

**Raysum Co., Ltd.**  
**Briefing on Interim Financial Results**  
**for FY2010**  
(The Year Ending August 2010)

April 15, 2010

# Summary of Interim Financial Results for FY2010

# onsolidated Interim Results for FY2010 and Full-Year Forecasts

(Millions of yen)

	Interim FY2009 (Actual)	FY2009 (Actual)	Interim FY2010 (Actual)	FY2010 (Full-year forecast)
Revenues	10,510	17,138	7,152	29,600
Operating income	-14,256	-13,955	420	2,700
Ordinary income	-15,027	-15,571	75	2,000
Net income	-25,988	-26,705	154	1,600

- Reduction in assets and healthier balance sheets were achieved in FY2009.
- Operating income, ordinary income and net income for the first half of FY2010 all moved into positive territory.
- Revenues through the first half of FY2010 were weaker compared with the full-year forecast. Following the first half, however, our business has performed steadily, with the Real Estate Trading Business having already concluded sales contracts of 2.6 billion yen in March 2010 alone, for which full payment has been received.

# Breakdown of Real Estate Trading Business

■ By property type (Millions of yen)  
\* If any type contains single transaction, its amount is not shown as we are unable to disclose individual transaction amounts due to a confidentiality obligation.

	Interim FY2009		Interim FY2010		Accumulated total through March 2010 (on a contract basis)	
	No. of assets	Amount	No. of assets	Amount	No. of assets	Amount
Residential	52	1,475	1 <sup>(Note)</sup>	1,645	3	1,639
Office	2	698	2		3	2,175
Commercial	8	1,774	4	1,858	7	2,318
Complex & Development	3	1,046	2	814	2	814
<b>Total</b>	<b>65</b>	<b>4,994</b>	<b>9</b>	<b>4,317</b>	<b>15</b>	<b>6,946</b>

■ By sales price bracket (Millions of yen)

	Interim FY2009		Interim FY2010		Accumulated total through March 2010 (on a contract basis)	
	No. of assets	Amount	No. of assets	Amount	No. of assets	Amount
Up to 30 mil yen	50	340	-	-	-	-
30 mil yen to 100 mil yen	3	245	1 <sup>(Note)</sup>	999	1 <sup>(Note)</sup>	1,860
100 mil yen to 500 mil yen	8	1,777	4		8	
500 mil yen to 1 bn yen	4	2,631	4	3,318	5	5,086
Over 1 bn yen	-	-	-	-	1 <sup>(Note)</sup>	
<b>Total</b>	<b>65</b>	<b>4,994</b>	<b>9</b>	<b>4,317</b>	<b>15</b>	<b>6,946</b>

- During the first-half of FY2009, we conducted transactions in deficit as we intended to reduce assets. On the other hand, sales in the first half of FY2010 were dealt as normal profitable transactions. Sales in March 2010 reaped the benefit of our efforts to forge closer relationships with customers, logging more transactions at higher sales prices.

# Periods between Purchase and Sales (February 2010 to April 2010)

○ : Purchase contracts ● : Purchase settlement □ : Sales contract ■ : Sales settlement

(Dates with "●" mark only indicate that the purchase contract and settlement were effected on the same date;  
dates with "■" only indicate the sales contract and settlement were effected on the same date)

		February	March	April
Property (1)	100 mil yen to 500 mil yen	● 2/18	□ 3/16      ■ 3/30	Purchase contract → Sales contract: 26 days
Property (2)	100 mil yen to 500 mil yen	● 2/18	□ 3/16      ■ 3/30	Purchase contract → Sales contract: 26 days
Property (3)	100 mil yen to 500 mil yen	● 2/18	□ 3/16      ■ 3/30	Purchase contract → Sales contract: 26 days
Property (4)	Over 1 bn yen		○ 3/26      ● 3/31 □ 3/26      ■ 3/31	Purchase contract → Sales contract: 0 days
Property (5)	100 mil yen to 500 mil yen		○ 3/24      ● 4/8 □ 3/24      ■ 4/8	Purchase contract → Sales contract: 0 days
Property (6)	500 mil yen to 1 bn yen		○ 3/4      ● 3/25 □ 3/8	Purchase contract → Sales contract: 4 days

- We have shortened the period between purchase (contract) and sales (contract) for recent transactions including high-priced ones, thanks to our effective inventory policy of stocking properties that precisely meet customers' investment needs.

