

# THE DEPOSITORY TRUST COMPANY

## IMPORTANT

**#:** 0097-97  
**DATE:** January 21, 1997  
**TO:** All Participants  
**FROM:** Dividend Department  
**ATTENTION:** Managing Partner / Officer, Cashier  
  
**SUBJECT:** Avalon Properties, Inc.

The attached correspondence containing tax information was received by the Depository Trust Company.

D. Ruggiero  
Assistant Supervisor  
Dividend Department

Attachment



Avalon Properties

5904 Richmond Highway ♦ Suite 300 ♦ Alexandria, VA 22303-1864 ♦ (703) 329-6300 ♦ Fax (703) 329-9130

 97  
 Thomas J. Sargeant  
 Chief Financial Officer

January 10, 1997

 Mr. Anthony DiMurro  
 Depository Trust Company  
 7 Hanover Square, 22nd Floor  
 New York, NY 10004

**1996 Reporting Information (Form 1099) - Distributions**

The income tax treatment for the 1996 distributions for Avalon Properties, Inc., CUSIP # 053469 10 2 traded under ticker symbol AVN on the New York Stock Exchange is as follows:

| Period  | Declaration Dates | Record Dates | Payable Dates | Distributions Per Share | Distribution Type         |                   |                        |
|---------|-------------------|--------------|---------------|-------------------------|---------------------------|-------------------|------------------------|
|         |                   |              |               |                         | Ordinary Taxable Dividend | Return of Capital | Long-Term Capital Gain |
| Q4 1995 | 1/26              | 2/07         | 2/16          | \$ 0.37                 | 73%                       | 20%               | 7%                     |
| Q1 1996 | 4/23              | 5/06         | 5/17          | \$ 0.37                 | 73%                       | 20%               | 7%                     |
| Q2 1996 | 7/24              | 8/05         | 8/16          | \$ 0.37                 | 73%                       | 20%               | 7%                     |
| Q3 1996 | 10/09             | 11/04        | 11/15         | \$ 0.38                 | 73%                       | 20%               | 7%                     |
| TOTALS  |                   |              |               | \$ 1.49                 | 73%                       | 20%               | 7%                     |

The company did not incur any foreign taxes. Should you need any additional information please call Miguel Azua at (703) 317-2901 or by fax at (703) 960-5161.

THIS INFORMATION REPRESENTS (check one):

FINAL INCOME ALLOCATIONS (Available 1/17/97)  
 ESTIMATED INCOME ALLOCATIONS

Sincerely,

Thomas J. Sargeant