and affordable property operations, transactions, asset management, and redevelopment and construction services. Prior to joining Aimco and beginning in 1995, Mr. Beaudin was with Catellus Development Corporation, a San Francisco, California-based real estate investment trust. During his last five years at Catellus, Mr. Beaudin served as Executive Vice President, with management responsibility for development, construction and asset management.
Lisa R. Cohn	Ms. Cohn was appointed Executive Vice President, General Counsel and Secretary of Aimco, AIMCO-GP, AIMCO/IPT and ConCap in December 2007. In addition to serving as general counsel, Ms. Cohn has executive responsibility for insurance and risk management as well as human resources. From January 2004 to December 2007, Ms. Cohn served as Senior Vice President and Assistant General Counsel. She joined Aimco in July 2002 as Vice President and Assistant General Counsel. Prior to joining the Company, Ms. Cohn was in private practice with the law firm of Hogan & Hartson LLP with a focus on public and private mergers and acquisitions, venture capital financing, securities and corporate governance.
Miles Cortez	Mr. Cortez was appointed Executive Vice President and Chief Administrative Officer in December 2007. He is responsible for administration, government relations, communications and special projects. Mr. Cortez joined Aimco in August 2001 as Executive Vice President, General Counsel and Secretary. Prior to joining the Company, Mr. Cortez was the senior partner of Cortez Macaulay Bernhardt & Schuetze LLC, a Denver, Colorado law firm, from December 1997 through September 2001. He served as president of the Colorado Bar Association from 1996 to 1997 and the Denver Bar Association from 1982 to 1983.
Ernest M. Freedman	Ernest M. Freedman was appointed Executive Vice President and Chief Financial Officer of Aimco, AIMCO-GP, AIMCO/IPT and ConCap effective November 1, 2009. Mr. Freedman joined Aimco in 2007 as Senior Vice President of Financial Planning and Analysis and has served as Senior Vice President of Finance since February 2009, responsible for financial planning, tax, accounting and related areas. From 2004 to 2007, Mr. Freedman served as Chief Financial Officer of HEI Hotels and Resorts. From 2000 to 2004, Mr. Freedman was at GE Real Estate in a number of capacities, including operations controller and finance manager for investments and acquisitions. From 1993 to 2000, Mr. Freedman was with Ernst & Young, LLP, including one year as a senior manager in the real estate practice. Mr. Freedman is a certified public accountant.
Steven D. Cordes	Steven D. Cordes was appointed as a Director of ConCap effective March 2, 2009. Mr. Cordes has been a Senior Vice President of Aimco, AIMCO-GP, AIMCO/IPT and ConCap since May 2007. Mr. Cordes was appointed Senior

Vice President Structured Equity in May 2007. Mr. Cordes joined Aimco in 2001 as a Vice President of Capital Markets with responsibility for Aimco s joint ventures and equity capital markets activity. Prior to joining Aimco, Mr. Cordes was a manager in the financial consulting practice of PricewaterhouseCoopers. Effective March 2009, Mr. Cordes was appointed to serve as the equivalent of the chief executive officer of the Partnership.

C-2

Table of Contents

Name	Biographical Summary of Current Directors and Officers
John Bezzant	John Bezzant was appointed as a Director of ConCap effective December 16, 2009. Mr. Bezzant currently serves as a Senior Vice President of ConCap and Aimco. Mr. Bezzant joined Aimco in June 2006 as Senior Vice President Development. Prior to joining Aimco, from 2005 to June 2006, Mr. Bezzant was a First Vice President at Prologis and from 1986 to 2005, Mr. Bezzant served as Vice President, Asset Management at Catellus Development Corporation.
Paul Beldin	Paul Beldin was appointed Senior Vice President and Chief Accounting Officer of Aimco and ConCap in May 2008. Mr. Beldin joined Aimco in May 2008. Prior to that, Mr. Beldin served as controller and then as chief financial officer of America First Apartment Investors, Inc., a publicly traded multifamily real estate investment trust, from May 2005 to September 2007 when the company was acquired by Sentinel Real Estate Corporation. Prior to joining America First Apartment Investors, Inc., Mr. Beldin was a senior manager at Deloitte and Touche LLP, where he was employed from August 1996 to May 2005, including two years as an audit manager in SEC services at Deloitte s national office.
Stephen B. Waters	Stephen B. Waters was appointed Senior Director of Partnership Accounting of Aimco and ConCap in June 2009. Mr. Waters has responsibility for partnership accounting with Aimco and serves as the principal financial officer of ConCap. Mr. Waters joined Aimco as a Director of Real Estate Accounting in September 1999 and was appointed Vice President of ConCap and Aimco in April 2004. Prior to joining Aimco, Mr. Waters was a senior manager at Ernst & Young LLP.
James N. Bailey	Mr. Bailey was first elected as a director of Aimco in June 2000 and is currently Chairman of the Nominating and Corporate Governance Committee and a member of the Audit and Compensation and Human Resources Committees. Mr. Bailey co-founded Cambridge Associates, LLC, an investment consulting firm, in 1973 and currently serves as its Senior Managing Director and Treasurer. He is also a co-founder, director and treasurer of The Plymouth Rock Company, and a director of SRB Corporation, Inc. and Homeowners Direct Company, all three of which are insurance companies and insurance company affiliates. He also serves as an Overseer for the New England Aquarium, and is on its audit and investment committees. Mr. Bailey is a member of the Massachusetts Bar and the American Bar Associations. Mr. Bailey, a long-time entrepreneur, brings particular expertise to the board in the areas of investment and financial planning, capital markets, evaluation of institutional real estate markets and managers of all property types.

Table of Contents

Name	Biographical Summary of Current Directors and Officers
Richard S. Ellwood	Mr. Ellwood was first elected as a director of Aimco in July 1994. Mr. Ellwood is currently a member of the Audit, Compensation and Human Resources, and Nominating and Corporate Governance Committees. Mr. Ellwood was the founder and President of R.S. Ellwood & Co., Incorporated, which he operated as a real estate investment banking firm through 2004. Prior to forming his firm, Mr. Ellwood had 31 years experience on Wall Street as an investment banker, serving as: Managing Director and senior banker at Merrill Lynch Capital Markets from 1984 to 1987; Managing Director at Warburg Paribas Becker from 1978 to 1984; general partner and then Senior Vice President and a director at White, Weld & Co. from 1968 to 1978; and in various capacities at J.P. Morgan & Co. from 1955 to 1968. Mr. Ellwood served as a director of Felcor Lodging Trust, Incorporated, a publicly held company, from 1994 to 2009. He is as a trustee of the Diocesan Investment Trust of the Episcopal Diocese of New Jersey and is chairman of the diocesan audit committee. As one of the first real estate investment bankers, Mr. Ellwood brings particular expertise in real estate finance through corporate securities in both public and private markets as well as in direct property financings through mortgage placements, limited partnerships and joint ventures.
Thomas L. Keltner	Mr. Keltner was first elected as a director of Aimco in April 2007 and is currently a member of the Audit, Compensation and Human Resources, and Nominating and Corporate Governance Committees. Mr. Keltner served as Executive Vice President and Chief Executive Officer Americas and Global Brands for Hilton Hotels Corporation from March 2007 through March 2008, which concluded the transition period following Hilton s acquisition by The Blackstone Group. Mr. Keltner joined Hilton Hotels Corporation in 1999 and served in various roles. Mr. Keltner has more than 20 years of experience in the areas of hotel development, acquisition, disposition, franchising and management. Prior to joining Hilton Hotels Corporation, from 1993 to 1999, Mr. Keltner served in several positions with Promus Hotel Corporation, including President, Brand Performance and Development. Before joining Promus Hotel Corporation, he served in various capacities with Holiday Inn Worldwide, Holiday Inns International and Holiday Inns, Inc. In addition, Mr. Keltner was President of Saudi Marriott Company, a division of Marriott Corporation, and was a management consultant with Cresap, McCormick and Paget, Inc. Mr. Keltner brings particular expertise to the board in the areas of property operations, marketing, branding, development and customer service.

Table of Contents

Name	Biographical Summary of Current Directors and Officers
J. Landis Martin	Mr. Martin was first elected as a director of Aimco in July 1994 and is currently Chairman of the Compensation and Human Resources Committee. Mr. Martin is also a member of the Audit and Nominating and Corporate Governance Committees and serves as the Lead Independent Director of Aimco s Board. Mr. Martin is the Founder and Managing Director of Platte River Ventures LLC, a private equity firm. In November 2005, Mr. Martin retired as Chairman and CEO of Titanium Metals Corporation, a publicly held integrated producer of titanium metals, where he served since January 1994. Mr. Martin served as President and CEO of NL Industries, Inc., a publicly held manufacturer of titanium dioxide chemicals, from 1987 to 2003. Mr. Martin is also a director of Crown Castle International Corporation, a publicly held wireless communications company, Halliburton Company, a publicly held provider of products and services to the energy industry, and Intrepid Potash, Inc., a publicly held producer of potash. As a former chief executive of four NYSE-listed companies, Mr. Martin brings particular expertise to the board in the areas of operations, finance and governance.
Robert A. Miller	Mr. Miller was first elected as a director of Aimco in April 2007 and is currently a member of the Audit, Compensation and Human Resources, and Nominating and Corporate Governance Committees. Mr. Miller has served as the President of Marriott Leisure since 1997. Prior to joining Marriott Leisure, from 1984 to 1988, Mr. Miller served as Executive Vice President & General Manager of Marriott Vacation Club International and then as its President from 1988 to 1997. In 1984, Mr. Miller and a partner sold their company, American Resorts, Inc., to Marriott. Mr. Miller co-founded American Resorts, Inc. in 1978, and it was the first business model to encompass all aspects of timeshare resort development, sales, management and operations. Prior to founding American Resorts, Inc., from 1972 to 1978, Mr. Miller was Chief Financial Officer of Fleetwing Corporation, a regional retail and wholesale petroleum company. Prior to joining Fleetwing, Mr. Miller served for five years as a staff accountant for Arthur Young & Company. Mr. Miller is past Chairman and currently a director of the American Resort Development Association (ARDA) and currently serves as Chairman and director of the ARDA International Foundation. As a successful real estate entrepreneur, Mr. Miller brings particular expertise to the board in the areas of operations, management, marketing, sales, and development, as well as finance and accounting.

Name	Biographical Summary of Current Directors and Officers
Michael A. Stein	Mr. Stein was first elected as a director of Aimco in October 2004 and is currently the Chairman of the Audit Committee. Mr. Stein is also a member of the Compensation and Human Resources and Nominating and Corporate Governance Committees. From January 2001 until its acquisition by Eli Lilly in January 2007, Mr. Stein served as Senior Vice President and Chief Financial Officer of ICOS Corporation, a biotechnology company based in Bothell, Washington. From October 1998 to September 2000, Mr. Stein was Executive Vice President and Chief Financial Officer of Nordstrom, Inc. From 1989 to September 1998, Mr. Stein served in various capacities with Marriott International, Inc., including Executive Vice President and Chief Financial Officer from 1993 to 1998. Mr. Stein serves on the Board of Directors of Nautilus, Inc., which is a publicly held fitness company, and the Board of Directors of Providence Health & Services, a not-for-profit health system operating hospitals and other health care facilities across Alaska, Washington, Montana, Oregon and California. As the former chief financial officer of two NYSE-listed companies and a former partner at Arthur Andersen, Mr. Stein brings particular expertise to the board in the areas of corporate and real estate finance, and accounting and auditing for large and complex business operations.
Kathleen M. Nelson	Ms. Nelson was first elected as a director of Aimco in April 2010, and currently serves on the Audit, Compensation and Human Resources, and Nominating and Corporate Governance Committees. Ms. Nelson has an extensive background in commercial real estate and financial services with over 40 years of experience including 36 years at TIAA-CREF. She held the position of Managing Director/Group Leader and Chief Administrative Officer for TIAA-CREF s mortgage and real estate division. Ms. Nelson developed and staffed TIAA s real estate research department. She retired from this position in December 2004 and founded and serves as president of KMN Associates LLC, a commercial real estate investment advisory and consulting firm. In 2009, Ms. Nelson co-founded and serves as Managing Principal of Bay Hollow Associates, LLC, a commercial real estate consulting firm, which provides counsel to institutional investors. Ms. Nelson served as the International Council of Shopping Centers chairman for the 2003-04 term and has been an ICSC Trustee since 1991. She also is the chairman of the ICSC Audit Committee and is a member of various other committees. Ms. Nelson serves on the Board of Directors of CBL & Associates Properties, Inc., which is a publicly held REIT that develops and manages retail shopping properties. She is a member of Castagna Realty Company Advisory Board and has served as an advisor to the Rand Institute Center for Terrorism Risk Management Policy and on the board of the Greater Jamaica Development Corporation. Ms. Nelson serves on the Advisory Board of the Beverly Willis Architectural Foundation and is a member of the Anglo American Real Property Institute. Ms. Nelson brings to the board particular expertise in the areas of real estate finance and investment.

Table of Contents

ANNEX D

CCIP 10-K

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

Form 10-K

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2009

or

o **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 0-10831

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP
(Exact name of registrant as specified in its charter)

Delaware	**94-2744492**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

55 Beattie Place, PO Box 1089
Greenville, South Carolina 29602
(Address of principal executive offices)

Registrant s telephone number, including area code (864) 239-1000

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Units of Limited Partnership Interests
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o   No þ

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 þ   No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o   No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company þ

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o   No þ

State the aggregate market value of the voting and non-voting partnership interests held by non-affiliates computed by reference to the price at which the partnership interests were last sold, or the average bid and asked price of such partnership interests as of the last business day of the registrant s most recently completed second fiscal quarter. No market exists for the limited partnership interests of the Registrant, and, therefore, no aggregate market value can be determined.

DOCUMENTS INCORPORATED BY REFERENCE
None

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements in certain circumstances. Certain information included in this Annual Report contains or may contain information that is forward-looking within the meaning of the federal securities laws, including, without limitation, statements regarding the effect of redevelopments, the Partnership s future financial performance, including the Partnership s ability to maintain current or meet projected occupancy and rent levels, and the effect of government regulations. Actual results may differ materially from those described in these forward-looking statements and, in addition, will be affected by a variety of risks and factors some of which are beyond the Partnership s control including, without limitation: financing risks, including the availability and cost of financing and the risk that the Partnership s cash flows from operations may be insufficient to meet required payments of principal and interest; natural disasters and severe weather such as hurricanes; national and local economic conditions; the general level of interest rates; energy costs; the terms of governmental regulations that affect the Partnership s properties and interpretations of those regulations; the competitive environment in which the Partnership operates; real estate risks, including fluctuations in real estate values and the general economic climate in local markets and competition for residents in such markets; insurance risk, including the cost of insurance; development risks; litigation, including costs associated with prosecuting or defending claims and any adverse outcomes; and possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by the Partnership. Readers should carefully review the Partnership s consolidated financial statements and the notes thereto, as well as the other documents the Partnership files from time to time with the Securities and Exchange Commission.

PART I

Item 1. *Business.*

General

Consolidated Capital Institutional Properties, LP (the Partnership or Registrant) was organized on April 28, 1981, as a Limited Partnership under the California Uniform Limited Partnership Act. On July 23, 1981, the Partnership registered with the Securities and Exchange Commission under the Securities Act of 1933 (File No. 2-72384) and commenced a public offering for the sale of $200,000,000 of limited partnership units (the Units). The sale of Units terminated on July 21, 1983, with 200,342 Units sold for $1,000 each, or gross proceeds of $200,342,000 to the Partnership. In accordance with its Partnership Agreement (the original partnership agreement of the Partnership together with all amendments thereto shall be referred to as the Agreement), the Partnership has repurchased and retired a total of 1,300.8 Units for a total purchase price of $1,000,000. The Partnership may repurchase any Units, at its absolute discretion, but is under no obligation to do so. Since its initial offering, the Partnership has not received, nor are limited partners required to make, additional capital contributions. The Agreement provides that the Partnership is to terminate on December 31, 2011 unless terminated prior to such date. The Partnership Agreement also provides that the term of the Partnership cannot be extended beyond the termination date.

Upon the Partnership s formation in 1981, Consolidated Capital Equities Corporation (CCEC) was the Corporate General Partner. In 1988, through a series of transactions, Southmark Corporation (Southmark) acquired controlling interest in CCEC. In December 1988, CCEC filed for reorganization under Chapter 11 of the United States Bankruptcy Code. In 1990, as part of CCEC s reorganization plan, ConCap Equities, Inc. (CEI or the General Partner) acquired CCEC s general partner interests in the Partnership and in 15 other affiliated public limited partnerships (the Affiliated Partnerships), and CEI replaced CCEC as managing general partner in all 16 partnerships. The selection of CEI as the sole managing general partner was approved by a majority of the limited partners in the Partnership and in each of the Affiliated Partnerships pursuant to a solicitation of the Limited Partners dated August 10, 1990. As part of this solicitation, the Limited Partners also approved an amendment to the Agreement to limit changes of control of the Partnership. All of CEI s outstanding stock was owned by Insignia Properties Trust (IPT). Effective February 26, 1999, IPT was merged into Apartment Investment and

Table of Contents

Management Company (AIMCO). Hence, CEI is now a wholly-owned subsidiary of AIMCO, a publicly held real estate investment trust.

On April 25, 2008, the Partnership changed its domicile from California to Delaware by merging with and into Consolidated Capital Institutional Properties, LP, a Delaware limited partnership, with the Delaware partnership as the surviving entity in the merger. The merger was undertaken pursuant to an Agreement and Plan of Merger, dated as of March 19, 2008, by and between the California partnership and the Delaware partnership.

Under the merger agreement, each unit of limited partnership interest in the California partnership was converted into an identical unit of limited partnership interest in the Delaware partnership and the general partnership interest in the California partnership previously held by the general partner was converted into a general partnership interest in the Delaware partnership. All interests in the Delaware partnership outstanding immediately prior to the merger were cancelled in the merger.

The voting and other rights of the limited partners provided for in the partnership agreement were not changed as a result of the merger. In the merger, the partnership agreement of the California partnership was adopted as the partnership agreement of the Delaware partnership, with the following changes: (i) references therein to the California Uniform Limited Partnership Act were amended to refer to the Delaware Revised Uniform Limited Partnership Act; (ii) a description of the merger was added; (iii) the name of the partnership was changed to Consolidated Capital Institutional Properties, LP and (iv) a provision was added that gives the general partner authority to establish different designated series of limited partnership interests that have separate rights with respect to specified partnership property, and profits and losses associated with such specified property.

On April 30, 2008, the General Partner amended the Partnership Agreement to establish, and convert existing limited partnership interests into, different designated series of limited partnership interests that have separate rights with respect to specified partnership property. Effective as of the close of business on April 30, 2008 (the Establishment Date), each then outstanding Unit of limited partnership interest in the Partnership was converted into one Series A Unit, one Series B Unit and one Series C Unit. Except as described below, the Series A Units, Series B Units and Series C Units entitled the holders thereof to the same rights as the holders of Units of limited partnership interests had prior to the Establishment Date.

Holders of the Series A Units are entitled to receive distributions of all income and allocation of all profits and losses relating to the Partnership s interests in any entity in which the Partnership owns an interest, other than the Series B Subsidiary and Series C Subsidiary (as defined below).

Holders of the Series B Units are entitled to receive distributions of all income and allocation of all profits and losses relating to the Partnership s membership interest in CCIP Knolls, L.L.C., a Delaware limited liability company (the Series B Subsidiary). The Series B Subsidiary held a 100% ownership interest in The Knolls Apartments. The Knolls Apartments was sold on September 21, 2009. As of December 31, 2009, the Partnership has completed winding up of the affairs of this series and accordingly has terminated the Series B Subsidiary in accordance with the Partnership Agreement.

Holders of the Series C Units are entitled to receive distributions of all income and allocation of all profits and losses relating to the Partnership s membership interest in CCIP Society Park East, L.L.C., a Delaware limited liability company (the Series C Subsidiary). The Series C Subsidiary held a 100% ownership interest in The Dunes Apartments. The Dunes Apartments was sold on August 17, 2009. As of December 31, 2009, the Partnership has completed winding up of the affairs of this series and accordingly has terminated the Series C Subsidiary in accordance with the Partnership Agreement.

Upon termination of the Series B Subsidiary and the Series C Subsidiary in December 2009 an adjustment was made to limited partners capital balances that were transferred effective April 30, 2008 to reflect the appropriate ending balances at December 31, 2009. The adjustment had no effect on the combined total of Limited Partner capital balances.

The Partnership s primary business and only industry segment is real estate related operations. The Partnership was originally formed for the benefit of its Limited Partners (herein so called and together with the General Partner shall be called the Partners), to lend funds to Consolidated Capital Equity Partners (EP), a California general partnership in which certain of the partners were former shareholders and former management of CCEC, the former Corporate General Partner of the Partnership.

The Partnership advanced a total of approximately $180,500,000 under the Master Loan (as defined in Status of the Master Loan), which was secured by 18 apartment complexes and 4 office complexes. In 1990, the Partnership foreclosed on one of these apartment complexes, The Loft Apartments. In addition, the Partnership acquired a multiple-use building, The Sterling Apartment Homes and Commerce Center (The Sterling), through a deed-in-lieu of foreclosure transaction in 1995. The Master Loan matured in November 2000. The General Partner had been negotiating with CCEP with respect to its options which included foreclosing on the properties which collateralized the Master Loan or extending the terms of the Master Loan. The General Partner decided to foreclose on the properties that collateralized the Master Loan. The General Partner began the process of foreclosure or executing deeds in lieu of foreclosure during 2002 on all the properties in CCEP. During August 2002, the General Partner executed deeds in lieu of foreclosure on four of the active properties of CCEP. In addition, one of the properties held by CCEP was sold in December 2002. On November 10, 2003 the Partnership acquired the remaining four properties held by CCEP through a foreclosure sale. As the deeds were executed, title in the properties previously owned by CCEP was transferred to the Partnership subject to the existing liens on such properties, including the first mortgage loans. As a result, during the years ended December 2003 and 2002, the Partnership assumed responsibility for the operations of such properties. The Partnership sold two of its investment properties during 2004, one during 2006, two properties during 2008 and two properties during 2009.

At December 31, 2009, the Partnership owned two apartment properties in Florida and one multiple-use complex in Pennsylvania. See Item 2. Properties below.

The Partnership has no employees. Management and administrative services are provided by the General Partner and by agents retained by the General Partner. Property management services are performed at the Partnership s properties by an affiliate of the General Partner.

A further description of the Partnership s business is included in Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations included in this Form 10-K.

Item 2. *Properties.*

The following table sets forth the Partnership s investment in real estate as of December 31, 2009:

Property	Date of Acquisition	Type of Ownership	Use
The Sterling Apartment Homes and Commerce Center Philadelphia, PA	12/01/95	Fee ownership, subject to a first mortgage(1)	Apartment 536 units Commercial 137,068 sq ft
Plantation Gardens Apartments Plantation, FL	11/10/03	Fee ownership, subject to a first mortgage	Apartment 372 units
Regency Oaks Apartments Fern Park, FL	11/10/03	Fee ownership, subject to a first mortgage	Apartment 343 units

(1) Property is held by a limited partnership in which the Partnership ultimately owns a 100% interest.

On September 21, 2009, the Partnership sold The Knolls Apartments, located in Colorado Springs, Colorado, to a third party for a sales price of $13,350,000. After payment of closing costs, the Partnership received net proceeds of approximately $13,155,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $7,279,000 and $15,000, respectively. The sale resulted in a gain of approximately $133,000 during the year ended December 31, 2009. In addition, the Partnership recorded a gain on the early extinguishment of debt of approximately $20,000 due to the write off of the unamortized mortgage premium of approximately $35,000, partially offset by the prepayment penalty of approximately $15,000. The gain on early extinguishment of debt is included in loss from discontinued operations for the year ended December 31, 2009. Also included in loss from discontinued operations for the years ended December 31, 2009 and 2008 are impairment losses of approximately $900,000 and $3,000,000, respectively, which were recorded to write the carrying amount of the property down to the expected sale price in accordance with the Partnership s impairment policy.

On August 17, 2009, the Partnership sold The Dunes Apartments, located in Indian Harbor, Florida, to a third party for a sales price of $6,300,000. After payment of closing costs, the Partnership received net proceeds of approximately $6,142,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $3,032,000 and $10,000, respectively. The sale resulted in a loss of approximately $186,000 during the year ended December 31, 2009. In addition, the Partnership recorded a gain on the early extinguishment of debt of approximately $6,000 due to the write off of the unamortized mortgage premium of approximately $16,000, partially offset by the prepayment penalty of approximately $10,000. The gain on the early extinguishment of debt is included in loss from discontinued operations for the year ended December 31, 2009. Also included in loss from discontinued operations for the year ended December 31, 2009 is an impairment loss of approximately $1,200,000 which was recorded to write the carrying amount of the property down to the expected sale price in accordance with the Partnership s impairment policy.

On December 29, 2008, the Partnership sold The Loft Apartments, located in Raleigh, North Carolina, to a third party for a sales price of $9,325,000. After payment of closing costs, the Partnership received net proceeds of approximately $9,212,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $4,368,000 and $588,000, respectively. The sale resulted in a gain of approximately $6,501,000 during the year ended December 31, 2008. In addition, the Partnership recorded a loss on early extinguishment of debt of approximately $623,000 during the year ended December 31, 2008 as a result of the write off of unamortized loan costs and a prepayment penalty. This amount is included in loss from discontinued operations.

On December 9, 2008, the Partnership sold Palm Lake Apartments, located in Tampa, Florida, to a third party for a sales price of $7,000,000. After payment of closing costs, the Partnership received net proceeds of approximately $6,499,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $2,301,000 and $107,000, respectively. The sale resulted in a gain of approximately $1,210,000 during the year ended December 31, 2008. In addition, the Partnership recorded a loss on early extinguishment of debt of approximately $77,000 during the year ended December 31, 2008 as a result of a prepayment penalty, partially offset by the write off of the unamortized mortgage premium. This amount is included in loss from discontinued operations.

Schedule of Properties:

Set forth below for each of the Partnership s investment properties is the gross carrying value, accumulated depreciation, depreciable life, method of depreciation and Federal tax basis at December 31, 2009.

Property	Gross Carrying Value	Accumulated Depreciation	Depreciable Life	Method of Depreciation	Federal Tax Basis
	(In thousands)				(In thousands)
The Sterling Apartment Homes and Commerce Center	$ 52,416	$ 33,375	5-30 yrs	S/L	$ 26,301
Plantation Gardens Apartments	23,729	4,102	5-30 yrs	S/L	19,143
Regency Oaks Apartments	14,252	4,262	5-30 yrs	S/L	10,293

$	90,397	$	41,739	$	55,737

See Note A Organization and Summary of Significant Accounting Policies to the consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for a description of the Partnership s capitalization and depreciation policies.

Table of Contents

Schedule of Property Indebtedness:

The following table sets forth certain information relating to the mortgages encumbering the Partnership s properties at December 31, 2009.

