

Opening Doors

We enter 2014 with continued optimism, as we deliver new apartments into various markets. **The Hamptons** at Palm Beach Gardens, our first market rate project in the new cycle, opened in September. The leasing pace is healthy and lease rates are exceeding our original projections. **Casa Palma**, also in South Florida, will open in February, and the pre-leasing there is encouraging as well.

In the Mid-Atlantic region, **The Beacon at Clarendon West** and **19Nineteen Clarendon** will each debut in early/mid 2014, well positioned near DC metro stops in the thriving Rosslyn-Ballston corridor of Arlington. Recent sales of comparable DC area projects indicate that we are creating significant value for our owner/partner with these projects.

As we continue to open new doors, our development pipeline is also expanding. We closed on four

continued on pg 8 >



ZOM Partners with UBS on Two Projects

ZOM Texas recently broke ground on **The Hudson**, a joint venture with an investor account advised by the real estate business of UBS Global Asset Management. Located in the prestigious Tanglewood neighborhood of the Galleria/Uptown submarket of Houston, the 5.3-acre site is on Fountain View Drive, adjacent to a new retail center that will feature a 90,000-square foot HEB gourmet grocery and is easily accessible to a wide array of shopping, entertainment and employment hubs via nearby San Felipe Drive.

The Hudson is an architecturally distinctive, four- and five-story wrap with a seven-level parking garage and an elaborate motor court entrance. The exterior will feature a contemporary brick facade, exuding a modern warehouse look and feel. Housing 431 units, the apartment homes are thoughtfully planned around three centrally located and lushly landscaped courtyards. Residents will enjoy a highly amenitized hotel-style experience, with common areas designed for both entertainment and relaxation.

“Houston currently ranks #2 in employment growth in the U.S., with over 250,000 jobs expected to be created over the next five years,” said David Kubin, Senior Vice President of ZOM Texas. “This project has the right combination of attributes to deliver steady cash flow and attractive total investment returns to both ZOM and our capital partner.”

The Hudson is ZOM's third apartment project in Houston and eighth project in the Texas region. ZRS Management, LLC is handling leasing and property management.



Entertainment Kitchen



Lobby

Breaking Ground in Miami

Miami Met 3 is a 462-unit luxury highrise in the heart of downtown Miami, integrated into an iconic 32-story highrise structure. A 42,000-square-foot Whole Foods grocery is currently under construction at street level, over which 11 levels of structured podium parking will be built. **Miami Met 3** will climb an additional 22 floors, reshaping the Miami skyline. The main amenity level on the 13th floor features a spacious open lounge area, fitness club-quality exercise center with spa, landscaped deck surrounding a resort-style pool, yoga lawn, bocce ball court and two bars. This unique amenity level (pictured below) is intended to foster interaction among residents and provide a variety of social settings and activities without having to leave the community.

Miami Met 3, a joint venture with an investor account advised by the real estate business of UBS Global Asset Management, will feature efficient and well-appointed units in a variety of spacious, functional floor plans ranging from 680 to 1,450 square feet. **Miami Met 3** will be the only professionally managed highrise rental development in the downtown market. Property management services will be provided by ZRS Management, LLC.

"The **Miami Met 3** site is an outstanding location at the epicenter of Miami's Central Business Center and surrounded by employment, restaurants, nightlife and public transportation," said Greg West, ZOM's Chief Development Officer. "The demographic characteristics of the immediate area, combined with the presence of over 89,000 jobs within a 3-mile radius, plus an upscale Whole Foods in our building, create a compelling case for the success of the **Miami Met 3** apartment project."

"This is the first of two new development ventures with ZOM, and we are confident that **Miami Met 3** will be a great success, setting a new standard in luxury apartment living in downtown Miami," said Tim Walsh, Director of Acquisitions at UBS Global Asset Management, Global Real Estate – U.S.

Construction on **Miami Met 3** is scheduled to begin in Q1 2014, upon completion of the parking garage. Suffolk Construction is the general contractor.



