



October 10, 2008

To Whom It May Concern

Heiwa Real Estate Co., Ltd.
Sakutaro Kimbara
President, Director
(Code No. 8803)

Revision of Financial Forecasts for Fiscal Year Ending March 31, 2009

In light of recent financial trends and other factors, Heiwa Real Estate Co., Ltd. has revised its financial forecasts for the first half and for the full year ending March 31, 2009 from those announced in the financial results dated April 30, 2008.

1. Revision of Consolidated Financial Forecasts

First half of fiscal year ending March 31, 2009 (April 1, 2008 to September 30, 2008)

	Operating revenue	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts: A	14,500	4,000	2,500	1,400	9.40
Revised forecasts: B	13,900	3,600	2,200	300	2.00
Amount of change: B – A	(600)	(400)	(300)	(1,100)	(7.40)
Percent change (%)	(4.14)	(10.00)	(12.00)	(78.57)	(78.72)
(Reference) First half of fiscal year ended March 31, 2008	13,012	4,887	4,124	2,338	16.01

Full year ending March 31, 2009 (April 1, 2008 to March 31, 2009)

	Operating revenue	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts: A	54,500	12,500	9,700	5,500	37.00
Revised forecasts: B	48,500	9,100	6,000	2,200	14.80
Amount of change: B – A	(6,000)	(3,400)	(3,700)	(3,300)	(22.20)
Percent change (%)	(11.01)	(27.20)	(38.14)	(60.00)	(60.00)
(Reference) Full year ended March 31, 2008	31,384	9,205	7,176	3,737	25.56

2. Revision of Non-consolidated Financial Forecasts

First half of fiscal year ending March 31, 2009 (April 1, 2008 to September 30, 2008)

	Operating revenue	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts: A	13,000	3,800	2,500	1,400	9.40
Revised forecasts: B	12,500	3,400	2,200	300	2.00
Amount of change: B – A	(500)	(400)	(300)	(1,100)	(7.40)
Percent change (%)	(3.85)	(10.53)	(12.00)	(78.57)	(78.72)
(Reference) First half of fiscal year ended March 31, 2008	11,356	4,669	3,985	2,321	15.90

Full year ending March 31, 2009 (April 1, 2008 to March 31, 2009)

	Operating revenue	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts: A	51,200	12,000	9,500	5,500	37.00
Revised forecasts: B	45,400	8,700	6,000	2,200	14.80
Amount of change: B – A	(5,800)	(3,300)	(3,500)	(3,300)	(22.20)
Percent change (%)	(11.33)	(27.50)	(36.84)	(60.00)	(60.00)
(Reference) Full year ended March 31, 2008	28,212	8,644	6,854	3,691	25.25

3. Reasons for Revisions

We revise our financial forecasts for the first half of fiscal year ending March 31, 2009 for the following reasons. We incurred a special loss arising from a loss on revaluation of investment securities of ¥1,397 million, as stated in the “Notification of Recording of Loss on Revaluation of Investment Securities” announced today. We also expect a loss on revaluation of inventories for development and sales assets for the Housing business.

We have revised our financial forecasts for the full year ending March 31, 2009 for the following reasons. Considering the significant declines in liquidity in the current real estate market, we have reviewed our sales assumption on sales proposals we previously expected to realize in the Asset Development business on or after the third quarter, as well as our assumption on the loss incurred on the revaluation of investment securities and development and sales assets for the Housing business, as stated above.

In addition, regarding the effect on our financial results arising from today’s filing for court protection under the Court-Guided Rehabilitation Law by Yamato Life Insurance Company, we expect to recognize a loss on revaluation of investment securities of ¥500 million, but we expect no significant impact on other account items.

Our revision of the non-consolidated financial forecasts is the same as our revision of the consolidated financial forecasts.

4. Dividend Forecasts

We have not revised any dividend forecasts (6.00 yen per share of second quarter dividends; 6.00 yen per share of year-end dividends; 12.00 yen per share of annual dividends) announced in the financial results dated April 30, 2008.

5. Return of Monthly Compensation by Full-time Directors and Executive Officers

To clarify management responsibility for the revised financial forecasts, we have decided to have Full-time Directors (except for External Directors) and Executive Officers return portions of the monthly compensation they receive from October 2008 to December 2008, at rates ranging from 20% to 5% according to their positions.

<p>The information stated in this reference material was compiled based on data considered reasonable as of the date of compilation of this reference material, and is subject to various uncertain factors. Accordingly, we do not ensure or promise the accuracy or completeness of the information, and may revise the information without notice. We also bear no liability for any deficiencies or errors of the data or expressions used in this reference material.</p>
--