



Jim Borders, President of Novare Group, left; and Jim Veil, President of TWELVE™ Hotels and Residences, open the doors as TWELVE Atlantic Station makes its February 12 debut.

## TWELVE<sup>SM</sup> HOTELS AND RESIDENCES OPENS TO FIRST HOTEL GUESTS

TWELVE<sup>SM</sup> Hotels and Residences opened the first of its hotels, TWELVE Atlantic Station<sup>®</sup>, to guests on February 12. This brought to reality a concept that began almost three years ago as an idea within Novare Group: to combine Novare's upscale urban condominiums with an all-suites boutique-style hotel. While the combination of condominiums and hotel was not new, it had usually been done with luxury condominiums and luxury hotel rates. TWELVE combines attainably-priced condominiums with hotel rooms at a business rate.

With the opening of the hotel, this mixed-use development is now complete. The ballroom, restaurant and residences began operation in December 2005. The Ballroom at TWELVE has already been the venue for numerous events that began with the year-end holidays, and the restaurant, Lobby at TWELVE, is fast becoming one of the most popular restaurants in the city.

Designed and operated by Bob Amick, creator of Atlanta's ONE, midtown kitchen, TWO, urban licks and piebar, Lobby not only provides a gathering place for TWELVE's residents and guests; it is also the purveyor of room service for the hotel.

TWELVE Atlantic Station comes on the scene as more and more travelers seek out boutique hotels, generally defined as hotels of 150 or fewer rooms offering unique design and service. "With its large suites, contemporary design, personalized service and advanced technology, all within the heart of Atlantic Station, the city's hottest shopping and entertainment district, TWELVE gives travelers the comforts of home with the excitement of an upscale urban setting," remarked Jim Veil, President of TWELVE Hotels and Residences. TWELVE was recently accepted into the Boutique collection of hotels, the newest brand within the prestigious Preferred Hotel Group.

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The design and finishes of the hotel suites at TWELVE reflect the upscale condominiums on the floors above, making them much larger than average hotel rooms. The suites have separate living and sleeping areas, 10-foot ceilings, full-sized kitchens with granite and stainless steel and floor-to-ceiling glass. Guests also enjoy high-tech features that are second to none, including two LCD flat-panel TVs, DVD player, and free ultra-high-speed Internet access and Wi-Fi connectivity.

Outstanding among TWELVE's features is its proprietary in-room application—GHOST<sup>SM</sup> (Guest Hotel Operating System Terminal)—which allows guests to request various services online. GHOST lets guests customize their service level to their own preference on a continuum from high touch to high tech. Using the flat-screen monitor, keyboard, and mouse that are standard in every suite, guests can order room service, make specific maintenance or housekeeping requests, contact the concierge, request their car from the valet, order laundry/dry cleaning, and much more—all without picking up the phone. However, if they want a human voice and presence, TWELVE's highly-trained staff are readily available to answer their call. Guests can choose how and when to use the technology.

To celebrate its opening, TWELVE is featuring special rates through April 30, 2006. One-bedroom suites are offered at an introductory rate of \$145 per night, deluxe one-bedrooms suites at \$155, and two-bedroom suites at \$225. From May 1, 2006 through December 31, 2006, rates will be \$175 for a one-bedroom suite; \$195 for a deluxe one-bedroom suite; and \$225 for a two-bedroom suite. Please note that all rates are subject to availability and could change without notice. For information and to make a reservation, visit [www.twelvehotels.com](http://www.twelvehotels.com).

Jim Veil and his team are pleased to have reached this important milestone, but they know they have only a brief period before it's showtime once again. The second hotel, TWELVE Centennial Park, is currently under construction near downtown Atlanta and will open to guests in summer 2007. Additional locations in Atlanta and other cities are planned and will be announced as their development comes online.



## WHY TWELVE?

Whether it's twelve noon or twelve midnight, TWELVE Hotels lets you choose what you want, when you want it. Whether it's our attentive staff, point-and-click room service, chic restaurant, oversized guest suites with full kitchens, or free ultra-high-speed Wi-Fi and Internet, your experience takes place on your terms. For us, life is about choices—your choices.

Friends:

We look back on 2005 as a year of great accomplishment for Novare Group. In January, we completed the organization of Novare Group Holdings, LLC to own all of our development projects and related businesses. By December, we had capitalized the company with \$100 million of private equity and \$15 million of subordinated debt to support our development pipeline.

During the fourth quarter we continued to build that pipeline with new site acquisitions in Atlanta, Charlotte and Tampa. We celebrated the groundbreakings of two great projects in Atlanta, TWELVE Centennial Park in Downtown, and Gallery in Buckhead. We made significant pre-development progress on 6th/7th Street (to be named) in Midtown, 360 in Austin, Texas, a new and exciting market for Novare, Roxy in Buckhead, and Encore in Nashville, all first half 2006 starts.