Entertainment Kitchen



Club/Game Room



Opening 2014

ZOM Mid-Atlantic will soon deliver the initial apartment homes in **19Nineteen Clarendon**, a 191-unit Class AA multifamily mixed-use mid-rise located in Arlington, Virginia. 19Nineteen also features 17,500 square feet of retail space on the ground floor — and will include two upscale restaurants (Lebanese and sushi/Asian cuisine), and a high-end fitness center, among other retail merchants.

Developed in a joint venture with USAA Real Estate Company, the industrial loft-inspired building will feature efficient and well-appointed apartment homes in a variety of spacious, functional floor plans ranging from 495 to 1,475 square feet. Pre-leasing is now underway across the street from the project, and residents will begin move-ins in March.

The apartment homes will feature amenities unmatched in the Arlington market, and include high-finish living spaces housed in an architecturally distinctive building, a state-of-the-art fitness center with socially interactive equipment, luxuriously designed entertainment areas, as well as lushly landscaped courtyards with fountains, fireplace and individual entertainment areas.

19Nineteen Clarendon, a LEED Silver project, is conveniently located one block from the Courthouse Metro Stop along the Rosslyn-Ballston corridor, a thriving mixed-use district directly connected to other local and regional destinations and dominated by



young professionals attracted to the lifestyle, amenities and easy access to Washington, DC.

“19Nineteen is perfectly positioned in the Rosslyn-Ballston corridor, with exceptional neighborhood walkability, plus the

convenience of being steps away from the DC metro system,” said Andrew Cretal, Senior Vice President of ZOM Mid-Atlantic. “The initial response from the market has exceeded our expectations.”

The Beacon at Clarendon West

Opening in late Spring of 2014, ZOM Mid-Atlantic will deliver another mixed-use development in the Rosslyn-Ballston corridor — **The Beacon at Clarendon West**. ZOM’s second development venture with USAA in the DC region, this Class AA highrise will consist of 187 units and 17,000 square feet of ground floor retail, including several restaurants and a mix of local and regional retailers.

The Beacon at Clarendon West, a LEED Certified environmentally friendly project, will feature unparalleled amenities, including stylish condo-level finishes, fitness center, intimate rooftop pool and garden amenity area, and a sophisticated community room with a fireplace. The 1.19-acre site is located one block from the Clarendon Metro Stop in the heart of Arlington’s most intense concentration of lifestyle amenities, including Whole Foods, Pottery Barn and Crate & Barrel, as well as 47 restaurants within walking distance.

The Beacon’s leasing center will open in May 2014. ZRS Management, LLC is providing leasing and property management services for both projects.





The Hamptons Debuts in Palm Beach Gardens

In September, ZOM Florida delivered the clubhouse and first apartment homes in **The Hamptons**, a 224-unit luxury rental community in Palm Beach Gardens, Florida. The development is approximately 85 percent complete, with an official grand opening scheduled for February 2014.

The 22.7-acre site provides an ideal low-

density neighborhood setting for 25 two-story buildings and two three-story buildings. **The Hamptons** features a luxurious clubhouse (see cover page), a resort-style pool, fitness center, e-lounge and theater — all highlighted by a central 2.5-acre lake with a walking trail and a nature preserve along the perimeter of the property. Residents will enjoy close proximity to shopping and entertainment.

The Hamptons is ZOM's first joint venture with Northwestern Mutual. "We are pleased with the demand we are experiencing for this unique, high-finish product and are confident that Northwestern Mutual's policyowners will benefit from the long-term value we have created in our venture with the ZOM group," said Felix Figueroa, a director for Northwestern Mutual Real Estate Investments, LLC.



Unit Interior



Clubhouse



Shaking Things Up in South Florida

ZOM Florida broke ground in August on **Bel Air at Doral**, a 249-unit class AA luxury lakefront community adjacent to the prestigious Doral Golf Resort and Spa. The project is being developed through a joint venture with an affiliate of General Investment & Development Companies (GID).