Property	Principal Balance at December 31, 2009 (In thousands)	Interest Rate(2)	Period Amortized	Maturity Date	Principal Balance Due at Maturity(1) (In thousands)
The Sterling Apartment Homes and Commerce Center	$ 77,915	5.84%	360 months	12/01/17	$ 66,807
Plantation Gardens Apartments	24,141	6.08%	360 months	10/01/17	20,855
Regency Oaks Apartments	11,133	6.16%	360 months	10/01/17	9,635
	$ 113,189				$ 97,297

(1) See Note C Mortgage Notes Payable to the consolidated financial statements included in Item 8. Financial Statements and Supplementary Data for information with respect to the Partnership s ability to prepay these mortgages and other specific details about the mortgages.

(2) Fixed rate mortgages.

Rental Rates and Occupancy

Average annual rental rates and occupancy for 2009 and 2008 for each property are as follows:

Property	Average Annual Rental Rates 2009	Average Annual Rental Rates 2008	Average Occupancy 2009	Average Occupancy 2008
The Sterling Apartment Homes(1)	$ 19,172/unit	$ 19,530/unit	94%	97%
The Sterling Commerce Center	16.39/s.f.	16.94/s.f.	81%	82%
Plantation Gardens Apartments	11,056/unit	11,474/unit	95%	95%
Regency Oaks Apartments	7,904/unit	8,693/unit	91%	91%

(1) The General Partner attributes the decrease in occupancy at The Sterling Apartment Homes to the soft rental market in the local area.

The real estate industry is highly competitive. All of the properties are subject to competition from other residential apartment complexes and commercial properties in the area. The General Partner believes that all of the properties are adequately insured. Each apartment complex leases properties for terms of one year or less. No residential tenant leases 10% or more of the available rental space. The properties are in good physical condition, subject to normal depreciation and deterioration as is typical for assets of this type and age.

While the Partnership termination date is December 31, 2011, the following is a schedule of the lease expirations of the commercial space for The Sterling Commerce Center for the years beginning 2010 through the maturities of the current leases.

	Number of Expirations	Square Feet	Annual Rent	% of Gross Annual Rent
2010	7	27,492	$480,148	28.72%
2011	4	14,142	360,804	21.58%
2012	2	2,040	40,337	2.41%
2013	3	32,090	317,278	18.97%
2014	3	7,558	67,928	4.06%
2015	1	3,456	52,995	3.17%
2016				
2017	1	3,766	149,800	8.96%
2018	2	8,641	163,907	9.80%
2019	1	1,414	38,992	2.33%

Two commercial tenants, The Deveraux Foundation and Central Parking Systems, lease 13.6% and 19.5%, respectively, of available rental space. No other commercial tenant leases 10% or more of the available space.

Real Estate Taxes and Rates:

Real estate taxes and rates in 2009 for each property were as follows:

	2009 Billing (In thousands)	2009 Rate
The Sterling Apartment Homes and Commerce Center	$ 871	8.92%
Plantation Gardens Apartments	358	1.95%
Regency Oaks Apartments	169	1.79%

Capital Improvements:

The Sterling Apartment Homes and Commerce Center

During the year ended December 31, 2009, the Partnership completed approximately $1,025,000 of capital improvements at the property consisting primarily of tenant improvements, heating upgrades, structural improvements, fire safety upgrades and floor covering replacement. These improvements were funded from operating cash flow. The Partnership regularly evaluates the capital improvement needs of the property. While the Partnership has no material commitments for property improvements and replacements, certain routine capital expenditures are anticipated during 2010. Such capital expenditures will depend on the physical condition of the property as well as anticipated cash flow generated by the property.

Plantation Gardens Apartments

During the year ended December 31, 2009, the Partnership completed approximately $981,000 of capital improvements at the property consisting primarily of elevator upgrades, air conditioning unit replacements, kitchen and bath upgrades and floor covering replacement. These improvements were funded from operating cash flow. During the year ended December 31, 2009 the Partnership wrote off approximately $232,000 of capitalized costs incurred in a prior year related to a potential redevelopment project, which is no longer being considered as of December 31, 2009. The Partnership regularly evaluates the capital improvement needs of the property. While the Partnership has no material commitments for property improvements and replacements, certain routine capital expenditures are anticipated during 2010. Such capital expenditures will depend on the physical condition of the property as well as anticipated cash flow generated by the property.

Regency Oaks Apartments

During the year ended December 31, 2009, the Partnership completed approximately $548,000 of capital improvements at the property consisting primarily of roof replacement, air conditioning unit replacements, kitchen and bath upgrades and floor covering replacement. These improvements were funded from operating cash flow. The Partnership regularly evaluates the capital improvement needs of the property. While the Partnership has no material commitments for property improvements and replacements, certain routine capital expenditures are anticipated during 2010. Such capital expenditures will depend on the physical condition of the property as well as anticipated cash flow generated by the property.

The Knolls Apartments

During the year ended December 31, 2009, the Partnership completed approximately $182,000 of capital improvements at the property, consisting primarily of exterior door and floor covering replacements and reconstruction related to damages to the property caused by a water main break in the parking area. These improvements were funded from operating cash flow and insurance proceeds. The property was sold to a third party on September 21, 2009.

The Dunes Apartments

During the year ended December 31, 2009, the Partnership completed approximately $630,000 of capital improvements at the property consisting primarily of interior and exterior doors, fire safety upgrades and appliance and floor covering replacements. These improvements were funded from operating cash flow and advances from affiliates. The property was sold to a third party on August 17, 2009.

Capital expenditures will be incurred only to the extent of cash available from operations or from Partnership reserves. To the extent that capital improvements are completed, the Partnership s distributable cash flow, if any, may be adversely affected, at least in the short term.

Item 3. *Legal Proceedings.*

As previously disclosed, AIMCO Properties, L.P. and NHP Management Company, both affiliates of the General Partner, were defendants in a lawsuit, filed as a collective action in August 2003 in the United States District Court for the District of Columbia, alleging that they willfully violated the Fair Labor Standards Act (FLSA) by failing to pay maintenance workers overtime for time worked in excess of 40 hours per week (overtime claims). The plaintiffs also contended that AIMCO Properties, L.P. and NHP Management Company (the Defendants) failed to compensate maintenance workers for time that they were required to be on-call (on-call claims). In March 2007, the court in the District of Columbia decertified the collective action. In July 2007, plaintiffs counsel filed individual cases in Federal court in 22 jurisdictions. In the second quarter of 2008, AIMCO Properties, L.P. settled the overtime cases involving 652 plaintiffs and established a framework for resolving the 88 remaining on-call claims and the attorneys fees claimed by plaintiffs counsel. As a result, the lawsuits asserted in the 22 Federal courts have been dismissed. During the fourth quarter of 2008, the Partnership paid approximately $8,000 for settlement amounts for alleged unpaid overtime to employees who had worked at the Partnership s investment properties. At this time, the 88 remaining on-call claims and the attorneys fees claimed by plaintiffs counsel are not resolved. The parties have selected six on-call claims that will proceed forward through the arbitration process and have selected arbitrators. After those arbitrations have been completed, the parties will revisit settling the on-call claims. The first two arbitrations took place in December 2009 and the Defendants received a defense verdict against the first two claimants, and plaintiffs dismissed the claims of the next two claimants. The remaining two arbitrations will take place in April 2010. The General Partner is uncertain as to the amount of any additional loss that may be allocable to the Partnership.

Therefore, the Partnership cannot estimate whether any additional loss will occur or a potential range of loss.

Table of Contents

PART II

Item 5. ***Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

The Partnership, a publicly-held limited partnership, offered and sold 200,342 limited partnership units (the Units) aggregating $200,342,000. The Partnership currently has 7,048 holders of record owning an aggregate of 199,030.2 Units. Affiliates of the General Partner owned 152,648.05 Units or 76.70% at December 31, 2009. No public trading market has developed for the Units, and it is not anticipated that such a market will develop in the future.

The Partnership distributed the following amounts during the years ended December 31, 2009 and 2008 (in thousands, except per unit data):

	Year Ended December 31, 2009	Per Limited Partnership Unit	Year Ended December 31, 2008	Per Limited Partnership Unit
Surplus Funds(1)	$ 4,095	$ 20.57	$ 3,475	$ 17.46
Surplus Funds(2)			750	3.77
Sales Proceeds(3)	5,321	26.73		
Sales Proceeds(4)	1,391	6.99		
total	$ 10,807	$ 54.29	$ 4,225	$ 21.23

(1) Distribution to Series A limited partners consists of the release of funds previously reserved from the November 2007 refinance of The Sterling Apartment Homes.

(2) Distribution to limited partners consists of the release of funds previously reserved from the November 2007 refinance of The Sterling Apartment Homes.

(3) Distribution to Series B limited partners consists of sale proceeds from the sale of The Knolls Apartments on September 21, 2009.

(4) Distribution to Series C limited partners consists of sale proceeds from the sale of The Dunes Apartments on August 17, 2009.

Future cash distributions will depend on the levels of net cash generated from operations, the timing of debt maturities, property sales and/or refinancings. The Partnership s cash available for distribution is reviewed on a monthly basis. There can be no assurance, however, that the Partnership will generate sufficient funds from operations, after planned capital improvement expenditures, to permit additional distributions to its partners in 2010 or subsequent periods. See Item 2. Properties Capital Improvements for information relating to planned capital improvement expenditures at the properties.

In addition to its indirect ownership of the general partner interests in the Partnership, AIMCO and its affiliates owned 152,648.05 Units in the Partnership representing 76.70% of the outstanding Units at December 31, 2009. A number of these Units were acquired pursuant to tender offers made by AIMCO or its affiliates. It is possible that AIMCO or its affiliates will acquire additional Units in exchange for cash or a combination of cash and units in AIMCO Properties, L.P., the operating partnership of AIMCO, either through private purchases or tender offers. Pursuant to the Partnership Agreement, unitholders holding a majority of the Units are entitled to take action with respect to a variety of matters that would include, but are not limited to, voting on certain amendments to the Partnership Agreement and voting to remove the General Partner. As a result of its ownership of 76.70% of the outstanding Units, AIMCO and its affiliates are in a position to control all such voting decisions with respect to the Partnership. Although the General Partner owes fiduciary duties to the limited partners of the Partnership, the General Partner also owes fiduciary duties to AIMCO as its sole stockholder. As a result, the duties of the General Partner, as general partner, to the Partnership and its limited partners may come into conflict with the duties of the General Partner to AIMCO as its sole stockholder.

Table of Contents

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

This item should be read in conjunction with the consolidated financial statements and other items contained elsewhere in this report.

The Partnership s financial results depend upon a number of factors including the ability to attract and maintain tenants at the investment properties, interest rates on mortgage loans, costs incurred to operate the investment properties, general economic conditions and weather. As part of the ongoing business plan of the Partnership, the General Partner monitors the rental market environment of its investment properties to assess the feasibility of increasing rents, maintaining or increasing occupancy levels and protecting the Partnership from increases in expenses. As part of this plan, the General Partner attempts to protect the Partnership from the burden of inflation-related increases in expenses by increasing rents and maintaining a high overall occupancy level. However, the General Partner may use rental concessions and rental rate reductions to offset softening market conditions; accordingly, there is no guarantee that the General Partner will be able to sustain such a plan. Further, a number of factors that are outside the control of the Partnership such as the local economic climate and weather can adversely or positively affect the Partnership s financial results.

Results of Operations

The Partnership recognized a net loss of approximately $5,738,000 for the year ended December 31, 2009 compared to net income of approximately $481,000 for the year ended December 31, 2008. The consolidated statements of operations for the years ended December 31, 2009 and 2008 reflect the operations of The Dunes Apartments and The Knolls Apartments as discontinued operations as a result of the sales of the respective properties during August 2009 and September 2009, respectively. The consolidated statement of operations for the year ended December 31, 2008 also reflects the operations of The Loft Apartments and Palm Lake Apartments, which both sold in December 2008, as loss from discontinued operations.

The following tables present summarized results of operations related to the Partnership s discontinued operations for the years ended December 31, 2009 and 2008 (in thousands):

	Years Ended December 31, 2009					
	Revenues	Expenses	Casualty Gain	Gain on Extinguishment of Debt	Impairment Loss	Loss from Discontinued Operations
The Knolls Apartments	$ 1,666	$ (2,759)	$ 11	$ 20	$ (900)	$ (1,962)
The Dunes Apartments	1,014	(1,463)	7	6	(1,200)	(1,636)
	$ 2,680	$ (4,222)	$ 18	$ 26	$ (2,100)	$ (3,598)

	Year Ended December 31, 2008					
	Revenues	Expenses	Casualty Loss	Loss on Extinguishment of Debt	Impairment Loss	Loss from Discontinued Operations
The Knolls Apartments	$ 2,261	$ (3,543)	$	$	$ (3,000)	$ (4,282)

The Dunes Apartments	1,601	(1,749)	(84)			(232)
Palm Lake Apartments	1,367	(1,587)		(77)		(297)
The Loft Apartments	1,638	(1,213)		(623)		(198)
	$ 6,867	$ (8,092)	$ (84)	$ (700)	$ (3,000)	$ (5,009)

On September 21, 2009, the Partnership sold The Knolls Apartments, located in Colorado Springs, Colorado, to a third party for a sales price of $13,350,000. After payment of closing costs, the Partnership received net proceeds of approximately $13,155,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $7,279,000 and $15,000, respectively. The sale resulted in a gain of approximately $133,000 during the year ended December 31, 2009. In addition, the Partnership recorded a gain on the early extinguishment of debt of approximately $20,000 due to the write off of the unamortized mortgage premium of approximately $35,000, partially offset by the prepayment penalty of

Table of Contents

approximately $15,000. The gain on early extinguishment of debt is included in loss from discontinued operations for the year ended December 31, 2009. Also included in loss from discontinued operations for the years ended December 31 2009 and 2008 are impairment losses of approximately $900,000 and $3,000,000, respectively, which were recorded to write the carrying amount of the property down to the expected sale price in accordance with the Partnership s impairment policy.

On August 17, 2009, the Partnership sold The Dunes Apartments, located in Indian Harbor, Florida, to a third party for a sales price of $6,300,000. After payment of closing costs, the Partnership received net proceeds of approximately $6,142,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $3,032,000 and $10,000, respectively. The sale resulted in a loss of approximately $186,000 during the year ended December 31, 2009. In addition, the Partnership recorded a gain on the early extinguishment of debt of approximately $6,000 due to the write off of the unamortized mortgage premium of approximately $16,000, partially offset by the prepayment penalty of approximately $10,000. The gain on the early extinguishment of debt is included in loss from discontinued operations for the year ended December 31, 2009. Also included in loss from discontinued operations for the year ended December 31, 2009 is an impairment loss of approximately $1,200,000 which was recorded to write the carrying amount of the property down to the expected sale price in accordance with the Partnership s impairment policy.

On December 29, 2008, the Partnership sold The Loft Apartments, located in Raleigh, North Carolina, to a third party for a sales price of $9,325,000. After payment of closing costs, the Partnership received net proceeds of approximately $9,212,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $4,368,000 and $588,000, respectively. The sale resulted in a gain of approximately $6,501,000 during the year ended December 31, 2008. In addition, the Partnership recorded a loss on early extinguishment of debt of approximately $623,000 during the year ended December 31, 2008 as a result of the write off of unamortized loan costs and a prepayment penalty.

On December 9, 2008, the Partnership sold Palm Lake Apartments, located in Tampa, Florida, to a third party for a sales price of $7,000,000. After payment of closing costs, the Partnership received net proceeds of approximately $6,499,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $2,301,000 and $107,000, respectively. The sale resulted in a gain of approximately $1,210,000 during the year ended December 31, 2008. In addition, the Partnership recorded a loss on early extinguishment of debt of approximately $77,000 during the year ended December 31, 2008 as a result of a prepayment penalty, partially offset by the write off of the unamortized mortgage premium.

The Partnership recognized losses before discontinued operations of approximately $2,087,000 and $2,221,000 for the years ended December 31, 2009 and 2008, respectively. The decrease in loss before discontinued operations is due to a decrease in total expenses and increases in distributions received in excess of investment, casualty gain and deferred income tax benefit, partially offset by a decrease in total revenues and an increase in current income tax expense.

The decrease in total expenses for the year ended December 31, 2009 is primarily due to decreases in operating and general and administrative expenses, partially offset by an increase in depreciation expense. Interest and property tax expenses remained relatively constant for the comparable periods. The decrease in operating expenses is primarily due to decreases in security service costs at The Sterling Apartment Homes and Commerce Center, repair costs associated with water damage from multiple broken pipes and storm damages at The Regency Oaks Apartments and Plantation Gardens Apartments, and cleaning and architect fees at The Sterling Commerce Center, partially offset by increases in salaries and related benefits at The Sterling Apartment Homes and the write off of capitalized costs incurred in a prior year related to a potential redevelopment project at Plantation Gardens Apartments which is no longer being considered as of December 31, 2009. The increase in depreciation expense is due to property improvements and replacements placed into service during the past twelve months at the Partnership s investment properties.

General and administrative expenses decreased primarily due to a decrease in reimbursements to the General Partner as allowed under the Partnership Agreement. Also included in general and administrative expenses for the years ended December 31, 2009 and 2008 are costs associated with the quarterly and annual communications with investors and regulatory agencies and the annual audit required by the Partnership Agreement.

The decrease in total revenues is due to a decrease in rental income, partially offset by an increase in other income. Rental income decreased due to decreases in average rental rates at the three residential properties and the commercial property and a decrease in occupancy at the Sterling Apartment Homes. The increase in other income is due to an increase in tenant utility reimbursements at The Sterling Apartment Homes as tenants are now reimbursing the property for water and heating costs, partially offset by a decrease in interest income due to lower cash balances.

In conjunction with the payment of local income taxes with respect to The Sterling Apartment Homes and Commerce Center, the Partnership has recorded a deferred tax asset in the amount of approximately $481,000 as of December 31, 2009. The deferred tax asset consists primarily of temporary differences related to land, buildings and accumulated depreciation. The Partnership believes that it is more likely than not that the full value of the deferred tax asset will be realized through future taxable income of the property. An additional benefit of approximately $90,000 was recognized during the year ended December 31, 2009, compared to a benefit of approximately $30,000 which was recognized during the year ended December 31, 2008. The Partnership recognized current income tax expense related to local income taxes with respect to The Sterling Apartment Homes and Commerce Center of approximately $26,000 during the year ended December 31, 2009, compared to approximately $10,000 during the year ended December 31, 2008.

In January 2009, Regency Oaks Apartments sustained damages of approximately $17,000 resulting from freezing conditions which damaged landscaping at the property. During the year ended December 31, 2009, the Partnership recognized a casualty gain of approximately $7,000 as a result of the receipt of insurance proceeds of approximately $7,000 as the damaged assets were fully depreciated.

In January 2009, The Dunes Apartments sustained damages of approximately $17,000 resulting from freezing conditions which damaged landscaping at the property. During the year ended December 31, 2009, the Partnership recognized a casualty gain of approximately $7,000 as a result of the receipt of insurance proceeds of approximately $7,000 as the damaged assets were fully depreciated. This casualty gain is included in loss from discontinued operations.

In December 2008, The Knolls Apartments sustained damages of approximately $70,000 from a water main break in the parking area, including approximately $41,000 of clean up costs. During the year ended December 31, 2009, the Partnership recognized a casualty gain of approximately $11,000 as a result of the receipt of insurance proceeds of approximately $33,000 net of the write off of undepreciated damaged assets of approximately $22,000. The casualty gain and clean up costs are included in loss from discontinued operations for the year ended December 31, 2009.

In August 2008, The Dunes Apartments sustained damages from Tropical Storm Fay of approximately $133,000, including clean up costs of approximately $7,000. During the year ended December 31, 2008, the Partnership recognized a casualty loss of approximately $84,000 as a result of the write off of undepreciated damaged assets, as insurance proceeds were not received. The casualty loss and clean up costs are included in loss from discontinued operations for the year ended December 31, 2008.

In August 2008, Regency Oaks Apartments sustained damages from Tropical Storm Fay of approximately $73,000, including clean up costs of approximately $9,000, which were included in operating expenses during the year ended December 31, 2008. During the year ended December 31, 2008, the Partnership recognized a casualty loss of approximately $43,000 as a result of the write off of undepreciated damaged assets, as insurance proceeds were not received.

In August 2008, Plantation Gardens Apartments sustained damages from Tropical Storm Fay of approximately $34,000, including clean up costs of approximately $8,000, which were included in operating expenses during the year ended December 31, 2008. During the year ended December 31, 2008, the Partnership recognized a casualty loss of approximately $18,000 as a result of the write off of undepreciated damaged assets, as insurance proceeds were not received.

During the years ended December 31, 2009 and 2008, the Partnership recognized approximately $66,000 and $61,000, respectively, in equity in loss from investments related to its allocated share of the loss from two of its investments in affiliated partnerships. These investments are accounted for using the equity method of accounting.

Table of Contents

During the year ended December 31, 2009, the Partnership received a distribution of approximately $20,000 from operations from one of its affiliated partnerships, Consolidated Capital Properties IV, which was recognized as a reduction of the investment balance. Distributions from the affiliated partnerships are accounted for as a reduction of the investment balance until the investment balance is reduced to zero. When the investment balance has been reduced to zero, subsequent distributions received are recognized as income in the consolidated statements of operations. During the years ended December 31, 2009 and 2008, the Partnership received approximately $461,000 and $33,000, respectively, of distributions from sale proceeds and refinance proceeds, respectively, from one of its affiliated partnerships, Consolidated Capital Growth Fund, which were recognized as income as that investment balance had been reduced to zero. As of December 31, 2009, Consolidated Capital Growth Fund was liquidated.

Liquidity and Capital Resources

At December 31, 2009 the Partnership had cash and cash equivalents of approximately $302,000, compared to approximately $4,777,000 at December 31, 2008. Cash and cash equivalents decreased approximately $4,475,000, from December 31, 2008, due to approximately $23,091,000 of cash used in financing activities, partially offset by approximately $2,625,000 and $15,991,000 of cash provided by operating and investing activities, respectively. Cash used in financing activities consisted of principal payments made on the mortgages encumbering the Partnership s investment properties, repayment of the mortgage notes payable as a result of the sales of The Dunes Apartments and The Knolls Apartments, prepayment penalties paid, lease commissions paid, distributions to partners and repayment of advances from affiliate, partially offset by advances received from affiliate. Cash provided by investing activities consisted of proceeds from the sales of The Dunes Apartments and The Knolls Apartments, distributions received from affiliated partnerships and insurance proceeds received, partially offset by property improvements and replacements.

The sufficiency of existing liquid assets to meet future liquidity and capital expenditure requirements is directly related to the level of capital expenditures required at the properties to adequately maintain the physical assets and other operating needs of the Partnership and to comply with Federal, state, and local legal and regulatory requirements. The General Partner monitors developments in the area of legal and regulatory compliance. The Partnership regularly evaluates the capital improvements needs of its properties. While the Partnership has no material commitments for property improvements and replacements, certain routine capital expenditures are anticipated during 2010. Such capital expenditures will depend on the physical condition of the properties as well as anticipated cash flow generated by the properties.

Capital expenditures will be incurred only to the extent of cash available from operations or from Partnership reserves. To the extent that capital improvements are completed, the Partnership s distributable cash flow, if any, may be adversely affected, at least in the short term.

The Partnership s assets are thought to be generally sufficient for any near-term needs (exclusive of capital improvements) of the Partnership. The mortgage indebtedness encumbering the Partnership s properties of approximately $113,189,000 requires monthly payments of principal and interest and balloon payments of approximately $97,297,000 during 2017. The General Partner may attempt to refinance such indebtedness and/or sell the properties prior to termination of the Partnership.

The Partnership distributed the following amounts during the years ended December 31, 2009 and 2008 (in thousands, except per unit data):

	Year Ended	Year Ended

	December 31, 2009	Per Limited Partnership Unit	December 31, 2008	Per Limited Partnership Unit
Surplus Funds(1)	$ 4,095	$ 20.57	$ 3,475	$ 17.46
Surplus Funds(2)			750	3.77
Sales Proceeds(3)	5,321	26.73		
Sales Proceeds(4)	1,391	6.99		
total	$ 10,807	$ 54.29	$ 4,225	$ 21.23

(1) Distribution to Series A limited partners consists of the release of funds previously reserved from the November 2007 refinance of The Sterling Apartment Homes.

(2) Distribution to limited partners consists of the release of funds previously reserved from the November 2007 refinance of The Sterling Apartment Homes.

(3) Distribution to Series B limited partners consists of sale proceeds from the sale of The Knolls Apartments on September 21, 2009.

(4) Distribution to Series C limited partners consists of sale proceeds from the sale of The Dunes Apartments on August 17, 2009.

Future cash distributions will depend on the levels of net cash generated from operations, the timing of debt maturities, refinancings and/or property sales. The Partnership s cash available for distribution is reviewed on a monthly basis. There can be no assurance, however, that the Partnership will generate sufficient funds from operations, after planned capital improvement expenditures, to permit additional distributions to its partners in 2010 or subsequent periods.

Other

In addition to its indirect ownership of the general partner interests in the Partnership, AIMCO and its affiliates owned 152,648.05 limited partnership units (the Units) in the Partnership representing 76.70% of the outstanding Units at December 31, 2009. A number of these Units were acquired pursuant to tender offers made by AIMCO or its affiliates. It is possible that AIMCO or its affiliates will acquire additional Units in exchange for cash or a combination of cash and units in AIMCO Properties, L.P., the operating partnership of AIMCO, either through private purchases or tender offers. Pursuant to the Partnership Agreement, unitholders holding a majority of the Units are entitled to take action with respect to a variety of matters that would include, but are not limited to, voting on certain amendments to the Partnership Agreement and voting to remove the General Partner. As a result of its ownership of 76.70% of the outstanding Units, AIMCO and its affiliates are in a position to control all such voting decisions with respect to the Partnership. Although the General Partner owes fiduciary duties to the limited partners of the Partnership, the General Partner also owes fiduciary duties to AIMCO as its sole stockholder. As a result, the duties of the General Partner, as general partner, to the Partnership and its limited partners may come into conflict with the duties of the General Partner to AIMCO as its sole stockholder.

Critical Accounting Policies and Estimates

A summary of the Partnership s significant accounting policies is included in Note A Organization and Summary of Significant Accounting Policies which is included in the consolidated financial statements in Item 8. Financial Statements and Supplementary Data . The General Partner believes that the consistent application of these policies enables the Partnership to provide readers of the consolidated financial statements with useful and reliable information about the Partnership s operating results and financial condition. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires the Partnership to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Judgments and assessments of uncertainties are required in applying the Partnership s accounting policies in many areas. The Partnership believes that of its significant accounting policies, the following may involve a higher degree of judgment and complexity.

