



LEFT TO RIGHT: Rick Mercer, Wood Partners; Mark Randall, Wood Partners; Jim Borders, Novare; Greg Pridgeon, Chief of Staff to Atlanta Mayor Shirley Franklin; Jim Jacoby, Jacoby Development/Atlantic Station; Jim Griffin, RJ Griffin Construction; Brian Leary, Atlantic Station.

GROUND BROKEN ON TWELVESM ATLANTIC STATION

On a bright morning in late August, Novare and Wood Partners broke ground on TWELVESM Atlantic Station, Novare's latest high-rise condominium community in Atlanta. The ceremony was actually a dual celebration, because this project marks the debut of Novare's new initiative, TWELVESM Hotels and Residences. The event was attended by a large crowd that included representatives from the media, City of Atlanta government and the Atlantic Station[®] mixed-use development.

The location within the Atlantic Station project puts this condominium community in one of the most important real estate developments in recent Atlanta history. Rising on a site in Midtown Atlanta where a steel mill once stood, the Atlantic Station project is a mixed-use development of retail, entertainment, dining and residential units. It is transforming what was once a notorious eyesore into a live-work-play environment that will be the blueprint for other such urban transformations around the country.

TWELVE Atlantic Station combines 404 high-rise condominium homes with a 101-room boutique hotel. The concept of condominiums atop a hotel component is not new. Several hotel brands have had great success pairing luxury hotels with high-end condominiums, but in general, both the hotel rooms and the condominiums have been offered at prices that are out of reach for the mainstream consumer. TWELVE, however, will feature condominium units with the design, amenities and attainable prices for which Novare is known and hotel rooms that offer the comforts of both an upscale boutique hotel and a suites hotel.

The combination of condominiums with a hotel gives homeowners greater value—for example, condominium owners can take advantage of the hotel's housekeeping and room services. The residences and hotel will have a common lobby and will share some of the amenities, but they will have separate elevators and corridors to maintain privacy for homeowners.

TWELVE Atlantic Station will feature studio, one-bedroom, two-bedroom and penthouse units. The first move-ins are expected in late 2005.

CONSTRUCTION PIPELINE CONTINUES GROWTH

Novare's development pipeline is moving at an increasing pace, with several projects already under way or scheduled to begin shortly. In Atlanta's Buckhead neighborhood, **Eclipse** is set for its first residents at the end of November, with a grand opening scheduled for late January 2005. The sales process has begun at **Spire**, located in Midtown Atlanta, and the Spire sales center has opened at 102 6th Street. **TWELVESM Atlantic Station** is well under way in the west Midtown area of Atlanta, and the second TWELVE development, **TWELVESM Centennial Park**, will begin construction in early 2005. **City Center**, at the corner of Peachtree Road and Piedmont Road in Buckhead, will break ground in December. In Nashville, construction has begun on **Viridian**, downtown Nashville's first high-rise condominium. In other markets, Novare has recently announced its plans to develop high-rise condominium communities in Uptown **Charlotte** and in the cultural arts district of downtown **Tampa**. Further information about these developments is available in the Development section of Novare's website, www.novaregroup.com.

Construction moves apace at TWELVE Atlantic Station



Construction workers at Spire in Midtown Atlanta (photo courtesy of Midtown Alliance)



Friends,

In the third quarter, we continued to build on three major business objectives: (1) growing and filling our development pipeline; (2) enhancing the liquidity and strength of our company's balance sheet; and (3) expanding our operational capabilities and augmenting our outstanding management team.

The quarter began with the closing of our land acquisition at the Atlantic Station development and ends with our first TWELVESM project rising on this site amid a sea of cranes. TWELVE will deliver concurrently with the opening of the million-square-foot Atlantic Station shopping center, and we remain excited about the prospects for both the condominiums and the hotel at this project. Novare Realty successfully moved us from reservations to contracts at Eclipse, and we are now positioned to welcome residents to this project in the heart of Buckhead Village. We continued our selective geographic expansion by commencing pre-development in Tampa and Charlotte, acquiring additional development sites in Nashville and targeting Baltimore/Washington as a potential new market. We have added to the depth of our management team, with new hires in finance and development that will support our growth and make our success less dependent on me and other individual members of senior management.

