



Jim Borders surrounded by Charlotte media eager to hear more



Tampa Mayor Pam Iorio addresses the attendees during the groundbreaking cere-

NOVARE BEGINS CONSTRUCTION IN TWO NEW MARKETS

Novare's initiative to bring its high-rise condominium product to high-growth markets recently came to fruition in two new cities. Avenue broke ground in uptown Charlotte in May, and in June SkyPoint began construction in downtown Tampa. Both projects have created great anticipation in their respective markets, and many local dignitaries, media and business representatives were on hand for both ceremonies.

Mayor Pat McCrory of Charlotte attended the groundbreaking at Avenue. He took part in the ceremonial shoveling of dirt and cited the event as an example of what is on the horizon for Charlotte, "a vibrant live-play-work environment." Located at North Church and Fifth streets, it will comprise 386 units in 36 stories and approximately 10,000 square feet of street-level retail space. Sales are expected to begin in late summer, and first occupancy is slated for the third quarter of 2007. Avenue's website is at www.avenueuptown.com.

Tampa's mayor was also on hand for the groundbreaking at SkyPoint, which took place on a sweltering morning in June. Mayor Pam Iorio participated in the inaugural dirt turning and emphasized in her remarks to those in attendance how well the development of SkyPoint meets the city's goal to have a downtown that by 2010 is "a safe, pedestrian-oriented neighborhood of 2,000 residential units." Her Honor also called SkyPoint, "one of the most important development projects to occur in Tampa's downtown in decades." SkyPoint will have 380 residences in 32 stories and bring 10,000 square feet of street-level retail to the area. First occupancy is expected in late 2006. More information is available on the SkyPoint website, www.skypointcondos.com.

Friends,

In the second quarter of 2005, Novare Group continued to start projects, build our development capabilities, acquire capital to fund our pipeline and projects, and sell great residences to our customers. We continued to grow as a team, working side by side to execute our business plan, and had some fun together in a rewarding community service day.

The spring began with the topping out at Spire in Midtown Atlanta, and by the end of June a second topping out occurred at TWELVE Atlantic Station. I am fortunate to be able to see both of these buildings from my office window, and there is no greater testament to the impact that Novare has on the community than these outstanding skyline-enhancing buildings. We also saw the parking podium and the first residential levels completed at Realm in Buckhead and the parking podium at Viridian in Nashville rise out of the ground. Much progress is being made.

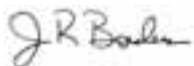
In order to reach the milestone of a topping out, you must first have a construction start, and in May we commenced construction at Avenue in Charlotte and in June at SkyPoint in Tampa. Both of these projects will have an outstanding impact on the communities in which they are situated, offer great residential opportunities for our customers, and provide financial rewards for our company and our partners.

At the other end of a project is its sellout, and in June we passed 95% sold at Eclipse in Buckhead and expect a full sellout by the end of August. This first effort of Novare Realty was well organized and executed and resulted in sellout prices above our projections and ahead of schedule.

Capital is a primary ingredient to construction starts and project sellouts, and on June 30 we surpassed our goal of \$85 Million in company level equity funding for Novare Group Holdings. Through the brilliant efforts of our advisors at SunTrust Robinson Humphrey and its Alexander Key wealth management group, this year-long goal was reached.

Most business success results simply from being at the right place, at the right time, with the right people, and then executing well. We believe that our company is uniquely positioned with respect to all of those criteria, and we are grateful to be in business with each of you.

Sincerely,



Jim Borders



Myrna Antar has led Novare Events since its inception in 2002.

CONSTRUCTION UPDATES

In Nashville, construction on **Viridian** reached the 7th floor in late June, and construction on the residential floors will begin in July. The building is more than 80% under contract. **Eclipse** is 98% sold and is on track to sell out in the third quarter. Ground is expected to be broken in the third quarter at **TWELVESM Centennial Park**. **Spire** topped out in April, its signature spire is in place, and the first move-ins are expected in September. The parking deck at **Realm**, under construction in Atlanta's Buckhead neighborhood, has been poured, and the 8th level, which includes the amenity deck, is nearing completion.

NOVARE EVENTS TO OPEN ITS IN THE ATLANTIC STATION® RE

By year end, the first residents of TWELVESM Hotel and Residences ATLANTIC STATION[®] will be moving into their new homes. Simultaneously, Novare Events, a subsidiary of Novare Group specializing in hospitality and event management, will be opening the doors of its newest venue, the Event Space at TWELVE Atlantic Station, which will begin hosting events in the 2005 holiday season.

