

## Narrative summary of Business Development Agreement with Whiz Partners, Inc. and Convertible Bond Financing by Third Party Allocation

This document serves to publicly inform the announcement made August 15<sup>th</sup>, 2014 (hereafter, Announcement) in the English language. A narrative summary will first describe the events leading to the Announcement, followed by a direct translation of the key elements of the disclosed documents to the Tokyo Stock Exchange.

### Summary:

On August 15<sup>th</sup>, 2014, the Board of Directors of Shobunsha Publications, Inc. (hereafter, the “Company”) resolved to enter into a joint business development agreement with Whiz Partners Inc., (“Whiz”) to further develop the “Inbound business.” Inbound business (defined as the business flow of tourists and travelers who come to Japan) has been a priority for the Company and after a period of thorough due diligence the Board found significant synergies in partnering with Whiz. To finance the business development, the Board agreed to accept financing from Whiz in the form of an unsecured convertible-bond (defined as “Bond” with “Warrant”), to be allocated to the Whiz Asia Evolution Fund Investment Limited Partnership which Whiz serves as the General Partner.

### A Brief history of Shobunsha

The Company was founded in 1960 seeking to become the dominant map publisher in Japan. The Company sought to create maps that ‘enhances the daily life of the Japanese’ and the brand soon became a part of the Japanese society. The Company leveraged its detailed knowledge of roads and Shobunsha atlas became a standard item in personal automobiles. Japan looked to the Company for detailed maps and Shobunsha maps were quickly permeated throughout society including government and municipal organizations such as the emergency service.

With the rise of the Japanese economy through the ‘miracle years,’ leisure expanded throughout society. The Company grew with society and increased its efforts to be a supportive presence. In the 1980’s, we developed our ‘travel business’ which sought to provide leisure travelers with exciting guidebooks for their domestic journeys. During this time, we built on our foundation of maps and developed our brand as an aggregator and curator of exciting contents such as restaurants, hotels, shopping, and travel sites. ‘Mapple,’ our brand for guidebooks soon became a household name that society associated with travel.

With the rise of the internet, the Company made significant investments in its SiMAP (Shobunsha Integrated Mapping system) platform to meet the demands of the digital age. The digitization of our maps not only accelerated our core travel guide publishing business but enabled our expansion into the internet and auto-navigation. Regarding the internet, major web platforms in Japan have map applications that are driven by Shobunsha technology and contents. Regarding the auto-navigation products, the Company provides the map data for a significant market share of embedded and aftermarket navigators. Although the Company has strong roots in publishing, a significant portion of our revenues now come from our digital business and this segment is expected to continue its growth.

#### 'Inbound business' is the next phase in our evolution

While the Company grew with the rising Japanese economy during the early decades, we must factor the general down trend in the domestic consumption markets for the future of the Company. At the same time, we see a rising trend in foreign travelers, especially Asian travelers, visiting Japan. The rise in Asian, notably Chinese, middle class is expected to form a strong back bone to the flow of travelers to Japan.

Inbound travelers to Japan exceeded 10 million for the first time last year and some projections see this figure to rise to 20 million with the Tokyo Olympic Games in 2020. The Cool Japan Fund, Inc., chartered with support from the Ministry of Economy, Trade, and Industry is currently working to project various elements of Japanese culture to foreign markets and this is expected to further increase the interest in Japan. The government has set into play various programs to bring tourism as a significant industry for Japan, creating additional tailwind to this trend.

The Company seeks to leverage its legacy strength in providing maps and travel contents to enhance the experience of inbound travelers to Japan. We believe that becoming the preferred provider of travel content and navigation support for the traveler will enable us to capture this rising consumption trend, and this 'inbound business' may become a robust pillar of our future business.

#### Business Development Agreement (BDA) with Whiz Partners

Since embarking on our 'inbound business' development, we began testing the markets to determine the demand for our travel contents. We developed a series of products with modalities ranging from SNS to our legacy printed products, in a variety of

languages including English and Asian languages. Our efforts were met with overwhelming success. Most notably, our SNS brand made significant strides in ASEAN markets and enabled us a real-time interactive platform to interface with the markets. Armed with significant capabilities and market insight, the Company is now prepared to accelerate our development.

Our experience with the inbound traveler market showed us that travelers prefer good recommendations to large volumes of data. Simply put, 'top 5 recommendations' tailored to a traveler's tastes and unique situation is more useful than a database of 70,000 restaurants. Furthermore, many travelers seek to maximize their time in Japan which requires a holistic database of dining, hotel, shopping, and sightseeing (collectively referred to as 'travel contents'), and the ability to create maps and to help the traveler navigate through Japan considered foreign to the traveler. Although various firms compete in individual segments, only Shobunsha has all of these capabilities under one roof. We believe we are at a significant competitive advantage against industry players in providing this holistic support to the traveler.

The Company seeks to leverage this advantage to dominate the 'inbound business by creating web and smartphone application based platforms that will become the 'one-stop gateway' to support travelers to Japan. We will primarily focus on Asian travelers who constitute the majority of inbound travelers to Japan. The 'one-stop gateway' will have a variety of capabilities that both excite the consumer to travel, and support the traveler through recommendations and navigating through Japan. This platform will ultimately encompass recommendations, reservations, and transaction payments.

To execute on this business plan, the Company sees benefits to partnering with major web and smartphone platforms in Asian countries, especially in China. Joint business developments that connect web and smartphone application platforms with vast amounts of members with the Company's travel content and navigation, the ultimate travel support platform can be created for the inbound traveler to Japan.

For a rapid development of partnerships, the Company looked for a good domestic partner to create the relationships. After much consideration, including management consultants, trading companies, and corporations, the Board of Directors decided on Whiz Partners, Inc. The Whiz Group has a strong human and business network in major Asian countries including China (mainland and Hong Kong), Taiwan, South Korea,

and Thailand, which collectively represent the majority of tourists visiting Japan. The professionals of the Whiz Group have long standing track records of developing businesses in Asia for the portfolio firms.

As part of the business development agreement, the Company agreed on equity participation in the form of an investment from the Whiz Asia Evolution Fund Investment Limited Partnership and allocate shares of common stock to the Fund by third party allocation. The Fund is managed by the Whiz Group and the equity participation creates an alignment of incentives for the Whiz Group to maximally assist in the rapid development of the “inbound” business. The capital obtained through the financing is currently budgeted for various investments required by the “inbound” business development, including equity participation in Asian partners, potential Mergers and Acquisitions, software development specific to travel content including English and Asian language translations, and smartphone application development and related system development for travelers. The Board of Directors believes that this alignment of incentives between the Company and the Whiz Group to rapidly develop the “Inbound” business will meet the interests of the Company shareholders and stakeholders.