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## NBF News Release

### OFFICE BUILDING FUND OF JAPAN, INC. ANNOUNCES SECOND-HALF 2002 RESULTS

Tokyo, Japan February 12, 2003

**Koichi Nishiyama,**

**Executive Director of NBF, President & CEO of NBFM**

Office Building Fund of Japan, Inc. (hereinafter "NBF", also referred to in Japan as "*Nihon Building Fund toshi-hojin*", TSE ticker code: 8951) today announced its financial results for the second-half 2002 (the 3rd fiscal period from July 1, 2002 to December 31, 2002).

NBF reported total revenues of ¥11,845 million, income before income taxes of ¥4,563 million, net income of ¥4,562 million, and earnings per common share and cash dividends per share of common stock of ¥16,253.

As of December 31, 2002, NBF's total asset balance was ¥290,725 million and total shareholder's equity was ¥153,461 million, or ¥546,709 per common share. NBF's investment properties, net of accumulated depreciation, were ¥257,468 million, compared to ¥244,577 million at June 30, 2002.

#### **Second-half 2002 Highlights**

##### ***Additional Acquired Properties:***

During the 3rd fiscal period, NBF acquired two office properties: Nishi-Shinjuku Mitsui Bldg. (location: Shinjuku-ku, Tokyo; acquisition price: ¥1,603 million; type of ownership: condominium interests of approximately 4.06%; net rentable square meters: 1,576) and Nippon Steel Bldg. No2 (location: Chuo-Ku, Tokyo; acquisition price: ¥12,614 million, type of ownership: fee simple; net rentable square meters: 17,314). Second-half 2002 results include the contributions from these additional properties acquired during the period.

##### ***NBF Portfolio Profile:***

As of December 31, 2002, NBF owned or had beneficiary interests in 28 office properties

containing approximately 322,000 rentable square meters of office space. As of December 31, 2002, NBF leased office space to 441 tenants engaged in a variety of businesses, compared to 448 tenants at the close of the preceding fiscal period. The occupancy rate for office properties, meaning the ratio of leased area to rentable area, was approximately 95.0%, compared to 97.4% at the close of the preceding fiscal period.

***Cash Dividends:***

In accordance with the distribution policy prescribed in our Articles of Incorporation, NBF is scheduled to distribute almost 100% of unappropriated profit for the current period (¥16,253 per common share) to our shareholders. By distributing over 90% of taxable income for the period to our shareholders and complying with other organizational and operational requirements, NBF intends to be able to deduct its cash dividends of profit from its taxable income under Japanese tax regulations (Special Taxation Measures Law Article 67-15).

***Debt Financing:***

NBF obtained funding through interest-bearing debt utilizing mainly unsecured and non-guaranteed bank loans. NBF refinanced short-term loans to long-term and fixed-rate debt in order to hedge against risks related to interest rate hikes and to fix interest rates at current low levels. At the end of the period the ratio of interest-bearing debt to total assets was 38.0%, and the ratio of long-term debt to total interest-bearing debt was 65.2%.

***Credit Ratings:***

NBF was awarded the following issuer credit ratings as a J-REIT, which we believe facilitate our effort to diversify sources of debt financing.

| <u>Rating Agency</u> | <u>Rating Date</u> | <u>Rating Summary</u>                          |
|----------------------|--------------------|--|
| Standard & Poor's    | May 1, 2002        | Long-term: A, Short-term: A-1, Outlook: stable |
| Moody's              | May 30, 2002       | Rating: A3, Outlook: stable                    |

**Outline of Forecast for First-half 2003**

As required by the timely-disclosure requirements of the Tokyo Stock Exchange, we announced a forecast for 1<sup>st</sup>-half 2003 (the 4<sup>th</sup> fiscal period from January 1, 2003 to June 30, 2003) as a part of "Kessan-Tanshin". With regard to the conditions of the forecast, please refer to the original "Kessan-Tanshin" released on February 12, 2003. An outline of the forecast for 1<sup>st</sup>-half 2003 is as follows:

***Performance Forecast:***

For 1<sup>st</sup>-half 2003, based on operating activities of 29 office properties, NBF forecasts total revenues of ¥11,999 million, net income of ¥4,014 million, and cash dividends of ¥14,301 per common share.

