



SUNCITY

Listed on Tokyo Stock Exchange
8910

Sun City Co., Ltd.

The following is the text of an announcement prepared by the Company for investors who cannot read Japanese from the official Japanese announcement approved by and submitted to the Tokyo Stock Exchange.

Sun City Co., Ltd. 5, August 2008

An Extraordinary Loss and Downgrading Previous Projections for 2008

We are embarrassed to announce that we need to write down some of the assets in our inventories as decreed by applicable accounting standards. Consequently we are downgrading the previous projections for our financial performance for 2008 dated 14, February 2008.

1. Extraordinary Loss

Bids for large development projects we have in our inventories have practically dried up in the current bear market. We need to take into account this dire situation and revise the book values of the assets in our inventories. We are sadly writing down our asset by ¥7.016 billion.

2. Downgrading of Previous Projections

1Q and 2Q, 1, Jan 2008 ~ 30, July, 2008, Consolidated, in millions of Yen

	Revenue	Operating Income	Recurring Income	Net Income
Previous	26,957	167	-560	-587
Latest	12,562	-495	-1,006	-7,536
Difference	-14,395	-663	-445	-6,948
% Change	-53.40	-	-	-

1Q and 2Q, 1, Jan 2008 ~ 30, July, 2008, Parent Only, in millions of Yen

	Revenue	Operating Income	Recurring Income	Net Income
Previous	22,210	232	-364	-371
Latest	8,895	-243	-649	-7,167
Difference	-13,315	-476	-285	-6,856
% Change	-59.95			



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1Q~4Q, 1, Jan 2008 ~ 31, December, 2008, Consolidated, in millions of Yen

	Revenue	Operating Income	Recurring Income	Net Income
Previous	70,444	5,013	3,520	1,947
Latest	41,726	-1,882	-2,925	-9,614
Difference	-28,718	-6,896	-6,445	-11,562
% Change	-40.77	-	-	-
Year 2007	69,591	6,272	5,245	2,943

1Q~4Q, 1, Jan 2008 ~ 31, December, 2008, Parent Only, in millions of Yen

	Revenue	Operating Income	Recurring Income	Net Income
Previous	56,535	3,868	2,679	1,594
Latest	30,010	-1,800	-2,594	-9,112
Difference	-26,524	-5,668	-5,273	-10,766
% Change	-46.92			
Year	57,785	5,168	4,208	2,466

3. Background to Downgrading the Projections

When we announced our previous projections, we were as certain as we were supposed to be under normal business circumstance that our large developments, completed and uncompleted, were going to be sold, judging from the stage we were at for each contract or negotiation. Some deals had their final contracts signed by the buyers. We therefore felt comfortable that we could meet the numbers stipulated in the previous projections.

Unfortunately, however, we started having a series of sudden cancellations from the buyers one after another, mainly from American investment banks. Immediately upon cancellations, we considered taking legal actions, but we decided not to pursue that course. The time taken to win the claim and the amount of legal fees which would incur generally do not warrant economic justifications.

We tried all possible channels to find new buyers afterwards but our effort all ended in vain. We have today decided that we stand no practical chance of finding new buyers to meet our own projections before the deadline for the semi-annual result announcement therefore we are sadly announcing this downgrade.

We are not anticipating any improvement soon. We therefore decided that we are very likely to miss the numbers we forecast for the whole of 2008.



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4. Our Own Assessment on Future Outlook and Measures Taken

Rising cost and poor liquidity will continue to suppress the profitability of property development sector and large developments will not fetch good interest. We are no longer sourcing new plots for large developments and will do our best to unload our dangerously large inventories of large commercial properties. Instead, we will dedicate all our outstanding resources to our residential business. We enjoy the reputation as the biggest supplier of residential apartments in Eastern Japan and our apartments are selling without large discounts, maintaining profitability. Therefore it makes business sense to do so.

We will also invoke obvious measures to reduce our fixed cost substantially.

Yasuhiro Koide, CEO and the Chairman of the Board

Tadao Nakai, Foreign Shareholder Officer

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The Board of Directors of Sun City Co., Ltd. as at the date of this announcement are: Yasuhiro Koide, Taiji Hoshiyama, Jun Yonekawa, Nobuo Namura, Seiji Nakamura, Hideaki Kikuchi, Kunimitsu Horiuchi, Masanaga Fukase, Naoshi Abe, Tadao Nakai.

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