As pleased as I am with these achievements, I am most pleased to report that we are building an organization dedicated to integrity, service and results. It remains our privilege to be your partners in this endeavor, and we thank you for all of your support.

Sincerely,



Jim Borders



LEFT TO RIGHT: Felix deGolian, Chairman, ULI Atlanta District Council; Mark Randall, Wood Partners; John Long, Novare Group; Dekalb County Commissioner Burrell Ellis, who presented the award.

ULI RECOGNIZES METROPOLIS

At a recent ceremony, the Atlanta District Council of the Urban Land Institute (ULI) awarded Metropolis its prestigious 2004 Project of Excellence Award. The Atlanta District Council sponsors this annual event to honor individual achievement in the land use and development fields.

In comments to the Atlantic Business Chronicle about the jury's selection of Metropolis, jury chairman Ray Douglas of Niles Bolton Associates said, "Metropolis...provides a great example of how a mixed-use residential and retail development of this quality can improve the life of a city." John Long of Novare and Mark Randall of Wood Partners accepted the award.

ULI is one of the real estate industry's most prestigious professional organizations, with worldwide membership representing all aspects of real estate and land use and both the public and private sectors. Its mission is to foster responsible land use that enhances the total environment and to provide leadership in the real estate industry.

Tony Giarratana and Jim Borders at Viridian's groundbreaking.



CEREMONY MARKS THE START OF VIRIDIAN

Construction has begun on Viridian, Novare's 305-unit high-rise condominium in downtown Nashville. A groundbreaking ceremony was held October 14, and a crowd of 200, representing all aspects of the Nashville business and social community, was on hand to witness the commencement.

Under co-development with Giarratana Development LLC, Viridian has created great excitement in the Nashville community, where local officials have expressed their desire to increase downtown residential development. The 31-story building will have one-bedroom, two-bedroom and penthouse units, and its location at Church Street and Fourth puts it in the heart of Nashville's best business, entertainment, sports and dining venues. The building will have approximately 4,500 square feet of street-level retail space, including an HG Hill Urban Market, which will be Nashville's first downtown grocery in decades.

The excitement focused on Viridian is evident in its brisk sales pace, with more than 60% of units already sold. Completion is expected in mid-2006.

NOVARE EVENTS BROADENS ITS SCOPE

The company's Novare Events subsidiary has added another venue to its list of event spaces under management. Mason Murer Fine Art is a gallery space located at 199 Armour Drive, in the warehouse district west of Atlanta's Piedmont Road. The owners of Mason Murer describe it as "designed to further develop and serve Atlanta's diverse artistic appetite...to introduce the world's best emerging artists to Atlanta, and to bring Atlanta's great artists to the attention of the world." The gallery was designed by award-winning architect Amy Landesberg and has 24,000 square feet of space, making it large and versatile enough to display several kinds of media at once, whether painting, sculpture, photography or non-traditional forms. This creates an unusual and stimulating atmosphere for staging a special event, and Novare Events is excited to be able to make this space available to its clients.



Mason Murer Fine Art

HIGH-TECH AMENITIES INTEGRAL TO NOVARE COMMUNITIES

Part of Novare's approach to the target demographic group for its condominiums - 25-to-35-year-olds - is understanding this group's demand for high technology. For a generation that has grown up in a world where computers, cell phones and iPods are as much a part of their homes as the living room furniture, simply equipping their new condominium with an Internet jack is just not enough.

With these expectations in mind, Novare, through its strategic relationship with Biltmore Communications, has created a unified high-tech infrastructure in every condominium, and with it, residents have video, voice, audio, security and Internet as integral parts of their home - all they have to do is decide what combination fits their life best. The result is a signature feature of living in a Novare community - a home life seamlessly enhanced by technology.