This 8,000-square-foot facility is the event component for the TWELVE Hotel that is part of Novare's presence in the Atlantic Station[®] mixed-use development and the first of the company's TWELVE Hotels and Residences. The design of the event space, like the hotel, is sleek and the finishes contemporary. It is the first event space designed from the ground up by Novare Events and features hardwood floors, walls with Venetian-plaster finishes, premier lighting and sound, plasma-screen monitors, and state-of-the-art staging areas. It will accommodate functions from small groups to over 800 guests.

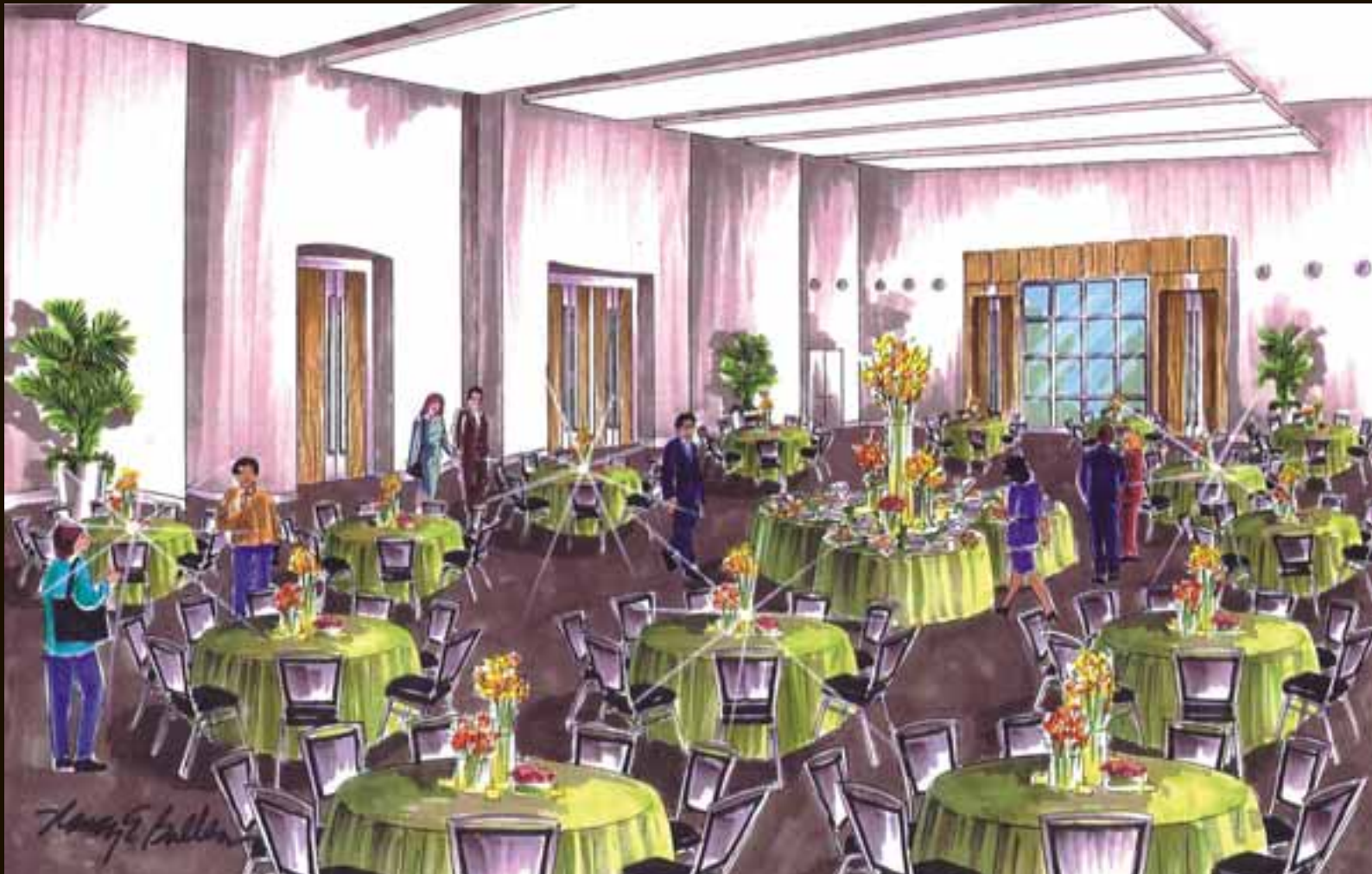
Coordinating the various design, construction and marketing aspects of the event space has been the job of Myrna Antar, Novare Events' Executive Director. A graduate of East Tennessee State University with a degree in business administration, Myrna began her career in event management in 1992 with The Georgian Terrace Hotel in Atlanta. In 1998, she worked with Novare Group during the renovation of The Biltmore and oversaw the rescue of its historic ballrooms. Restoring a 75-year-old structure has challenges that occasionally call for ingenuity,