# (Reference) Trend in Consolidated Financial Statistics since Listing

(100 millions of yen)

	Aug. 2001	Aug. 2002	Aug. 2003	Aug. 2004	Aug. 2005	Aug. 2006	Aug. 2007	Feb. 2008	Aug. 2008	Aug. 2009
Revenues	136	212	226	317	389	490	403		582	171
Operating income	27	39	47	68	83	153	104		183	-140
Ordinary income	28	39	48	67	79	145	93		162	-156
Net income	15	21	27	27	42	104	83		8	-267
Excess earnings (Note 1)	-	-	-	-	-	50	20		74	-
Market losses (Note 2)	-	-	-	-	-	-	-		-137	-272
Cash and cash equivalents	62	205	173	217	232	355	320	157	148	79
Properties for sale	52	98	47	93	371	474	621	944	813	346
Purchased loans	4	13	72	91	97	108	134	134	137	118
Interest-bearing liabilities	100	222	218	323	595	729	661	789	780	344
Shareholders' equity	95	180	208	236	274	381	460	557	465	193
Total assets	234	447	500	654	981	1,230	1,259	1,473	1,346	604

(Note 1) Excess earnings: Realized gains in excess of the property's intrinsic value (on a gross profit basis) as a result of a larger-than-anticipated reduction in expected cap rate caused by market factors.

(Note 2) Market losses: A series of recorded losses subsequent to the subprime mortgage loan crisis.

# Real Estate Trading Business Focal Points for Second Half of FY2010

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## 1. Extension of sales price range and shorter inventory time in the Real Estate Trading Business

- Actual sales of properties at the challenging price range between 500 mil and 1 bn yen through to March 2010 doubled those of the first half of the previous fiscal year. (Previous fiscal year actual: 2.6 bn yen ⇒ This fiscal year actual: 5.1 bn yen)
- As a result of an increase in inventories that precisely met customers' investment needs, the post-purchase sales period shortened. While suppressing the rise in property inventories, the upward momentum of sales and profit remained.

## 2. Promotion of niche fields, including buildings on leased land, limited proprietary rights of land, decrepit properties, etc.

- We emphasized investments that attracted seasoned investors, such as properties standing at high value for long-term investments, as well as appearing to be difficult to securitize or obtain a loan at the time of purchase.

## 3. Involvement in rescue projects

- We emphasized the sponsoring business that rehabilitates failed companies and the purchase of properties (which is our strong operation) derived from the business, exploiting the expertise developed through the servicing business. (We are currently reviewing a few potential projects)
- We also pursued joint investments with external investors, in order to reduce our own investments and enhance capital effectiveness of each project.

# Actual Results and Forecast by Segment

(Millions of yen)

	1. Interim FY2010 (Actual) Revenues Operating income	2. Full-year FY2010 (Forecast) Revenues Operating income	Difference (2. - 1.) Revenues Operating income	
Real Estate Trading	4,331	24,000	19,669	• Revenues slumped temporarily due to an increase in the failure of short sales of the real estate collaterals held by financial institutions, but second half revenues got off to a solid start.
	264	2,200	1,936	
Securitization	17	30	13	• Recorded the amount of AM fee as planned
	10	10	0	
Property Management	814	1,270	456	• Recorded higher rent income than anticipated, due to a delay in the sales of some properties with a high yield for the holding period.
	179	140	-39	
Servicing	1,675	3,660	1,985	• The business progressed largely as planned, as the year-beginning business plan projects a higher loan collection amount in the second half.
	155	690	535	
Investment and Finance	0.8	0	-0.8	• Generally progressed as planned
	-1	0	1	
Others Businesses	324	640	316	• Repair work conducted at some courses reduced reservations for some time, but the amount of recent reservations outnumbered those of a year ago.
	5	20	15	
Total	7,163	29,600	22,437	
	613	3,060	2,447	
Eliminations or unallocated amount	-10	-	-	
	-192	-360	-	
Consolidated revenues	7,152	29,600	22,448	
Consolidated operating income	420	2,700	2,280	

• We aim to maintain the Real Estate Trading Business's recovery momentum observed at the beginning of the second half and drive the Servicing Business to achieve its year-beginning business plan.