Impairment of Long-Lived Assets

Investment properties are recorded at cost, less accumulated depreciation, unless the carrying amount of the asset is not recoverable, and the investment properties foreclosed upon were recorded at fair market value at the time of the foreclosures. If events or circumstances indicate that the carrying amount of a property may not be recoverable, the Partnership will make an assessment of its recoverability by comparing the carrying amount to the Partnership s estimate of the undiscounted future cash flows, excluding interest charges, of the property. If the

Table of Contents

carrying amount exceeds the estimated aggregate undiscounted future cash flows, the Partnership would recognize an impairment loss to the extent the carrying amount exceeds the estimated fair value of the property.

Real property investment is subject to varying degrees of risk. Several factors may adversely affect the economic performance and value of the Partnership s investment properties. These factors include, but are not limited to, general economic climate; competition from other apartment communities and other housing options; local conditions, such as loss of jobs or an increase in the supply of apartments that might adversely affect apartment occupancy or rental rates; changes in governmental regulations and the related cost of compliance; increases in operating costs (including real estate taxes) due to inflation and other factors, which may not be offset by increased rents; changes in tax laws and housing laws, including the enactment of rent control laws or other laws regulating multi-family housing; and changes in interest rates and the availability of financing. Any adverse changes in these and other factors could cause an impairment of the Partnership s assets.

Capitalized Costs Related to Redevelopment and Construction Projects

The Partnership capitalizes costs incurred in connection with capital expenditure activities, including redevelopment and construction projects. Costs including interest, property taxes and operating costs associated with redevelopment and construction projects are capitalized during periods in which redevelopment and construction projects are in progress. Included in these capitalized costs are payroll costs associated with time spent by site employees in connection with the planning, execution and control of all capital expenditure activities at the property level.

Revenue Recognition

The Partnership generally leases apartment units for twelve-month terms or less. The Partnership will offer rental concessions during particularly slow months or in response to heavy competition from other similar complexes in the area. Rental income attributable to leases, net of any concessions, is recognized on a straight-line basis over the term of the lease. The Partnership evaluates all accounts receivable from residents and establishes an allowance, after the application of security deposits, for accounts greater than 30 days past due on current tenants and all receivables due from former tenants.

The Partnership leases certain commercial space to tenants under various lease terms. The leases are accounted for as operating leases in accordance with FASB ASC Topic 840, Leases . Some of the leases contain stated rental increases during their term. For leases with fixed rental increases, rents are recognized on a straight-line basis over the terms of the Partnership or the lease, whichever is less. For all other leases, minimum rents are recognized over the terms of the Partnership or the lease, whichever is less.

Item 8. ***Financial Statements and Supplementary Data.***

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES

LIST OF FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Partners
Consolidated Capital Institutional Properties, LP

We have audited the accompanying consolidated balance sheets of Consolidated Capital Institutional Properties, LP as of December 31, 2009 and 2008, and the related consolidated statements of operations, changes in partners capital (deficiency), and cash flows for each of the two years in the period ended December 31, 2009. These financial statements are the responsibility of the Partnership s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Partnership s internal control over financial reporting. Our audits included consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Consolidated Capital Institutional Properties, LP at December 31, 2009 and 2008, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Greenville, South Carolina
April 9, 2010

Table of Contents

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

CONSOLIDATED BALANCE SHEETS

	December 31, 2009	December 31, 2008
	(In thousands, except unit data)	
ASSETS		
Cash and cash equivalents	$ 302	$ 4,777
Receivables and deposits	547	709
Deferred tax asset (Note B)	481	391
Other assets	1,380	1,755
Investment in affiliated partnerships (Note H)	480	566
Investment properties (Notes C and E):		
Land	8,637	8,637
Buildings and related personal property	81,760	79,438
	90,397	88,075
Less accumulated depreciation	(41,739)	(36,501)
	48,658	51,574
Assets held for sale (Note A)		22,247
	$ 51,848	$ 82,019
LIABILITIES AND PARTNERS CAPITAL (DEFICIENCY)		
Liabilities		
Accounts payable	$ 379	$ 1,128
Tenant security deposit liabilities	737	799
Other liabilities	1,270	1,335
Due to affiliates (Note D)	129	226
Mortgage notes payable (Note C)	113,189	114,731
Liabilities related to assets held for sale (Note A)		11,111
	115,704	129,330
Partners Capital (Deficiency)		
General partner	114	171
Limited partners (199,030.2 units issued and outstanding)	(63,970)	(47,482)
	(63,856)	(47,311)
	$ 51,848	$ 82,019

See Accompanying Notes to Consolidated Financial Statements

Table of Contents

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2009	2008
	(In thousands, except per unit data)	
Revenues:		
Rental income	$ 17,590	$ 18,353
Other income	1,848	1,759
Total revenues	19,438	20,112
Expenses:		
Operating	8,002	8,251
General and administrative	350	627
Depreciation	5,238	4,986
Interest	6,962	6,936
Property taxes	1,439	1,464
Total expenses	21,991	22,264
Loss before income taxes, discontinued operations, casualty gain (loss), distributions in excess of investment and equity in loss from investment	(2,553)	(2,152)
Income tax (expense) benefit (Note B):		
Current	(26)	(10)
Deferred	90	30
Casualty gain (loss) (Note I)	7	(61)
Distributions in excess of investment (Note H)	461	33
Equity in loss from investment (Note H)	(66)	(61)
Loss before discontinued operations	(2,087)	(2,221)
Loss from discontinued operations (Notes A and F)	(3,598)	(5,009)
(Loss) gain from sale of discontinued operations (Note F)	(53)	7,711
Net (loss) income (Note B)	$ (5,738)	$ 481
Net (loss) income allocated to general partner	$ (57)	$ 5
Net (loss) income allocated to limited partners		(1,095)
(Series A) (Note A)	(2,066)	5,608
(Series B) (Note A)	(1,811)	(3,836)
(Series C) (Note A)	(1,804)	(201)
	$ (5,738)	$ 481

Per limited partnership unit:		
Loss before discontinued operations	$	$ (3.63)
(Series A) (Note A)	(10.38)	(7.42)
Loss from discontinued operations		(1.86)
Loss from discontinued operations (Series A)		(2.76)
Loss from discontinued operations (Series B)	(9.10)	(19.27)
Loss from discontinued operations (Series C)	(9.06)	(1.02)
Gain on sale of discontinued operations (Series A)		38.35
Net (loss) income	$ (28.54)	$ 2.39
Distribution per limited partnership unit:		
Series A	$ 20.57	$ 21.23
Series B	26.73	
Series C	6.99	
	$ 54.29	$ 21.23

See Accompanying Notes to Consolidated Financial Statements

D-19

Table of Contents

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES

CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS CAPITAL (DEFICIENCY)

	Limited Partnership Units	General Partner	Limited Partners	Limited Partners (Series A)	Limited Partners (Series B)	Limited Partners (Series C)	Subtotal Limited Partners	Total
			(In thousands, except unit data)					
Partners capital (deficiency) at December 31, 2007	199,041.2	$ 166	$ (43,733)	$	$	$	$ (43,733)	$ (43,567)
Distribution to partners			(750)				(750)	(750)
Net loss for the period January 1, 2008 through April 30, 2008		(11)	(1,095)				(1,095)	(1,106)
Partners capital (deficiency) at April 30, 2008	199,041.2	155	(45,578)				(45,578)	(45,423)
Transfer of interest (Note A)			45,578	(25,985)	(16,722)	(2,871)		
Distribution to partners				(3,475)			(3,475)	(3,475)
Net income (loss) for the period May 1, 2008 through December 31, 2008		16		5,608	(3,836)	(201)	1,571	1,587
Partners capital (deficiency) at December 31, 2008	199,041.2	171		(23,852)	(20,558)	(3,072)	(47,482)	(47,311)
Distributions to partners				(4,095)	(5,321)	(1,391)	(10,807)	(10,807)
Abandonment of limited	(11.0)							

partnership units (Note A)								
Net loss for the year ended December 31, 2009		(57)		(2,066)	(1,811)	(1,804)	(5,681)	(5,738)
Transfer of interest (Note A)				(33,957)	27,690	6,267		
Partners capital (deficiency) at December 31, 2009	199,030.2	$ 114	$	$ (63,970)	$	$	$ (63,970)	$ (63,856)

See Accompanying Notes to Consolidated Financial Statements

D-20

Table of Contents

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2009	2008
	(In thousands)	
Cash flows from operating activities:		
Net (loss) income	$ (5,738)	$ 481
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	6,795	7,761
Amortization of loan costs, lease commissions and mortgage premiums	144	36
Equity in loss from investment	66	61
Impairment loss	2,100	3,000
Write off of redevelopment costs	232	
Loss (gain) from sale of discontinued operations	53	(7,711)
(Gain) loss on early extinguishment of debt	(26)	700
Casualty (gain) loss	(25)	145
Distributions in excess of investment	(461)	(33)
Change in accounts:		
Receivables and deposits	299	
Deferred tax asset	(90)	(30)
Other assets	153	(44)
Accounts payable	(388)	121
Tenant security deposit liabilities	(199)	(9)
Accrued property taxes	(55)	(6)
Due to affiliates	(100)	101
Other liabilities	(135)	(11)
Net cash provided by operating activities	2,625	4,562
Cash flows from investing activities:		
Net proceeds from sale of discontinued operations	19,297	15,711
Property improvements and replacements	(3,834)	(4,777)
Insurance proceeds received	47	
Distributions from affiliated partnership	481	33
Net cash provided by investing activities	15,991	10,967
Cash flows from financing activities:		
Distributions to partners	(10,807)	(4,225)
Payments on mortgage notes payable	(1,950)	(2,160)
Repayment of mortgage notes payable	(10,311)	(6,669)
Prepayment penalties	(25)	(695)
Lease commissions paid	(1)	(74)
Loan costs paid		(15)

Advances from affiliate	2,611	500
Repayment of advances from affiliate	(2,608)	(375)
Net cash used in financing activities	(23,091)	(13,713)
Net (decrease) increase in cash and cash equivalents	(4,475)	1,816
Cash and cash equivalents at beginning of year	4,777	2,961
Cash and cash equivalents at end of year	$ 302	$ 4,777
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of capitalized interest	$ 7,472	$ 8,106
Supplemental disclosure of non-cash activity:		
Property improvements and replacements included in accounts payable	$ 196	$ 664

Included in property improvements and replacements for the year ended December 31, 2008 are approximately $489,000 of property improvements and replacements which were included in accounts payable at December 31, 2007.

See Accompanying Notes to Consolidated Financial Statements

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

Note A Organization and Summary of Significant Accounting Policies

Organization: Consolidated Capital Institutional Properties, LP (the Partnership or Registrant) was organized on April 28, 1981, as a Limited Partnership under the California Uniform Limited Partnership Act. On July 23, 1981, the Partnership registered with the Securities and Exchange Commission under the Securities Act of 1933 (File No. 2-72384) and commenced a public offering for the sale of $200,000,000 of limited partnership units (the Units). The sale of Units terminated on July 21, 1983, with 200,342 Units sold for $1,000 each, or gross proceeds of $200,342,000 to the Partnership. In accordance with its Partnership Agreement (the original partnership agreement of the Partnership together with all amendments thereto shall be referred to as the Agreement), the Partnership has repurchased and retired a total of 1,300.8 Units for a total purchase price of $1,000,000. The Partnership may repurchase any Units, at its absolute discretion, but is under no obligation to do so. Since its initial offering, the Partnership has not received, nor are limited partners required to make, additional capital contributions. The Agreement provides that the Partnership is to terminate on December 31, 2011 unless terminated prior to such date. The Partnership Agreement also provides that the term of the Partnership cannot be extended beyond the termination date.

Upon the Partnership s formation in 1981, Consolidated Capital Equities Corporation (CCEC) was the Corporate General Partner. In 1988, through a series of transactions, Southmark Corporation (Southmark) acquired controlling interest in CCEC. In December 1988, CCEC filed for reorganization under Chapter 11 of the United States Bankruptcy Code. In 1990, as part of CCEC s reorganization plan, ConCap Equities, Inc. (CEI or the General Partner) acquired CCEC s general partner interests in the Partnership and in 15 other affiliated public limited partnerships (the Affiliated Partnerships), and CEI replaced CCEC as managing general partner in all 16 partnerships. The selection of CEI as the sole managing general partner was approved by a majority of the limited partners in the Partnership and in each of the Affiliated Partnerships pursuant to a solicitation of the Limited Partners dated August 10, 1990. As part of this solicitation, the Limited Partners also approved an amendment to the Agreement to limit changes of control of the Partnership. All of CEI s outstanding stock was owned by Insignia Properties Trust (IPT). Effective February 26, 1999, IPT was merged into Apartment Investment and Management Company (AIMCO). Hence, CEI is now a wholly-owned subsidiary of AIMCO, a publicly held real estate investment trust.

On April 25, 2008, the Partnership changed its domicile from California to Delaware by merging with and into Consolidated Capital Institutional Properties, LP, a Delaware limited partnership, with the Delaware partnership as the surviving entity in the merger. The merger was undertaken pursuant to an Agreement and Plan of Merger, dated as of March 19, 2008, by and between the California partnership and the Delaware partnership.

Under the merger agreement, each unit of limited partnership interest in the California partnership was converted into an identical unit of limited partnership interest in the Delaware partnership and the general partnership interest in the California partnership previously held by the general partner was converted into a general partnership interest in the Delaware partnership. All interests in the Delaware partnership outstanding immediately prior to the merger were cancelled in the merger.

The voting and other rights of the limited partners provided for in the partnership agreement were not changed as a result of the merger. In the merger, the partnership agreement of the California partnership was adopted as the partnership agreement of the Delaware partnership, with the following changes: (i) references therein to the California Uniform Limited Partnership Act were amended to refer to the Delaware Revised Uniform Limited Partnership Act;

(ii) a description of the merger was added; (iii) the name of the partnership was changed to Consolidated Capital Institutional Properties, LP and (iv) a provision was added that gives the general partner authority to establish different designated series of limited partnership interests that have separate rights with respect to specified partnership property, and profits and losses associated with such specified property.

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On April 30, 2008, the General Partner amended the Partnership Agreement to establish, and convert existing limited partnership interests into, different designated series of limited partnership interests that have separate rights with respect to specified partnership property. Effective as of the close of business on April 30, 2008 (the Establishment Date), each then outstanding Unit of limited partnership interest in the Partnership was converted into one Series A Unit, one Series B Unit and one Series C Unit. Except as described below, the Series A Units, Series B Units and Series C Units entitled the holders thereof to the same rights as the holders of Units of limited partnership interests had prior to the Establishment Date.

Holders of the Series A Units are entitled to receive distributions of all income and allocation of all profits and losses relating to the Partnership s interests in any entity in which the Partnership owns an interest, other than the Series B Subsidiary and Series C Subsidiary (as defined below).

Holders of the Series B Units are entitled to receive distributions of all income and allocation of all profits and losses relating to the Partnership s membership interest in CCIP Knolls, L.L.C., a Delaware limited liability company (the Series B Subsidiary). The Series B Subsidiary held a 100% ownership interest in The Knolls Apartments. The Knolls Apartments was sold on September 21, 2009. As of December 31, 2009, the Partnership has completed winding up of the affairs of this series and accordingly has terminated the Series B Subsidiary in accordance with the Partnership Agreement.

Holders of the Series C Units are entitled to receive distributions of all income and allocation of all profits and losses relating to the Partnership s membership interest in CCIP Society Park East, L.L.C., a Delaware limited liability company (the Series C Subsidiary). The Series C Subsidiary held a 100% ownership interest in The Dunes Apartments. The Dunes Apartments was sold on August 17, 2009. As of December 31, 2009, the Partnership has completed winding up of the affairs of this series and accordingly has terminated the Series C Subsidiary in accordance with the Partnership Agreement.

Upon termination of the Series B Subsidiary and the Series C Subsidiary in December 2009 an adjustment was made to limited partners capital balances that were transferred effective April 30, 2008 to reflect the appropriate ending balances at December 31, 2009. The adjustment had no effect on the combined total of Limited Partner capital balances.

The Partnership s primary business and only industry segment is real estate related operations. The Partnership was originally formed for the benefit of its Limited Partners (herein so called and together with the General Partner shall be called the Partners), to lend funds to Consolidated Capital Equity Partners (EP), a California general partnership in which certain of the partners were former shareholders and former management of CCEC, the former Corporate General Partner of the Partnership.

The Partnership advanced a total of approximately $180,500,000, which was secured by 18 apartment complexes and 4 office complexes. In 1990, the Partnership foreclosed on one of these apartment complexes, The Loft Apartments. In addition, the Partnership acquired a multiple-use building, The Sterling Apartment Homes and Commerce Center (The Sterling), through a deed-in-lieu of foreclosure transaction in 1995. The Master Loan matured in November 2000. The General Partner had been negotiating with CCEP with respect to its options which included foreclosing on the properties which collateralized the Master Loan or extending the terms of the Master Loan. The General Partner decided to foreclose on the properties that collateralized the Master Loan. The General Partner began the process of foreclosure or executing deeds in lieu of foreclosure during 2002 on all the properties in CCEP. During August 2002, the General Partner executed deeds in lieu of foreclosure on four of the active properties of CCEP. In addition, one of the properties held by CCEP was sold in December 2002. On November 10, 2003 the Partnership acquired the remaining four properties held by CCEP through a foreclosure sale. As the deeds were executed, title in the properties previously owned by CCEP was transferred to the Partnership subject to the existing liens on such properties, including the first mortgage loans. As a result, during the years ended December 2003 and 2002, the Partnership assumed responsibility for the operations of such properties. During 2004 the Partnership sold two of its investment properties, during 2006 the Partnership sold one of its investment properties,

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

during 2008 the Partnership sold two of its investment properties and during 2009 the Partnership sold two of its investment properties.

At December 31, 2009, the Partnership owned two apartment properties in Florida and one multiple-use complex in Pennsylvania.

Basis of Presentation: As used herein, the term Partnership or Registrant refers to Consolidated Capital Institutional Properties, a California limited partnership, for all periods prior to April 25, 2008, and Consolidated Capital Institutional Properties, LP, a Delaware limited partnership, for all periods from and after April 25, 2008.

The accompanying consolidated statement of operations for the year ended December 31, 2008 has been restated to reflect the operations of The Dunes Apartments and The Knolls Apartments as discontinued operations as a result of the sales of the respective properties during August 2009 and September 2009, respectively. In addition, the accompanying consolidated balance sheet for December 31, 2008 has been restated to reflect the assets and liabilities of the two sold properties as held for sale as of December 31, 2008. The accompanying consolidated statement of operations for the year ended December 31, 2008 also reflects the operations of The Loft Apartments and Palm Lake Apartments, which both sold in December 2008, as loss from discontinued operations. Included in loss from discontinued operations for the year ended December 31, 2009 are operations of The Dunes Apartments and The Knolls Apartments.

The following tables present summarized results of operations related to the Partnership s discontinued operations for the years ended December 31, 2009 and 2008 (in thousands):

	Year Ended December 31, 2009					
	Revenues	Expenses	Casualty Gain	Gain on Extinguishment of Debt	Impairment Loss	Loss from Discontinued Operations
The Knolls Apartments	$ 1,666	$ (2,759)	$ 11	$ 20	$ (900)	$ (1,962)
The Dunes Apartments	1,014	(1,463)	7	6	(1,200)	(1,636)
	$ 2,680	$ (4,222)	$ 18	$ 26	$ (2,100)	$ (3,598)

	Year Ended December 31, 2008					
	Revenues	Expenses	Casualty Loss	Loss on Extinguishment of Debt	Impairment Loss	Loss from Discontinued Operations
The Knolls Apartments	$ 2,261	$ (3,543)	$	$	$ (3,000)	$ (4,282)
The Dunes Apartments	1,601	(1,749)	(84)			(232)
Palm Lake Apartments	1,367	(1,587)		(77)		(297)
The Loft Apartments	1,638	(1,213)		(623)		(198)

$ 6,867	$ (8,092)	$ (84)	$ (700)	$ (3,000)	$ (5,009)

Reclassifications: Certain reclassifications have been made to the 2008 balances to conform to the 2009 presentation.

Subsequent Events: The Partnership s management evaluated subsequent events through the time this Annual Report on Form 10-K was filed.

Principles of Consolidation: The Partnership s consolidated financial statements include the accounts of CCIP Knolls, L.L.C., a Delaware limited liability company, CCIP Society Park East, L.L.C., a Delaware limited liability company, CCIP Sterling, L.P., a Pennsylvania Limited Partnership, Kennedy Boulevard Associates II, L.P., a Pennsylvania limited partnership, Kennedy Boulevard Associates III, L.P., a Pennsylvania limited partnership, Kennedy Boulevard Associates IV, L.P. a Pennsylvania limited partnership, and Kennedy Boulevard GP I (KBGP-

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I), a Pennsylvania Partnership. The general partners of each of these affiliated limited and general partnerships are limited liability corporations of which the Partnership is the sole member. Therefore, the Partnership controls these affiliated limited and general partnerships, and consolidation is required. CCIP Knolls, L.L.C. holds title to The Knolls Apartments, which sold September 21, 2009, CCIP Society Park East, L.L.C. holds title to The Dunes Apartment Homes, which sold August 17, 2009, and CCIP Sterling, L.P. holds title to The Sterling Apartment Homes and Commerce Center (the Sterling). All interpartnership transactions have been eliminated.

Recent Accounting Pronouncements: In June 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No. 162*, or SFAS No. 168, which is effective for financial statements issued for interim and annual periods ending after September 15, 2009. Upon the effective date of SFAS No. 168, the FASB Accounting Standards Codification, or the FASB ASC, became the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission, or SEC, under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The FASB ASC superseded all then-existing non-SEC accounting and reporting standards, and all other non-grandfathered non-SEC accounting literature not included in the FASB ASC is now non-authoritative. Subsequent to the effective date of SFAS No. 168, the FASB will issue Accounting Standards Updates that serve to update the FASB ASC.

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

Allocation of Profits, Gains, Losses and Distributions: The Agreement provides for net income and net losses for both financial and tax reporting purposes to be allocated 99% to the Limited Partners and 1% to the General Partner.

Distributions are allocated in accordance with the Partnership Agreement.

Net (Loss) Income Per Limited Partnership Unit: Net (loss) income per Limited Partnership Unit (Unit) is computed by dividing net (loss) income allocated to the Limited Partners by the number of Units outstanding at the beginning of the year. Per Unit information has been computed based on 199,041.20 Units for both 2009 and 2008.

Abandoned Units: During the year ended December 31, 2009, the number of Units decreased by 11 Units due to limited partners abandoning their Units. In abandoning his or her Units, a limited partner relinquishes all right, title and interest in the Partnership as of the date of abandonment. There were no abandoned Units during the year ended December 31, 2008.

Cash and Cash Equivalents: Cash and cash equivalents includes cash on hand and in banks. At certain times, the amount of cash deposited at a bank may exceed the limit on insured deposits. Cash balances include approximately $94,000 and $4,337,000 at December 31, 2009 and 2008, respectively, that are maintained by an affiliated management company on behalf of affiliated entities in cash concentration accounts.

Depreciation: Depreciation is provided by the straight-line method over the estimated lives of the apartment and commercial properties and related personal property. For Federal income tax purposes, the modified accelerated cost recovery method is used for depreciation of (1) real property over 271/2 years and (2) personal property additions over 5 years.

Deferred Costs: For both the years ended December 31, 2009 and 2008, loan costs of approximately $1,040,000, less accumulated amortization of approximately $291,000 and $120,000, respectively, are included in other assets. Prior to October 1, 2009, the loan costs were amortized over the terms of the related loan agreements. As of October 1, 2009, the Partnership changed its estimate of the useful life of the loan costs to better reflect the remaining useful life of these assets. The Partnership term expires December 31, 2011, which is prior to the maturity

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of the mortgage notes payable. The General Partner unsuccessfully pursued extending the Partnership term. Therefore, the Partnership determined that the loan costs should be amortized over the remaining life of the Partnership. Prior to the change in estimate, the loan costs would have been fully amortized in 2017, the date the mortgage notes payable mature. The effect of this change was to increase 2009 amortization expense by approximately $67,000, increase 2009 net loss by approximately $67,000 and increase net loss per limited partnership unit by $0.33.

Amortization expense was approximately $171,000 and $115,000 for the years ended December 31, 2009 and 2008, respectively, and is included in interest expense and loss from discontinued operations. Amortization expense is expected to be approximately $374,000 for both of the years 2010 and 2011. In addition, the Partnership wrote off approximately $66,000 and $31,000 of loan costs and accumulated amortization, respectively, related to the sale of The Loft Apartments, during the year ended December 31, 2008, which is included in loss from discontinued operations.

Leasing commissions and other direct costs incurred in connection with successful leasing efforts are deferred and amortized over the terms of the related leases or the term of the Partnership, whichever is less. Amortization expense was approximately $52,000 and $55,000 for the years ended December 31, 2009 and 2008, respectively, and is included in operating expenses. At December 31, 2009 and 2008, capitalized lease commissions totaled approximately $428,000 and $427,000, respectively, with accumulated amortization of approximately $232,000 and $180,000, respectively. In addition, the Partnership wrote off approximately $80,000 of fully amortized leasing commissions during the year ended December 31, 2008.

Tenant Security Deposits: The Partnership requires security deposits from lessees for the duration of the lease and such deposits are included in receivables and deposits. Deposits are refunded when the tenant vacates, provided the tenant has not damaged the space and is current on rental payments.

Investment Properties: Investment properties consist of two apartment complexes and one multiple-use building consisting of apartment units and commercial space and are stated at cost or at fair market value as determined at the time of the foreclosures, less accumulated depreciation, unless the carrying amount of the asset is not recoverable, and the investment properties foreclosed upon were recorded at fair market value at the time of the foreclosures. The Partnership capitalizes costs incurred in connection with capital expenditure activities, including redevelopment and construction projects, other tangible property improvements and replacements of existing property components. Costs, including interest, property taxes and operating costs, associated with redevelopment and construction projects are capitalized during periods in which redevelopment and construction projects are in progress. Costs incurred in connection with capital projects are capitalized where the costs of the project exceed $250. Included in these capitalized costs are payroll costs associated with time spent by site employees in connection with the planning, execution and control of all capital expenditure activities at the property level. During the years ended December 31, 2009 and 2008, the Partnership capitalized interest of approximately $1,000 and $21,000, respectively. The Partnership capitalized real estate taxes of approximately $2,000 and other construction period costs of approximately $1,000 for the year ended December 31, 2008. The Partnership capitalized both real estate taxes and other construction period costs of less than $1,000 for the year ended December 31, 2009. Capitalized costs are depreciated over the useful life of the asset. Expenditures for ordinary repairs, maintenance and apartment turnover costs are expensed as incurred.

If events or circumstances indicate that the carrying amount of a property may not be recoverable, the Partnership will make an assessment of its recoverability by comparing the carrying amount to the Partnership s estimate of the undiscounted future cash flows, excluding interest charges, of the property. If the carrying amount exceeds the estimated aggregate undiscounted future cash flows, the Partnership would recognize an impairment loss to the extent the carrying amount exceeds the estimated fair value of the property. In accordance with the Partnership s impairment policy, during the years ended December 31, 2009 and 2008, the Partnership recorded impairment losses of approximately $2,100,000 and $3,000,000, respectively, to write the carrying amount of The

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Knolls Apartments and The Dunes Apartments down to their estimated fair value. The impairment losses are included in loss from discontinued operations.

