



March 29, 2023

(Translated from the Japanese original)

Company Name: TIS Inc.
Representative: Yasushi Okamoto, President and Representative Director
Stock Listing: Prime Market, Tokyo Stock Exchange
Stock Code: 3626
Contact: Takahiro Kimura, Department Manager of Corporate Management Dept.
Phone: +81-50-1702-4115 (in Japan, 050-1702-4115)

Notice regarding Acquisition of Fixed Assets (Real Estate Trust Beneficiary Rights)

The Board of Directors at TIS Inc. (hereafter, “the Company” and “TIS”) resolved on this date that the Company will purchase fixed assets (real estate beneficiary rights). Details are provided below.

Details

1. Reason for purchase

TIS has expanded its presence in the market over the years by positioning system operation services along with system development services as core businesses to respond to the system lifecycle needs of clients as a system integrator with one-stop solutions. In addition, in recent years, the Company has directed concerted effort into enriching its own brand of cloud services as part of the business restructuring process geared to changes in the business environment. Large-scale facilities are vital to this effort, forming the foundation that supports these services, and TIS’ basic policy, assuming the perspective of long-term, stable continuity of business activities, has been to own such facilities.

Back in the latter half of the 2000s, when management was considering the opening of a new facility with business expansion in mind, a decision was made to lease the facility for which real estate beneficiary rights will now be acquired, given such factors as social circumstances, the business environment and the Company’s own financial status at that time, and services were launched with an emphasis on system operation. Later, changes in the business environment, including a rapid shift toward use of the cloud in corporate pursuits, management drastically reimagined the kind of system operation services that TIS should be known for and redefined associated strategies. Even with this rethink, management did not change its stance on the importance of owning facilities and was constantly searching for an opportunity to switch from leasing this facility to owning it, in line with the aforementioned policy.

Against this backdrop, TIS was recently involved in negotiations with the facility owner, and after taking a comprehensive view of prevailing factors, including economic rationale in grabbing the opportunity to enjoy the benefits of ownership and switching from leasing to owning, as well as the Company’s current financial status, which would allow for a large-scale investment, management concluded that the acquisition of real estate trust beneficiary rights related to this facility would contribute to enhanced corporate value of the TIS INTEC Group over the medium to long term.

2. Details on assets (real estate trust beneficiary rights) to be acquired

(1)	Name of building	Gotenyama SH Building
(2)	Location	5-17, Kitashinagawa 6-chome, Shinagawa-ku, Tokyo
(3)	Land	Site area 6,858.68 m ²

	Zoning	Commercial, semi-industrial, Class 1 low-rise exclusive residential
	Building coverage ratio	Respectively, 80%, 60% and 60%
	Floor area ratio	Respectively, 500%, 300% and 150%
	Type of ownership	Ownership
(4)	Building	Total floor area 19,812.85 m ² Structure/number of floors Steel-frame, steel reinforced concrete construction / one basement level, seven floors above ground Construction completed February 2011 Type of ownership Ownership
(5)	Type of use	Business-use facility
(6)	Portion of land held	100% (after final payment completed)
(7)	Acquisition price	¥72 billion Note: Aggregate of ¥70 billion acquisition price for real estate trust beneficiary rights and miscellaneous costs (estimate) related to acquisition. At time of acquisition, appraisal value will be obtained and appropriateness of acquisition price will be verified.
(8)	Acquisition capital	Planning to use cash on hand and loans from financial institutions
(9)	Settlement method	Will gradually acquire quasi-co-ownership interest, with total amount broken in single payments of ¥7 billion a total of 10 times. First payment will be on October 31, 2023, with nine subsequent payments made every six months at the end of each sixth month. Payment process will be complete with final payment on April 30, 2028.

3. Outline of counterparty

(1)	Name	Sekisui House Reit, Inc.	
(2)	Address	15-1, Akasaka 4-chome, Minato-ku, Tokyo	
(3)	Name and title of representative	Atsuhiko Kida, Executive Director	
(4)	Business activities	Manages assets principally as an investment in real estate as well as asset-compatible securities where real estate is the primary investment	
(5)	Total investment	¥161,283 million (As of October 31, 2022)	
(6)	Date of establishment	September 8, 2014	
(7)	Net assets	¥294,484 million (As of October 31, 2022)	
(8)	Total assets	¥570,999 million (As of October 31, 2022)	
(9)	Major shareholders and shareholding ratios	Custody Bank of Japan, Ltd. (Trust Account)	25.80%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	15.73%
		Sekisui House, Ltd.	4.58%
		The Nomura Trust and Banking Co., Ltd. (Trust Account)	4.34%
		(As of October 31, 2022)	
(10)	Relationships with TIS	Capital relationship	Not applicable.

	Personnel relationship	Not applicable.
	Business relationship	TIS leased Gotenyama SH Building from Sekisui House Reit for business purposes to provide system operation services and its own brand of cloud services
	Related-party status	Not applicable.

4. Acquisition schedule

(1)	Board of Directors' decision	March 29, 2023
(2)	Date of sales contract signing	March 29, 2023
(3)	Scheduled date of trust beneficiary rights acquisition	Will gradually acquire quasi-co-ownership interest, with the total amount broken in single payments of ¥7 billion a total of 10 times. First payment will be on October 31, 2023, with nine subsequent payments made every six months at the end of each sixth month. Payment process will be complete with final payment on April 30, 2028.

5. Outlook

The impact of this acquisition on the Company's consolidated results for fiscal 2023, ending March 31, 2023, is likely to be minimal. However, paralleling the switch from the current leasing format to ownership, management expects a cost reduction benefit related to this facility, corresponding to the percentage of real estate trust beneficiary rights acquired, beginning from the second half of fiscal 2024. Going forward, if any issue occurs where disclosure is required, management will quickly provide details.

(Reference) Fiscal 2023 forecast (announced February 3, 2023) and fiscal 2022 actual results

	Net sales	Operating income	Recurring profit	Net income attributable to owners of the parent company
	Million	Million	Million	Million
Current fiscal year, ending March 31, 2023 (consolidated, forecast)	¥505,000	¥59,000	¥60,500	¥52,000
Previous fiscal year, ended March 31, 2022 (consolidated, actual)	¥482,547	¥54,739	¥55,710	¥39,462

END