

NATIONAL LIFESTYLE VILLAGES

HOME FROM HOME



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Mike Hollett, chief executive officer of National Lifestyle Villages, tells Andrew Pelis how the company has diversified and grown into a \$50 million business since the turn of the century



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Australian John Wood created the first of his Lifestyle Villages back in 2000, having observed a trend towards an older population which was giving rise to a new demographic with different requirements. Wood's concept of combining the feel-good qualities of a vacation with a sense of belonging to a community was brought to life in the form of National Lifestyle Villages (NLV), a company designing, building, marketing and then managing modular homes. Headquartered in East Perth, NLV has undergone major expansion over the last four years, and at the heart of strategic developments has been its CEO, Mike Hollett.

“John's original concept was to create an affordable park home estate that offered a permanent residence, rather than a tourist site,” Hollett explains. “He was looking to attract a market of healthy 40-somethings whose children may have grown up and left home—and who were now looking to maybe downsize without compromising on lifestyle options.

“The pioneering site was built in Ashby, by the shores of Lake Joondalup, north of Perth, in 2000, providing 315 homes which people buy, while leasing the land for 60 years,” he continues. “A second village was built in Pineview, Tapping, Western Australia and all 235 homes were quickly filled, resulting in the completion of 555 occupied homes in just four years of business.”

By 2007, NLV was looking for financial support to enable its expansion and formed a partnership with Navis Capital. Hollett



Pineview tennis court





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Mojarra has partnered with National Lifestyle Villages to install 110 2kW solar power systems for its residential development in Karratha, Western Australia. This project showed Mojarra's ability to service remote locations, and design, supply and project manage this installation of approximately 220kW of renewable energy.

The estimated savings in energy could amount to just under \$65,000* per year and \$1.2 million over the life of the solar power systems.

"This is a significant saving for National Lifestyle Villages, who will be managing the village for this period," said Chris Hay, managing director of Mojarra. "Solar power represents a viable option to save money, even in areas that are grid constrained. With a payback getting close to three years in some circumstances, it makes strong financial sense, even if you don't include the additional environmental benefits.

"The payback will be further reduced as many companies will now have to account for their carbon emissions and power prices are set to rise. Given this situation, and reduced product costs, solar power should be on companies' radar now and into the future to ensure they are identifying all options to reduce their costs," said Mr Hay.

Not just a solar company, Mojarra is founded in award-winning environmental initiatives such as its joint WA Environmental Award-winning Ecobusiness Program, a program supported by local and state government funding.

"There are substantial opportunities for business to reduce their operating costs via improved management of their electricity bills,"

said Mr Hay. "For example, an appropriately designed energy management system combined with voltage optimisation and solar power can put companies ahead of the game. Many companies just don't realise how much electricity they are using and how to become more efficient. We have seen savings of up to 28 per cent through some relatively simple measures."

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*8.5 units per day x 365 x \$0.19 per kW =
 \$64,842.25 x 20 years = \$1,297,045.00





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NATIONAL LIFESTYLE VILLAGES



Bridgewater indoor swimming pool and pool room

joined the company as CEO the following year, having come from a water management background. "When I started, the business had expanded to 10 Lifestyle Villages. We have recently developed our first villages in the eastern states including our Lakeside Lara Village, located just 15 kilometres from Geelong in Victoria. The investment from Navis has helped us to grow nationally and there is big potential for strong growth through the senior living market in the eastern states," he comments.

Hollett feels that the average price of a property makes it an attractive

proposition. "The average price of our homes is \$250,000 compared to \$450,000 elsewhere. Affordability is a key driver, particularly in the present economic climate; but at the same time, people are having problems selling their existing properties because of the tougher

lending environment and general lack of confidence. This did slow down the property market in the Perth area but we are now seeing 1,000 people a week arriving here and there is greater demand for property again."

The injection of additional funds and Hollett's involvement has helped the company