Fair Value of Financial Instruments: FASB ASC Topic 825, Financial Instruments , requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate fair value. Fair value is defined as the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Partnership believes that the carrying amounts of its financial instruments (except for long-term debt) approximate their fair values due to the short term maturity of these instruments. The Partnership estimates fair value by discounting future cash flows using a discount rate commensurate with that currently believed to be available to the Partnership for similar term, long-term debt. At December 31, 2009, the fair value of the Partnership s long-term debt at the Partnership s incremental borrowing rate approximated its carrying value.

Leases: The Partnership leases certain commercial space to tenants under various lease terms. The leases are accounted for as operating leases in accordance with FASB ASC Topic 840, Leases . Some of the leases contain stated rental increases during their term. For leases with fixed rental increases, rents are recognized on a straight-line basis over the terms of the Partnership or the lease, whichever is less. For all other leases, minimum rents are recognized over the terms of the Partnership or the lease, whichever is less.

The Partnership generally leases apartment units for twelve-month terms or less. The Partnership will offer rental concessions during particularly slow months or in response to heavy competition from other similar complexes in the area. Rental income attributable to leases, net of any concessions, is recognized on a straight-line basis over the term of the lease. The Partnership evaluates all accounts receivable from residents and establishes an allowance, after the application of security deposits, for accounts greater than 30 days past due on current tenants and all receivables due from former tenants.

Segment Reporting: FASB ASC Topic 280-10, Segment Reporting , established standards for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports. FASB ASC Topic 280-10 also established standards for related disclosures about products and services, geographic areas, and major customers. See Note J for detailed disclosure of the Partnership s segments.

Advertising: The Partnership expenses the costs of advertising as incurred. Advertising costs of approximately $304,000 and $373,000 for the years ended December 31, 2009 and 2008, respectively, were charged to operating expense and loss from discontinued operations.

Note B Income Taxes

The Partnership is classified as a partnership for Federal income tax purposes. Accordingly, no provision for Federal or State income taxes is made in the consolidated financial statements of the Partnership. Taxable income or loss of the Partnership is reported in the income tax returns of its partners.

Table of Contents

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following is a reconciliation of reported net (loss) income and Federal taxable (loss) income (in thousands, except per unit data):

	2009	2008
Net (loss) income as reported	$ (5,738)	$ 481
Add (deduct):		
Deferred revenue and other liabilities	31	(92)
Depreciation differences	1,546	1,512
Accrued expenses	(5)	(167)
Casualty	7	69
Gain on sale of property	(5,251)	(1,288)
Write down of asset value	2,100	
Other	(1,147)	4,177
Federal taxable (loss) income	$ (8,457)	$ 4,692
Federal taxable (loss) income per limited partnership unit	$ (41.75)	$ 23.34
Federal taxable (loss) income	$	$
Federal taxable (loss) income Series A	(1,933)	5,033
Federal taxable (loss) income Series B	(4,383)	(296)
Federal taxable (loss) income Series C	(2,141)	(45)
	$ (8,457)	$ 4,692
Per limited partnership unit:		
Federal taxable (loss) income	$	$
Federal taxable (loss) income Series A	(9.62)	25.03
Federal taxable (loss) income Series B	(21.53)	(1.47)
Federal taxable (loss) income Series C	(10.60)	(0.22)
	$ (41.75)	$ 23.34

The following is a reconciliation between the Partnership s reported amounts and Federal tax basis of net assets and liabilities (in thousands):

	December 31, 2009	December 31, 2008
Net liabilities as reported	$ (63,856)	$ (47,311)
Land and buildings	1,806	(3,752)

Accumulated depreciation	5,273	12,427
Syndication fees	22,524	22,500
Other	2,595	3,378
Net liabilities Federal tax basis	$ (31,658)	$ (12,758)

As of December 31, 2008, net liabilities on a Federal tax basis are allocated as follows: Series A $(25,630,000); Series B $9,600,000; Series C $3,272,000. As of December 31, 2009, net liabilities on a Federal tax basis are all Series A as both Series B and Series C were liquidated as of December 31, 2009.

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In conjunction with the payment of local income taxes with respect to The Sterling Apartment Homes and Commerce Center, the Partnership has recorded a deferred tax asset in the amount of approximately $481,000. The deferred tax asset consists primarily of temporary differences related to land, buildings and accumulated depreciation. The Partnership believes that it is more likely than not that the full value of the deferred tax asset will be realized through future taxable income of the property. An additional benefit of approximately $90,000 was recognized during the year ended December 31, 2009, compared to a benefit of approximately $30,000 which was recognized during the year ended December 31, 2008. The Partnership recognized current income tax expense related to local income taxes with respect to The Sterling Apartment Homes and Commerce Center of approximately $26,000 during the year ended December 31, 2009, compared to approximately $10,000 during the year ended December 31, 2008.

Note C Mortgage Notes Payable

The terms of mortgage notes payable are as follows:

Property	Principal Balance at December 31, 2009	Principal Balance at December 31, 2008	Monthly Payment (Including Interest)	Interest Rate	Maturity Date(1)	Principal Balance Due at Maturity
	(In thousands)		(In thousands)			(In thousands)
The Sterling Apartment Homes and Commerce Center	$ 77,915	$ 78,988	$ 471	5.84%	12/01/17	$ 66,807
Plantation Gardens Apartments	24,141	24,463	150	6.08%	10/01/17	20,855
Regency Oaks Apartments	11,133	11,280	70	6.16%	10/01/17	9,635
	$ 113,189	$ 114,731	$ 691			$ 97,297

(1) Maturity dates of the mortgage notes payable extend beyond the termination date of the Partnership which is December 31, 2011.

The mortgage notes payable are fixed rate mortgages that are non-recourse and are secured by a pledge of the Partnership s rental properties and by a pledge of revenues from the respective rental properties. The mortgage notes payable include prepayment penalties if repaid prior to maturity. Further, the properties may not be sold subject to existing indebtedness.

The mortgages on the foreclosed properties were recorded at their fair value at the time of the foreclosure, which generated a mortgage premium on these mortgages. The fair value of the mortgages was determined based upon the incremental borrowing rate available to the Partnership at the time of foreclosure. At December 31, 2008, the mortgage premiums of approximately $129,000 were net of accumulated amortization of approximately $571,000 and were included in assets held for sale. Amortization expense was approximately $78,000 and $134,000 for the years ended December 31, 2009 and 2008, respectively, which is included in loss from discontinued operations. The Partnership wrote off approximately $31,000 of unamortized mortgage premium related to the sale of Palm Lake Apartments during the year ended December 31, 2008 and approximately $51,000 of unamortized mortgage premium related to the sales of The Dunes Apartments and The Knolls Apartments during the year ended December 31, 2009, both of which are included in loss from discontinued operations.

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

While the Partnership termination date is December 31, 2011, scheduled principal payments of the mortgage notes payable subsequent to December 31, 2009, are as follows (in thousands):

2010	$ 1,635
2011	1,735
2012	1,840
2013	1,952
2014	2,071
Thereafter	103,956
Total	$ 113,189

Note D Transactions with Affiliated Parties

The Partnership has no employees and depends on the General Partner and its affiliates for the management and administration of all Partnership activities. The Partnership Agreement provides for certain payments to affiliates for services and reimbursement of certain expenses incurred by affiliates on behalf of the Partnership.

Affiliates of the General Partner receive 5% of gross receipts from all of the Partnership s properties as compensation for providing property management services. The Partnership was charged by affiliates approximately $1,096,000 and $1,331,000 for the years ended December 31, 2009 and 2008, respectively, which are included in operating expenses and loss from discontinued operations.

Affiliates of the General Partner charged the Partnership for reimbursement of accountable administrative expenses amounting to approximately $718,000 and $866,000 for the years ended December 31, 2009 and 2008, respectively, which are included in general and administrative expenses, loss from discontinued operations, (loss) gain from sale of discontinued operations, investment properties and assets held for sale. The portion of these reimbursements included in (loss) gain from sale of discontinued operations, investment properties and assets held for sale for the years ended December 31, 2009 and 2008 are construction management services provided by an affiliate of the General Partner of approximately $305,000 and $350,000, respectively. At December 31, 2008, approximately $100,000 of these expenses are outstanding and included in due to affiliates. There were no such expenses outstanding at December 31, 2009.

In accordance with the Partnership Agreement, during the year ended December 31, 2009, AIMCO Properties, L.P., an affiliate of the General Partner, advanced the Partnership approximately $2,611,000 to fund operations at The Sterling Apartment Homes, The Knolls Apartments, Regency Oaks Apartments and Plantation Gardens Apartments and capital expenditures at The Dunes Apartments. During the year ended December 31, 2008, AIMCO Properties, L.P., an affiliate of the General Partner, advanced the Partnership approximately $500,000 to fund operations at The Knolls Apartments, Plantation Gardens Apartments and The Dunes Apartment Homes. Interest was charged at either the prime rate or the prime rate plus 2% (prime rate was 3.25% at December 31, 2009) and interest expense was approximately $29,000 and $2,000 for the years ended December 31, 2009 and 2008, respectively. During the years ended December 31, 2009 and 2008, the Partnership made payments on the outstanding loans and accrued interest of approximately $2,637,000 and $376,000, respectively, from proceeds from the sales of The Dunes Apartments and

The Knolls Apartments in 2009 and from operations. At December 31, 2009 and 2008, the amount of the outstanding advances and accrued interest was approximately $129,000 and $126,000, respectively, and is included in due to affiliates. The Partnership may receive additional advances of funds from AIMCO Properties, L.P. although AIMCO Properties, L.P. is not obligated to provide such advances. For more information on AIMCO Properties, L.P., including copies of its audited balance sheet, please see its reports filed with the Securities and Exchange Commission. Subsequent to December 31, 2009, the Partnership received additional advances of approximately $1,703,000 to fund real estate taxes at The Sterling Apartment Homes and Commerce Center and operations at Plantation Gardens Apartments and Regency Oaks Apartments.

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Partnership insures its properties up to certain limits through coverage provided by AIMCO which is generally self-insured for a portion of losses and liabilities related to workers compensation, property casualty, general liability and vehicle liability. The Partnership insures its properties above the AIMCO limits through insurance policies obtained by AIMCO from insurers unaffiliated with the General Partner. During the years ended December 31, 2009 and 2008 the Partnership was charged by AIMCO and its affiliates approximately $429,000 and $577,000, respectively, for insurance coverage and fees associated with policy claims administration.

In addition to its indirect ownership of the general partner interests in the Partnership, AIMCO and its affiliates owned 152,648.05 Units in the Partnership representing 76.70% of the outstanding Units at December 31, 2009. A number of these Units were acquired pursuant to tender offers made by AIMCO or its affiliates. It is possible that AIMCO or its affiliates will acquire additional Units in exchange for cash or a combination of cash and units in AIMCO Properties, L.P., the operating partnership of AIMCO, either through private purchases or tender offers. Pursuant to the Partnership Agreement, unitholders holding a majority of the Units are entitled to take action with respect to a variety of matters that would include, but are not limited to, voting on certain amendments to the Partnership Agreement and voting to remove the General Partner. As a result of its ownership of 76.70% of the outstanding Units, AIMCO and its affiliates are in a position to control all such voting decisions with respect to the Partnership. Although the General Partner owes fiduciary duties to the limited partners of the Partnership, the General Partner also owes fiduciary duties to AIMCO as its sole stockholder. As a result, the duties of the General Partner, as general partner, to the Partnership and its limited partners may come into conflict with the duties of the General Partner to AIMCO as its sole stockholder.

Note E Investment Properties and Accumulated Depreciation

Investment Properties

Description	Encumbrances (In thousands)	Initial Cost to Partnership: Land	Initial Cost to Partnership: Buildings and Related Personal Property	Net Cost Capitalized Subsequent to Acquisition (In thousands)
		(In thousands)		
The Sterling Apartment Homes and Commerce Center	$ 77,915	$ 2,567	$ 12,341	$ 37,508
Plantation Gardens Apartments	24,141	4,046	15,217	4,466
Regency Oaks Apartments	11,133	2,024	6,902	5,326
Total	$ 113,189	$ 8,637	$ 34,460	$ 47,300

Gross Amount at Which Carried
At December 31, 2009
(In thousands)

Description	Land	Buildings and Related Personal Property	Total	Accumulated Depreciation (In thousands)	Date Acquired	Depreciable Life
The Sterling Apartment Homes and Commerce Center	$ 2,567	$ 49,849	$ 52,416	$ 33,375	12/01/95	5-30 yrs
Plantation Gardens Apartments	4,046	19,683	23,729	4,102	11/10/03	5-30 yrs
Regency Oaks Apartments	2,024	12,228	14,252	4,262	11/10/03	5-30 yrs
Totals	$ 8,637	$ 81,760	$ 90,397	$ 41,739		

Table of Contents

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Reconciliation of investment properties and accumulated depreciation:

	Years Ended December 31, 2009	Years Ended December 31, 2008
	(In thousands)	
Investment Properties		
Balance at beginning of year	$ 88,075	$ 118,148
Property improvements and replacements	5,466	4,952
Impairment	(2,100)	(3,000)
Disposal of property	(1,044)	(183)
Assets held for sale		(31,842)
Balance at end of year	$ 90,397	$ 88,075
Accumulated Depreciation		
Balance at beginning of year	$ 36,501	$ 38,203
Additions charged to expense	6,795	7,761
Disposal of property	(1,557)	(37)
Assets held for sale		(9,426)
Balance at end of year	$ 41,739	$ 36,501

The aggregate cost of the real estate for Federal income tax purposes at December 31, 2009 and 2008 is approximately $92,203,000 and $115,333,000, respectively. Accumulated depreciation for Federal income tax purposes at December 31, 2009 and 2008 is approximately $36,466,000 and $33,008,000, respectively.

During the year ended December 31, 2009, the Partnership wrote off redevelopment costs of approximately $232,000, which are included with disposals in the table above. The write off represents capitalized costs incurred in a prior year related to a potential redevelopment project at Plantation Gardens Apartments, which is no longer being considered as of December 31, 2009.

Note F Sale of Investment Properties

On September 21, 2009, the Partnership sold The Knolls Apartments, located in Colorado Springs, Colorado, to a third party for a sales price of $13,350,000. After payment of closing costs, the Partnership received net proceeds of approximately $13,155,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $7,279,000 and $15,000, respectively. The sale resulted in a gain of approximately $133,000 during the year ended December 31, 2009. In addition, the Partnership recorded a gain on the early extinguishment of debt of approximately $20,000 due to the write off of the unamortized mortgage premium of approximately $35,000, partially offset by the prepayment penalty of approximately $15,000. The gain on early extinguishment of debt is included in loss from discontinued operations for the year ended December 31, 2009. Also included in loss from discontinued operations for the years ended December 31, 2009 and 2008 are impairment losses of approximately $900,000 and $3,000,000, respectively, which were recorded to write the carrying amount of the property down to the expected sale price in accordance with the Partnership s impairment policy.

On August 17, 2009, the Partnership sold The Dunes Apartments, located in Indian Harbor, Florida, to a third party for a sales price of $6,300,000. After payment of closing costs, the Partnership received net proceeds of approximately $6,142,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $3,032,000 and $10,000, respectively. The sale resulted in a loss of approximately $186,000 during the year ended December 31, 2009. In addition, the Partnership recorded a

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

gain on the early extinguishment of debt of approximately $6,000 due to the write off of the unamortized mortgage premium of approximately $16,000, partially offset by the prepayment penalty of approximately $10,000. The gain on the early extinguishment of debt is included in loss from discontinued operations for the year ended December 31, 2009. Also included in loss from discontinued operations for the year ended December 31, 2009 is an impairment loss of approximately $1,200,000 which was recorded to write the carrying amount of the property down to the expected sale price in accordance with the Partnership s impairment policy.

On December 29, 2008, the Partnership sold The Loft Apartments, located in Raleigh, North Carolina, to a third party for a sales price of $9,325,000. After payment of closing costs, the Partnership received net proceeds of approximately $9,212,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $4,368,000 and $588,000, respectively. The sale resulted in a gain of approximately $6,501,000 during the year ended December 31, 2008. In addition, the Partnership recorded a loss on early extinguishment of debt of approximately $623,000 during the year ended December 31, 2008 as a result of the write off of unamortized loan costs and a prepayment penalty. This amount is included in loss from discontinued operations.

On December 9, 2008, the Partnership sold Palm Lake Apartments, located in Tampa, Florida, to a third party for a sales price of $7,000,000. After payment of closing costs, the Partnership received net proceeds of approximately $6,499,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $2,301,000 and $107,000, respectively. The sale resulted in a gain of approximately $1,210,000 during the year ended December 31, 2008. In addition, the Partnership recorded a loss on early extinguishment of debt of approximately $77,000 during the year ended December 31, 2008 as a result of a prepayment penalty, partially offset by the write off of the unamortized mortgage premium. This amount is included in loss from discontinued operations.

The following tables present summarized results of operations related to the Partnership s discontinued operations for the years ended December 31, 2009 and 2008 (in thousands):

	Year Ended December 31, 2009					
	Revenues	Expenses	Casualty Gain	Gain on Extinguishment of Debt	Impairment Loss	Loss from Discontinued Operations
The Knolls Apartments	$ 1,666	$ (2,759)	$ 11	$ 20	$ (900)	$ (1,962)
The Dunes Apartments	1,014	(1,463)	7	6	(1,200)	(1,636)
	$ 2,680	$ (4,222)	$ 18	$ 26	$ (2,100)	$ (3,598)

	Year Ended December 31, 2008					
	Revenues	Expenses	Casualty Loss	Loss on Extinguishment of Debt	Impairment Loss	Loss from Discontinued Operations

The Knolls Apartments	$ 2,261	$ (3,543)	$	$	$ (3,000)	$ (4,282)
The Dunes Apartments	1,601	(1,749)	(84)			(232)
Palm Lake Apartments	1,367	(1,587)		(77)		(297)
The Loft Apartments	1,638	(1,213)		(623)		(198)
	$ 6,867	$ (8,092)	$ (84)	$ (700)	$ (3,000)	$ (5,009)

Note G Commercial Leases

Rental income on the commercial property leases is recognized by the straight-line method over the life of the applicable leases or the term of the Partnership, whichever is less, which would be approximately $1,457,000 for

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2010 and $1,023,000 for 2011. Minimum future rental income for the commercial property subject to noncancellable operating leases based on the life of the leases is as follows (in thousands):

Year Ending December 31,	
2010	$ 1,501
2011	1,017
2012	831
2013	654
2014	388
Thereafter	1,257
	$ 5,648

There is no assurance that this rental income will continue at the same level when the current leases expire.

Note H Investments in Affiliated Partnerships

The Partnership had investments in the following affiliated partnerships:

Partnership	Type of Ownership	Ownership Percentage	Investment at December 31, 2009 (In thousands)	2008
Consolidated Capital Growth Fund	Special Limited Partner	0.40%	$	$
Consolidated Capital Properties III	Special Limited Partner	1.86%		3
Consolidated Capital Properties IV	Special Limited Partner	1.86%	480	563
			$ 480	$ 566

These investments are accounted for using the equity method of accounting. Distributions from the affiliated partnerships are accounted for as a reduction of the investment balance until the investment balance is reduced to zero. When the investment balance has been reduced to zero, subsequent distributions received are recognized as income in the accompanying consolidated statements of operations. During the year ended December 31, 2009, the Partnership received a distribution of approximately $20,000 from operations from one of its affiliated partnerships, Consolidated Capital Properties IV, which was recognized as a reduction of the investment balance. During the year ended December 31, 2009, the Partnership received approximately $461,000 of distributions from sale proceeds and during the year ended December 31, 2008, the Partnership received approximately $33,000 of distributions from refinance proceeds from one of its affiliated partnerships, Consolidated Capital Growth Fund, which was recognized as income on the accompanying consolidated statements of operations as its investment balance had been reduced to zero. As of

December 31, 2009, Consolidated Capital Growth Fund was liquidated. During the years ended December 31, 2009 and 2008, the Partnership recognized approximately $66,000 and $61,000, respectively, in equity in loss from investments related to its allocated share of the loss from two of the affiliated partnerships.

Note I Casualty Events

In January 2009, Regency Oaks Apartments sustained damages of approximately $17,000 resulting from freezing conditions which damaged landscaping at the property. During the year ended December 31, 2009, the Partnership recognized a casualty gain of approximately $7,000 as a result of the receipt of insurance proceeds of approximately $7,000 as the damaged assets were fully depreciated.

D-34

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In January 2009, The Dunes Apartments sustained damages of approximately $17,000 resulting from freezing conditions which damaged landscaping at the property. During the year ended December 31, 2009, the Partnership recognized a casualty gain of approximately $7,000 as a result of the receipt of insurance proceeds of approximately $7,000 as the damaged assets were fully depreciated. This casualty gain is included in loss from discontinued operations.

In December 2008, The Knolls Apartments sustained damages of approximately $70,000 from a water main break in the parking area, including approximately $41,000 of clean up costs. During the year ended December 31, 2009, the Partnership recognized a casualty gain of approximately $11,000 as a result of the receipt of insurance proceeds of approximately $33,000 net of the write off of undepreciated damaged assets of approximately $22,000. The casualty gain and clean up costs are included in loss from discontinued operations for the year ended December 31, 2009.

In August 2008, The Dunes Apartments sustained damages from Tropical Storm Fay of approximately $133,000, including clean up costs of approximately $7,000. During the year ended December 31, 2008, the Partnership recognized a casualty loss of approximately $84,000 as a result of the write off of undepreciated damaged assets, as insurance proceeds were not received. The casualty loss and clean up costs are included in loss from discontinued operations for the year ended December 31, 2008.

In August 2008, Regency Oaks Apartments sustained damages from Tropical Storm Fay of approximately $73,000, including clean up costs of approximately $9,000, which were included in operating expenses during the year ended December 31, 2008. During the year ended December 31, 2008, the Partnership recognized a casualty loss of approximately $43,000 as a result of the write off of undepreciated damaged assets, as insurance proceeds were not received.

In August 2008, Plantation Gardens Apartments sustained damages from Tropical Storm Fay of approximately $34,000, including clean up costs of approximately $8,000, which were included in operating expenses during the year ended December 31, 2008. During the year ended December 31, 2008, the Partnership recognized a casualty loss of approximately $18,000 as a result of the write off of undepreciated damaged assets, as insurance proceeds were not received.

Note J Segment Reporting

Description of the types of products and services from which the reportable segment derives its revenues: The Partnership has two reportable segments: residential properties and commercial property. The Partnership s property segments consist of two apartment complexes in Florida, and one multiple use facility consisting of apartment units and commercial space in Pennsylvania. The Partnership rents apartment units to tenants for terms that are typically less than twelve months. The commercial property leases space to various medical offices, career service facilities, and retail shops at terms ranging from month to month to ten years. Included in the Partnership s residential properties segment as discontinued operations are two and four apartment complexes for 2009 and 2008, respectively.

Measurement of segment profit and loss: The Partnership evaluates performance based on segment profit and loss before depreciation. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.

Factors management used to identify the enterprise s reportable segment: The Partnership s reportable segments are business units (investment properties) that offer different products and services. The reportable segments are each managed separately because they provide distinct services with different types of products and customers.

Table of Contents

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Segment information for the years ending December 31, 2009 and 2008 is shown in the tables below (in thousands). The Other Column includes Partnership administration related items and income and expense not allocated to reportable segments.

2009

	Residential	Commercial	Other	Totals
Rental income	$ 15,774	$ 1,816	$	$ 17,590
Other income	1,643	205		1,848
Casualty gain	7			7
Loss from discontinued operations	(3,232)		(366)	(3,598)
Loss from sale of discontinued operations	(53)			(53)
Distributions in excess of investment			461	461
Equity in loss from investment			(66)	(66)
Interest expense	6,229	687	46	6,962
Depreciation	4,969	269		5,238
General and administrative expenses			350	350
Current income tax expense	26			26
Deferred income tax benefit	(90)			(90)
Segment loss	(5,277)	(94)	(367)	(5,738)
Total assets	49,628	1,710	510	51,848
Capital expenditures for investment properties	2,914	452		3,366

2008

	Residential	Commercial	Other	Totals
Rental income	$ 16,676	$ 1,677	$	$ 18,353
Other income	1,445	267	47	1,759
Casualty loss	(61)			(61)
Loss from discontinued operations	(4,908)		(101)	(5,009)
Gain from sale of discontinued operations	7,711			7,711
Distributions in excess of investment			33	33
Equity in loss from investment			(61)	(61)
Interest expense	6,230	697	9	6,936
Depreciation	4,766	220		4,986
General and administrative expenses			627	627
Current income tax expense	10			10
Deferred income tax benefit	(30)			(30)
Segment profit (loss)	1,418	(219)	(718)	481
Total assets	75,700	1,563	4,756	82,019
	4,230	722		4,952

Capital expenditures for investment properties and assets
held for sale

Note K Contingencies

As previously disclosed, AIMCO Properties, L.P. and NHP Management Company, both affiliates of the General Partner, were defendants in a lawsuit, filed as a collective action in August 2003 in the United States District Court for the District of Columbia, alleging that they willfully violated the Fair Labor Standards Act

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(FLSA) by failing to pay maintenance workers overtime for time worked in excess of 40 hours per week (overtime claims). The plaintiffs also contended that AIMCO Properties, L.P. and NHP Management Company (the Defendants) failed to compensate maintenance workers for time that they were required to be on-call (on-call claims). In March 2007, the court in the District of Columbia decertified the collective action. In July 2007, plaintiffs counsel filed individual cases in Federal court in 22 jurisdictions. In the second quarter of 2008, AIMCO Properties, L.P. settled the overtime cases involving 652 plaintiffs and established a framework for resolving the 88 remaining on-call claims and the attorneys fees claimed by plaintiffs counsel. As a result, the lawsuits asserted in the 22 Federal courts have been dismissed. During the fourth quarter of 2008, the Partnership paid approximately $8,000 for settlement amounts for alleged unpaid overtime to employees who had worked at the Partnership s investment properties. At this time, the 88 remaining on-call claims and the attorneys fees claimed by plaintiffs counsel are not resolved. The parties have selected six on-call claims that will proceed forward through the arbitration process and have selected arbitrators. After those arbitrations have been completed, the parties will revisit settling the on-call claims. The first two arbitrations took place in December 2009 and the Defendants received a defense verdict against the first two claimants, and plaintiffs dismissed the claims of the next two claimants. The remaining two arbitrations will take place in April 2010. The General Partner is uncertain as to the amount of any additional loss that may be allocable to the Partnership. Therefore, the Partnership cannot estimate whether any additional loss will occur or a potential range of loss.

The Partnership is unaware of any other pending or outstanding litigation matters involving it or its investment properties that are not of a routine nature arising in the ordinary course of business.