# Asset Holdings Status

# Inventory Status of Real Estate for Sale

(Millions of yen)

■ By property type \* If any type contains a single transaction, its amount is not shown as we are unable to disclose individual transaction amounts due to a confidentiality

	End of August 2009		End of February 2010		End of March 2010	
	No. of assets	Amount	No. of assets	Amount	No. of assets	Amount
Residential	-	-	-	-	4	1,127
Office	4	3,364	4	3,480	4	3,480
Commercial	4	1,448	5	29,465	2	29,091
Complex & Development	2	29,743	1 <sup>(Note)</sup>		1 <sup>(Note)</sup>	
<b>Total</b>	<b>10</b>	<b>34,556</b>	<b>10</b>	<b>32,945</b>	<b>11</b>	<b>33,698</b>

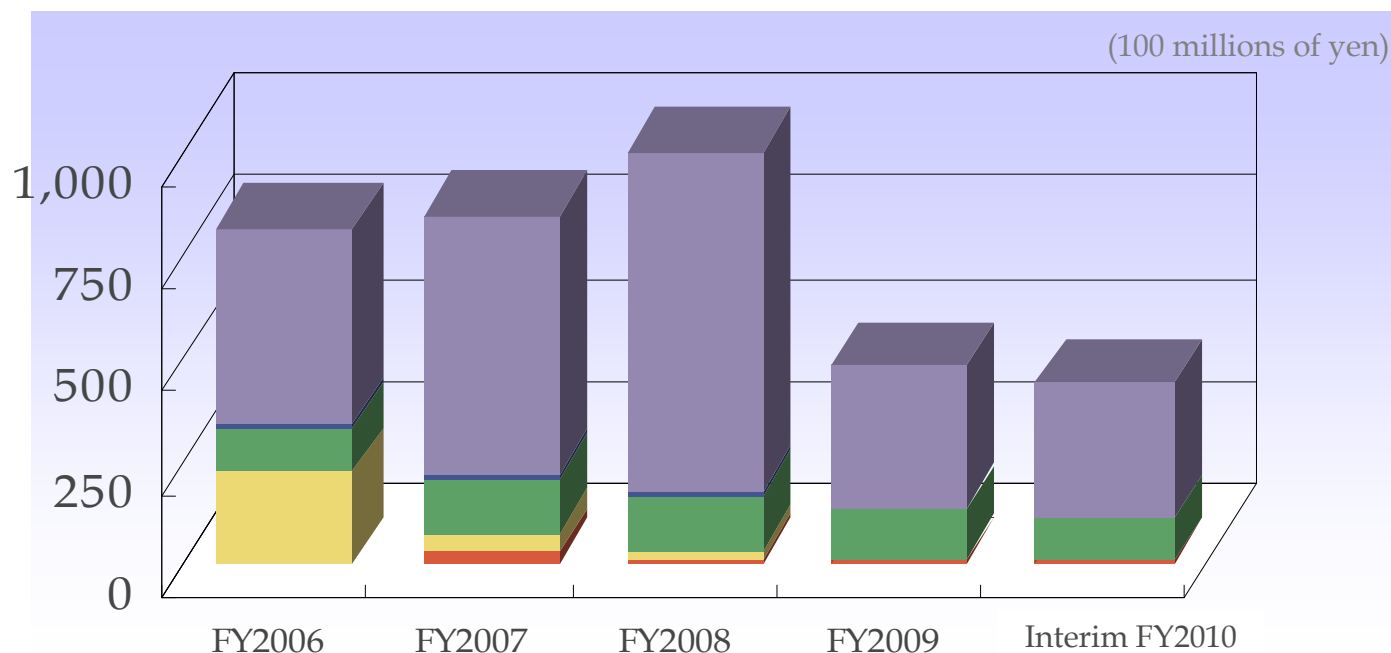
■ By sales price bracket

(Millions of yen)

