

Success Stories: Ideas for Potential Players

S/L Service / Leisure



Pacific Century
Premium Developments

Services

Nihon Harmony Resorts KK

An All-Season Northern Resort with International Flavor



HANAZONO 308 Snowsports Centre

Overview of company and history

When one thinks about Japan, among the first things that come to mind are cutting-edge technology, quality automobiles, rich culture, and of course anime. But today, that stiff stereotype is slowly being changed by a growing market spearheaded by one company. With its innovative efforts, Nihon Harmony Resorts is redefining the view of Japan by adding a new dimension, skiing.

Nowadays rather than traveling to the Rocky Mountains of North America or the European Alps, skiers living in the Southern hemisphere are traveling to Japan for some of the finest snow in the world. Conveniently located in Niseko, Hokkaido,

Hanazono Ski Resort is prime real estate for skiing, and NHR claims credit for the large volume of foreign skiers who now visit Japan every year. There are now plans to construct the Hanazono Village. The first building, Hanazono 308 Snowsports Centre, had just been built last winter.

Roger Donazzan, former executive chairman of NHR, first heard about the skiing opportunities in Japan in 2003. Colin Hackworth, now managing director of the company, told him

about the Hokkaido experience. With just a ten-hour flight from Australia, Hokkaido is much more cost effective when compared to Canada, which is over twenty hours away by flight. Thus, the pair began examining investment opportunities in Japan immediately, which led them to focus their efforts on Hanazono, an area in the Niseko complex of ski resorts.

Entering Japan

The previous owner of NHR was an Australian-based company named Harmony Resorts Niseko (HRN) Pty Ltd, with only twelve private investors as shareholders.

- 2004 Harmony Resorts Niseko Pty Ltd and Japanese subsidiary Nihon Harmony Resorts KK established
- 2004 Acquisition of Hanazono ski area and development land at Mt. Niseko Annapuri in December; ski area operations commence
- 2005 Acquisition of Niseko Tokyu Golf Course at Hanazono in March
- 2005 Plan published in July for Hanazono Village development
- 2006 Property investment opportunities announced in Hanazono in November/December
- 2007 Ownership of NHR transferred to Pacific Century Premium Developments (PCPD) of Hong Kong, in August
- 2008 Commenced construction of the first masterplanned building-the Hanazono 308 Snowsports Centre



President Colin Hackworth.

These investors had purchased HRN's assets from Tokyu Land Corporation. Sustained growth proved difficult for these investors due to lack of additional capital, so they sought a joint venture partner with development expertise. During this time HRN came to the attention of Pacific Century Premium Developments (PCPD) which held enough interest in the project to completely purchase it from the investors. PCPD is a leading property developer specializing in the development of premium projects in the Asia-Pacific region. The acquisition proved fortuitous because NHR now has a parent company (PCPD) which has the vision of developing Hanazono into a world-class, all-season luxury resort.

The difficulties of entering the Japanese market

Ultimately, Australians proved to be the first wave of investors. After the acquisition, there has been an increase in investment from Hong Kong, Singapore, and some from Taiwan. This is partly due to the fact that foreigners can own land in Japan and is regarded as a "stable" place to conduct business.

The increasing number of visitors to Japan can be attributed to "word-of-mouth" advertising. NHR owes much of its advertising to the tourist base it has created. When NHR's tourists return to their respective countries, they spread word about the Resort in their native languages such as Chinese and English, generating specialized advertising that overcomes the language barrier, among other things. With that said, there is still much room for growth. In this aspect, NHR hopes to build on its existing relationships with Japanese travel agencies and is now working on this.

Aside from language, there are a few notable differences between domestic and foreign tourists. Domestic tourists are price sensitive, tend to package travel with JTB, ANA, JAL, KNT etc., and stay for a shorter period of time. International tourists are not as price sensitive, tend to stay longer, and prefer self-catered condominiums with plenty of space as opposed to their Japanese counterparts who prefer a Hotel

model with meals. Still, there are substantial difficulties for foreign companies in Japan. Any form of finance/borrowing from Japanese banks is very difficult. At an individual level, obtaining a credit card in Japan is also very difficult if one is not a Japanese resident. And incidentally, Japanese residency is very difficult to obtain for foreigners.

Their dream/Future

To best accommodate people unfamiliar with the area, NHR becomes an active member of the community by hiring local residents who know the area well. Japanese with good English skills predominately staff the Resort, and NHR is steadily building a team of people that understand PCPD's vision for Hanazono. Furthermore, NHR also sponsors the Hanazono Kutchan Music Festival and other events as well. It intends to host the Hokkaido Half-pipe Championships the following winter, as it did so last winter.

Business at Hanazono Ski Resort has been great despite the economic slump, and it is making sound progress. In fact, after the recent success of Hanazono 308 Snowsports Centre, there are more plans for expansion in the future. NHR will release plans for a variety of summer activities shortly; a project that taps into the hidden potential of the area in the summer. The next phase of construction will be substantial with development of luxury residences, holiday condominiums and apartments, and a full gamut of restaurants and shops. There appears to be a bright and enduring future for NHR and Hanazono Village in Niseko, one as an international resort with something for everyone.

Japanese Operation

Established :	October 2004
Capital :	\$8,000,000
Employees :	250+ (including part-time ski instructors and support staff during the winter season)
Business :	Development, operation, and management of ski and golf resort villages
Location :	3F, 179-8 Aza Yamada, Kutchan-cho, Abuta-gun, Hokkaido
URL :	http://www.skihanazono.com
Parent company :	Pacific Century Premium Developments Limited (PCPD) (Hong Kong)