Environmental

Various Federal, state and local laws subject property owners or operators to liability for management, and the costs of removal or remediation, of certain hazardous substances present on a property, including lead-based paint. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of the hazardous substances. The presence of, or the failure to manage or remedy properly, hazardous substances may adversely affect occupancy at affected apartment communities and the ability to sell or finance affected properties. In addition to the costs associated with investigation and remediation actions brought by government agencies, and potential fines or penalties imposed by such agencies in connection therewith, the presence of hazardous substances on a property could result in claims by private plaintiffs for personal injury, disease, disability or other infirmities. Various laws also impose liability for the cost of removal, remediation or disposal of hazardous substances through a licensed disposal or treatment facility. Anyone who arranges for the disposal or treatment of hazardous 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 its properties, the Partnership could potentially be liable for environmental liabilities or costs associated with its properties.

Mold

The Partnership is aware of lawsuits against owners and managers of multifamily properties asserting claims of personal injury and property damage caused by the presence of mold, some of which have resulted in substantial monetary judgments or settlements. The Partnership has only limited insurance coverage for property damage loss claims arising from the presence of mold and for personal injury claims related to mold exposure. Affiliates of the General Partner have implemented policies, procedures, third-party audits and training and the General Partner believes that these measures will prevent or eliminate mold exposure and will minimize the effects that mold may have on residents. To date, the Partnership has not incurred any material costs or liabilities relating to claims of mold exposure or to abate mold conditions. Because the law regarding mold is unsettled and subject to change the General Partner can make no assurance that liabilities resulting from the presence of or exposure to mold will not have a material adverse effect on the Partnership s consolidated financial condition or results of operations.

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

None.

Item 9A(T). ***Controls and Procedures.***

(a) Disclosure Controls and Procedures

The Partnership s management, with the participation of the principal executive officer and principal financial officer of the General Partner, who are the equivalent of the Partnership s principal executive officer and principal financial officer, respectively, has evaluated the effectiveness of the Partnership s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on such evaluation, the principal executive officer and principal financial officer of the General Partner, who are the equivalent of the Partnership s principal executive officer and principal financial officer, respectively, have concluded that, as of the end of such period, the Partnership s disclosure controls and procedures are effective.

Management s Report on Internal Control Over Financial Reporting

The Partnership s management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, the principal executive and principal financial officers of the General Partner, who are the equivalent of the Partnership s principal executive officer and principal financial officer, respectively, and effected by the Partnership s management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of the Partnership s management; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Partnership s management assessed the effectiveness of the Partnership s internal control over financial reporting as of December 31, 2009. In making this assessment, the Partnership s management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*.

Based on their assessment, the Partnership s management concluded that, as of December 31, 2009, the Partnership s internal control over financial reporting is effective.

This annual report does not include an attestation report of the Partnership s registered public accounting firm regarding internal control over financial reporting. Management s report was not subject to the attestation by the Partnership s registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Partnership to provide only management s report in this annual report.

Table of Contents

(b) Changes in Internal Control Over Financial Reporting.

There has been no change in the Partnership s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter of 2009 that has materially affected, or is reasonably likely to materially affect, the Partnership s internal control over financial reporting.

Item 9B. *Other Information.*

None.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance.*

The names and ages of, as well as the positions and offices held by, the present directors and officers of ConCap Equities, Inc. (CEI or the General Partner) the Partnership s general partner, as of December 31, 2009, are set forth below. There are no family relationships between or among any officers or directors.

Name	Age	Position
Steven D. Cordes	38	Director and Senior Vice President
John Bezzant	47	Director and Senior Vice President
Timothy J. Beaudin	51	President and Chief Operating Officer
Ernest M. Freedman	39	Executive Vice President and Chief Financial Officer
Lisa R. Cohn	41	Executive Vice President, General Counsel and Secretary
Paul Beldin	36	Senior Vice President and Chief Accounting Officer
Stephen B. Waters	48	Senior Director of Partnership Accounting

Steven D. Cordes was appointed as a Director of the General Partner effective March 2, 2009. Mr. Cordes has been a Senior Vice President of the General Partner and AIMCO since May 2007. Mr. Cordes joined AIMCO in 2001 as a Vice President of Capital Markets with responsibility for AIMCO s joint ventures and equity capital markets activity. Prior to joining AIMCO, Mr. Cordes was a manager in the financial consulting practice of PricewaterhouseCoopers. Effective March 2009, Mr. Cordes was appointed to serve as the equivalent of the chief executive officer of the Partnership. Mr. Cordes brings particular expertise to the Board in the areas of asset management as well as finance and accounting.

John Bezzant was appointed as a Director of the General Partner effective December 16, 2009. Mr. Bezzant has been a Senior Vice President of the General Partner and AIMCO since joining AIMCO in June 2006. Prior to joining AIMCO, from 2005 to June 2006, Mr. Bezzant was a First Vice President at Prologis, a Denver, Colorado-based real estate investment trust, and from 1986 to 2005, Mr. Bezzant served as Vice President, Asset Management at Catellus Development Corporation, a San Francisco, California-based real estate investment trust. Mr. Bezzant brings particular expertise to the Board in the areas of real estate finance, property operations, sales and development.

Timothy J. Beaudin was appointed President and Chief Operating Officer of AIMCO and the General Partner in February 2009. He joined AIMCO and the General Partner as Executive Vice President and Chief Development Officer in October 2005 and was appointed Executive Vice President and Chief Property Operating Officer of the General Partner and AIMCO in October 2008. Mr. Beaudin oversees conventional and affordable property operations, transactions, asset management, and redevelopment and construction services for AIMCO and the General Partner.

Prior to joining AIMCO and beginning in 1995, Mr. Beaudin was with Catellus Development Corporation. During his last five years at Catellus, Mr. Beaudin served as Executive Vice President, with management responsibility for development, construction and asset management.

Ernest M. Freedman was appointed Executive Vice President and Chief Financial Officer of the General Partner and AIMCO in November 2009. Mr. Freedman joined AIMCO in 2007 as Senior Vice President of Financial Planning and Analysis and has served as Senior Vice President of Finance since February 2009, responsible for financial planning, tax, accounting and related areas. Prior to joining AIMCO, from 2004 to 2007, Mr. Freedman served as chief financial officer of HEI Hotels and Resorts.

Lisa R. Cohn was appointed Executive Vice President, General Counsel and Secretary of the General Partner and AIMCO in December 2007. From January 2004 to December 2007, Ms. Cohn served as Senior Vice President and Assistant General Counsel of AIMCO. Ms. Cohn joined AIMCO in July 2002 as Vice President and Assistant General Counsel. Prior to joining AIMCO, Ms. Cohn was in private practice with the law firm of Hogan and Hartson LLP.

Paul Beldin joined AIMCO in May 2008 and has served as Senior Vice President and Chief Accounting Officer of AIMCO and the General Partner since that time. Prior to joining AIMCO, Mr. Beldin served as controller and then as chief financial officer of America First Apartment Investors, Inc., a publicly traded multifamily real estate investment trust, from May 2005 to September 2007 when the company was acquired by Sentinel Real Estate Corporation. Prior to joining America First Apartment Investors, Inc., Mr. Beldin was a senior manager at Deloitte and Touche LLP, where he was employed from August 1996 to May 2005, including two years as an audit manager in SEC services at Deloitte s national office.

Stephen B. Waters was appointed Senior Director of Partnership Accounting of AIMCO and the General Partner in June 2009. Mr. Waters has responsibility for partnership accounting with AIMCO and serves as the principal financial officer of the General Partner. Mr. Waters joined AIMCO as a Director of Real Estate Accounting in September 1999 and was appointed Vice President of the General Partner and AIMCO in April 2004. Prior to joining AIMCO, Mr. Waters was a senior manager at Ernst & Young LLP.

The Registrant is not aware of the involvement in any legal proceedings with respect to the directors and executive officers listed in this Item 10.

One or more of the above persons are also directors and/or officers of a general partner (or general partner of a general partner) of limited partnerships which either have a class of securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, or are subject to the reporting requirements of Section 15(d) of such Act. Further, one or more of the above persons are also officers of Apartment Investment and Management Company and the general partner of AIMCO Properties, L.P., entities that have a class of securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, or are subject to the reporting requirements of Section 15 (d) of such Act.

The board of directors of the General Partner does not have a separate audit committee. As such, the board of directors of the General Partner fulfills the functions of an audit committee. The board of directors has determined that Steven D. Cordes meets the requirement of an audit committee financial expert .

The directors and officers of the General Partner with authority over the Partnership are all employees of subsidiaries of AIMCO. AIMCO has adopted a code of ethics that applies to such directors and officers that is posted on AIMCO s website (www.AIMCO.com). AIMCO s website is not incorporated by reference to this filing.

Item 11. ***Executive Compensation.***

No remuneration was paid to the General Partner nor its directors or officers during the year ended December 31, 2009.

Table of Contents

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

(a) Security Ownership of Certain Beneficial Owners

Except as noted below, no persons or entity is known by the General Partner to own beneficially more than 5% of the outstanding limited partnership units (the Units) of the Partnership:

Name and Address	Number of Units	Percentage
AIMCO IPLP, L.P. (an affiliate of AIMCO)	50,572.40	25.41%
Reedy River Properties, L.L.C. (an affiliate of AIMCO)	28,832.50	14.49%
Cooper River Properties, L.L.C. (an affiliate of AIMCO)	11,365.60	5.71%
AIMCO Properties, L.P. (an affiliate of AIMCO)	61,877.55	31.09%

Reedy River Properties, L.L.C., Cooper River Properties, L.L.C. and AIMCO IPLP, L.P. are indirectly ultimately owned by AIMCO. Their business addresses are 55 Beattie Place, Greenville, SC 29601.

AIMCO Properties, L.P. is ultimately controlled by AIMCO. Its business address is 4582 S. Ulster St. Parkway, Suite 1100, Denver, Colorado 80237.

(b) Beneficial Owners of Management

Except as described in Item 12(a) above, neither CEI nor any of the directors, officers or associates of CEI own any Units of the Partnership of record or beneficially.

(c) Changes in Control

Beneficial Owners of CEI

As of December 31, 2009, the following entity was known to CEI to be the beneficial owner of more than 5% of its common stock:

Name and Address	Number of Units	Percent of Total
Insignia Properties Trust 55 Beattie Place P.O. Box 1089 Greenville, SC 29602	100,000	100%

Effective February 26, 1999, Insignia Properties Trust merged into AIMCO with AIMCO being the surviving corporation. As a result, AIMCO ultimately acquired a 100% interest in Insignia Properties Trust.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

The Partnership has no employees and depends on the General Partner and its affiliates for the management and administration of all Partnership activities. The Partnership Agreement provides for certain payments to affiliates for services and reimbursement of certain expenses incurred by affiliates on behalf of the Partnership.

Affiliates of the General Partner receive 5% of gross receipts from all of the Partnership s properties as compensation for providing property management services. The Partnership was charged by affiliates approximately $1,096,000 and $1,331,000 for the years ended December 31, 2009 and 2008, respectively, which are included in operating expenses and loss from discontinued operations.

Affiliates of the General Partner charged the Partnership for reimbursement of accountable administrative expenses amounting to approximately $718,000 and $866,000 for the years ended December 31, 2009 and 2008, respectively, which are included in general and administrative expenses, loss from discontinued operations, (loss) gain from sale of discontinued operations, investment properties and assets held for sale. The portion of these reimbursements included in (loss) gain from sale of discontinued operations, investment properties and assets held for sale for the years ended December 31, 2009 and 2008 are construction management services provided by an affiliate of the General Partner of approximately $305,000 and $350,000, respectively. At December 31, 2008, approximately $100,000 of these expenses are outstanding and included in due to affiliates. There were no such expenses outstanding at December 31, 2009.

In accordance with the Partnership Agreement, during the year ended December 31, 2009, AIMCO Properties, L.P., an affiliate of the General Partner, advanced the Partnership approximately $2,611,000 to fund operations at The Sterling Apartment Homes, The Knolls Apartments, Regency Oaks Apartments and Plantation Gardens Apartments and capital expenditures at The Dunes Apartments. During the year ended December 31, 2008, AIMCO Properties, L.P., an affiliate of the General Partner, advanced the Partnership approximately $500,000 to fund operations at The Knolls Apartments, Plantation Gardens Apartments and The Dunes Apartment Homes. Interest was charged at either the prime rate or the prime rate plus 2% (prime rate was 3.25% at December 31, 2009) and interest expense was approximately $29,000 and $2,000 for the years ended December 31, 2009 and 2008, respectively. During the years ended December 31, 2009 and 2008, the Partnership made payments on the outstanding loans and accrued interest of approximately $2,637,000 and $376,000, respectively, from proceeds from the sales of The Dunes Apartments and The Knolls Apartments in 2009 and from operations. At December 31, 2009 and 2008, the amount of the outstanding advances and accrued interest was approximately $129,000 and $126,000, respectively, and is included in due to affiliates. The Partnership may receive additional advances of funds from AIMCO Properties, L.P. although AIMCO Properties, L.P. is not obligated to provide such advances. For more information on AIMCO Properties, L.P., including copies of its audited balance sheet, please see its reports filed with the Securities and Exchange Commission. Subsequent to December 31, 2009, the Partnership received additional advances of approximately $1,703,000 to fund real estate taxes at The Sterling Apartment Homes and Commerce Center and operations at Plantation Gardens Apartments and Regency Oaks Apartments.

The Partnership insures its properties up to certain limits through coverage provided by AIMCO which is generally self-insured for a portion of losses and liabilities related to workers compensation, property casualty, general liability and vehicle liability. The Partnership insures its properties above the AIMCO limits through insurance policies obtained by AIMCO from insurers unaffiliated with the General Partner. During the years ended December 31, 2009 and 2008 the Partnership was charged by AIMCO and its affiliates approximately $429,000 and $577,000, respectively, for insurance coverage and fees associated with policy claims administration.

In addition to its indirect ownership of the general partner interests in the Partnership, AIMCO and its affiliates owned 152,648.05 Units in the Partnership representing 76.70% of the outstanding Units at December 31, 2009. A number of these Units were acquired pursuant to tender offers made by AIMCO or its affiliates. It is possible that AIMCO or its affiliates will acquire additional Units in exchange for cash or a combination of cash and units in AIMCO Properties, L.P., the operating partnership of AIMCO, either through private purchases or tender offers. Pursuant to the Partnership Agreement, unitholders holding a majority of the Units are entitled to take action with respect to a variety of matters that would include, but are not limited to, voting on certain amendments to the Partnership Agreement and voting to remove the General Partner. As a result of its ownership of 76.70% of the outstanding Units, AIMCO and its affiliates are in a position to control all such voting decisions with respect to the Partnership. Although the General Partner owes fiduciary duties to the limited partners of the Partnership, the General Partner also owes fiduciary duties to AIMCO as its sole stockholder. As a result, the duties of the General Partner, as general partner, to the Partnership and its limited partners may come into conflict with the duties of the General Partner to AIMCO as its sole stockholder.

Neither of the General Partner s directors is independent under the independence standards established for New York Stock Exchange listed companies as both directors are employed by the parent of the General Partner.

Item 14. ***Principal Accounting Fees and Services.***

The General Partner has reappointed Ernst & Young LLP as independent auditors to audit the financial statements of the Partnership for 2010. The aggregate fees billed for services rendered by Ernst & Young, LLP for 2009 and 2008 are described below.

Audit Fees. Fees for audit services totaled approximately $66,000 and $85,000 for 2009 and 2008, respectively. Fees for audit services also include fees for the reviews of the Partnership s Quarterly Reports on Form 10-Q.

Tax Fees. Fees for tax services totaled approximately $46,000 and $39,000 for 2009 and 2008, respectively.

PART IV

Item 15. *Exhibits, Financial Statement Schedules.*

(a) The following consolidated financial statements are included in Item 8:

Schedules are omitted for the reason that they are inapplicable or equivalent information has been included elsewhere herein.

(b) Exhibits:

See Exhibit Index Attached.

The agreements included as exhibits to this Form 10-K contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;

- may apply standards of materiality in a way that is different from what may be viewed as material to an investor; and

- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. The Partnership acknowledges that, notwithstanding the inclusion of the foregoing cautionary statements, it is responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this Form 10-K not misleading. Additional information about the Partnership may be found elsewhere in this Form 10-K and the Partnership s other public filings, which are available without charge through the SEC s website at http://www.sec.gov.

Table of Contents

SIGNATURES

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

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

By: ConCap Equities, Inc.

General Partner

By: /s/ Steven D. Cordes

Steven D. Cordes
Senior Vice President

By: /s/ Stephen B. Waters

Stephen B. Waters
Senior Director of Partnership Accounting

Date: April 9, 2010

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

/s/ John Bezzant	Director and Senior Vice President	Date: April 9, 2010
John Bezzant		
/s/ Steven D. Cordes	Director and Senior Vice President	Date: April 9, 2010
Steven D. Cordes		
/s/ Stephen B. Waters	Senior Director of Partnership Accounting	Date: April 9, 2010
Stephen B. Waters		

Table of Contents

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
3	Certificates of Limited Partnership, as amended to date. (Incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended December 31, 1991 (1991 Annual Report)).
3.1	Certificate of Limited Partnership of Registrant, dated March 19, 2008 (incorporated herein by reference to Exhibit 3.1 to the Registrant s Current Report on Form 8-K, dated April 30, 2008).
3.2	Amendment to Certificate of Limited Partnership of Registrant, dated April 30, 2008 (incorporated herein by reference to Exhibit 3.2 to the Registrant s Current Report on Form 8-K, dated April 30, 2008).
3.3	Limited Partnership Agreement of Registrant, dated April 28, 1981 (incorporated herein by reference to Appendix A to the Prospectus included in the Registrant s Registration Statement on Form S-11 (Reg. No. 2-72384)).
3.4	First Amendment to the Limited Partnership Agreement of Registrant, dated July 11, 1985.
3.5	Second Amendment to the Limited Partnership Agreement of Registrant, dated October 23, 1990.
3.6	Third Amendment to the Limited Partnership Agreement of Registrant, dated October 17, 2000 (incorporated herein by reference to Exhibit 10.23 to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 31, 2001).
3.7	Fourth Amendment to the Limited Partnership Agreement of Registrant, dated May 25, 2001 (incorporated herein by reference to Exhibit 10.24 to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 31, 2001).
3.8	Fifth Amendment to the Limited Partnership Agreement of Registrant, dated March 19, 2008 (incorporated herein by reference to Exhibit 3.3 to the Registrant s Current Report on Form 8-K, dated April 30, 2008).
3.9	Sixth Amendment to the Limited Partnership Agreement of Registrant, dated April 30, 2008 (incorporated herein by reference to Exhibit 3.4 to the Registrant s Current Report on Form 8-K, dated April 30, 2008).
3.10	Eighth Amendment to the Limited Partnership Agreement of Registrant, dated December 31, 2009 (Incorporated herein by reference to the Registrant s Current Report on Form 8-K, dated December 31, 2009).
3.11	Ninth Amendment to the Limited Partnership Agreement of Registrant, dated December 31, 2009 (Incorporated herein by reference to the Registrant s Current Report on Form 8-K, dated December 31, 2009).
10.28	Form of Amended Order Setting Foreclosure Sale Date pursuant to amending the foreclosure date filed on September 25, 2003. (Incorporated herein by reference to the Registrant s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003.)
10.30	Form of Certificate of Sale as to Property 2 pursuant to sale of Regency Oaks Apartments to CCIP Regency Oaks, L.L.C. filed October 28, 2003. (Incorporated herein by reference to the Registrant s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003.)
10.32	Form of Certificate of Sale as to Property 4 pursuant to sale of Plantation Gardens Apartments to CCIP Plantation Gardens, L.L.C. filed October 28, 2003. (Incorporated herein by reference to the Registrant s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003.)
10.53	Amended and Restated Multifamily Note, dated September 28, 2007 between CCIP Plantation Gardens, L.L.C., a Delaware limited liability company, and Capmark Bank, a Utah industrial bank. Filed on Current Report on Form 8-K dated September 28, 2007 and incorporated herein by reference.

10.54 Amended and Restated Multifamily Mortgage, Assignment of Rents and Security Agreement, dated September 28, 2007 between CCIP Plantation Gardens, L.L.C., a Delaware limited liability company, and Capmark Bank, a Utah industrial bank. Filed on Current Report on Form 8-K dated September 28, 2007 and incorporated herein by reference.

Exhibit Number	Description of Exhibit
10.55	Amended and Restated Multifamily Note, dated September 28, 2007 between CCIP Regency Oaks, L.L.C., a Delaware limited liability company, and Capmark Bank, a Utah industrial bank. Filed on Current Report on Form 8-K dated September 28, 2007 and incorporated herein by reference.
10.56	Amended and Restated Multifamily Mortgage, Assignment of Rents and Security Agreement, dated September 28, 2007 between CCIP Regency Oaks, L.L.C., a Delaware limited liability company, and Capmark Bank, a Utah industrial bank. Filed on Current Report on Form 8-K dated September 28, 2007 and incorporated herein by reference.
10.57	Multifamily Note, dated November 30, 2007 between CCIP Sterling, L.P., a Pennsylvania limited partnership, and Wachovia Multifamily Capital, Inc., a Delaware corporation. Filed on Current Report on Form 8-K dated November 30, 2007 and incorporated herein by reference.
10.58	Multifamily Mortgage, Assignment of Rents and Security Agreement, dated November 30, 2007 between CCIP Sterling, L.P., a Pennsylvania limited partnership, and Wachovia Multifamily Capital, Inc., a Delaware corporation. Filed on Current Report on Form 8-K dated November 30, 2007 and incorporated herein by reference.
10.65	Purchase and Sale Contract between CCIP Palm Lake, L.L.C., a Delaware limited liability company, and Blackhawk Apartments Opportunity Fund II LLC, an Illinois limited liability company, dated October 24, 2008. Incorporated by reference to the Partnership s Current Report on Form 8-K dated October 24, 2008.
10.66	Purchase and Sale Contract between CCIP Loft, L.L.C., a Delaware limited liability company, and The Embassy Group LLC, a New York limited liability company, dated October 28, 2008. Incorporated by reference to the Partnership s Current Report on Form 8-K dated October 28, 2008.
10.69	First Amendment to Purchase and Sale Contract between CCIP Palm Lake, L.L.C., a Delaware limited liability company, and Blackhawk Apartments Opportunity Fund II LLC, an Illinois limited liability company, dated November 24, 2008. Incorporated by reference to the Partnership s Current Report on Form 8-K dated November 24, 2008.
10.70	First Amendment of Purchase and Sale Contract between CCIP Loft, L.L.C., a Delaware limited liability company, and The Embassy Group, LLC, a New York limited liability company, dated November 26, 2008. Incorporated by reference to the Partnership s Current Report on Form 8-K dated November 26, 2008.
10.71	Second Amendment to Purchase and Sale Contract between CCIP Palm Lake, L.L.C., a Delaware limited liability company and Blackhawk Apartments Opportunity Fund II LLC, an Illinois limited liability company, dated November 26, 2008. Incorporated by reference to the Partnership s Current Report on Form 8-K dated December 9, 2008.
10.72	Third Amendment to Purchase and Sale Contract between CCIP Palm Lake, L.L.C., a Delaware limited liability company and Blackhawk Apartments Opportunity Fund II LLC, an Illinois limited liability company, dated December 9, 2008. Incorporated by reference to the Partnership s Current Report on Form 8-K dated December 9, 2008.
10.73	Second Amendment of Purchase and Sale Contract between CCIP Loft, L.L.C., a Delaware limited liability company and TEG Lofts LLC, a North Carolina limited liability company, dated December 10, 2008. Incorporated by reference to the Partnership s Current Report on Form 8-K dated December 29, 2008.
10.74	Purchase and Sale Contract between CCIP Society Park East, L.L.C., a Delaware limited liability company, and CD Group, LLC, a Florida limited liability company, dated April 21, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated April 21, 2009.
10.75	

Purchase and Sale Contract between CCIP Knolls, L.L.C., a Delaware limited liability company, and Hamilton Zanze & Company, a California corporation, dated May 12, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated May 12, 2009.

10.76 Reinstatement of and Amendment to Purchase and Sale Contract between CCIP Society Park East, L.L.C., a Delaware limited liability company, and CD Group, LLC, a Florida limited liability company, dated June 1, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated June 1, 2009.

Table of Contents

Exhibit Number	Description of Exhibit
10.77	First Amendment to Purchase and Sale Contract between CCIP Knolls, L.L.C., a Delaware limited liability company, and Hamilton Zanze & Company, a California corporation, dated June 4, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated June 4, 2009.
10.78	Reinstatement and Second Amendment to Purchase and Sale Contract between CCIP Knolls, L.L.C., a Delaware limited liability company, and Hamilton Zanze & Company, a California corporation, dated July 1, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated June 26, 2009.
10.79	Third Amendment to Purchase and Sale Contract between CCIP Knolls, L.L.C., a Delaware limited liability company, and Hamilton Zanze & Company, a California corporation, dated July 10, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated July 10, 2009.
10.80	Fourth Amendment to Purchase and Sale Contract between CCIP Knolls, L.L.C., a Delaware limited liability company, and Hamilton Zanze & Company, a California corporation, dated July 20, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated July 20, 2009.
10.81	Fifth Amendment to Purchase and Sale Contract between CCIP Knolls, L.L.C., a Delaware limited liability company, and Hamilton Zanze & Company, a California corporation, dated July 23, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated July 23, 2009.
31.1	Certification of equivalent of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of equivalent of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the equivalent of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.1

CERTIFICATION

I, Steven D. Cordes, certify that:

1. I have reviewed this annual report on Form 10-K of Consolidated Capital Institutional Properties, LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant s internal control over financial reporting that occurred during the registrant s most recent fiscal quarter (the registrant s fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the registrant s internal control over financial reporting; and

5. The registrant s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant s auditors and the audit committee of the registrant s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant s internal control over financial reporting.

/s/ Steven D. Cordes
Steven D. Cordes
Senior Vice President of ConCap Equities, Inc., equivalent of the chief executive officer of the Partnership

Date: April 9, 2010

Table of Contents

Exhibit 31.2

CERTIFICATION

I, Stephen B. Waters, certify that:

1. I have reviewed this annual report on Form 10-K of Consolidated Capital Institutional Properties, LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant s internal control over financial reporting that occurred during the registrant s most recent fiscal quarter (the registrant s fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the registrant s internal control over financial reporting; and

5. The registrant s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant s auditors and the audit committee of the registrant s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant s internal control over financial reporting.