	End of August 2009		End of February 2010		End of March 2010	
	No. of assets	Amount	No. of assets	Amount	No. of assets	Amount
Up to 30 mil yen	2	23	2	10	2	10
30 mil yen to 100 mil yen	-	-	-	-	1 <sup>(Note)</sup>	896
100 mil yen to 500 mil yen	3	815	5	842	4	
500 mil yen to 1 bn yen	3	2,385	1 <sup>(Note)</sup>	32,093	2	1,339
Over 1 bn yen	2	31,331	2		2	31,453
<b>Total</b>	<b>10</b>	<b>34,556</b>	<b>10</b>	<b>32,945</b>	<b>11</b>	<b>33,698</b>

- Monthly results for March 2010 show that the inventory rose by 800 mil yen, compared to 2.4 bn yen of concluded purchase contracts. The sales period was shortened thanks to the careful acquisition of properties in consideration of customers' investment appetites, which consequently contributed to the reduction in inventory risk.

# Growth in Outstanding Operating Assets



(FY2009 → Interim FY2010)

● Properties for sale	
Raysum, others	34,556 → 32,945
● Securitization assets (Note 1)	
Raysum	368 → 22
● Purchased loans (Note 2)	
GAMCO	7,632 → 6,380
SPC	4,189 → 3,637
● Loans receivable (Note 3)	
Raysum Capital Investment	74 → —
● Operating investment securities	
Raysum Capital Investment (Book value revaluation at exchange rate)	779 → 840

(Millions of yen)

	FY2006	FY2007	FY2008	FY2009	Interim FY2010
Properties for sale	47,410	62,582	82,328	34,556	32,945
Securitization assets (Note 1)	1,027	1,440	731	368	22
Purchased loans (Note 2)	10,825	13,429	13,714	11,822	10,017
Loans receivable	22,310	4,249	2,123	74	—
Operating investment securities	—	2,991	1,082	779	840
<b>Total</b>	<b>81,572</b>	<b>84,691</b>	<b>99,978</b>	<b>47,599</b>	<b>43,824</b>

Note 1: Securitization assets: Investments mainly in debt positions created through securitization of property-backed loans originated by Raysum. The investment was completed when its principal was fully-recovered in the second quarter of FY2010.

Note 2: Purchased loans: Loans of Global Asset Management Co., Ltd. are held by itself. The portion of SPC includes the portion of external investments. The SPC posted 1,828 million yen in investment deposits from the silent partnership in its account of consolidated liabilities for FY2010.

Note 3: Provided a low leveraged loan to a third-party real estate specified joint enterprise. The loan was cleared when the principal was fully recovered in the second quarter of FY2010.

- We concentrated management resources on the Real Estate Trading Business (properties for sale) and Servicing Business (purchased loans).

# Major Changes in Consolidated Balance Sheets







		(Reference)			(100 millions of yen)	
		FY2008	FY2009	Interim FY2010	Change	Remarks
Current assets		1,231.9	566.8	528.4	-38.4	
Incl.	Cash and cash equivalents	147.6	79.2	93.1	13.9	▪Cash flow from operating activities: +4.9 bn yen; cash flow from investing activities: +100 mil yen; cash flow from financing activities: -3.7 bn yen
	Properties for sale (including properties for sale in process)	813.2	345.5	329.5	-16.0	▪Decrease due to sales: -3.51 bn yen; increase due to procurement, etc: +1.906 bn yen
	Purchased loans	137.1	118.2	100.1	-18.1	▪Decrease due to collection, etc: -1.8 bn yen
Fixed assets		108.9	36.0	30.6	-5.4	
Incl.	Tangible and intangible fixed assets	82.5	22.7	21.6	-1.1	▪Decrease due to depreciation: -110 mil yen
	Investment securities	13.6	8.2	3.3	-4.9	▪Decrease due to the full-recovery of investment in debt positions created through securitization of property-backed loans as described on the previous page (Note 1) of -350 mil and others.
Total assets		1,345.6	604.1	559.8	-44.3	
Current liabilities		283.9	152.5	309.3	156.8	
Incl.	Short-term borrowings	93.6	31.6	22.0	-9.6	Outstanding interest-bearing liabilities reduced by 3.8 bn yen (34.4 bn yen as of August 2009 ⇒ 30.6 bn yen as of February 2010)
	Current portion of long-term borrowings	118.4	49.2	39.0	-10.2	
	Current portion of bonds	15.0	40.0	220.0	180.0	
Long-term liabilities		596.7	258.8	59.4	-199.4	
Incl.	Bonds	515.0	205.0	15.0	-190.0	Capital adequacy ratio ⇒ Improved to 34.1% (31.3% as of August 2009)
	Long-term borrowings	38.0	18.0	10.4	-7.6	
Shareholders' equity		464.9	192.7	191.0	-1.7	
Total liabilities and shareholders' equity		1,345.6	604.1	559.8	-44.3	