***New Acquisition after the end of the 3<sup>rd</sup> Fiscal Period :***

On February 3, 2003, NBF acquired condominium interest of 59.2% of Naka-Meguro GT Tower (Office Tower) from Mitsui Fudosan Co., Ltd. for ¥13,763 million. Net rentable area of this specific property interest is 13,569 square meters (total net rentable area of the Office Tower: 22,830 square meters) and its current occupancy rate is 100%.

On December 25, 2002, NBF announced that it would acquire a condominium interest of 34.33% of the Sapporo L-Plaza from Taisei Corporation for ¥3,195 million on November 5, 2003. Net rentable area of this specific property interest is 8,461 square meters and its estimated occupancy rate is 91%.

**About NBF**

NBF is one of the leading Japanese real estate investment corporations which was formed on March 16, 2001 as an investment corporation under the Investment Trust Law of Japan. NBF is an externally managed real estate investment company. Registration of NBF with the Kanto Local Finance Bureau of the Ministry of Finance was completed on May 10, 2001 and acquisition of office properties commenced on May 23, 2001.

As of September 10, 2001, NBF had raised approximately ¥50 billion through an initial public offering of its common shares, which are listed on the J-REIT section of the Tokyo Stock Exchange.

Office Building Fund Management Japan, Ltd. ("NBFM"), NBF's asset management company, is engaged in acquiring, owning, managing, leasing, and renovating office properties. Mitsui Fudosan Co., Ltd. currently owns 43% of NBFM, Sumitomo Life Insurance Company holds a 35% stake and 22% is owned by others. As of December 31, 2002, NBFM was solely engaged in the asset management for NBF.

## **Investor Relations**

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This news release contains translations of selected information described in the Financial Release (“*Kessan Tanshin*”) prepared under the timely-disclosure requirements of the Tokyo Stock Exchange, and portions of the Financial Statements and the Performance Information Report for the period from July 1, 2002 to December 31, 2002, of Office Building Fund of Japan, Inc. prepared pursuant to the Investment Trust Law of Japan.

This English language document was prepared solely for the convenience of and reference by overseas investors and neither corresponds to the original Japanese documents nor is it intended to constitute a disclosure document. The Japanese language Financial Release and the Financial Statements and the Performance Information Report for the aforementioned period should always be referred to as originals of this document.

English terms for Japanese legal, accounting, tax and business concepts used herein may not be precisely identical to the concepts of the equivalent Japanese terms. With respect to any and all terms herein, including without limitation, financials statements, if there exist any discrepancies in the meaning or interpretation thereof between the original Japanese documents and English statements contained herein, the original Japanese documents will always govern the meaning and interpretation. None of Office Building Fund of Japan, Inc., Office Building Fund Management Japan, Ltd. or any of their respective directors, officers, employees, partners, shareholders, agents or affiliates will be responsible or liable for the completeness, appropriateness or accuracy of English translations or the selection of the portions(s) of any document(s) translated into English. No person has been authorized to give any information or make any representations other than as contained in this document in relation to the matters set out in this document, and if given or made, such information or representation must not be relied upon as having been authorized by Office Building Fund of Japan, Inc., Office Building Fund Management Japan, Ltd. or any of their respective directors, officers, employees, partners, shareholders, agents or affiliates.

The financial statements of Office Building Fund of Japan, Inc. have been prepared in accordance with generally accepted accounting principles in Japan (Japanese GAAP) which may materially differ in certain respects from generally accepted accounting principles in other jurisdictions.

Many provisions of this document contain forward-looking statements and information. We base these statements on our beliefs as well as our assumptions based solely on certain limited information currently available to us. Because these statements reflect our current views concerning future events, these statements involve known and unknown risks, uncertainties and assumptions. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including without limitation: the general economy, market conditions, financial markets including the performance of the office space market, interest rate fluctuations, competition with our office properties, and the impact of changing regulations or taxation. NBF does not intend, and is under no obligation to, update any particular forward-looking statement included in this document. The forward-looking statements contained in this press release speak only as of the date of release, February 12, 2003, and NBF does not undertake to revise those forward-looking statements to reflect events occurring after the date of this release.

## Second-half 2002 Financial Highlights

The following table sets forth selected financial and operating information on a historical basis for Office Building Fund of Japan, Inc.