Flat-screen monitors throughout the building serve as cyber windows to a variety of offerings. In the lobby, they form a virtual art gallery, showing the resident's favorite art from local galleries. How does the system "know?" Through the community website, residents can complete an online profile that indicates various preferences, including their taste in art. If there's a message or package waiting at the concierge desk, an alert appears on the screen. These touches create a "welcome-home" atmosphere every time the resident comes through the door.

The Internet is always within reach in a Novare community. Every condominium unit comes equipped with ultra-high-speed Internet access included with the purchase of the home. In the lifestyle center, where fitness and entertainment areas are located, there are free Internet kiosks, where residents can check email or surf the Internet without returning to their homes. The pool deck includes ambient audio and a wireless Internet "hot spot," so residents and their guests can bring a laptop and easily combine business with pleasure.

Homes are pre-wired for surround-sound, multi-room audio components and satellite TV. The lifestyle center also includes several video activity centers, including a comfortably furnished home-theatre area and plasma-screened video-game areas.

These features put Novare communities firmly in the 21st century, but more importantly, they create comfort, security, convenience, and the best possible experience in urban living.

NOVARE LAUNCHES NEW WEBSITE

In early October Novare debuted a new website that includes much more information about Novare's management, history and current development projects, as well as links to press releases and other company news. The new site can be viewed at www.novaregroup.com.





NOVARE STRENGTHENS FINANCIAL AND DEVELOPMENT TEAMS

As Novare's development pipeline and business pursuits have grown, the company has strengthened its accounting and audit functions, as well as its construction-management capabilities. Two experienced accounting professionals have joined the company in the past few months, and the development team has added two decades of experience in high-rise construction.



Julie Harlan is Novare's Development Controller, overseeing all financial processes in the company's development and construction projects. Julie joined Novare from Akridge, a full-service real estate firm in Washington, DC. In her role at Akridge, she was responsible for financial management and investor reporting on development and operating properties within the Washington area. Prior to Akridge, Julie worked in New York and Washington with the real estate, finance and hospitality division of Arthur Andersen. During her time with Arthur Andersen, she primarily worked on the audit of Rockefeller Center and other Tishman Speyer properties. She is a Certified Public Accountant and received a Bachelor and Master of Science in Accountancy from Wake Forest University.



Shane Johnson is Corporate Controller, overseeing financial reporting and forecasting for Novare Group Holdings. He began his career with Ernst & Young as an audit staff and senior accountant, after which he worked with software company eRevenue and in the Netherlands with LXE, a manufacturer of wireless equipment. Shane joined Novare from Allied Holdings, Inc., a public-company automobile-transportation provider, where he was Assistant Vice President for Financial Planning and Analysis and led the forecasting team in projecting financial results and analyzing pro-forma financial scenarios. Shane is a Certified Public Accountant and holds a Bachelor of Science degree in Business Administration and a Master of Accounting degree from the University of North Carolina-Chapel Hill.

Shane and Julie lead a superb accounting team, including Jeri Bing, Accounting Associate; Matthew Clear, Accountant; Marcella Long, Enterprise Accounting Manager; Melissa Miller, Corporate Accounting Manager and Emily Stoots, Senior Project Accountant.

Bill Newell, Vice President of Construction, joined Novare in the second quarter. A graduate of Clemson University with a Bachelor of Science degree in civil engineering, Bill brings 20 years of construction experience to the company. He began his career as a project engineer with the D.R. Allen Company, later joining McDevitt and Street, which through acquisitions became Bovis Lend Lease. At Bovis Atlanta, he rose to Vice President and Director of Operations, contributing to more than 75 commercial and residential construction projects that included such developments as Atlanta's Phipps Plaza and Pentagon Row, a multi-million-dollar mixed-use development in metropolitan Washington, DC. At Novare, Bill bolsters the company's development expertise by maintaining relationships with contractors, vendors and sub-contractors to assure cost efficiencies and quality control.



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