

Press Release

Koga City

Ibaraki Kominka Association

HomeAway K.K.

Rakuten LIFULL STAY, Inc.

Koga City, Ibaraki Kominka Association, HomeAway, and Rakuten LIFULL STAY Form Cooperative Agreement to Utilize Historical Buildings in Koga City

Promoting the use of traditional Japanese houses to revitalize the tourism industry

Tokyo, October 9, 2018 - Koga City in Ibaraki Prefecture, the Ibaraki Kominka Association, HomeAway K.K., one of the world's largest vacation rental sites, and Rakuten LIFULL STAY, Inc., today announced that the four organizations formed a cooperative agreement for the utilization of historical buildings in Koga City. The new agreement aims to drive and revitalize the local economy via collaborations with businesses utilizing historical buildings such as traditional Japanese houses, known as kominka, located in Koga City.

Based on the agreement, the four organizations will collaborate on: 1) Sharing information about historical buildings; 2) Conservation and utilization of historical buildings; 3) Tourism promotion through the utilization of historical buildings; 4) Regional revitalization through the utilization of historical buildings; and in other areas. Specific initiatives include the use of historical buildings in Koga City, including kominka, as vacation rentals, publicizing the appeal of kominka and the region to domestic and international tourists, and promoting long-term stays.

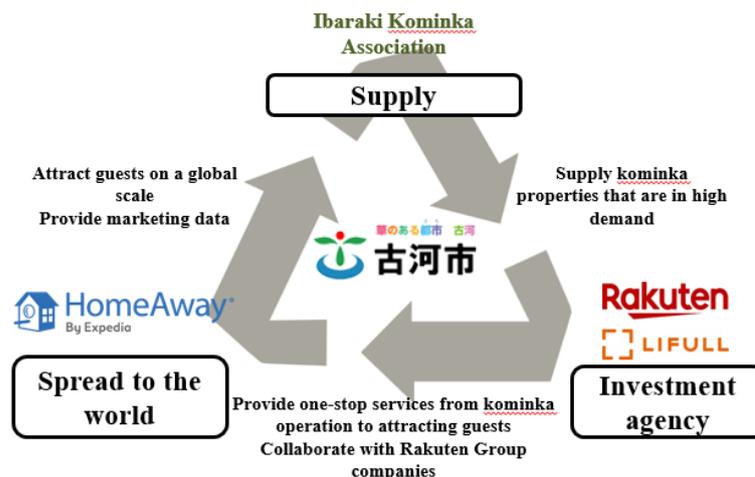


Illustration of the role of each organization in the agreement

In the first step toward the utilization of historical buildings based on the agreement, a 144-year-old property located in the Onna district of Koga City will be refurbished as a vacation rental. The renovated facility is scheduled to open in spring 2019 and will provide accommodation to guests. The property is situated on a

spacious 100,000m² site, allowing groups of friends and guests with families to enjoy a relaxing stay. Koga City and the Ibaraki Kominka Association will provide information about the property, Rakuten LIFULL STAY will provide support for the period leading up to the facility's grand opening and manage the facility, and HomeAway and Rakuten LIFULL STAY will work together on marketing activities and attracting guests. The property will also be appraised under the Kominka Accommodation Certification scheme^{*1} implemented by the Japan Kominka Association, providing an additional layer of security and peace of mind to potential guests.

Koga City, also known as "Little Kyoto," is a historic city that is mentioned in the *Man'yōshū*. A key crossroad for river traffic routes, the city prospered during the Edo era as the castle town of a famous Daimyo family (feudal lord) and a post town along the Nikko Kaido route. Even today, many historic relics remain in the city. Koga City is a tourist destination full of charm and aesthetic appeal, hosting various festivals as represented by the Koga Chochin Saomomi Matsuri and Peach Blossom Festival, and producing specialty products such as kanroni (sweetened boiled dishes), local sake, and various vegetables. Located on the western end of Ibaraki Prefecture about one hour by train from the center of Tokyo, the city is also easily accessible. According to surveys conducted by the Japan Tourism Agency^{*2}, 61.4% of foreign tourists who visited Japan in 2017 were repeat visitors (who have visited Japan twice or more). The recent data also shows that the percentage of tourists who visit regional attractions also increases as the number of times that tourist visit Japan increases. Amidst this fortuitous turn of events, Koga City is expected to become one of the potential destinations for repeat visitors in the future.

Through this agreement, the four organizations will proactively promote the utilization of historical buildings, including kominka in Koga City, while working to meet the growing demand for inbound tourism.