TWELVE Hotel and Residences Atlantic Station opened in December following the opening of the Atlantic Station retail district in October, and the excitement around that opening is unprecedented. All of the residential units at TWELVE Atlantic Station were sold at record numbers before the building was complete, and we are now in the process of closing those sales and moving in residents. Our restaurant, Lobby at TWELVE, opened in December to outstanding reviews and has exceeded all expectations. The hotel, which opened for business on February 12, features richly appointed large suites with full kitchens and an emphasis on the latest technology. Simply put, TWELVE offers a superior hospitality and residential experience that cannot be found anywhere else in Atlanta.

In 2006, our focus will be on executing on our pipeline, delivering remarkable product to our customers, and continuing to build a truly unique organization. As always, we look forward to sharing our progress with you and appreciate all that you do to make Novare Group a success.

Sincerely,

James R. Borders  
President and CEO  
Novare Group Holdings, LLC

# NOVARE'S DEVELOPER SERVICES TEAM RAISES THE BAR ON SERVICE

Novare has delivered three buildings in the past year and has a building-delivery schedule that will continue to grow. In each building, approximately 400 new homeowners are guided through the home-buying process, from their first visit to the sales center to the presentation of the keys to their new condominium.

Novare now has oversight of the entire condominium-building timeline from land purchase to building management, a move designed to create the best experience for Novare customers. To that end, the Developer Services Group was established in 2005 to oversee the transition phase from the close of the sales contract through the move-in process and ensure the quality of the process. The group is divided into three teams: Customer Care, Quality Assurance and Post-Closing.

After a Novare Realty agent has completed the first phase of a sale by writing a contract with a new homeowner, Customer Care team members take over. A contract administrator carefully goes over the terms of the contract with the new homeowner, helps in the selection of upgrades if not already determined and ensures that all of those upgrades are covered in the contract and entered into a database. Whereas upgrades were once managed from an Excel spreadsheet, the database currently in use can generate reports that not only manage the process but also help project costs.

The Quality Assurance team works behind the scenes, coordinating the unit acceptance process with the project's general contractor, scheduling and installing upgrades and executing punch-list requests from homeowners. The group has developed a list of some 350 items for inspection, from entry doors to water heaters, and everything in between. Once the upgrade punch list is complete, it is handed off to a punch crew for a final wrap-up. The unit

is then given back to the Customer Care team to coordinate the walk-through process with the homeowner.

Two inspections are usually scheduled for each unit. At the first one, a walk-through coordinator will inspect the unit with the new homeowner and develop a list of any remaining issues to be remedied by the walk-through punch team. By the second walk-through, all issues should be resolved in order to move forward with the closing, a function also handled by the Customer Care team.

Finally, the Post-closing Team manages the process after units are closed, overseeing the warranty program, as well as serving as the company representative to each project's homeowners association (H.O.A.). The group's goal is to have all new homeowner warranty claims closed out in 72 hours or less, although as the unit delivery process becomes more efficient, fewer claims should need to be filed. The group also manages the transition from developer to H.O.A., sitting in on board meetings and turning over all the books, records and documentation the association will need to successfully manage its new building.

"When we turn over a project, we know we've done everything possible to ensure that each homeowner's individual experience is a good one, in addition to the collective positive experience of a well-funded and soundly managed homeowners association," said Kevin McDaniel, Senior Vice President, Developer Services. "We guide the customer through what, historically in real estate, is a difficult process. People look to us as the face of the developer and of Novare Group. We've put a good team in place, and sometimes we smile through clenched teeth, but we're always smiling."

Pasha Carroll of the Developer Services team confers with a subcontractor on the final punch list for a home at TWELVE Atlantic Station.



TWELVE Centennial Park broke ground in fall 2005 near downtown Atlanta.





Construction at Gallery was marked with a formal groundbreaking ceremony in January. Those shoveling were, left to right, Frank Reese, Novare Group; Mike Flanagan, Regions Bank; Jim Borders, Novare Group; Patti Pearlberg, Coro Realty Advisors; John Champagne, Manhattan Construction; and Howard Shook, Atlanta City Council.

## GROUND BROKEN ON TWO NEW ATLANTA PROJECTS

Novare Group recently began construction and held official groundbreaking ceremonies at two new projects in Atlanta: Gallery in Buckhead and TWELVE<sup>SM</sup> Centennial Park near Downtown Atlanta.