/s/ Stephen B. Waters
Stephen B. Waters
Senior Director of Partnership Accounting of ConCap Equities, Inc., equivalent of the chief financial officer of the Partnership

Date: April 9, 2010

Table of Contents

Exhibit 32.1

Certification of CEO and CFO
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Consolidated Capital Institutional Properties, LP (the Partnership), for the fiscal year ended December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the Report), Steven D. Cordes, as the equivalent of the chief executive officer of the Partnership, and Stephen B. Waters, as the equivalent of the chief financial officer of the Partnership, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/ Steven D. Cordes
Name: Steven D. Cordes

Date: April 9, 2010

/s/ Stephen B. Waters
Name: Stephen B. Waters

Date: April 9, 2010

This certification is furnished with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

ANNEX E

CCIP 10-Q

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

Form 10-Q

(Mark One)

þ	**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** **For the quarterly period ended June 30, 2010**
	or
o	**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 0-10831

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP
(Exact name of registrant as specified in its charter)

Delaware	**94-2744492**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

55 Beattie Place, PO Box 1089
Greenville, South Carolina 29602
(Address of principal executive offices)

(864) 239-1000
(Registrant s telephone number, including area code)

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. þ Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405

of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). o Yes o No

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company þ

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes þ No

E-1

Table of Contents

PART I FINANCIAL INFORMATION

Item 1. ***Financial Statements.***

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

CONSOLIDATED BALANCE SHEETS

	June 30, 2010 (Unaudited)	December 31, 2009 (Note)
	(In thousands, except unit data)	
ASSETS		
Cash and cash equivalents	$ 415	$ 302
Receivables and deposits	503	547
Deferred tax asset (Note F)	521	481
Other assets	1,922	1,380
Investment in affiliated partnerships (Note C)	460	480
Investment properties:		
Land	8,637	8,637
Buildings and related personal property	84,367	81,760
	93,004	90,397
Less accumulated depreciation	(44,459)	(41,739)
	48,545	48,658
	$ 52,366	$ 51,848
LIABILITIES AND PARTNERS CAPITAL (DEFICIENCY)		
Liabilities		
Accounts payable	$ 693	$ 379
Tenant security deposit liabilities	705	737
Accrued property taxes	282	
Other liabilities	1,186	1,270
Due to affiliates (Note B)	2,630	129
Mortgage notes payable	112,383	113,189
	117,879	115,704
Partners Capital (Deficiency)		
General partner	97	114
Limited partners (199,030.2 units issued and outstanding)	(65,610)	(63,970)

	(65,513)	(63,856)
	$ 52,366	$ 51,848

Note: The consolidated balance sheet at December 31, 2009 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements.

See Accompanying Notes to Consolidated Financial Statements

Table of Contents

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(Unaudited) (In thousands, except per unit data)			
Revenues:				
Rental income	$ 4,246	$ 4,388	$ 8,464	$ 8,901
Other income	541	487	1,123	893
Total revenues	4,787	4,875	9,587	9,794
Expenses:				
Operating	1,980	1,908	4,131	4,056
General and administrative	85	77	163	189
Depreciation	1,387	1,309	2,724	2,602
Interest	1,755	1,759	3,517	3,481
Property taxes	353	348	716	731
Total expenses	5,560	5,401	11,251	11,059
Loss before income taxes, distributions in excess of investment, equity in loss from investment and discontinued operations	(773)	(526)	(1,664)	(1,265)
Income tax (expense) benefit (Note F):				
Current	(6)	(5)	(13)	(9)
Deferred	40	41	40	52
Distributions in excess of investment (Note C)				454
Equity in loss from investment (Note C)	(17)	(15)	(20)	(33)
Loss before discontinued operations	(756)	(505)	(1,657)	(801)
Loss from discontinued operations (Notes A and G)		(1,051)		(2,929)
Net loss	$ (756)	$ (1,556)	$ (1,657)	$ (3,730)
Net loss allocated to general partner	$ (8)	$ (15)	$ (17)	$ (37)
Net loss allocated to limited partners				
(Series A) (Note A)	(748)	(500)	(1,640)	(793)
(Series B) (Note A)		(669)		(1,475)
(Series C) (Note A)		(372)		(1,425)
	$ (756)	$ (1,556)	$ (1,657)	$ (3,730)

Per limited partnership unit:				
Loss before discontinued operations				
(Series A) (Note A)	$ (3.76)	$ (2.51)	$ (8.24)	$ (3.98)
Loss from discontinued operations				
(Series B) (Note A)		(3.36)		(7.41)
(Series C) (Note A)		(1.87)		(7.16)
Net loss	$ (3.76)	$ (7.74)	$ (8.24)	$ (18.55)
Distribution per limited partnership unit (Series A)	$	$	$	$ 18.41

See Accompanying Notes to Consolidated Financial Statements

Table of Contents

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS CAPITAL (DEFICIENCY)

	Limited Partnership Units	General Partner	Limited Partners (Series A)	Total
	(Unaudited) (In thousands, except unit data)			
Partners capital (deficiency) at December 31, 2009	199,030.2	$ 114	$ (63,970)	$ (63,856)
Net loss for the six months ended June 30, 2010		(17)	(1,640)	(1,657)
Partners capital (deficiency) at June 30, 2010	199,030.2	$ 97	$ (65,610)	$ (65,513)

See Accompanying Notes to Consolidated Financial Statements

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
	(Unaudited) (In thousands)	
Cash flows from operating activities:		
Net loss	$ (1,657)	$ (3,730)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	2,724	3,729
Amortization of loan costs, lease commissions and mortgage premiums	241	22
Equity in loss from investment	20	33
Impairment loss		2,100
Write off of redevelopment costs		232
Casualty gain		(11)
Distributions in excess of investment		(454)
Change in accounts:		
Receivables and deposits	44	(48)
Deferred tax asset	(40)	(52)
Other assets	(775)	(843)
Accounts payable	93	(108)
Tenant security deposit liabilities	(32)	23
Accrued property taxes	282	319
Other liabilities	(84)	(166)
Due to affiliates	23	122
Net cash provided by operating activities	839	1,168
Cash flows from investing activities:		
Property improvements and replacements	(2,400)	(2,622)
Distributions from affiliated partnerships		474
Insurance proceeds received	10	33
Net cash used in investing activities	(2,390)	(2,115)
Cash flows from financing activities:		
Payments on mortgage notes payable	(806)	(1,039)
Lease commissions paid	(8)	(1)
Distributions to partners		(3,665)
Advances from affiliate	2,478	2,383
Repayment of advances from affiliate		(1,041)
Net cash provided by (used in) financing activities	1,664	(3,363)

Net increase (decrease) in cash and cash equivalents	113	(4,310)
Cash and cash equivalents at beginning of period	302	4,777
Cash and cash equivalents at end of period	$ 415	$ 467
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of capitalized interest	$ 3,311	$ 3,851
Supplemental disclosure of non-cash activity:		
Property improvements and replacements included in accounts payable	$ 417	$ 139

Included in property improvements and replacements for the six months ended June 30, 2010 and 2009 are approximately $196,000 and $664,000 of property improvements and replacements which were included in accounts payable at December 31, 2009 and 2008, respectively.

See Accompanying Notes to Consolidated Financial Statements

E-5

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note A Basis of Presentation

The accompanying unaudited consolidated financial statements of Consolidated Capital Institutional Properties, LP (the Partnership or Registrant) have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 8-03 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 ConCap Equities, Inc. (the General Partner), the Partnership s general partner, all adjustments (consisting of normal recurring items) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 2010 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2010. For further information, refer to the consolidated financial statements and footnotes thereto included in the Partnership s Annual Report on Form 10-K for the fiscal year ended December 31, 2009. The General Partner is ultimately owned by Apartment Investment and Management Company (AIMCO), a publicly traded real estate investment trust.

The Partnership Agreement provides that the Partnership is to terminate on December 31, 2011 unless terminated prior to that date. The Partnership Agreement also provides that the term of the Partnership cannot be extended beyond the termination date.

The Partnership s management evaluated subsequent events through the time this Quarterly Report on Form 10-Q was filed.

The accompanying consolidated statements of operations for the three and six months ended June 30, 2009 have been restated to reflect the operations of The Dunes Apartments and The Knolls Apartments as discontinued operations as a result of the sales of the respective properties during August 2009 and September 2009, respectively.

The following table presents summarized results of operations related to the Partnership s discontinued operations for the six months ended June 30, 2009 (in thousands):

	Six Months Ended June 30, 2009				
	Revenues	Expenses	Casualty Gain	Impairment Loss	Loss from Discontinued Operations
The Knolls Apartments	$ 1,159	$ (1,760)	$ 11	$ (900)	$ (1,490)
The Dunes Apartments	798	(1,037)		(1,200)	(1,439)
	$ 1,957	$ (2,797)	$ 11	$ (2,100)	$ (2,929)

Organization: On April 25, 2008, the Partnership changed its domicile from California to Delaware by merging with and into Consolidated Capital Institutional Properties, LP, a Delaware limited partnership, with the Delaware partnership as the surviving entity in the merger. The merger was undertaken pursuant to an Agreement and Plan of Merger, dated as of March 19, 2008, by and between the California partnership and the Delaware partnership.

Under the merger agreement, each unit of limited partnership interest in the California partnership was converted into an identical unit of limited partnership in the Delaware partnership and the general partnership interest in the California partnership previously held by the General Partner was converted into a general partnership interest in the Delaware partnership. All interests in the Delaware partnership outstanding immediately prior to the merger were cancelled in the merger.

The voting and other rights of the limited partners provided for in the partnership agreement were not changed as a result of the merger. In the merger, the partnership agreement of the California partnership was adopted as the partnership agreement of the Delaware partnership, with the following changes: (i) references therein to the California Uniform Limited Partnership Act were amended to refer to the Delaware Revised Uniform Limited

Table of Contents

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Partnership Act; (ii) a description of the merger was added; (iii) the name of the partnership was changed to Consolidated Capital Institutional Properties, LP and (iv) a provision was added that gives the general partner authority to establish different designated series of limited partnership interests that have separate rights with respect to specified partnership property, and profits and losses associated with such specified property.

On April 30, 2008, the General Partner amended the Partnership Agreement to establish, and convert existing limited partnership interests into, different designated series of limited partnership interests that have separate rights with respect to specified partnership property. Effective as of the close of business on April 30, 2008 (the Establishment Date), each then outstanding Unit of limited partnership interest in the Partnership was converted into one Series A Unit, one Series B Unit and one Series C Unit. Except as described below, the Series A Units, Series B Units and Series C Units entitled the holders thereof to the same rights as the holders of Units of limited partnership interests had prior to the Establishment Date.

Holders of the Series A Units are entitled to receive distributions of all income and allocation of all profits and losses relating to the Partnership s interests in any entity in which the Partnership owns an interest, other than the Series B Subsidiary and Series C Subsidiary (as defined below).

Holders of the Series B Units were entitled to receive distributions of all income and allocation of all profits and losses relating to the Partnership s membership interest in CCIP Knolls, L.L.C., a Delaware limited liability company (the Series B Subsidiary). The Series B Subsidiary held a 100% ownership interest in The Knolls Apartments. The Knolls Apartments was sold on September 21, 2009. As of December 31, 2009, the Partnership completed winding up the affairs of this series and, accordingly, terminated the Series B Subsidiary in accordance with the Partnership Agreement.

Holders of the Series C Units were entitled to receive distributions of all income and allocation of all profits and losses relating to the Partnership s membership interest in CCIP Society Park East, L.L.C., a Delaware limited liability company (the Series C Subsidiary). The Series C Subsidiary held a 100% ownership interest in The Dunes Apartments. The Dunes Apartments was sold on August 17, 2009. As of December 31, 2009, the Partnership completed winding up the affairs of this series and, accordingly, terminated the Series C Subsidiary in accordance with the Partnership Agreement.

Reclassifications: Certain reclassifications have been made to the 2009 balances to conform to the 2010 presentation.

Segment Reporting: FASB ASC Topic 280-10, Segment Reporting , established standards for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports. FASB ASC Topic 280-10 also established standards for related disclosures about products and services, geographic areas, and major customers. (See Note D for detailed disclosure of the Partnership s segments.)

Note B Transactions with Affiliated Parties

The Partnership has no employees and depends on the General Partner and its affiliates for the management and administration of all Partnership activities. The Partnership Agreement provides for certain payments to affiliates for services and reimbursement of certain expenses incurred by affiliates on behalf of the Partnership.

Affiliates of the General Partner receive 5% of gross receipts from all of the Partnership s properties as compensation for providing property management services. The Partnership paid to such affiliates approximately $476,000 and $582,000 for the six months ended June 30, 2010 and 2009, respectively, which are included in operating expenses and loss from discontinued operations.

Affiliates of the General Partner charged the Partnership for reimbursement of accountable administrative expenses amounting to approximately $162,000 and $442,000 for the six months ended June 30, 2010 and 2009, respectively, which are included in general and administrative expenses, loss from discontinued operations and

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

investment properties. The portion of these reimbursements included in investment properties for the six months ended June 30, 2010 and 2009 are construction management services provided by an affiliate of the General Partner of approximately $57,000 and $223,000, respectively.

In accordance with the Partnership Agreement, during the six months ended June 30, 2010, AIMCO Properties, L.P., an affiliate of the General Partner, advanced the Partnership approximately $2,478,000 to fund real estate taxes at The Sterling Apartment Homes and Commerce Center and capital improvements and operations at all of the Partnership s investment properties. During the six months ended June 30, 2009, AIMCO Properties, L.P. advanced the Partnership approximately $2,383,000 to fund operations at The Sterling Apartment Homes, The Knolls Apartments, Regency Oaks Apartments and Plantation Gardens Apartments and capital expenditures at The Dunes Apartments. AIMCO Properties, L.P. charges interest on advances under the terms permitted by the Partnership Agreement. The interest rate on outstanding advances at June 30, 2010 was 3.25% and interest expense was approximately $23,000 and $22,000 for the six months ended June 30, 2010 and 2009, respectively. During the six months ended June 30, 2009, the Partnership made payments on the outstanding loans and accrued interest of approximately $1,049,000 from operations. There were no such payments made during the six months ended June 30, 2010. At June 30, 2010 and December 31, 2009, the amount of the outstanding advances and accrued interest was approximately $2,630,000 and $129,000, respectively, and is included in due to affiliates. Subsequent to June 30, 2010, the Partnership received additional advances of approximately $570,000 to fund operations and capital improvements at The Sterling Apartment Homes and operations at Plantation Gardens Apartments and Regency Oaks Apartments. The Partnership may receive additional advances of funds from AIMCO Properties, L.P. although AIMCO Properties, L.P. is not obligated to provide such advances. For more information on AIMCO Properties, L.P., including copies of its audited balance sheet, please see its reports filed with the Securities and Exchange Commission.

The Partnership insures its properties up to certain limits through coverage provided by AIMCO which is generally self-insured for a portion of losses and liabilities related to workers compensation, property casualty, general liability and vehicle liability. The Partnership insures its properties above the AIMCO limits through insurance policies obtained by AIMCO from insurers unaffiliated with the General Partner. During the six months ended June 30, 2010, the Partnership was charged by AIMCO and its affiliates approximately $405,000 for insurance coverage and fees associated with policy claims administration. Additional charges will be incurred by the Partnership during 2010 as other insurance policies renew later in the year. The Partnership was charged by AIMCO and its affiliates approximately $429,000 for insurance coverage and fees associated with policy claims administration during the year ended December 31, 2009.

Note C Investment in Affiliated Partnerships

Partnership	Type of Ownership	Ownership Percentage	Investment Balance at June 30, 2010	Investment Balance at December 31, 2009
			(In thousands)	
Consolidated Capital Properties III	Special Limited Partner	1.86%	$	$
Consolidated Capital Properties IV	Special Limited Partner	1.86%	460	480
			$ 460	$ 480

These investments are accounted for using the equity method of accounting. Distributions from the affiliated partnerships are accounted for as a reduction of the investment balance until the investment balance is reduced to zero. When the investment balance has been reduced to zero, subsequent distributions received are recognized as income in the accompanying consolidated statements of operations. During the three and six months ended June 30, 2009, the Partnership received a distribution of approximately $20,000 from operations from one of its affiliated partnerships, Consolidated Capital Properties IV, which was recognized as a reduction in the investment balance. During the six months ended June 30, 2009, the Partnership received approximately $454,000 of distributions from

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

sale proceeds of one of its affiliated partnerships, Consolidated Capital Growth Fund, which was recognized as income on the accompanying consolidated statements of operations as its investment balance had been reduced to zero. As of December 31, 2009, Consolidated Capital Growth Fund was liquidated. There were no distributions received during the six months ended June 30, 2010. During the three and six months ended June 30, 2010, the Partnership recognized approximately $17,000 and $20,000, respectively, in equity in loss from investment related to its allocated share of the loss from one of the affiliated partnerships. During the three and six months ended June 30, 2009, the Partnership recognized approximately $15,000 and $33,000, respectively, in equity in loss from investment related to its allocated share of the loss from two of the affiliated partnerships.

Note D Segment Reporting

Description of the types of products and services from which the reportable segment derives its revenues: The Partnership has two reportable segments: residential properties and commercial property. The Partnership s property segments consist of two apartment complexes in Florida and one multiple use facility consisting of apartment units and commercial space in Pennsylvania. The Partnership rents apartment units to tenants for terms that are typically less than twelve months. The commercial property leases space to various medical offices, career service facilities, and retail shops at terms ranging from month to month to nine years. Included in the Partnership s residential properties segment as discontinued operations for 2009 are two apartment complexes.

Measurement of segment profit and loss: The Partnership evaluates performance based on segment profit and loss before depreciation. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies included in the Partnership s Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

Factors management used to identify the Partnership s reportable segment: The Partnership s reportable segments are business units (investment properties) that offer different products and services. The reportable segments are each managed separately because they provide distinct services with different types of products and customers.

Segment information for the three and six months ended June 30, 2010 and 2009 is shown in the tables below (in thousands). The Other column includes Partnership administration related items and income and expense not allocated to reportable segments.

For the Three Months Ended June 30, 2010	Residential	Commercial	Other	Totals
Rental income	$ 3,832	$ 414	$	$ 4,246
Other income	490	48	3	541
Equity in loss from investment			(17)	(17)
Interest expense	1,565	170	20	1,755
Depreciation	1,317	70		1,387
General and administrative expenses			85	85
Current income tax expense	6			6
Deferred income tax benefit	(40)			(40)
Segment loss	(568)	(69)	(119)	(756)

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the Six Months Ended June 30, 2010	Residential	Commercial	Other	Totals
Rental income	$ 7,623	$ 841	$	$ 8,464
Other income	1,043	77	3	1,123
Equity in loss from investment			(20)	(20)
Interest expense	3,154	340	23	3,517
Depreciation	2,585	139		2,724
General and administrative expenses			163	163
Current income tax expense	13			13
Deferred income tax benefit	(40)			(40)
Segment loss	(1,333)	(121)	(203)	(1,657)
Total assets	50,112	1,647	607	52,366
Capital expenditures for investment properties	2,607	18		2,625

For the Three Months Ended June 30, 2009	Residential	Commercial	Other	Totals
Rental income	$ 3,937	$ 451	$	$ 4,388
Other income	435	52		487
Loss from discontinued operations	(966)		(85)	(1,051)
Equity in loss from investment			(15)	(15)
Interest expense	1,546	172	41	1,759
Depreciation	1,241	68		1,309
General and administrative expenses			77	77
Current income tax expense	5			5
Deferred income tax benefit	(41)			(41)
Segment loss	(1,296)	(42)	(218)	(1,556)

For the Six Months Ended June 30, 2009	Residential	Commercial	Other	Totals
Rental income	$ 7,980	$ 921	$	$ 8,901
Other income	797	98	(2)	893
Loss from discontinued operations	(2,729)		(200)	(2,929)
Distributions in excess of investment			454	454
Equity in loss from investment			(33)	(33)
Interest expense	3,095	344	42	3,481
Depreciation	2,470	132		2,602
General and administrative expenses			189	189
Current income tax expense	9			9
Deferred income tax benefit	(52)			(52)
Segment loss	(3,700)	(18)	(12)	(3,730)
Total assets	71,901	2,015	620	74,536
Capital expenditures for investment properties	1,721	376		2,097

Note E Casualty Event

In December 2008, The Knolls Apartments sustained damages of approximately $70,000 from a water main break in the parking area, including approximately $41,000 of clean up costs. During the six months ended June 30, 2009, the Partnership recognized a casualty gain of approximately $11,000 as a result of the receipt of insurance

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

proceeds of approximately $33,000 net of the write off of undepreciated damaged assets of approximately $22,000. The casualty gain and clean up costs are included in loss from discontinued operations for the six months ended June 30, 2009. The Knolls Apartments was sold to a third party on September 21, 2009.

In January 2009, Regency Oaks Apartments sustained damages of approximately $17,000 resulting from freezing conditions which damaged landscaping at the property. During the fourth quarter of 2009, the Partnership recognized a casualty gain of approximately $7,000 as a result of the receipt of insurance proceeds of approximately $7,000. During the three and six months ended June 30, 2010, the Partnership received additional insurance proceeds of approximately $10,000.

Note F Partnership Income Taxes

In conjunction with the payment of local income taxes with respect to The Sterling Apartment Homes and Commerce Center, the Partnership has recorded a deferred tax asset in the amount of approximately $521,000. The deferred tax asset consists primarily of temporary differences related to land, buildings and accumulated depreciation. The Partnership believes that it is more likely than not that the full value of the deferred tax asset will be realized through future taxable income of the property. An additional benefit of approximately $40,000 was recognized during the three and six months ended June 30, 2010, compared to a benefit of approximately $41,000 and $52,000 which was recognized during the three and six months ended June 30, 2009, respectively. The Partnership recognized current income tax expense related to local income taxes with respect to The Sterling Apartment Homes and Commerce Center of approximately $6,000 and $13,000 during the three and six months ended June 30, 2010, respectively, compared to approximately $5,000 and $9,000 during the three and six months ended June 30, 2009, respectively.

Note G Sale of Investment Properties

On September 21, 2009, the Partnership sold The Knolls Apartments, located in Colorado Springs, Colorado, to a third party for a sales price of $13,350,000. After payment of closing costs, the Partnership received net proceeds of approximately $13,155,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $7,279,000 and $15,000, respectively. The sale resulted in a gain of approximately $133,000 during the second half of 2009. In addition, the Partnership recorded a gain on the early extinguishment of debt of approximately $20,000 during the third quarter of 2009, due to the write off of the unamortized mortgage premium of approximately $35,000, partially offset by the prepayment penalty of approximately $15,000. Included in loss from discontinued operations for the three and six months ended June 30, 2009 is an impairment loss of approximately $400,000 and $900,000, respectively, which was recorded to write the carrying amount of the property down to the expected sale price in accordance with the Partnership s impairment policy.

On August 17, 2009, the Partnership sold The Dunes Apartments, located in Indian Harbor, Florida, to a third party for a sales price of $6,300,000. After payment of closing costs, the Partnership received net proceeds of approximately $6,142,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $3,032,000 and $10,000, respectively. The sale resulted in a loss of approximately $186,000 during the second half of 2009. In addition, the Partnership recorded a gain on the early extinguishment of debt of approximately $6,000 during the third quarter of 2009 due to the write off of the unamortized mortgage premium of approximately $16,000, partially offset by the prepayment penalty of approximately $10,000. Included in loss from discontinued operations for the three and six months ended June 30, 2009 is an impairment loss of approximately $300,000 and $1,200,000, respectively, which was recorded to write the carrying amount of the property down to the expected sale price in accordance with the Partnership s impairment policy.

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents summarized results of operations related to the Partnership s discontinued operations for the six months ended June 30, 2009 (in thousands):

	Six Months Ended June 30, 2009				
	Revenues	Expenses	Casualty Gain	Impairment Loss	Loss from Discontinued Operations
The Knolls Apartments	$ 1,159	$ (1,760)	$ 11	$ (900)	$ (1,490)
The Dunes Apartments	798	(1,037)		(1,200)	(1,439)
	$ 1,957	$ (2,797)	$ 11	$ (2,100)	$ (2,929)

<u>Note H Fair Value of Financial Instruments</u>

FASB ASC Topic 825, Financial Instruments , requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate fair value. Fair value is defined as the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Partnership believes that the carrying amounts of its financial instruments (except for mortgage notes payable) approximate their fair values due to the short term maturity of these instruments. The Partnership estimates the fair value of its mortgage notes payable by discounting future cash flows using a discount rate commensurate with that currently believed to be available to the Partnership for similar term, mortgage notes payable. At June 30, 2010, the fair value of the Partnership s mortgage notes payable at the Partnership s incremental borrowing rate approximated its carrying value.

<u>Note I Investment Property</u>

During the six months ended June 30, 2009, the Partnership wrote off redevelopment costs of approximately $232,000. The write off represents capitalized costs incurred in a prior year related to a potential redevelopment project at Plantation Gardens Apartments, which was no longer being considered as of June 30, 2009.

During the second quarter of 2010, the Partnership committed to spend approximately $900,000 to install a co-generation plant at The Sterling Apartment Homes and Commerce Center, in order to generate a portion of the property s electricity using natural gas and to allow the property to use waste heat to heat domestic water. The Partnership expects to fund half of the total cost of the installation of the co-generation plant with a grant from the Pennsylvania Department of Environmental Protection, Office of Energy and Technology Department (the DEP Grant) and the other half of the cost with operating cash flow and advances from an affiliate, AIMCO Properties, L.P. The Partnership will request funds from the DEP Grant periodically once it has paid for the materials and upon receipt of the grant funds will offset the costs incurred.

During the second quarter of 2010, the Partnership identified approximately $8,000,000 of capital expenditures and aesthetic improvements to be made at Plantation Gardens Apartments. The expenditures include repairs to the balconies and catwalks at the property, repairs and improvements to the roadways and parking areas throughout the property, repainting of all of the buildings, various improvements to the apartment units and landscaping improvements. This work is anticipated to be completed by December 31, 2011. The Partnership intends to fund these capital expenditures and improvements with operating cash flow and advances from an affiliate, AIMCO Properties, L.P.

Table of Contents

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Subsequent to June 30, 2010, the Partnership committed to spend approximately $1,200,000 to replace and repair roofs at Regency Oaks Apartments. The Partnership intends to fund these capital expenditures and improvements with operating cash flow and advances from an affiliate, AIMCO Properties, L.P.

Note J Contingencies

As previously disclosed, AIMCO Properties, L.P. and NHP Management Company, both affiliates of the General Partner, were defendants in a lawsuit, filed as a collective action in August 2003 in the United States District Court for the District of Columbia, alleging that they willfully violated the Fair Labor Standards Act (FLSA) by failing to pay maintenance workers overtime for time worked in excess of 40 hours per week (overtime claims). The plaintiffs also contended that AIMCO Properties, L.P. and NHP Management Company (the Defendants) failed to compensate maintenance workers for time that they were required to be on-call (on-call claims). In March 2007, the court in the District of Columbia decertified the collective action. In July 2007, plaintiffs counsel filed individual cases in Federal court in 22 jurisdictions. In the second quarter of 2008, AIMCO Properties, L.P. settled the overtime cases involving 652 plaintiffs and established a framework for resolving the 88 remaining on-call claims and the attorneys fees claimed by plaintiffs counsel. As a result, the lawsuits asserted in the 22 Federal courts have been dismissed. During the fourth quarter of 2008, the Partnership paid approximately $8,000 for settlement amounts for alleged unpaid overtime to employees who had worked at the Partnership s investment properties. At this time, the 88 remaining on-call claims and the attorneys fees claimed by plaintiffs counsel are not resolved. Pursuant to the global settlement agreement, the parties selected six test on-call cases to be arbitrated. The parties arbitrated four on-call claims and obtained defense verdicts on all four. Two additional on-call claims were dismissed with prejudice. The process now calls for the parties to attempt to mediate the remaining on-call claims and plaintiffs attorneys fees. Such mediation has not yet been scheduled. The General Partner is uncertain as to the amount of any additional loss that may be allocable to the Partnership. Therefore, the Partnership cannot estimate whether any additional loss will occur or a potential range of loss.