“GID is glad to add ZOM to our list of development partners,” said Bill Chiasson, Senior Vice President for GID. “We are familiar with the product quality and professionalism through our acquisition experiences with ZOM in other markets. This opportunity

presented what we believe to be one of the best land sites in the local market, which will be complemented by ZOM’s proven ability to deliver a best-in-class development. We look forward to continuing this relationship in southeast Florida as well as Texas and the mid-Atlantic region where both firms operate.”

Setting a new standard for luxury apartment living, **Bel Air at Doral** will offer the most expansive and cutting-edge amenity package in the market, delivering design-driven, high-finish living spaces, housed in an iconic eight-story mid-rise building.

Designed in an elegant Mediterranean style and character, the project features a variety of spacious floor plans, ranging from 755 to 1,607 square feet. **Bel Air at Doral** will also provide expansive views of the White Course and the world-renowned “Blue Monster” Course at Doral Country Club, offering a distinguished, resort-style living experience. Suffolk Construction is the general contractor. PNC Bank provided construction financing and ZRS Management, LLC will provide property management services.



In Q1 2014, ZOM will deliver the clubhouse and first apartment homes in **Casa Palma**, a 350-unit luxury rental community in Coconut Creek in northern Broward County, Florida. Developed in a joint venture with an affiliate of AEW Capital Management, this 20-acre high-visibility site features spacious apartment homes housed in a two- and three-story format with the Spanish eclectic architectural styling of George Merrick, who designed many of the distinctive buildings in historic sections of Coral Gables near Miami.



MODA at North Bay Village

Site work commenced in August on **MODA at North Bay Village**, a 285-unit Class AA luxury waterfront development situated on a 4.5-acre peninsula with over 1,400 lineal feet of waterfront overlooking the expansive Biscayne Bay in North Miami Beach. Developed through a joint venture with Clarion Partners, the project is a modern interpretation of Miami Beach's high-style years. Reminiscent of the jazzy, more traditionally streamlined Art Deco hotels developed in the 1930s to the more vibrant early 1950s, the project features a dramatic exterior with bold geometric motifs and curvilinear forms accented with bold colors.

"The Miami multifamily market has recovered dramatically and is one of the most attractive submarkets in the country with apartments in great demand. With its dramatic views and great access, we view the project as a terrific development, and a great opportunity to create value for our clients," said Tim Bright, Senior Vice President of Clarion Partners.

MODA, or "style" in Spanish, Italian and Portuguese, will surely bring a new level of style and sophisticated living to the North Miami Beach rental market when delivered in early 2015. KAST Construction is the general contractor and ZRS Management, LLC will provide property management services.