**\$31
MILLION**

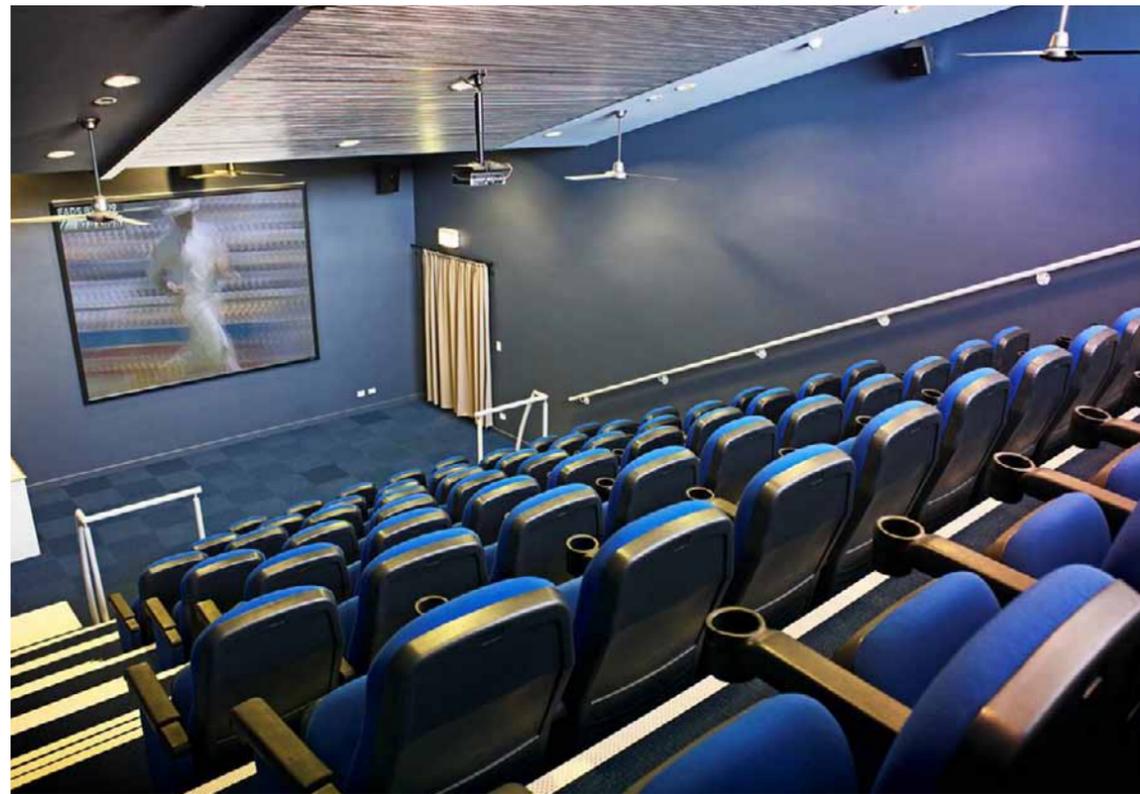
Value of 2012 deal
to purchase Velocity
Villages

develop new markets and in recent years has seen the addition of new divisions as the group diversifies. “We now operate three divisions and our Lifestyle division remains a core component,” says Hollett. “In 2009 we started our EcoFit Homes business which builds modular homes for the Lifestyle division.”

EcoFit Homes quickly earned a reputation for high quality production, with design and manufacturing geared towards sustainability and energy and water conservation—issues all close to Hollett’s heart. “We have won a number of awards for our designs, which exceed Australia’s strict building codes. Nothing leaves the yard until it has been QA-certified. We work to a five-week build time and are currently working towards ISO certification for safety and quality.

“We have always been big on energy and water savings and have won a succession of awards for our efforts, including the 2009 UDIA (Urban Development Institute of Australia) Award for Urban Water Excellence, for our grey water systems project at our Bridgewater village,” he continues. “We target water savings of 60 per cent on our projects and I still sit on the government’s water board.”

Today, although the business of creating homes for those too young, fit and healthy



Bridgewater cinema



Bridgewater entry statement

for normal retirement homes remains a core target market, NLV has recognised the needs of the ever-growing natural resources industry on its doorstep in Western Australia.

The group’s burgeoning reputation and strengthening relationship with the government played an important part in NLV securing a \$35 million government contract to build 100 homes in Karratha in 2010. “Karratha is located in the north-west of Australia and is a rapidly growing

town on account of its oil and gas reserves,” Hollett describes. “Having built the homes we now manage the village we created and this makes us unique as the only business that designs, builds and provides management services.”

With so much oil and gas work in Western Australia, the move offered NLV an insight into a different market: the booming resources accommodation market. In February 2012 the company completed a \$31 million deal to purchase north-west accommodation provider, Velocity Villages. The purchase represented a

**\$35
MILLION**

Value of government contract to build 100 homes in Karratha

significant shift in approach for NLV and is likely to result in accommodation for the resources industry and seasonal workers becoming the company’s most lucrative area.

“The acquisition saw us take over 184 homes with gym and swimming pool facilities; and we have entered an arrangement to supply Rio Tinto with accommodation for its workforce,” reveals Hollett.

The Velocity division will concentrate on building smaller, single room accommodation for companies like Rio Tinto—it is an industry that perfectly suits

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NATIONAL LIFESTYLE VILLAGES



“WE HAVE AN ATTITUDE THAT WHATEVER WE BUILD WE ARE THERE FOR THE LONG-TERM; WE BUILD COMMUNITIES AND MANAGE THEM— WE DON’T BUILD AND DISAPPEAR”



the company’s manufacturing set-up in Thailand. Hollett says that recognising the importance of community in these remote outposts boosts Velocity’s reputation within the natural resources sector: “We like communities to be self-raising—and we are talking about towns of 500 people. We develop social committees and we run events like community sporting competitions and hold regular market days in areas like Mandurah.”

National Lifestyle Villages has come a long way since its first venture. Hollett says that there are two more Lifestyle Villages in the pipeline and potentially two more resources projects in the north-west which will bring in an additional \$200 million: a significant opportunity for a business with revenues “north of \$100 million”.

“I think that the next five years could see the company morph into something much bigger—we could be listed on the Stock Exchange or even taken over by a bigger business,” Hollett suggests.

“We have an attitude that whatever we build we are there for the long-term; we build communities and manage them—we don’t build and disappear. We are a developer, builder and manager—and that sets us apart from other developers. Our shareholders are happy with the direction of the company and we are now in the two markets we want to be in.” **BE**

For more information about National Lifestyle Villages visit: www.nlv.com.au



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