and Myrna's experience was no exception. The craftsman hired to restore two of the historic and fragile chandeliers in the Georgian Ballroom was unable to complete the job, so she and two co-workers climbed the scaffolding and restrung the fixtures themselves, just days before the building's grand opening in May 1999.

After taking a break from event management to participate in a family-owned business, Myrna was hired in 2002 by Novare Group to establish Novare Events, which began operation in July of that year. In the ensuing three years, Novare Events has multiplied its operations through third-party management and the 2004 acquisition of Event Design Group (EDG), a full-service event décor company that has one of the largest inventories in the Southeast. EDG specializes in large-scale events, such as convention entertainment, and since acquiring the company, Novare Events has staged events nationwide, in locations including Las Vegas, Miami, Philadelphia and Charlotte. The inventory runs the gamut from basic event items—linen, silver and flowers from its own floral shop—to not-so-usual items, including a scale model of the *Titanic* large enough for guests to walk through.

The Event Space at TWELVE Atlantic Station brings the number of facilities in the portfolio to five. The event facilities at The Biltmore, where it all began for Novare Events, include the elegant Georgian and Imperial ballrooms, as well as the lobby. Each can accommodate approximately 500, with the entire space

The Event Space at TWELVE Hotel and Residences Atlantic Station will accommodate up to 800



S FIFTH VENUE IN DECEMBER DEVELOPMENT

accommodating up to 1,500. The Biltmore is once again an elegant and sought-after venue for weddings, parties, family celebrations and corporate and political receptions, just as it was in the 1920s.

Imagine it! The Children's Museum of Atlanta (CMA) opened its doors in March 2003 and chose Novare Events to oversee its operation as a rental facility outside museum hours. Located on Centennial Park in downtown Atlanta, the CMA hosts interactive educational and creative exhibits and activities geared primarily for children 8 and under. Its bright and whimsical environment makes an unusual event space that accommodates 250 for seated dinners to 800 for receptions.

Also in 2003, Novare Events began managing event operations at Puritan Mill, located in northwest Atlanta. It is a loft-office redevelopment of a 1920s-era building that once housed a factory for the Puritan Chemical Company, a manufacturer of soaps and other cleaning products. The renovation created a light-filled industrial space that contains not only offices but a 12,000-square-foot event area that can accommodate groups from 150 to well over 1,000.

Last year, Mason Murer Fine Art also signed Novare Events to manage its space. This working art gallery is located in an industrial park between Buckhead and

Midtown Atlanta. It is the largest of Novare Events' facilities, at 24,000 square feet, and as such can easily host more than 2,000 guests.

The addition of the Event Space at TWELVE Atlantic Station increases the depth and diversity of the Novare Events lineup. Myrna and her team can offer event planners a facility that fits whatever mood or theme they have in mind—the classic décor of The Biltmore, the whimsy of the Children's Museum of Atlanta, the industrial space at Puritan Mill, the chic and creative atmosphere of Mason Murer Fine Art, and now the sleek and contemporary space at TWELVE Atlantic Station.

Myrna has come a long way from re-stringing chandeliers, though she and her staff still do whatever it takes to make an event come off flawlessly. With the opening at TWELVE Atlantic Station, they have yet another venue where they can work their event magic. For more information and a peek at the various venues in the Novare Events portfolio, visit the website, www.novareevents.com or call (404) 962-8700.

TWELVE Hotel and Residences Atlantic Station topped out in June.



TWO TOP OUT

The construction industry has long had a tradition of holding a celebration of some kind when the highest point in a structure is completed. Such ceremonies are usually called a "topping out," and observances vary from placing an evergreen tree or flag on top of the building to holding a dance on the uppermost floor. Novare and its partners have enjoyed two topping outs recently, and they chose to mark the occasion not with a Christmas tree but in true Southern style—with barbecue.