*1 URL: <http://www.g-cpc.org/consultation/minpaku>

*1 Source: Japan Tourism Agency, 2017 Survey on Consumption Trends of International Visitors to Japan [Analysis of Topics]
URL: <http://www.mlit.go.jp/common/001226295.pdf>

Overview of Kominka

Location: Onna district, Koga City

Property area: Approx. 100,000 m²

Building area: Approx. 330 m²

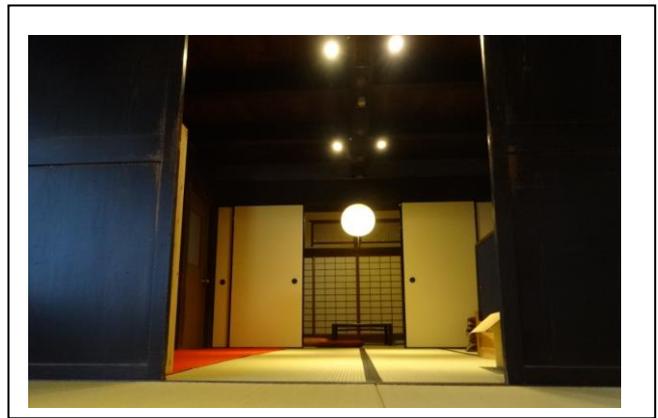
Age: Approx. 144 years

Reservation websites:

HomeAway <https://www.homeaway.jp>

Rakuten LIFULL STAY <https://vacation-stay.jp/>

Scheduled start date for accepting reservations: 2020



Kominka before refurbishment

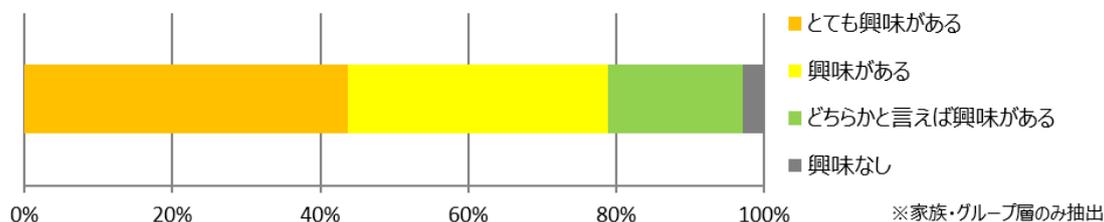
Background to this Agreement

This agreement, endorsed by Koga City, marks the first step in the business partnership between the three parties of HomeAway, the Japan Kominka Association, and Rakuten LIFULL STAY. The three parties launched a joint initiative in June of this year in order to utilize kominka as vacation rentals for domestic and foreign tourists, with the aim of enhancing the recognition and value of kominka and accelerating the revitalization of local tourism.

• More than 90% of families and groups are interested in staying in kominka

According to a survey of over 1,000 people in seven countries conducted by HomeAway, more than 90% of families and groups, the main users of HomeAway, expressed interest in staying in kominka (Figure 2). International guests visiting Japan tend to be interested in Japanese culture and history, and want to experience how the Japanese live. For international guests interested in extended stays with their families or groups, staying at a kominka is expected to become an attractive reason for traveling.

Attitudes toward the use of HomeAway kominka



Survey sample: 1,021 people over the age of 18 from the USA, UK, France, Singapore, Hong Kong, Australia, and New Zealand. Survey conducted in April 2018.

Ibaraki Kominka Association

Date of establishment: 2012

Location: 277-3 Kotsutsumi, Koga City, Ibaraki Prefecture

Details of business: The Ibaraki Kominka Association is mainly engaged in the appraisal of kominka located in the region. Unlike real estate appraisals, the appraisals conducted by the Association survey the cultural value and environmental value of kominka. Kominka appraisals are conducted by professional kominka appraisers who visit the site and carry out a survey based on a checklist of 519 items. Alongside the appraisal, a traditional earthquake resistance diagnosis and underfloor inspection are also carried out at the same time to determine the present condition of the kominka. The appraisal is comparable to the complete physical examination that human beings undergo at their local clinic.

The Association engages in activities aimed at preserving as many kominka as possible to pass on to the children of the future. Since last fiscal year, it has received farmhouse accommodation subsidies from the Government of Japan, and is now engaged in a farmhouse accommodation project based in a 144-year-old kominka, Yamakawa-tei, located in the Onna district of Koga City.

Official website of the Ibaraki Kominka Association: <http://www.kominka-ibaraki.com>

HomeAway

Date of establishment: 2005

Location: Austin, Texas, USA

Details of business: HomeAway, part of the Expedia Group, is one of the world's largest vacation rental websites and is headquartered in Austin, Texas. It is an online reservation platform that operates and offers over two million diverse and unique properties in 190 countries. HomeAway helps create memories that last a lifetime by specializing in whole properties so that time spent with family and friends is relaxing and private. One of its advantages is the excellent value for money to be had when people stay in groups. For the hosts that own the properties, HomeAway offers easy online services from property registration to managing reservations to help attract more guests from around the world. For more information, visit the HomeAway

website (<https://www.homeaway.jp>).

Rakuten LIFULL STAY, Inc.

Address: Yurakucho Building 3F, 1-10-1 Yurakucho, Chiyoda-ku, Tokyo

Representative: Representative Director Munekatsu Ota

Details of business: Providing services related to vacation rental platform, etc.

Date of establishment: March 2017

Website: <https://www.rakuten-lifull-stay.co.jp/>