



February 28, 2019

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Notice on Launch of Overseas Business with a Commitment to a Hawaii focused Closed-End Real Estate Investment Fund

ES-CON Japan Ltd. (ES-CON Japan) announces that it has decided to start development of its overseas business by making a commitment to a Hawaii focused closed-end real estate investment fund, as described below.

1. Background and purpose

ES-CON Japan decided to make this commitment to a Hawaii-focused closed-end real estate investment fund to start developing the overseas business as its new business field.

The commitment has been made by ES-CON Japan to BlackSand Capital Opportunity Fund II-A L.P. (hereinafter "the Fund"), a closed-end private investment fund sponsored by BlackSand Capital, LLC ("BlackSand") that targets real estate opportunistic investments within the State of Hawaii, through ESCON USA LLC, a subsidiary established in September 2018. ES-CON Japan believes that its commitment to the Fund will provide a bridgehead for its entry into the real estate investment business in overseas markets, including Hawaii, going forward.

Formed in 2010, BlackSand is an SEC-registered investment adviser founded by Bert "BJ" A. Kobayashi, Jr. and Ian W. MacNaughton, real estate investment and development professionals with experience leading two long-standing Hawaii-based real estate firms, Kobayashi Group, LLC and The MacNaughton Group.

The Fund to be invested in by ES-CON Japan will target investments in a variety of real estate fields including, but not limited to, retail properties, office buildings, industrial facilities, apartments, hotels and for-sale housing in accordance with changes in market conditions. In terms of investment targets, the Fund looks to real properties, debt/securities, development/redevelopment projects and various other forms of real estate assets. As such, ESCON Japan believes that the Fund should be a beneficial investment instrument.

ES-CON Japan will continue to focus its endeavors on developing new business fields with an eye on the next era, and globally implement multifaceted real estate business that can contribute to the society.

2. Overview of the Fund and subsidiary

Fund overview

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|-------------------------------------|---|
| Fund name | BlackSand Capital Opportunity Fund II-A L.P. |
| Commitment amount (by ES-CON Japan) | US\$5 million |
| Sponsors | BlackSand Capital, LLC Representatives: Bert "BJ" A. Kobayashi, JR (Managing Partner) Ian W. MacNaughton (Managing Partner) Location: 1288 Ala Moana Blvd., Suite 288, Honolulu, Hawaii 96814 Features, etc.: SEC-registered investment adviser formed in 2010 with an investment objective to generate attractive risk-adjusted returns by targeting opportunistic investments in equity, preferred equity, and debt interests across all property sectors in the State of Hawaii. |
| Management period | 10 years from the Final Closing Date (including the investment period of 5 years from the Final Closing Date). |



Subsidiary overview

| | |
|--------------|-------------------|
| Company name | ESCON USA LLC |
| Location | State of Delaware |
| Manager | Takatoshi Ito |

3. Impact on operating results

The impact of the equity investment on ES-CON Japan's operating results is currently not projected.