Spire topped out in early May, when construction reached its 36th floor and the building's signature spire was put into place, while TWELVE Atlantic Station poured its final floor at the end of June. On both occasions, hundreds of construction workers, employees from Novare, Wood Partners and RJ Griffin, as well as vendors and strategic participants in the projects took a mid-day break to celebrate reaching the milestone. At both ceremonies, executives from Novare, Wood Partners and RJ Griffin took time to reflect on the achievement thus far. Each project has gone well and is on schedule, with no serious injuries during construction.

Spire will welcome its first occupants in September. The sales center for TWELVE Atlantic Station will open at the end of July in Suite E-107 of The Biltmore. Actual sales will not begin until mid-August, but the center will be open in the interim to provide information about the project. First occupancy at TWELVE Atlantic Station is expected by the end of the year.

A NEW TRADITION BEGINS: NOVARE HOLDS FIRST COMPANY-WIDE VOLUNTEER DAY

One Day. One Team. One Purpose. This was the motto for the first Novare Group company-wide volunteer day on Friday, April 29. The concept was instituted by the Novare executive team, designed by a cross-section of employees, and enthusiastically embraced across the board. Novare has long had a commitment to making financial contributions to a wide variety of charitable causes in the Atlanta community, but it was the desire of many to do more hands-on giving. On that day, the work for every Novare associate was to volunteer. Offices were closed, with only critical operations staff remaining behind.

In late winter, a steering committee of eight Novare associates investigated several alternatives for the day's focus and after careful consideration, selected the NFL Youth Education Town (YET) in Atlanta's Summer Hill neighborhood. YET serves a core group of approximately 600 children, 85 to 125 children per day, in after-school programs designed for ages 6 to 18. The center also serves some 200 children per day in its summer program.

The main structure at YET is new, and both it and the court of the 1950s-era gymnasium are in excellent shape. However, the lower level of the

gymnasium and several ancillary rooms, all used in the teen program, were in dire need of refurbishment. A room set aside for a teen-operated screen-printing business, intended to foster the entrepreneurial spirit among the high-school participants, was a special focus of the day. Novare employees worked in six teams and delivered the following projects:

- Landscaping—500 plants, mulching and borders installed
- Gymnasium entrances sanded and painted
- 4 benches built for the center's playing field
- Unused room converted into a lounge for teen girls
- 5 disheveled storage areas cleaned and organized
- Screen-printing room completely re-painted
- \$2,000 contributed to the operation of the screen-printing business

At the end of the day, Novare and the YET staff enjoyed the Varsity's famous fare. Novare associates were gratified to have made a difference in the lives of the hundreds of children who participate in YET's programming. Added benefits were the new friendships and team-building created among Novare employees, the encouragement of hands-on volunteerism, and the establishment of a company tradition.

Novare employees show off one of the benches they constructed for the playing field at the NFL Youth Education Town (YET). At front is James Hicks, one of YET's teen leaders.



NEW TALENT JOINS NOVARE DEVELOPMENT TEAM



Billy R. Holley
Developer

Billy joined Novare Group in April 2005 as lead developer for the TWELVE™ Atlantic Station project. He is a former Senior Vice President for Business Strategies at SunTrust Bank in Atlanta, where he worked with the SunTrust executive team to define and refine strategies for all business lines of the company. Prior to joining SunTrust, he was a management consultant with The Boston Consulting Group, advising companies across several industries, including airline, travel, industrial goods and consumer packaging. He also was an attorney with Atlanta's King & Spalding law firm, where he was involved in mergers-and-acquisitions practice, overseeing more than \$1 billion in aggregate acquisitions and representing several real estate companies, as well as underwriters of real-estate securities offerings. He holds both a BBA in finance and a JD degree from the University of Georgia.



Conor P. McNally
Developer

Conor joined Novare in 2004 as a development manager with several projects. In April 2005 he was promoted to developer and leads Novare's development efforts in Charlotte, North Carolina, where ground was recently broken on the Avenue project. He also oversees Realm, a joint venture of Novare and Wood Partners currently under construction in Buckhead. Prior to joining Novare Group, Conor was a Project Leader at The Boston Consulting Group (BCG), first in Boston and later in Atlanta. While at BCG Conor worked on and led project teams in the areas of growth strategy, sales and marketing, distribution and organizational re-design. Conor's work spanned multiple industries including pharmaceuticals, industrial goods, high-tech and airlines. Prior to graduate school, Conor worked for a time as a design engineer for Project Management Ltd., an engineering and construction management company. Conor holds a Bachelors Degree in Mechanical Engineering from University College Dublin (Ireland) and a Masters Degree in Mechanical Engineering from The Massachusetts Institute of Technology.



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