

OSBERT HOTELS LTD.

Transforming a failed hot spring inn into a high-end resort and spa. Achieving fusion between traditional Japanese design and global-standard service.



Having acquired a controlling interest in failed hot spring inn “Kutsurogi no yado (relaxing inn), Chikusenso,” Mingly Corporation gave the establishment a major facelift and reopened it in April 2010 as Chikusenso Mt. Zao Onsen Resort & Spa. The Hong Kong-based investment company has developed top-tier spa resorts in Thailand and Singapore.

Prior to the opening, in October 2009, Mingly also established a new operating company, Osbert Hotels Ltd., to run the resort. The new high-end Japanese-style hotel offers global-standard service while staying true to traditional Japanese aesthetics. The resort is not only pleasing increasing foreign travelers but domestic tourists as well.

The road to the renovations

The Zao Quasi-National Park, situated between Miyagi and Yamagata prefectures, is approximately 40,000 hectares in size and host to a number of famous ski and hot spring resorts. Nestled among the beautiful surroundings inside the park, the Chikusenso first opened in 1980 as a luxury Japanese-style

inn with its own natural hot springs. At one time, the Crown Prince even stayed there. In 2007, however, the inn’s operating company fell into bankruptcy.

As a result, the Chikusenso also went out of business. Mr. Payson Cha, chairman of Mingly Corporation has long been enchanted with the Chikusenso’s splendid hot springs and traditional Japanese aesthetics. As he puts it, “I had stayed at the Chikusenso once or twice a season every year since the early 1990s.” When he heard about the bankruptcy, he did not hesitate to purchase the inn, acquiring it in May 2007. Although renovations were suspended due to the global financial crisis, Mr. Cha continued to push for the project. “I have never deviated from my conviction that Chikusenso is a wonderful property and once there was a glimmer of hope that the market was improving we surged ahead with the project,” he explains.



The facility was finally reopened as the Chikusenso Mt. Zao Onsen Resort & Spa in April 2010. Asked why he kept the name

“Chikusenso,” Mr. Cha responded, “We have retained the original Chikusenso in our logo as we believe it reflects the beauty and uniqueness of the place.”

Utilizing high-end spa resort management know-how

Osbert International, an affiliate of Mr. Cha’s Mingly Corporation, operates a number of high-class spa resorts, including the Sukhothai Bangkok in Thailand and the Sentosa Resort & Spa in Singapore. The firm utilized the know-how it had acquired over its 20 years’ experience of managing high-class spa resorts for the Chikusenso renovations.

The renovations involved the complete remaking of about 30 thirty guest rooms, paying particular attention to ensuring harmony between the buildings and the beautiful natural surroundings. Another change was the outdoor hot spring bath installed in the presidential suite.

The major new feature, however, was the addition of a spa facility commonly attached to high-end resort hotels in other countries. Spa Botanica, which has entered Japan for the first time, is a luxurious, award-winning spa. This spa is Chikusenso’s top attraction, designed to appeal to a high-class clientele who seek the



ultimate in relaxation.

By applying world-class hotel operation and services experience, while at the same time recognizing the value of Japanese aesthetics, culture and tradition, Osbert Hotels Ltd. has successfully transformed the Chikusenso into a contemporary, high-end hot-spring resort.

With regards to the appeal of the reborn Chikusenso, Mr. Cha says that by “retaining its timeless architectural design, we have created luxurious and modern facilities to meet the needs of today’s discerning travelers.”

As evidence of its success, the Chikusenso is the first hot-spring inn or resort to gain admission into the Leading Hotels of the World, the world’s top hotel association.

The future of Japan’s tourism industry and the effect on regional economies

Tourism was listed as one of the seven strategic fields under the New Growth Strategy announced by the government in June 2010.

Following the collapse of Lehman Brothers, the number of overseas visitors to Japan slumped in 2009, but the figure bounced back strongly in 2010, helped in part by the easing of visa requirements for Chinese tourists in July 2010.

When asked for his recommendations on how to attract more foreign tourists to Japan, Mr. Cha pointed out that “it is necessary to provide door-to-door baggage delivery services so that tourists won’t have to struggle with large pieces of luggage while they are moving from the airport to their destination. It is also necessary to provide traffic signs in English.”

Amid calls for the revitalization of regional economies, investment by foreign companies in

the Japanese tourist industry is expected to not only attract more foreign tourists to the country but to also have a positive effect on employment. Most new employees at the Chikusenso Mt. Zao Onsen Resort & Spa, for example, were recruited from local high schools, technical schools and universities.

Support from JETRO

JETRO provided free temporary office space for the project at its Invest Japan Business Support Center (IBSC), introduced temporary staffing agencies, provided data for market research and helped organize meetings with local authorities. Mr. Cha acknowledged this support in his address at the opening reception, saying "I would like to thank JETRO for offering us the use of JETRO facilities and other support during the initial stages of establishing our business in Japan."



Mr. Cha, chairman of Mingly Corporation (left) and Mr. Hayashi, executive vice president of JETRO (right). At the opening ceremony at the newly remodeled Chikusenso.

(October 2010)

History

2007.5	Acquired Kutsurogi no yado, Chikusenso
2009.10	Established Osbert Hotels Ltd.
2010.4	Opened Chikusenso Mt. Zao Onsen Resort and Spa

Japanese Operation

Established :	2009
Capital :	¥10 million
Employees :	25
Business :	Management of high-end Japanese-style hotel
Location :	88-11, Aza Uwanohara, Togatta-Onsen, Zao-Machi, Katta-Gun, Miyagi
URL :	http://www.mtzaoresort.com/
Parent company :	Osbert International