The Partnership is unaware of any other pending or outstanding litigation matters involving it or its investment properties that are not of a routine nature arising in the ordinary course of business.

Environmental

Various Federal, state and local laws subject property owners or operators to liability for management, and the costs of removal or remediation, of certain hazardous substances present on a property, including lead-based paint. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of the hazardous substances. The presence of, or the failure to manage or remedy properly, hazardous substances may adversely affect occupancy at affected apartment communities and the ability to sell or finance affected properties. In addition to the costs associated with investigation and remediation actions brought by government agencies, and potential fines or penalties imposed by such agencies in connection therewith, the presence of hazardous substances on a property could result in claims by private plaintiffs for personal injury, disease, disability or other infirmities. Various laws also impose liability for the cost of removal, remediation or disposal of hazardous substances through a licensed disposal or treatment facility. Anyone who arranges for the disposal or treatment of hazardous 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 its properties, the Partnership could potentially be liable for environmental liabilities or costs associated with its properties.

Mold

The Partnership is aware of lawsuits against owners and managers of multifamily properties asserting claims of personal injury and property damage caused by the presence of mold, some of which have resulted in substantial monetary judgments or settlements. The Partnership has only limited insurance coverage for property damage loss

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

claims arising from the presence of mold and for personal injury claims related to mold exposure. Affiliates of the General Partner have implemented policies, procedures, third-party audits and training and the General Partner believes that these measures will prevent or eliminate mold exposure and will minimize the effects that mold may have on residents. During the six months ended June 30, 2010, the Partnership identified approximately 146 apartment units at Plantation Gardens that have been affected by mold and anticipates that the cost to remediate the mold in these units to be approximately $900,000. As of June 30, 2010, the Partnership has worked on 26 of the apartment units. Because the law regarding mold is unsettled and subject to change the General Partner can make no assurance that liabilities resulting from the presence of or exposure to mold will not have a material adverse effect on the Partnership s consolidated financial condition or results of operations.

Table of Contents

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

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements in certain circumstances. Certain information included in this Quarterly Report contains or may contain information that is forward-looking within the meaning of the federal securities laws, including, without limitation, statements regarding the effect of redevelopments, the Partnership s future financial performance, including the Partnership s ability to maintain current or meet projected occupancy and rent levels, and the effect of government regulations. Actual results may differ materially from those described in these forward-looking statements and, in addition, will be affected by a variety of risks and factors some of which are beyond the Partnership s control including, without limitation: financing risks, including the availability and cost of financing and the risk that the Partnership s cash flows from operations may be insufficient to meet required payments of principal and interest; natural disasters and severe weather such as hurricanes; national and local economic conditions; the general level of interest rates; energy costs; the terms of governmental regulations that affect the Partnership s properties and interpretations of those regulations; the competitive environment in which the Partnership operates; real estate risks, including fluctuations in real estate values and the general economic climate in local markets and competition for residents in such markets; insurance risk, including the cost of insurance; development risks; litigation, including costs associated with prosecuting or defending claims and any adverse outcomes; and possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by the Partnership. Readers should carefully review the Partnership s consolidated financial statements and the notes thereto, as well as the other documents the Partnership files from time to time with the Securities and Exchange Commission.

The Partnership s investment properties consist of three properties. The Sterling is a multiple-use facility which consists of an apartment complex and commercial space. The following table sets forth the average occupancy of the properties for the six months ended June 30, 2010 and 2009:

	Average Occupancy	
Property	**2010**	**2009**
The Sterling Apartment Homes(1)	96%	92%
The Sterling Commerce Center(2)	79%	82%
Philadelphia, Pennsylvania		
Plantation Gardens Apartments	93%	95%
Plantation, Florida		
Regency Oaks Apartments	91%	89%
Fern Park, Florida		

(1) The General Partner attributes the increase in occupancy at The Sterling Apartment Homes to increased marketing efforts and competitive pricing.

(2) The General Partner attributes the decrease in occupancy at The Sterling Commerce Center to certain tenants relocating their businesses to new locations.

The Partnership s financial results depend upon a number of factors including the ability to attract and maintain tenants at the investment properties, interest rates on mortgage loans, costs incurred to operate the investment properties, general economic conditions and weather. As part of the ongoing business plan of the Partnership, the General Partner monitors the rental market environment of its investment properties to assess the feasibility of increasing rents, maintaining or increasing occupancy levels and protecting the Partnership from increases in expenses. As part of this plan, the General Partner attempts to protect the Partnership from the burden of inflation-related increases in expenses by increasing rents and maintaining a high overall occupancy level. However, the General Partner may use rental concessions and rental rate reductions to offset softening market conditions; accordingly, there is no guarantee that the General Partner will be able to sustain such a plan. Further, a number of factors that are outside the control of the Partnership, such as the local economic climate and weather, can adversely or positively affect the Partnership s financial results.

Results of Operations

The Partnership recognized a net loss of approximately $756,000 and $1,657,000 for the three and six months ended June 30, 2010, respectively, compared to a net loss of approximately $1,556,000 and $3,730,000 for the three and six months ended June 30, 2009, respectively. The consolidated statements of operations included in Item 1. Financial Statements for the three and six months ended June 30, 2009 have been restated to reflect the operations of The Dunes Apartments and The Knolls Apartments as discontinued operations as a result of the sales of the respective properties during August 2009 and September 2009, respectively.

The following table presents summarized results of operations related to the Partnership s discontinued operations for the six months ended June 30, 2009 (in thousands):

	Six Months Ended June 30, 2009				
	Revenues	Expenses	Casualty Gain	Impairment Loss	Loss from Discontinued Operations
The Knolls Apartments	$ 1,159	$ (1,760)	$ 11	$ (900)	$ (1,490)
The Dunes Apartments	798	(1,037)		(1,200)	(1,439)
	$ 1,957	$ (2,797)	$ 11	$ (2,100)	$ (2,929)

On September 21, 2009, the Partnership sold The Knolls Apartments, located in Colorado Springs, Colorado, to a third party for a sales price of $13,350,000. After payment of closing costs, the Partnership received net proceeds of approximately $13,155,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $7,279,000 and $15,000, respectively. The sale resulted in a gain of approximately $133,000 during the second half of 2009. In addition, the Partnership recorded a gain on the early extinguishment of debt of approximately $20,000 during the third quarter of 2009, due to the write off of the unamortized mortgage premium of approximately $35,000, partially offset by the prepayment penalty of approximately $15,000. Included in loss from discontinued operations for the three and six months ended June 30, 2009 is an impairment loss of approximately $400,000 and $900,000, respectively, which was recorded to write the carrying amount of the property down to the expected sale price in accordance with the Partnership s impairment policy.

On August 17, 2009, the Partnership sold The Dunes Apartments, located in Indian Harbor, Florida, to a third party for a sales price of $6,300,000. After payment of closing costs, the Partnership received net proceeds of approximately $6,142,000. The Partnership used a portion of the proceeds to repay the mortgage encumbering the property and a prepayment penalty of approximately $3,032,000 and $10,000, respectively. The sale resulted in a loss of approximately $186,000 during the second half of 2009. In addition, the Partnership recorded a gain on the early extinguishment of debt of approximately $6,000 during the third quarter of 2009 due to the write off of the unamortized mortgage premium of approximately $16,000, partially offset by the prepayment penalty of approximately $10,000. Included in loss from discontinued operations for the three and six months ended June 30, 2009 is an impairment loss of approximately $300,000 and $1,200,000, respectively, which was recorded to write the carrying amount of the property down to the expected sale price in accordance with the Partnership s impairment policy.

In December 2008, The Knolls Apartments sustained damages of approximately $70,000 from a water main break in the parking area, including approximately $41,000 of clean up costs. During the six months ended June 30, 2009, the Partnership recognized a casualty gain of approximately $11,000 as a result of the receipt of insurance proceeds of approximately $33,000 net of the write off of undepreciated damaged assets of approximately $22,000. The casualty gain and clean up costs are included in loss from discontinued operations for the six months ended June 30, 2009.

In January 2009, Regency Oaks Apartments sustained damages of approximately $17,000 resulting from freezing conditions which damaged landscaping at the property. During the fourth quarter of 2009, the Partnership recognized a casualty gain of approximately $7,000 as a result of the receipt of insurance proceeds of approximately $7,000. During the three and six months ended June 30, 2010, the Partnership received additional insurance proceeds of approximately $10,000.

The Partnership recognized losses before discontinued operations of approximately $756,000 and $1,657,000 for the three and six months ended June 30, 2010, respectively, compared to losses before discontinued operations of approximately $505,000 and $801,000 for the three and six months ended June 30, 2009, respectively. The increase in loss before discontinued operations for both periods is due to decreases in total revenues and deferred income tax benefit and increases in total expenses and current income tax expense. The increase in loss before discontinued operations for the six month period is also due to a decrease in distributions received in excess of investment, partially offset by a decrease in equity in loss from investment. Equity in loss from investment increased for the three months ended June 30, 2010.

The decrease in total revenues for the three and six months ended June 30, 2010 is due to a decrease in rental income, partially offset by an increase in other income. Rental income decreased for both periods due to decreases in average rental rates at the three residential properties and decreases in occupancy at the Sterling Commerce Center and Plantation Gardens Apartments, partially offset by increases in occupancy at the Sterling Apartment Homes and Regency Oaks Apartments. The increase in other income for both periods is due to an increase in tenant utility reimbursements primarily at The Sterling Apartment Homes and Regency Oaks Apartments as tenants are now reimbursing both properties for water costs and The Sterling Apartment Homes for heating costs.

The increase in total expenses for the three and six months ended June 30, 2010 is due to increases in operating and depreciation expenses. Total expenses also increased for the six months ended June 30, 2010 due to an increase in interest expense and was partially offset by a decrease in general and administrative expense. General and administrative and interest expense remained relatively constant for the three months ended June 30, 2010. Property tax expenses remained relatively constant for the comparable periods. The increase in depreciation expense for both periods is due to property improvements and replacements placed into service during the past twelve months at the Partnership s investment properties. The increase in interest expense for the six month period is primarily due to additional loan cost amortization. Operating expenses increased for both periods primarily due to increases in salaries and related benefits at The Sterling Apartment Homes, utilities at The Sterling Apartment Homes and Commerce Center and repair costs associated with water damage from multiple broken pipes and storm damages at Plantation Gardens Apartments, which were partially offset by the write off of capitalized costs incurred in a prior year related to a potential redevelopment project at Plantation Gardens Apartments which was no longer being considered as of June 30, 2009.

General and administrative expense decreased for the six months ended June 30, 2010 primarily due to decreases in costs associated with communicating with investors and the annual audit required by the Partnership Agreement. Included in general and administrative expenses for the three and six months ended June 30, 2010 and 2009 are reimbursements to the General Partner as allowed under the Partnership Agreement, costs associated with the annual audit required by the Partnership Agreement and costs associated with the quarterly and annual communications with investors and regulatory agencies.

In conjunction with the payment of local income taxes with respect to The Sterling Apartment Homes and Commerce Center, the Partnership has recorded a deferred tax asset in the amount of approximately $521,000. The deferred tax asset consists primarily of temporary differences related to land, buildings and accumulated depreciation. The Partnership believes that it is more likely than not that the full value of the deferred tax asset will be realized through future taxable income of the property. An additional benefit of approximately $40,000 was recognized during the three and six months ended June 30, 2010, compared to a benefit of approximately $41,000 and $52,000 which was recognized during the three and six months ended June 30, 2009, respectively. The Partnership recognized current income tax expense related to local income taxes with respect to The Sterling Apartment Homes and Commerce Center of approximately $6,000 and $13,000 during the three and six months ended June 30, 2010, respectively, compared to approximately $5,000 and $9,000 during the three and six months ended June 30, 2009, respectively.

During the three and six months ended June 30, 2010, the Partnership recognized approximately $17,000 and $20,000, respectively, in equity in loss from investment related to its allocated share of the loss from one of the affiliated partnerships. During the three and six months ended June 30, 2009, the Partnership recognized approximately $15,000 and $33,000, respectively, in equity in loss from investment related to its allocated share of the loss from two of the affiliated partnerships. These investments are accounted for using the equity method of accounting. Distributions from the affiliated partnerships are accounted for as a reduction of the investment balance until the investment balance is reduced to zero. When the investment balance has been reduced to zero, subsequent distributions received are recognized as income in the consolidated statements of operations included in Item 1. Financial Statements . During the three and six months ended June 30, 2009, the Partnership received a distribution of approximately $20,000 from operations from one of its affiliated partnerships, Consolidated Capital Properties IV, which was recognized as a reduction in the investment balance. During the six months ended June 30, 2009, the Partnership received approximately $454,000 of distributions from sale proceeds of one of its affiliated partnerships, Consolidated Capital Growth Fund, which was recognized as income as that investment balance had been reduced to zero. As of December 31, 2009, Consolidated Capital Growth Fund was liquidated. There were no distributions received during the six months ended June 30, 2010.

Liquidity and Capital Resources

At June 30, 2010, the Partnership had cash and cash equivalents of approximately $415,000 compared to approximately $302,000 at December 31, 2009. Cash and cash equivalents increased approximately $113,000 from December 31, 2009 due to approximately $839,000 and $1,664,000 of cash provided by operating and financing activities, respectively, partially offset by approximately $2,390,000 of cash used in investing activities. Cash provided by financing activities consisted of advances received from an affiliate, partially offset by principal payments made on the mortgages encumbering the Partnership s investment properties and lease commissions paid. Cash used in investing activities consisted of property improvements and replacements, partially offset by insurance proceeds received.

In accordance with the Partnership Agreement, during the six months ended June 30, 2010, AIMCO Properties, L.P., an affiliate of the General Partner, advanced the Partnership approximately $2,478,000 to fund real estate taxes at The Sterling Apartment Homes and Commerce Center and capital improvements and operations at all of the Partnership s investment properties. During the six months ended June 30, 2009, AIMCO Properties, L.P. advanced the Partnership approximately $2,383,000 to fund operations at The Sterling Apartment Homes, The Knolls Apartments, Regency Oaks Apartments and Plantation Gardens Apartments and capital expenditures at The Dunes Apartments. AIMCO Properties, L.P. charges interest on advances under the terms permitted by the Partnership Agreement. The interest rate on outstanding advances at June 30, 2010 was 3.25% and interest expense was approximately $23,000 and $22,000 for the six months ended June 30, 2010 and 2009, respectively. During the six months ended June 30, 2009, the Partnership made payments on the outstanding loans and accrued interest of approximately $1,049,000 from operations. There were no such payments made during the six months ended June 30, 2010. At June 30, 2010 and December 31, 2009, the amount of the outstanding advances and accrued interest was approximately $2,630,000 and $129,000, respectively, and is included in due to affiliates. Subsequent to June 30, 2010, the Partnership received additional advances of approximately $570,000 to fund operations and capital improvements at The Sterling Apartment Homes and operations at Plantation Gardens Apartments and Regency Oaks Apartments. The Partnership may receive additional advances of funds from AIMCO Properties, L.P. although AIMCO Properties, L.P. is not obligated to provide such advances. For more information on AIMCO Properties, L.P., including copies of its audited balance sheet, please see its reports filed with the Securities and Exchange Commission.

The sufficiency of existing liquid assets to meet future liquidity and capital expenditure requirements is directly related to the level of capital expenditures required at the properties to adequately maintain the physical assets and other operating needs of the Partnership and to comply with Federal, state, and local legal and regulatory requirements. The General Partner monitors developments in the area of legal and regulatory compliance. Capital improvements planned for each of the Partnership s properties are detailed below.

The Sterling Apartment Homes and Commerce Center

During the six months ended June 30, 2010, the Partnership completed approximately $1,771,000 of capital improvements at the property consisting primarily of heating upgrades, kitchen and bath upgrades, fitness center upgrades, interior door replacements, fire safety upgrades and appliance and floor covering replacements. These improvements were funded from operating cash flow and advances from an affiliate, AIMCO Properties, L.P. The Partnership regularly evaluates the capital improvement needs of the property. During the second quarter of 2010, the Partnership committed to spend approximately $900,000 to install a co-generation plant at the property in order to generate a portion of the property s electricity using natural gas and to allow the property to use waste heat to heat domestic water. The Partnership expects to fund half of the total cost of the installation of the co-generation plant with a grant from the Pennsylvania Department of Environmental Protection, Office of Energy and Technology Department and the other half with operating cash flow and advances from an affiliate, AIMCO Properties, L.P. While the Partnership has no other material commitments for property improvements and replacements, certain routine capital expenditures are anticipated during the remainder of 2010. Such capital expenditures will depend on the physical condition of the property as well as anticipated cash flow generated by the property.

Plantation Gardens Apartments

During the six months ended June 30, 2010, the Partnership completed approximately $682,000 of capital improvements at the property consisting primarily of air conditioning unit replacements, kitchen and bath upgrades, balcony and other exterior building upgrades, appliance and floor covering replacements and reconstruction related to water damages to the property caused by multiple pipe breaks and storm damages. These improvements were funded from operating cash flow and advances from an affiliate, AIMCO Properties, L.P. The Partnership regularly evaluates the capital improvement needs of the property. During the second quarter of 2010, the Partnership identified approximately $8,000,000 of capital expenditures and aesthetic improvements to be made at Plantation Gardens Apartments. The expenditures include repairs to the balconies and catwalks at the property, repairs and improvements to the roadways and parking areas throughout the property, repainting of all of the buildings, various improvements to the apartment units and landscaping improvements. This work is anticipated to be completed by December 31, 2011. The Partnership intends to fund these capital expenditures and improvements with operating cash flow and and advances from an affiliate, AIMCO Properties, L.P. While the Partnership has no other material commitments for property improvements and replacements, certain routine capital expenditures are anticipated during the remainder of 2010. Such capital expenditures will depend on the physical condition of the property as well as anticipated cash flow generated by the property.

Regency Oaks Apartments

During the six months ended June 30, 2010, the Partnership completed approximately $168,000 of capital improvements at the property consisting primarily of office equipment, kitchen and bath upgrades, and appliance and floor covering replacements. These improvements were funded from operating cash flow, insurance proceeds and advances from an affiliate, AIMCO Properties, L.P. The Partnership regularly evaluates the capital improvement needs of the property. Subsequent to June 30, 2010, the Partnership committed to spend approximately $1,200,000 to replace and repair roofs at the property. The Partnership intends to fund this project with operating cash flow and advances from an affiliate, AIMCO Properties, L.P. While the Partnership has no other material commitments for property improvements and replacements, certain routine capital expenditures are anticipated during the remainder of 2010. Such capital expenditures will depend on the physical condition of the property as well as anticipated cash flow generated by the property.

Other than the planned capital expenditures mentioned above, additional capital expenditures will be incurred only to the extent of cash available from operations, advances from AIMCO Properties, L.P., although AIMCO Properties, L.P. does not have an obligation to fund such advances, or from Partnership reserves. To the extent that capital improvements are completed, the Partnership s distributable cash flow, if any, may be adversely affected, at least in the short term.

The Partnership anticipates that exclusive of capital improvements and repayment of amounts accrued and payable to affiliates, operating cash flows in 2010 will be generally sufficient for the Partnership to meet its current obligations in 2010 including 2010 debt service. If cash flows are insufficient for the Partnership to meet its obligations in 2010, the

Partnership may request additional advances of funds from AIMCO Properties, L.P., although AIMCO Properties, L.P. is not obligated to provide such advances. The mortgage indebtedness encumbering the Partnership s properties of approximately $112,383,000 requires monthly payments of principal and interest and balloon payments of approximately $97,297,000 during 2017. The General Partner may attempt to refinance such indebtedness and/or sell the properties prior to termination of the Partnership.

Table of Contents

The Partnership distributed the following amounts during the six months ended June 30, 2010 and 2009 (in thousands, except per unit data):

	Six Months Ended June 30, 2010	Per Limited Partnership Unit	Six Months Ended June 30, 2009	Per Limited Partnership Unit
Surplus Funds(1)	$	$	$ 3,665	$ 18.41

(1) Distribution to Series A limited partners consists of the release of funds previously reserved from the November 2007 refinance of The Sterling Apartment Homes.

Future cash distributions will depend on the levels of net cash generated from operations, the timing of debt maturities, refinancings and/or property sales. The Partnership s cash available for distribution is reviewed on a monthly basis. There can be no assurance, however, that the Partnership will generate sufficient funds from operations, after planned capital improvement expenditures and repayment of amounts owed to affiliates, to permit distributions to its partners in 2010 or subsequent periods.

Other

In addition to its indirect ownership of the general partner interests in the Partnership, AIMCO and its affiliates owned 152,648.05 limited partnership units (the Units) in the Partnership representing 76.70% of the outstanding Units at June 30, 2010. A number of these Units were acquired pursuant to tender offers made by AIMCO or its affiliates. It is possible that AIMCO or its affiliates will acquire additional Units in exchange for cash or a combination of cash and units in AIMCO Properties, L.P., the operating partnership of AIMCO, either through private purchases or tender offers. Pursuant to the Partnership Agreement, unitholders holding a majority of the Units are entitled to take action with respect to a variety of matters that would include, but are not limited to, voting on certain amendments to the Partnership Agreement and voting to remove the General Partner. As a result of its ownership of 76.70% of the outstanding Units, AIMCO and its affiliates are in a position to control all such voting decisions with respect to the Partnership. Although the General Partner owes fiduciary duties to the limited partners of the Partnership, the General Partner also owes fiduciary duties to AIMCO as its sole stockholder. As a result, the duties of the General Partner, as general partner, to the Partnership and its limited partners may come into conflict with the duties of the General Partner to AIMCO as its sole stockholder.

Critical Accounting Policies and Estimates

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States, which require the Partnership to make estimates and assumptions. The Partnership believes that of its significant accounting policies, the following may involve a higher degree of judgment and complexity.

Impairment of Long-Lived Assets

Investment properties are recorded at cost less accumulated depreciation, unless the carrying amount of the asset is not recoverable, and the investment properties foreclosed upon were recorded at fair market value at the time of the foreclosures. If events or circumstances indicate that the carrying amount of a property may not be recoverable, the Partnership will make an assessment of its recoverability by comparing the carrying amount to the Partnership s estimate of the undiscounted future cash flows, excluding interest charges, of the property. If the carrying amount exceeds the estimated aggregate undiscounted future cash flows, the Partnership would recognize an impairment loss to the extent the carrying amount exceeds the estimated fair value of the property.

Real property investment is subject to varying degrees of risk. Several factors may adversely affect the economic performance and value of the Partnership s investment properties. These factors include, but are not limited to, general economic climate; competition from other apartment communities and other housing options; local conditions, such as loss of jobs or an increase in the supply of apartments that might adversely affect apartment occupancy or rental rates; changes in governmental regulations and the related cost of compliance; increases in operating costs (including real estate taxes) due to inflation and other factors, which may not be offset by increased rents; changes in tax laws and housing laws, including the enactment of rent control laws or other laws regulating multi-family housing; and changes in interest rates and the availability of financing. Any adverse changes in these and other factors could cause an impairment of the Partnership s assets.

Revenue Recognition

The Partnership generally leases apartment units for twelve-month terms or less. The Partnership will offer rental concessions during particularly slow months or in response to heavy competition from other similar complexes in the area. Rental income attributable to leases, net of any concessions, is recognized on a straight-line basis over the term of the lease. The Partnership evaluates all accounts receivable from residents and establishes an allowance, after the application of security deposits, for accounts greater than 30 days past due on current tenants and all receivables due from former tenants.

The Partnership leases certain commercial space to tenants under various lease terms. The leases are accounted for as operating leases in accordance with FASB ASC Topic 840, Leases . Some of the leases contain stated rental increases during their term. For leases with fixed rental increases, rents are recognized on a straight-line basis over the terms of the Partnership or the lease, whichever is less. For all other leases, minimum rents are recognized over the terms of the Partnership or the lease, whichever is less.

Item 4T. ***Controls and Procedures.***

(a) Disclosure Controls and Procedures.

The Partnership s management, with the participation of the principal executive officer and principal financial officer of the General Partner, who are the equivalent of the Partnership s principal executive officer and principal financial officer, respectively, has evaluated the effectiveness of the Partnership s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on such evaluation, the principal executive officer and principal financial officer of the General Partner, who are the equivalent of the Partnership s principal executive officer and principal financial officer, respectively, have concluded that, as of the end of such period, the Partnership s disclosure controls and procedures are effective.

(b) Changes in Internal Control Over Financial Reporting.

There has been no change in the Partnership s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, the Partnership s internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. ***Legal Proceedings.***

As previously disclosed, AIMCO Properties, L.P. and NHP Management Company, both affiliates of the General Partner, were defendants in a lawsuit, filed as a collective action in August 2003 in the United States District Court for the District of Columbia, alleging that they willfully violated the Fair Labor Standards Act (FLSA) by failing to pay maintenance workers overtime for time worked in excess of 40 hours per week (overtime claims). The plaintiffs also contended that AIMCO Properties, L.P. and NHP Management Company (the Defendants) failed to compensate maintenance workers for time that they were required to be on-call (on-call claims). In March 2007, the court in the District of Columbia decertified the collective action. In July 2007, plaintiffs counsel filed individual cases in Federal court in 22 jurisdictions. In the second quarter of 2008, AIMCO Properties, L.P. settled the overtime cases involving 652 plaintiffs and established a framework for resolving the 88 remaining on-call claims and the attorneys fees claimed by plaintiffs counsel. As a result, the lawsuits asserted in the 22 Federal courts have been dismissed. During the fourth quarter of 2008, the Partnership paid approximately $8,000 for settlement amounts for alleged unpaid overtime to employees who had worked at the

Table of Contents

Partnership s investment properties. At this time, the 88 remaining on-call claims and the attorneys fees claimed by plaintiffs counsel are not resolved. Pursuant to the global settlement agreement, the parties selected six test on-call cases to be arbitrated. The parties arbitrated four on-call claims and obtained defense verdicts on all four. Two additional on-call claims were dismissed with prejudice. The process now calls for the parties to attempt to mediate the remaining on-call claims and plaintiffs attorneys fees. Such mediation has not yet been scheduled. The General Partner is uncertain as to the amount of any additional loss that may be allocable to the Partnership. Therefore, the Partnership cannot estimate whether any additional loss will occur or a potential range of loss.

Item 6. ***Exhibits.***

See Exhibit Index Attached.