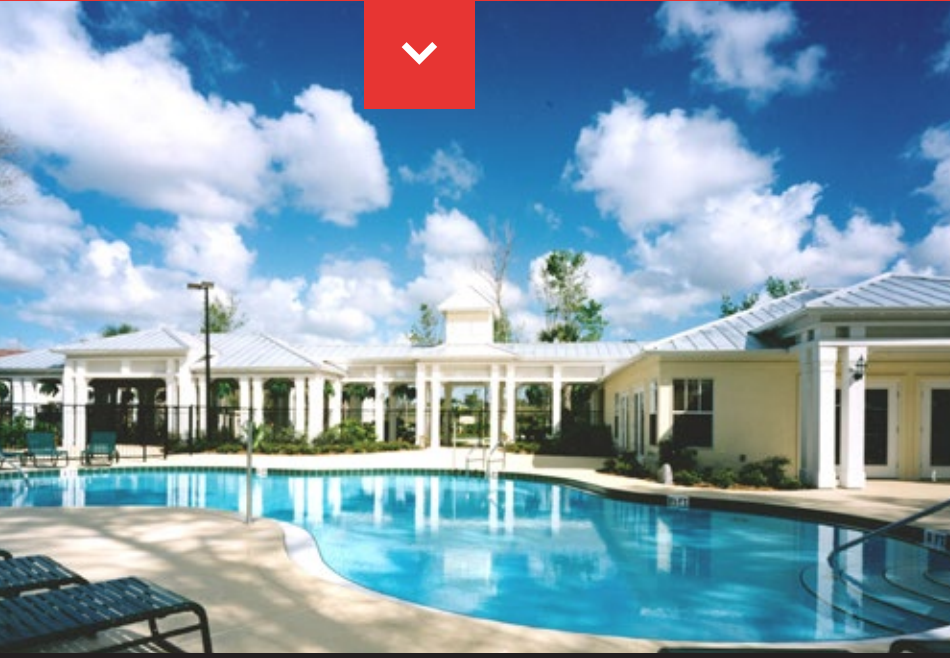
Resident Lounge



e-Lounge



ZOM Sells Florida Project



Valencia Park, a 208-unit rental community in East Orlando, was sold in June 2013, to a Los Angeles-based investment group. **Valencia Park** was developed in 1995 under the federal Low Income Housing Tax Credit (LIHTC) program, through a joint venture with an affiliate of Boston Financial Investment Management. The project was cited by the Florida Legislature for its Cracker-style cottage design elements, at the time a refreshing departure from most projects developed under the LIHTC program.

> **Opening Doors**
continued from pg 1

new development ventures in 2013. In Florida, we broke ground in August on **MODA at North Bay Village**, a mid-rise on a spectacular peninsula in Biscayne Bay. **Bel Air at Doral**, a waterfront project overlooking the Doral golf course in South Miami, also started in Q3. And we closed on our **Montage at Met 3** venture in downtown Miami, with construction of this iconic highrise planned for late February.

In November, ZOM Texas broke ground on **The Hudson**, our third project in the Houston market, and eighth project to date in Texas. We also strengthened our Texas team with the addition of David Kubin, who now oversees our development activities in the region.

The apartment sector is stronger than ever. Occupancies continue to rise in most markets, and rents have recovered — now exceeding the previous cycle peak in most urban markets. Housing demand is particularly strong in U.S. markets that are driven by energy, technology, trade and tourism. Employment growth is robust in these markets and is projected to remain strong over the long term. Houston, Dallas, Washington DC, Miami and Orlando are among these favored markets. ZOM is well positioned in each of these cities to capitalize on improving rental housing demand generated by new job formations. Rising mortgage rates, tighter credit underwriting and a continued bias toward rentals, particularly with the “echo-boom” generation, which has the highest propensity to rent, are also stoking apartment demand.

Development has accelerated somewhat to meet this growing demand. Unit deliveries totaled nearly 200,000 in the 12 months ending September 2013, and should grow to 250,000 annually in the near term, which is still below the long-term average nationally, as a percentage of existing stock. Real estate is a local business, however, and we will continue to critically evaluate new opportunities, by market and submarket, to stay out of the way of excess production or markets with moderating growth.

Investors continue to have big appetites for well-located, high-quality apartments. Transaction volume increased 15 percent in 2013, and over 20 percent in the high-value asset class. Cap rates in top-tier markets are now lower than in the previous cycle, and yet the spread over the 10-year Treasury is 290 bps, higher than the long-term average. This suggests that cap rates will remain

“sticky” over the next several years, with room for spreads to compress as long bonds drift higher with the improving economy. Low cap rates and strengthening market fundamentals create an ideal opportunity to begin harvesting gains for our investors, as our projects lease up and stabilize.

The U.S. economy should continue to improve through 2015, creating ideal conditions to deliver well-conceived, prudently capitalized projects into select markets, and also to sell into market strength, when and where appropriate. ZOM’s award-winning designs are an enduring feature of what we build, and an essential ingredient of the value we create. We appreciate the confidence that our capital partners, lenders and shareholders have placed in us, and we will continue to work diligently on their behalf to preserve and enhance the value of their invested capital.



Poolside at The Hamptons

Palm Beach Gardens, Florida