# Funds and Financing Status

# Funds and Financing Status (1)

## 1. Changes in principal realizable assets and outstanding interest-bearing liabilities (consolidated)

(100 millions of yen)

	FY2008 (Reference)	FY2009	Interim FY2010	Difference from the end of previous period
Cash and cash equivalents	148	79	 93	 14
Properties for sale (incl. properties for sale in process)	813	345	329	-16
Purchased loans	137	118	100	-18
<b>Principal realizable assets (1)</b>	<b>1,098</b>	<b>542</b>	<b>522</b>	<b>-20</b>
Outstanding interest- bearing liabilities (2)	780	344	 306	 -38
<b>Realizable surplus (1) - (2)</b>	<b>318</b>	<b>198</b>	 216	 18

- Total interest-bearing liabilities as of February 2010 further decreased by 3.8 bn yen from the end of the previous fiscal year. We firmly maintained a sufficient level of cash and cash equivalents, while securing and maintaining appropriate levels of properties for sale and purchased loans.

## Funds and Financing Status (2)

### 2. Repayment and financing status to date

(100 millions of yen)

	Amount of repayment	Amount financed
Raysum Co., Ltd. (September 2009 to March 31, 2010)	<b>114</b>	<b>63</b>
Global Asset Management Co., Ltd. (September 2009 to March 31, 2010)	<b>18</b>	—
<b>Total</b>	<b>132</b>	<b>63</b>

\* Above repayment amounts (and financed amounts) are actual results for the stated period. (Reduced amount of interest-bearing liabilities shown on the previous page states the actual result for the first six months of the consolidated accounting period).

- In December 2009, we secured a 3-year long-term financing from a financial institution with which we opened a new account.
- Following the refinancing of a 2.2 bn yen loan in September 2009, we refinanced an existing loan of 3.7 bn yen in March 2010. We continued to maintain good relationships with our financial institutions.

# Summary of Servicing Business

# Servicing Business

## -Global Asset Management, Co. Ltd. (GAMCO) and Others

### 1. Results Highlights

(Millions of yen)

	Year ended May 2008	Year ended May 2009	Interim period ended November 2009
Revenues	<b>4,261</b>	<b>4,751</b>	<b>1,675</b>
Operating expenses	<b>3,332</b>	<b>3,866</b>	<b>1,520</b>
Operating income	<b>929</b>	<b>885</b>	<b>155</b>
Number of portfolios	<b>300</b>	<b>306</b>	<b>308</b>

(Note) Number of portfolios: Number of portfolios with consignment contracts of collection + Number of portfolio holdings (accumulated figure).

### 2. Remarks

- Global Asset Management, Co., Ltd. is an independent servicer, boasting a top-class track record of liquidating receivables and profits. In 2000, the company became the first Japanese company to obtain a servicer rating. In 2008, its rating was reviewed and upgraded from CSS3+ to CSS2-.
- Its initial plan projects an emphasis of its loan collection activity in the second half of the fiscal year; therefore actual results till November 2009 are in line with the initial business plan's projections.
- Accumulated amount of purchased loans: 1,995.6 billion yen (face value) with 308 portfolios.

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