

August 3, 2021

Company name: ES-CON Japan Ltd.
Representative: Takatoshi Ito,
President & Representative Director
(TSE 1st Section, code: 8892)

Notice on Investment and Business Participation in the Commercial Complex Value-add Project in Hawaii

ES-CON Japan Ltd. (hereinafter "ES-CON Japan") announces that it has decided to participate in Waikiki Galleria Tower project, a commercial complex value-add project located in Honolulu, which is primarily conducted by BlackSand Capital, LLC (hereinafter "BlackSand Capital"), a real estate private equity firm in Hawaii. ES-CON Japan will also enter into a strategic advisory contract for this project.

1. Background and purpose

Waikiki Galleria Tower (the "Property") is located in the resort area of Honolulu, where it is the center of hotels and commerce, facing the Kalakaua Avenue, the main street of Waikiki, and surrounding areas are highly scarce locations with luxury brand stores.

ES-CON Japan has decided to invest in WGT, L.P. ("SPE"), a special-purpose entity formed by BlackSand Capital to acquire the property and to replace and change the use of the tenant in order to increase the value of the property, considering the scarcity value of the property and the recovery trend of the number of tourists in Hawaii.

BlackSand Capital, the principal entity of the project is a real estate private equity firm distinguished by its integrity, innovation, flexibility, and intimate knowledge of the Hawaii market, founded in 2010, and the company's Chairman CEO is Mr. B.J. Kobayashi, founder of the Kobayashi Group, which has a track record of developing and investing in real estate in Hawaii, including golf courses, resorts, housing and schools.

ES-CON Japan will not only invest in the SPE, but also, as a strategic international development advisor in this project, ES-CON Japan will provide advice and support on the development, design, operation and management of the entire property, as well as new tenant strategies in Japan, which will provide the business know-how that ES-CON Japan have cultivated up to now.

In February 2019, ES-CON Japan invested in Hawaii focused closed-end real estate investment fund, in which BlackSand Capital is the sponsor, and began overseas operations as an initiative to develop new business fields in anticipation of the times. Since then, ES-CON Japan have participated in the residential development business in Bangkok, Thailand, and in Los Angeles County, California, and are steadily promoting overseas operations despite the impact of the spread of the Covid-19. Through this investment, ES-CON Japan aims to further strengthen the relationships with local partner companies and create development business opportunities in Hawaii. At the same time, ES-CON Japan will develop a multi-faceted real estate business on a global scale and will contribute to the society.

2. Project Overview

Waikiki Galleria Tower project

Property name	Waikiki Galleria Tower
Address	2222 Kalakaua Ave, Honolulu, Hawaii 96915 USA
Application (Current)	Commercial facilities (1st and 2nd floor), Parking lots (3rd to 5th floors), Offices (6th to 16th floors)
Site area	4,315.90 m2
Total floor area	23,318.65 m2
Year of completion of the building	Built in 1966 (Large-scale repairs completed in 2001 and 2009)
Planned investment amount by ES-CON Japan	US\$ 5.0 Million Approximately 550 million yen
Principal Entity	BlackSand Capital, LLC Representative : Bert "BJ" A. Kobayashi, JR (Chariman, CEO and a founder) Address : 2270 Kalakaua Avenue, Suite 1788, Honolulu, Hawaii 96815 Business Summary: A real estate private equity firm distinguished by its integrity, innovation, flexibility, and intimate knowledge of the Hawaii market, founded in 2010. Specializing in Hawaii and making opportunistic investments in equity, preferred equity and debt interests in all real estate areas, intended to provide attractive risk-adjusted returns.
Investment period	5 years from the last closing date

Subsidiary overview

Subsidiary name	ESCON USA III, LLC
Address	Delaware, USA
Manager	Toru Kumaki



photo of the property

3. Impact on operating results

The impact of the investment on ES-CON Japan's operating results for the current fiscal year is currently negligible.