### SELECTED FINANCIAL RESULTS(Note1) (Yen in million, except for per share data)

|  | Office Building Fund of Japan, Inc |                  |                 |
|--|------------------------------------|------------------|-----------------|
|  | 2002<br>2nd-Half                   | 2002<br>1st-Half | 2001<br>(Note2) |
| <b>Operating Data:</b>                                 |                                    |                  |                 |
| Operating Revenue:                                     |                                    |                  |                 |
| Rental   | ¥ 10,366                           | ¥ 10,427         | ¥ 11,555        |
| Other rental   | 1,480                              | 832              | 1,006           |
| Total Revenue  | 11,846                             | 11,259           | 12,561          |
| Operating Expenses:                                    |                                    |                  |                 |
| Property operating, taxes and others                   | 3,959                              | 3,676            | 3,567           |
| Depreciation and amortization                          | 2,072                              | 1,947            | 2,170           |
| Asset management fees and other expense                | 625                                | 629              | 658             |
| Total operating expenses                               | 6,656                              | 6,252            | 6,395           |
| Interest income  | 1                                  | 12               | 2               |
| Interest expenses                                      | (591)                              | (527)            | (570)           |
| Other expenses   | (37)                               | -                | (256)           |
| Income before income taxes                             | 4,563                              | 4,493            | 5,342           |
| Current and deferred income taxes                      | (1)                                | (1)              | (1)             |
| Net income   | ¥ 4,562                            | ¥ 4,492          | ¥ 5,341         |
| Earnings per share of common share (Yen):              |                                    |                  |                 |
| Net income   | ¥ 16,253                           | ¥ 16,003         | ¥ 22,271        |
| Weighted average number of shares outstanding          | 280,700                            | 280,700          | 239,087         |
| Per share data:  |                                    |                  |                 |
| Cash dividend (Yen)                                    | ¥ 16,253                           | ¥ 16,003         | ¥ 19,026        |
| <b>Balance Sheet Data:</b>                             |                                    |                  |                 |
| Current assets   | ¥ 32,164                           | ¥ 33,368         | ¥ 30,806        |
| Investment properties, net of accumulated depreciation | 257,428                            | 244,509          | 225,650         |
| Other assets   | 1,133                              | 1,098            | 391             |
| Total assets   | ¥ 290,725                          | ¥ 278,975        | ¥ 256,847       |
| Short-term loans                                       | 38,450                             | 33,450           | 20,900          |
| Other current liabilities                              | 3,937                              | 3,459            | 3,026           |
| Long-term debts  | 72,000                             | 67,000           | 58,000          |
| Tenant security deposits                               | 22,852                             | 21,654           | 20,666          |
| Other liabilities                                      | 25                                 | 21               | 15              |
| Total liabilities                                      | 137,264                            | 125,584          | 102,607         |
| Common shares, non-par value                           | 148,899                            | 148,899          | 148,899         |
| Retained earnings                                      | 4,562                              | 4,492            | 5,341           |
| Total Shareholders' Equity                             | 153,461                            | 153,391          | 154,240         |
| Total Liabilities and Shareholders' Equity             | 290,725                            | 278,975          | 256,847         |
| <b>Cash Flow Data:</b>                                 |                                    |                  |                 |
| Cash flow provided by operating activities             | ¥ 7,298                            | ¥ 9,467          | ¥ 7,407         |
| Cash flow used for investing activities                | (13,838)                           | (20,479)         | (207,505)       |
| Cash flow provided by financial activities             | 5,512                              | 16,227           | 227,765         |
| Cash and cash equivalents                              | 31,854                             | 32,882           | 27,667          |
| <b>Other Supplement Data:</b>                          |                                    |                  |                 |
| Number of investment properties                        | 28                                 | 26               | 24              |
| Number of tenants                                      | 441                                | 448              | 411             |
| Net rentable square meter at end of the period         | 322,344                            | 303,485          | 277,054         |
| Occupancy rate at end of the period                    | 95.0 %                             | 97.4 %           | 97.5 %          |
| Property net operating income (Note3)                  | ¥ 7,886                            | ¥ 7,583          | ¥ 8,993         |