Gallery is being developed with real estate investment company Coro Realty Advisors, which has owned the Buckhead property at the corner of Rumson Road and Peachtree Road since 1996. It is the first of Novare Group's MidWave product, which features larger unit sizes and higher finishes than other Novare condominiums and is designed to appeal to young professional couples, mature singles and empty nesters.

Gallery's design blends classic and contemporary architecture through the collaboration of architects Smallwood, Reynolds, Stewart, Stewart and residential designer William T. Baker, both nationally-recognized, award-winning Atlanta firms. The building will incorporate many of Novare's well-known amenities and stylistic touches, in addition to new MidWave offerings such as a traditional art gallery, two club rooms with high-definition plasma TVs and other amenities, guest suites, tennis court, green space and multiple Wi-Fi hot spots. Homes at Gallery will average 1,700 square feet and will have traditional foyers, increased storage, hardwood floors, and high-end appointments.

Sales of Gallery have already begun, and more than 25 percent of residences are under contract. Prices range from the \$370,000's to the \$800,000's. More information is available at the sales center, located in Atlanta's Peachtree Battle Shopping Center or by visiting the website, [www.gallerybuckhead.com](http://www.gallerybuckhead.com).

Further south, Novare Group officially broke ground at a ceremony in late October on phase one of TWELVE Centennial Park, located near Downtown Atlanta, and the second development of Novare's subsidiary, TWELVE<sup>SM</sup> Hotels and Residences, which combines attainably-priced upscale condominiums with an all-suites boutique hotel at business rates.

The project will contain a total of 1,136 units - 1,034 condominium residences and a 102-unit all-suite boutique hotel. The first phase will contain 517 condominium residences in a 39-story tower and a second building with the 16-story hotel. The development also includes 15,000 square feet of street-level retail space and more than 12,000 square feet of office space. Construction on the second 39-story residential tower is expected to begin in early 2007.

Located at Ivan Allen Jr. Boulevard and West Peachtree Street, TWELVE is in the heart of Atlanta's burgeoning Centennial Olympic Park neighborhood, convenient to business, Philips Arena, the Georgia Dome, CNN and many new attractions around Centennial Olympic Park, including the popular Georgia Aquarium and new World of Coca-Cola, set to open in 2007. In fact, more than 30 acres of downtown property have been developed or scheduled for new projects, according to A.J. Robinson of Central Atlanta Progress in a recent article in the Atlanta Journal-Constitution.

"TWELVE Centennial Park is leading residential development in the nucleus of the connection between Downtown and Midtown," said John Akin, the Novare Group developer leading the project. "It enjoys a superb location within the thriving Centennial Park area which is destined to become the city's newest urban neighborhood - following in the footsteps of Midtown and the renaissance it has experienced over the past decade."

At the site, foundations are nearly complete and vertical work is underway with expected completion in mid-2007. A sales center opening is planned in Spring 2006. More information can be found at [www.twelvecentennial-park.com](http://www.twelvecentennial-park.com). For a live look at construction site progress, please visit: <http://oxblue.com/client/novare/twelve/>

# DEVELOPMENT UPDATES

Construction is progressing at **Avenue**, where work on the pile cap foundation was completed – and the lobby-level slab poured – at the end of January.

Site work started in late December at **Gallery**. The first elevated slab is scheduled to be poured in June, with topping out of the building expected in April of next year. Completion is planned for fall 2007.

A topping out-party was held January 20 at **Realm** to celebrate the pouring of the top floor. The Realm development team had its first walk-through at the end of January, which is the initial step in the process of turning the building over from general contractor to developer.

**SkyPoint** continues to grow at 777 North Ashley Street in Tampa. With construction of the fourth floor in process, the building's progress is more visible above the fence surrounding the block. Construction of the first seven floors, which include the parking deck, will continue for the next few months. After that, the residential floors will begin rising approximately one per week above North Ashley Street.

A grand opening celebration was recently held at **Spire**, which began welcoming homeowners last September. The building was turned over to the homeowners association in late January.

Closings are expected to be completed by the end of March at **TWELVE<sup>SM</sup> Atlantic Station<sup>®</sup>** where the construction team's focus has shifted to readying all of the suites for the debut of the hotel.

Installation of auger cast piles at **TWELVE<sup>SM</sup> Centennial Park** is nearly complete, and vertical columns are coming out of the ground. The main pile cap supporting the residential tower has been poured, and the retaining wall along the south side of the site gives an indication of how the building will take shape.

At **Viridian** in Nashville, the final unit has been placed under contract. General Contractor R.J. Griffin has poured the 28th floor out of a total of 31; topping out of the building is on schedule for the end of March

Avenue



SkyPoint



Viridian



Realm





Spire was completed in Fall 2005 and is a stunning addition to the Midtown Atlanta skyline.



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