The agreements included as exhibits to this Form 10-Q contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;

may apply standards of materiality in a way that is different from what may be viewed as material to an investor; and

were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. The Partnership acknowledges that, notwithstanding the inclusion of the foregoing cautionary statements, it is responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this Form 10-Q not misleading. Additional information about the Partnership may be found elsewhere in this Form 10-Q and the Partnership s other public filings, which are available without charge through the SEC s website at http://www.sec.gov.

Table of Contents

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.

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

By: ConCap Equities, Inc.

General Partner

By: /s/ Steven D. Cordes

Steven D. Cordes
Senior Vice President

Date: August 13, 2010

By: /s/ Stephen B. Waters

Stephen B. Waters
Senior Director of Partnership Accounting

Date: August 13, 2010

E-23

CONSOLIDATED CAPITAL INSTITUTIONAL PROPERTIES, LP

EXHIBIT INDEX

Exhibit Number	Description
3	Certificates of Limited Partnership, as amended to date. (Incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended December 31, 1991 (1991 Annual Report)).
3.1	Certificate of Limited Partnership of Registrant, dated March 19, 2008 (incorporated herein by reference to Exhibit 3.1 to the Registrant s Current Report on Form 8-K, dated April 30, 2008).
3.2	Amendment to Certificate of Limited Partnership of Registrant, dated April 30, 2008 (incorporated herein by reference to Exhibit 3.2 to the Registrant s Current Report on Form 8-K, dated April 30, 2008).
3.3	Limited Partnership Agreement of Registrant, dated April 28, 1981 (incorporated herein by reference to Appendix A to the Prospectus included in the Registrant s Registration Statement on Form S-11 (Reg. No. 2-72384)).
3.4	First Amendment to the Limited Partnership Agreement of Registrant, dated July 11, 1985 (incorporated herein by reference to the Registrant s Statement on Form 8-A dated May 1, 2008).
3.5	Second Amendment to the Limited Partnership Agreement of Registrant, dated October 23, 1990 (incorporated herein by reference to the Registrant s Statement on Form 8-A dated May 1, 2008).
3.6	Third Amendment to the Limited Partnership Agreement of Registrant, dated October 17, 2000 (incorporated herein by reference to Exhibit 10.23 to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 31, 2001).
3.7	Fourth Amendment to the Limited Partnership Agreement of Registrant, dated May 25, 2001 (incorporated herein by reference to Exhibit 10.24 to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 31, 2001).
3.8	Fifth Amendment to the Limited Partnership Agreement of Registrant, dated March 19, 2008 (incorporated herein by reference to Exhibit 3.3 to the Registrant s Current Report on Form 8-K, dated April 30, 2008).
3.9	Sixth Amendment to the Limited Partnership Agreement of Registrant, dated April 30, 2008 (incorporated herein by reference to Exhibit 3.4 to the Registrant s Current Report on Form 8-K, dated April 30, 2008).
3.10	Seventh Amendment to the Limited Partnership Agreement of Registrant, dated May 8, 2008.
3.11	Eighth Amendment to the Limited Partnership Agreement of Registrant, dated December 31, 2009 (Incorporated herein by reference to Exhibit 3.10 to the Registrant s Current Report on Form 8-K, dated December 31, 2009).
3.12	Ninth Amendment to the Limited Partnership Agreement of Registrant, dated December 31, 2009 (Incorporated herein by reference to Exhibit 3.11 to the Registrant s Current Report on Form 8-K, dated December 31, 2009).
10.28	Form of Amended Order Setting Foreclosure Sale Date pursuant to amending the foreclosure date filed on September 25, 2003. (Incorporated herein by reference to the Registrant s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003.)
10.30	Form of Certificate of Sale as to Property 2 pursuant to sale of Regency Oaks Apartments to CCIP Regency Oaks, L.L.C. filed October 28, 2003. (Incorporated herein by reference to the Registrant s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003.)
10.32	Form of Certificate of Sale as to Property 4 pursuant to sale of Plantation Gardens Apartments to CCIP Plantation Gardens, L.L.C. filed October 28, 2003. (Incorporated herein by reference to the Registrant s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003.)
10.53	

	Amended and Restated Multifamily Note, dated September 28, 2007 between CCIP Plantation Gardens, L.L.C., a Delaware limited liability company, and Capmark Bank, a Utah industrial bank. Filed on Current Report on Form 8-K dated September 28, 2007 and incorporated herein by reference.
10.54	Amended and Restated Multifamily Mortgage, Assignment of Rents and Security Agreement, dated September 28, 2007 between CCIP Plantation Gardens, L.L.C., a Delaware limited liability company, and Capmark Bank, a Utah industrial bank. Filed on Current Report on Form 8-K dated September 28, 2007 and incorporated herein by reference.

Exhibit Number	Description
10.55	Amended and Restated Multifamily Note, dated September 28, 2007 between CCIP Regency Oaks, L.L.C., a Delaware limited liability company, and Capmark Bank, a Utah industrial bank. Filed on Current Report on Form 8-K dated September 28, 2007 and incorporated herein by reference.
10.56	Amended and Restated Multifamily Mortgage, Assignment of Rents and Security Agreement, dated September 28, 2007 between CCIP Regency Oaks, L.L.C., a Delaware limited liability company, and Capmark Bank, a Utah industrial bank. Filed on Current Report on Form 8-K dated September 28, 2007 and incorporated herein by reference.
10.57	Multifamily Note, dated November 30, 2007 between CCIP Sterling, L.P., a Pennsylvania limited partnership, and Wachovia Multifamily Capital, Inc., a Delaware corporation. Filed on Current Report on Form 8-K dated November 30, 2007 and incorporated herein by reference.
10.58	Multifamily Mortgage, Assignment of Rents and Security Agreement, dated November 30, 2007 between CCIP Sterling, L.P., a Pennsylvania limited partnership, and Wachovia Multifamily Capital, Inc., a Delaware corporation. Filed on Current Report on Form 8-K dated November 30, 2007 and incorporated herein by reference.
10.74	Purchase and Sale Contract between CCIP Society Park East, L.L.C., a Delaware limited liability company, and CD Group, LLC, a Florida limited liability company, dated April 21, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated April 21, 2009.
10.75	Purchase and Sale Contract between CCIP Knolls, L.L.C., a Delaware limited liability company, and Hamilton Zanze & Company, a California corporation, dated May 12, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated May 12, 2009.
10.76	Reinstatement of and Amendment to Purchase and Sale Contract between CCIP Society Park East, L.L.C., a Delaware limited liability company, and CD Group, LLC, a Florida limited liability company, dated June 1, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated June 1, 2009.
10.77	First Amendment to Purchase and Sale Contract between CCIP Knolls, L.L.C., a Delaware limited liability company, and Hamilton Zanze & Company, a California corporation, dated June 4, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated June 4, 2009.
10.78	Reinstatement and Second Amendment to Purchase and Sale Contract between CCIP Knolls, L.L.C., a Delaware limited liability company, and Hamilton Zanze & Company, a California corporation, dated July 1, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated June 26, 2009.
10.79	Third Amendment to Purchase and Sale Contract between CCIP Knolls, L.L.C., a Delaware limited liability company, and Hamilton Zanze & Company, a California corporation, dated July 10, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated July 10, 2009.
10.80	Fourth Amendment to Purchase and Sale Contract between CCIP Knolls, L.L.C., a Delaware limited liability company, and Hamilton Zanze & Company, a California corporation, dated July 20, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated July 20, 2009.
10.81	Fifth Amendment to Purchase and Sale Contract between CCIP Knolls, L.L.C., a Delaware limited liability company, and Hamilton Zanze & Company, a California corporation, dated July 23, 2009. Incorporated by reference to the Partnership s Current Report on Form 8-K dated July 23, 2009.
10.82	Agreement Regarding Grant Funds by and among OP Property Management, LLC, a Delaware limited liability company, and CCIP Sterling, L.P., a Pennsylvania limited partnership, dated May 17, 2010. Incorporated by reference to the Partnership s Current Report on Form 8-K dated May 17, 2009.
31.1	Certification of equivalent of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2	Certification of equivalent of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the equivalent of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.1

CERTIFICATION

I, Steven D. Cordes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consolidated Capital Institutional Properties, LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant s internal control over financial reporting that occurred during the registrant s most recent fiscal quarter (the registrant s fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the registrant s internal control over financial reporting; and

5. The registrant s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant s auditors and the audit committee of the registrant s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant s internal control over financial reporting.

/s/ Steven D. Cordes
Steven D. Cordes
Senior Vice President of ConCap Equities, Inc.,
equivalent of the chief executive officer of the
Partnership

Date: August 13, 2010

Table of Contents

Exhibit 31.2

CERTIFICATION

I, Stephen B. Waters, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consolidated Capital Institutional Properties, LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant s internal control over financial reporting that occurred during the registrant s most recent fiscal quarter (the registrant s fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect, the registrant s internal control over financial reporting; and

5. The registrant s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant s auditors and the audit committee of the registrant s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant s internal control over financial reporting.

/s/ Stephen B. Waters
Stephen B. Waters
Senior Director of Partnership Accounting of ConCap
Equities, Inc., equivalent of the chief financial officer
of the Partnership

Date: August 13, 2010

Table of Contents

Exhibit 32.1

Certification of CEO and CFO
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Consolidated Capital Institutional Properties, LP (the Partnership), for the quarterly period ended June 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the Report), Steven D. Cordes, as the equivalent of the chief executive officer of the Partnership, and Stephen B. Waters, as the equivalent of the chief financial officer of the Partnership, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/ Steven D. Cordes
Name: Steven D. Cordes

Date: August 13, 2010

/s/ Stephen B. Waters
Name: Stephen B. Waters

Date: August 13, 2010

This certification is furnished with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Table of Contents

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 20. *Indemnification of Directors and Officers.*

Aimco s charter limits the liability of Aimco s directors and officers to Aimco and its stockholders to the fullest extent permitted from time to time by Maryland law. Maryland law presently permits the liability of directors and officers to a corporation or its stockholders for money damages to be limited, except (i) to the extent that it is proved that the director or officer actually received an improper benefit or profit in money, property or services for the amount of the benefit or profit in money, property or services actually received, or (ii) to the extent that a judgment or other final adjudication adverse to the director or officer is entered in a proceeding based on a finding that the director s or officer s action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding. This provision does not limit the ability of Aimco or its stockholders to obtain other relief, such as an injunction or rescission.

Aimco s charter and bylaws require Aimco to indemnify its directors and officers and permits Aimco to indemnify certain other parties to the fullest extent permitted from time to time by Maryland law. Maryland law permits a corporation to indemnify its directors, officers and certain other parties against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service to or at the request of the corporation, unless it is established that (i) the act or omission of the indemnified party was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, (ii) the indemnified party actually received an improper personal benefit in money, property or services or (iii) in the case of any criminal proceeding, the indemnified party had reasonable cause to believe that the act or omission was unlawful. Indemnification may be made against judgments, penalties, fines, settlements and reasonable expenses actually incurred by the director or officer in connection with the proceeding; provided, however, that if the proceeding is one by or in the right of the corporation, indemnification may not be made with respect to any proceeding in which the director or officer has been adjudged to be liable to the corporation. In addition, a director or officer may not be indemnified with respect to any proceeding charging improper personal benefit to the director or officer, whether or not involving action in the director s or officer s official capacity, in which the director or officer was adjudged to be liable on the basis that personal benefit was improperly received. The termination of any proceeding by conviction, or upon a plea of nolo contendere or its equivalent, or an entry of any order of probation prior to judgment, creates a rebuttable presumption that the director or officer did not meet the requisite standard of conduct required for indemnification to be permitted. It is the position of the SEC that indemnification of directors and officers for liabilities arising under the Securities Act is against public policy and is unenforceable pursuant to Section 14 of the Securities Act.

Aimco has entered into agreements with certain of its officers, pursuant to which Aimco has agreed to indemnify such officers to the fullest extent permitted by applicable law.

Section 10.6 of Apartment Investment and Management Company 2007 Stock Award and Incentive Plan, or the 2007 Plan, specifically provides that, to the fullest extent permitted by law, each of the members of the Board of Directors of Aimco, the Compensation Committee of the board of directors and each of the directors, officers and employees of Aimco, any Aimco subsidiary, Aimco OP and any subsidiary of the Aimco OP shall be held harmless and indemnified by Aimco for any liability, loss (including amounts paid in settlement), damages or expenses (including reasonable attorneys fees) suffered by virtue of any determinations, acts or failures to act, or alleged acts or failures to act, in connection with the administration of the 2007 Plan, so long as such person is not determined by a final adjudication to be guilty of willful misconduct with respect to such determination, action or failure to act.

The Aimco OP partnership agreement requires Aimco OP to indemnify its directors and officers to the fullest extent authorized by applicable law against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, attorney s fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of Aimco OP. Such indemnification continues after the director or officer ceases to be a director or officer. The right to indemnification includes the right to be paid by Aimco OP the expenses incurred in defending any proceeding in advance of its final disposition upon the delivery of an

Table of Contents

undertaking by or on behalf of the indemnitee to repay all amounts advanced if a final judicial decision is rendered that such indemnitee did not meet the standard of conduct permitting indemnification under the Aimco OP partnership agreement or applicable law.

Aimco OP maintains insurance, at its expense, to protect against any liability or loss, regardless of whether any director or officer is entitled to indemnification under the Aimco OP partnership agreement or applicable law.

Directors and officers of ConCap, the general partner of CCIP, are also officers of Aimco, and as such, are entitled to indemnification as described above with respect to the directors and officers of Aimco.

Item 21. ***Exhibits.***

(a) *Exhibits.* An index to exhibits appears below and is incorporated herein by reference. The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;

may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and

were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Aimco and Aimco OP acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, they are responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this registration statement not misleading. Additional information about Aimco and Aimco OP may be found elsewhere in this registration statement and Aimco s and Aimco OP s other public filings, which are available without charge through the SEC s website at http://www.sec.gov. See Where You Can Find Additional Information in the information statement/prospectus that forms a part of this registration statement.

(b) *Financial Statement Schedules.* None required.

(c) *Reports, Opinions or Appraisals.* Appraisal reports by Cogent Realty Advisors, LLC related to the Sterling Property, the Plantation Gardens Property and the Regency Oaks Property are filed as exhibits to the registration statement filed with the SEC.

Item 22. ***Undertakings.***

(a) Each of the undersigned registrants hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a

Table of Contents

20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant s annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan s annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other Items of the applicable form.

(6) That every prospectus (i) that is filed pursuant to paragraph (5) immediately preceding, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(8) To respond to requests for information that is incorporated by reference into the information statement/prospectus pursuant to Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(9) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Denver, State of Colorado, September 13, 2010.

APARTMENT INVESTMENT AND
MANAGEMENT COMPANY

By: /s/ TERRY CONSIDINE

Name: Terry Considine

Title: Chairman of the Board, Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below authorizes Terry Considine and Ernest M. Freedman, and each of them, each of whom may act without joinder of the other, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and reconstitution, for him or her and in his or her name, place and stead, in any and all capacities to execute in the name of each such person who is then an officer or director of Aimco, and to file any amendments (including post effective amendments) to this Registration Statement and any registration statement for the same offering filed pursuant to Rule 462 under the Securities Act of 1933, and to file the same, with all exhibits thereto and all other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing appropriate or necessary to be done, as fully and for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney s-in-fact and agents or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ TERRY CONSIDINE Terry Considine	Chairman of the Board and Chief Executive Officer (principal executive officer)	September 13, 2010
/s/ ERNEST M. FREEDMAN Ernest M. Freedman	Executive Vice President and Chief Financial Officer (principal financial officer)	September 13, 2010
/s/ PAUL BELDIN Paul Beldin	Senior Vice President and Chief Accounting Officer (principal accounting officer)	September 13, 2010
/s/ JAMES N. BAILEY James N. Bailey	Director	September 13, 2010

/s/ RICHARD S. ELLWOOD	Director	September 13, 2010
Richard S. Ellwood		

Table of Contents

Signature	Title	Date
/s/ THOMAS L. KELTNER Thomas L. Keltner	Director	September 13, 2010
/s/ J. LANDIS MARTIN J. Landis Martin	Director	September 13, 2010
/s/ ROBERT A. MILLER Robert A. Miller	Director	September 13, 2010
/s/ MICHAEL A. STEIN Michael A. Stein	Director	September 13, 2010
/s/ KATHLEEN M. NELSON Kathleen M. Nelson	Director	September 13, 2010

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Denver, State of Colorado, September 13, 2010.

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

By: /s/ TERRY CONSIDINE

Name: Terry Considine

Title: Chairman of the Board and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below authorizes Terry Considine and Ernest M. Freedman, and each of them, each of whom may act without joinder of the other, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and reconstitution, for him or her and in his or her name, place and stead, in any and all capacities to execute in the name of each such person who is then an officer or director of Aimco, and to file any amendments (including post effective amendments) to this Registration Statement and any registration statement for the same offering filed pursuant to Rule 462 under the Securities Act of 1933, and to file the same, with all exhibits thereto and all other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing appropriate or necessary to be done, as fully and for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney s-in-fact and agents or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ TERRY CONSIDINE Terry Considine	Chairman of the Board and Chief Executive Officer of the registrant s general partner (principal executive officer)	September 13, 2010
/s/ MILES CORTEZ Miles Cortez	Director, Executive Vice President and Chief Administrative Officer of the registrant s general partner	September 13, 2010
/s/ ERNEST M. FREEDMAN Ernest M. Freedman	Executive Vice President and Chief Financial Officer of the registrant s general partner (principal financial officer)	September 13, 2010
/s/ PAUL BELDIN		September 13, 2010

Paul Beldin	Senior Vice President and Chief Accounting Officer of the registrant s general partner (principal accounting officer)

INDEX TO EXHIBITS(1)(2)

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of September 13, 2010 by and among Consolidated Capital Institutional Properties, LP, Aimco CCIP Merger Sub LLC and Aimco Properties, L.P. (Annex A to the Information Statement/Prospectus filed hereto)
3.1	Charter of Apartment Investment and Management Company (Exhibit 3.1 to Aimco s Annual Report on Form 10-K for the year ended December 31, 2008, is incorporated herein by this reference)
3.2	Amended and Restated Bylaws of Apartment Investment and Management Company (Exhibit 3.2 to Aimco s Current Report on Form 8-K dated February 4, 2010, is incorporated herein by this reference)
3.3	Fourth Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 29, 1994, as amended and restated as of February 28, 2007 (Exhibit 10.1 to Aimco s Annual Report on Form 10-K for the year ended December 31, 2006, is incorporated herein by this reference)
3.4	First Amendment to Fourth Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of December 31, 2007 (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated December 31, 2007, is incorporated herein by this reference)
3.5	Second Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 30, 2009 (Exhibit 10.1 to Aimco s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009, is incorporated herein by this reference)
3.6	Third Amendment to Fourth Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of December 31, 2007 (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated September 3, 2010, is incorporated herein by this reference)
5.1	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP regarding the validity of the Common OP Units being registered.
5.2	Opinion of DLA Piper regarding the validity of the Class A Common Stock issuable upon redemption of the Common OP Units
8.1	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP regarding certain tax matters
10.1	Amended and Restated Secured Credit Agreement, dated as of November 2, 2004, by and among Aimco, AIMCO Properties, L.P., AIMCO/Bethesda Holdings, Inc., and NHP Management Company as the borrowers and Bank of America, N.A., Keybank National Association, and the Lenders listed therein (Exhibit 4.1 to Aimco s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004, is incorporated herein by this reference)
10.2	First Amendment to Amended and Restated Secured Credit Agreement, dated as of June 16, 2005, by and among Aimco, AIMCO Properties, L.P., AIMCO/Bethesda Holdings, Inc., and NHP Management Company as the borrowers and Bank of America, N.A., Keybank National Association, and the Lenders listed therein (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated June 16, 2005, is incorporated herein by this reference)
10.3	Second Amendment to Amended and Restated Senior Secured Credit Agreement, dated as of March 22, 2006, by and among Aimco, AIMCO Properties, L.P., and AIMCO/Bethesda Holdings, Inc., as the borrowers, and Bank of America, N.A., Keybank National Association, and the lenders listed therein (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated March 22, 2006, is incorporated herein by this reference)
10.4	Third Amendment to Senior Secured Credit Agreement, dated as of August 31, 2007, by and among Apartment Investment and Management Company, AIMCO Properties, L.P., and AIMCO/Bethesda Holdings, Inc., as the Borrowers, the pledgors and guarantors named therein, Bank of America, N.A., as administrative agent and Bank of America, N.A., Keybank National Association and the other lenders

	listed therein (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated August 31, 2007, is incorporated herein by this reference)
10.5	Fourth Amendment to Senior Secured Credit Agreement, dated as of September 14, 2007, by and among Apartment Investment and Management Company, AIMCO Properties, L.P., and AIMCO/Bethesda Holdings, Inc., as the Borrowers, the pledgors and guarantors named therein, Bank of America, N.A., as administrative agent and Bank of America, N.A., Keybank National Association and the other lenders listed therein (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated September 14, 2007, is incorporated herein by this reference)

Exhibit Number	Description
10.6	Fifth Amendment to Senior Secured Credit Agreement, dated as of September 9, 2008, by and among Apartment Investment and Management Company, AIMCO Properties, L.P., and AIMCO/Bethesda Holdings, Inc., as the Borrowers, the pledgors and guarantors named therein, Bank of America, N.A., as administrative agent and Bank of America, N.A., Keybank National Association and the other lenders listed therein (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated September 11, 2008, is incorporated herein by this reference)
10.7	Sixth Amendment to Senior Secured Credit Agreement, dated as of May 1, 2009, by and among Apartment Investment and Management Company, AIMCO Properties, L.P., and AIMCO/Bethesda Holdings, Inc., as the Borrowers, the pledgors and guarantors named therein, Bank of America, N.A., as administrative agent and Bank of America, N.A., Keybank National Association and the other lenders listed therein (Exhibit 10.1 to Aimco s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, is incorporated herein by this reference)
10.8	Seventh Amendment to Senior Secured Credit Agreement, dated as of August 4, 2009, by and among Apartment Investment and Management Company, AIMCO Properties, L.P., and AIMCO/Bethesda Holdings, Inc., as the Borrowers, the pledgors and guarantors named therein and the lenders party thereto (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated August 6, 2009, is incorporated herein by this reference)
10.9	Eighth Amendment to Senior Secured Credit Agreement, dated as of February 3, 2010, by and among Apartment Investment and Management Company, AIMCO Properties, L.P., and AIMCO/Bethesda Holdings, Inc., as the Borrowers, the pledgors and guarantors named therein and the lenders party thereto (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated February 5, 2010, is incorporated herein by this reference)
10.10	Ninth Amendment to Amended and Restated Senior Secured Credit Agreement, dated as of May 14, 2010, by and among Apartment Investment and Management Company, AIMCO Properties, L.P., and AIMCO/Bethesda Holdings, Inc., as the borrowers, the guarantors and the pledgors named therein and the lenders party thereto (Exhibit 10.1 to Aimco s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009, is incorporated herein by this reference)
10.11	Master Indemnification Agreement, dated December 3, 2001, by and among Apartment Investment and Management Company, AIMCO Properties, L.P., XYZ Holdings LLC, and the other parties signatory thereto (Exhibit 2.3 to Aimco s Current Report on Form 8-K, dated December 6, 2001, is incorporated herein by this reference)
10.12	Tax Indemnification and Contest Agreement, dated December 3, 2001, by and among Apartment Investment and Management Company, National Partnership Investments, Corp., and XYZ Holdings LLC and the other parties signatory thereto (Exhibit 2.4 to Aimco s Current Report on Form 8-K, dated December 6, 2001, is incorporated herein by this reference)
10.13	Limited Liability Company Agreement of AIMCO JV Portfolio #1, LLC dated as of December 30, 2003 by and among AIMCO BRE I, LLC, AIMCO BRE II, LLC and SRV-AJVP#1, LLC (Exhibit 10.54 to Aimco s Annual Report on Form 10-K for the year ended December 31, 2003, is incorporated herein by this reference)
10.14	Employment Contract executed on December 29, 2008, by and between AIMCO Properties, L.P. and Terry Considine (Exhibit 10.1 to Aimco s Current Report on Form 8-K, dated December 29, 2008, is incorporated herein by this reference)*
10.15	Apartment Investment and Management Company 1997 Stock Award and Incentive Plan (October 1999) (Exhibit 10.26 to Aimco s Annual Report on Form 10-K for the year ended December 31, 1999, is incorporated herein by this reference)*

10.16	Form of Restricted Stock Agreement (1997 Stock Award and Incentive Plan) (Exhibit 10.11 to Aimco s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1997, is incorporated herein by this reference)*
10.17	Form of Incentive Stock Option Agreement (1997 Stock Award and Incentive Plan) (Exhibit 10.42 to Aimco s Annual Report on Form 10-K for the year ended December 31, 1998, is incorporated herein by this reference)*
10.18	2007 Stock Award and Incentive Plan (incorporated by reference to Appendix A to Aimco s Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on March 20, 2007)*

Table of Contents

Exhibit Number	Description
10.19	Form of Restricted Stock Agreement (Exhibit 10.2 to Aimco s Current Report on Form 8-K, dated April 30, 2007, is incorporated herein by this reference)*
10.20	Form of Non-Qualified Stock Option Agreement (Exhibit 10.3 to Aimco s Current Report on Form 8-K, dated April 30, 2007, is incorporated herein by this reference)*
10.21	2007 Employee Stock Purchase Plan (incorporated by reference to Appendix B to Aimco s Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on March 20, 2007)*
21.1	List of Subsidiaries (Exhibit 21.1 to Aimco s Annual Report of Form 10-K for the year ended December 31, 2009 is incorporated herein by this reference)
23.1	Consent of Independent Registered Public Accounting Firm
23.2	Consent of Independent Registered Public Accounting Firm
23.3	Consent of Independent Registered Public Accounting Firm
23.4	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1)
23.5	Consent of DLA Piper (included in Exhibit 5.2)
23.6	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 8.1)
23.7	Consent of Cogent Realty Advisors, LLC
24.1	Power of Attorney (included in the signature pages to the Registration Statement)
99.1	Appraisal Report, dated as of February 22, 2010, by Cogent Realty Advisors, LLC, related to The Sterling Apartment Homes and Commerce Center.
99.2	Appraisal Report, dated as of April 17, 2010, by Cogent Realty Advisors, LLC, related to the Plantation Gardens Apartments.
99.3	Supplement Letter, dated as of August 30, 2010, by Cogent Realty Advisors, related to the Plantation Gardens Apartments.
99.4	Appraisal Report, dated as of May 17, 2010, by Cogent Realty Advisors, LLC, related to the Regency Oaks Apartments.

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

(2) The file reference number for all exhibits is 001-13232, and all such exhibits remain available pursuant to the Records Control Schedule of the Securities and Exchange Commission.

* Indicates a management contract or compensatory plan or arrangement.