

February 23, 2005

**Financial Report for the First Fiscal Period (May 12, 2004 to December 31, 2004)**

Frontier Real Estate Investment Corporation is listed on the Tokyo Stock Exchange with the securities code number 8964. (URL: <http://www.frontier-reit.co.jp/>)

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Board of Directors' Meeting  
 for the Approval of Financial Results: February 23, 2005  
 Planned Commencement of Cash  
 Distribution Payment: March 11, 2005

**PERFORMANCE FOR THE FIRST FISCAL PERIOD (May 12, 2004 to December 31, 2004)**

**(1) Business Results** Millions of yen rounded down, unless otherwise stated

	Operating Revenue	Operating Income	Ordinary Income	Net Income
First Fiscal Period	1,985 %	1,267 %	1,054 %	1,053 %

	Net Income per Unit (Yen)	Return on Unitholders' Equity (ROE) (Reference) Annualized	Ordinary Income to Total Assets (Reference) Annualized	Ordinary Income to Operating Revenue
First Fiscal Period	9,688	1.8% 4.4%	1.3% 3.3%	53.1%

Notes:

1. For accounting purposes, the first fiscal period is from May 12, 2004 through December 31, 2004, a period of 234 days. The actual asset management period, however, commenced on August 9, 2004, for a period of 145 days.
2. Net income per unit is calculated utilizing the average number of investment units for the period. The average number of investment units for the fiscal period under review was 108,744 units (the average number of investment units for the actual asset management period). Net income per unit utilizing the number of investment units as of the first fiscal period-end (110,400 units) was ¥9,543.
3. Changes in accounting policies: None
4. Percentages for operating revenue, operating income, ordinary income and net income represent the percentage increase or decrease from the previous fiscal period. Accordingly, percentages are not provided in this report as the fiscal period under review is the first fiscal period.
5. Annualized percentage figures for the first fiscal period = Percentage figures for the first fiscal period / Actual number of asset management days (145 days) x 365 days.
6. Return on unitholders' equity and ordinary income to total assets are calculated using unitholders' equity and total assets as of the end of the fiscal period.

**(2) Distributions** Millions of yen rounded down, unless otherwise stated

	Distribution per Unit (Yen)	Total Distributions	Distribution in Excess of Earnings per Unit (Yen)	Total Distributions in Excess of Earnings	Payout Ratio	Distribution Ratio to Unitholders' Equity
First Fiscal Period	9,543	1,053	0		99.9%	1.7%

Note: The payout ratio and distribution ratio to unitholders' equity are rounded down to the first decimal place.

**(3) Financial Position**

Millions of yen rounded down, unless otherwise stated

	Total Assets	Total Unitholders' Equity	Unitholders' Equity to Total Assets	Unitholders' Equity per Investment Unit (Yen)
As of Dec. 31, 2004	81,547	59,636	73.1%	540,183

Note: The number of investment units outstanding as of December 31, 2004 totaled 110,400 units.

**FORECAST OF RESULTS FOR THE SECOND FISCAL PERIOD****(January 1, 2005 to June 30, 2005)**

Millions of yen rounded down, unless otherwise stated

	Operating Revenue	Ordinary Income	Net Income	Distribution per Unit (Yen)	Distribution in Excess of Earnings per Unit (Yen)
Second Fiscal Period	2,511	1,191	1,190	10,778	0

(Reference) Estimated net income per unit for the second fiscal period: ¥10,778

Note: Forecasts presented in this document are based on "Assumptions of Forecasts for the Second Fiscal Period (January 1, 2005 to June 30, 2005)." Forecasts for net income, distribution per unit and other financial indicators may differ significantly from actual results due to changes in operating conditions or a variety of other factors. Accordingly, the Investment Corporation does not guarantee the payment of the forecast distribution amount.