- (1) The selected financial data has been derived from the historical financial statements of Office Building Fund of Japan, Inc. based on generally accepted accounting principles in Japan (Japanese GAAP) and audited by Asahi & Co., independent auditors.
- (2) Although NBF's first fiscal period technically commenced on May 16, 2001 when NBF was established, and ended on December 31, 2001, NBF began its business operations as registered real estate investment corporation on May 23, 2001. Therefore, its practical operating period was from May 23, 2001 to December 31, 2001.
- (3) Property net operating income is defined as rental revenues, including common area charges, parking charges and other income less property operating expenses, including real estate taxes, insurance, repairs and maintenance and other property operating expenses

### Office Properties Selected Data

The following table sets forth selected information as of December 31, 2002 relating to the office properties in which we have invested.

| Name of Building                  | Location  | Book value        |                            |                   |                |
|-----------------------------------|-----------|-------------------|----------------------------|-------------------|----------------|
|                                   |           | (Yen in millions) | Net rentable square meters | Number of tenants | Occupancy rate |
| NKK Headquarters' Bldg.           | Tokyo     | 73,121            | 65,280                     | 1                 | 100.0          |
| Shiba NBF Tower                   | Tokyo     | 31,814            | 24,560                     | 1                 | 72.7           |
| Shinjuku Mitsui Bldg. No.2        | Tokyo     | 16,035            | 14,946                     | 29                | 100.0          |
| GSK Bldg.                         | Tokyo     | 15,195            | 20,407                     | 1                 | 100.0          |
| Kowa Nishi Shinbashi Bldg. B      | Tokyo     | 12,951            | 10,088                     | 2                 | 100.0          |
| Nippon Steel Bldg. No2            | Tokyo     | 12,862            | 17,314                     | 1                 | 100.0          |
| Nihonbashi Muromachi Center Bldg. | Tokyo     | 9,887             | 8,041                      | 7                 | 100.0          |
| Takanawa 1-chome Bldg.            | Tokyo     | 6,531             | 10,473                     | 4                 | 100.0          |
| Mita City Bldg.                   | Tokyo     | 5,167             | 6,002                      | 1                 | 100.0          |
| Shinjuku Yochomachi Bldg.         | Tokyo     | 2,299             | 5,177                      | 4                 | 100.0          |
| Nishi-Shinjuku Mitsui Bldg.       | Tokyo     | 1,672             | 1,576                      | 1                 | 100.0          |
| Nakano-Sakaue Sunbright Twin      | Tokyo     | 9,318             | 12,220                     | 1                 | 100.0          |
| Yokohama ST Bldg.                 | Yokohama  | 13,396            | 20,089                     | 75                | 97.3           |
| Tsukuba Mitsui Bldg.              | Ibaragi   | 6,519             | 12,636                     | 59                | 81.7           |
| Daido Life Omiya Bldg.            | Saitama   | 2,312             | 3,604                      | 8                 | 95.5           |
| Matsudo City Bldg.                | Chiba     | 2,538             | 4,771                      | 23                | 85.3           |
| Inage Kaigan Bldg.                | Chiba     | 1,886             | 5,881                      | 12                | 75.6           |
| Sapporo Minami Nijo Bldg.         | Hokkaido  | 1,815             | 5,376                      | 7                 | 97.9           |
| Sendai Daido Life Bldg.           | Miyagi    | 3,478             | 7,498                      | 7                 | 100.0          |
| Unix Bldg.                        | Fukushima | 3,829             | 13,478                     | 57                | 96.0           |
| Niigata Telecom Bldg.             | Niigata   | 3,879             | 10,226                     | 33                | 95.8           |
| Hamamatsu City Bldg.              | Shizuoka  | 1,332             | 5,152                      | 22                | 77.4           |
| Sun Mullion NBF Tower             | Osaka     | 10,619            | 14,210                     | 27                | 89.7           |
| Sakai Higashi Center Bldg.        | Osaka     | 2,187             | 5,360                      | 15                | 98.9           |
| Otemae Center Bldg.               | Osaka     | 1,806             | 5,532                      | 7                 | 100.0          |
| Kyomachibori Center Bldg.         | Osaka     | 868               | 3,112                      | 14                | 92.4           |
| Shijo Karasuma Minami Bldg.       | Kyoto     | 1,567             | 3,918                      | 15                | 93.2           |
| Hakata Gion 21 Bldg.              | Fukuoka   | 2,571             | 5,417                      | 7                 | 100.0          |
| <b>Total</b>                      |           | <b>257,468</b>    | <b>322,344</b>             | <b>441</b>        | <b>95.0</b>    |