

Xinyuan Real Estate Co., Ltd. Announces First Quarter 2017 Financial Results

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BEIJING, May 18, 2017 /PRNewswire/ -- Xinyuan Real Estate Co., Ltd. ("Xinyuan" or the "Company") (NYSE: XIN), an NYSE-listed real estate developer and property manager primarily in China and recently in other countries, today announced its unaudited financial results for the first quarter ended March 31, 2017.

First Quarter 2017 Highlights

- Total first quarter revenue increased 19.2% to US\$280.7 million from US\$235.4 million in the first quarter of 2016.
- Contract sales increased 9.2% to US\$305.4 million from US\$279.6 million in the first quarter of 2016.
- Selling, General and Administrative ("SG&A") expenses as a percent of total revenue decreased to 12.6% from 13.4% in the first quarter of 2016.
- Net income was US\$7.4 million, compared to US\$6.9 million in the first quarter of 2016.
- Diluted net earnings per American Depositary Share ("ADS") attributable to shareholders were US\$0.11, compared to US\$0.09 in the first quarter of 2016.
- The Company repurchased 1,367,400 ADSs at a total cost of approximately US\$7.2 million in the first quarter of 2017.

Mr. Yong Zhang, Xinyuan's Chairman, stated, "Our first quarter results were generally in line with our expectations under the current government's restrictive policies impacting China's overall housing market. We achieved approximately 20% revenue growth which was partially driven by improved average selling prices ("ASP") as well as healthy sales from our Brooklyn, New York-based Oosten project, which contributed over 20% to our total sales this quarter. The majority of our development projects in China performed in line with our budget in the first quarter and we maintained a cautious approach to unit sales volume and operating expenses given the current environment. Among Xinyuan's U.S. projects, our Oosten project has sold 38 units as of the end of the first quarter. Our second New York project, located in Manhattan, began excavation and foundation work, and our third New York project, located in Queens, continues to move through its planning stage for development.

On the financing front, we closed our offering of US\$300 million 7.75% senior notes due 2021 at the end of February to further optimize our financial structure. This transaction in the first quarter is reflective of our focus on improving our debt structure and managing interest payments over the longer term. In addition, our property management service entity, Xinyuan Technology Service Co., Ltd., successfully listed on National Equities Exchange and Quotations (NEEQ) in China in this quarter, which we expect to provide better financing opportunities in the future.

As we look ahead, we continue to develop our planning stage projects more cautiously given the current environment. For the remaining quarters of this year, our goal is to generate positive cash flows from our operations, optimize pricing of our China and U.S.-based unit sales, commence pre-sales for four to five of our new planning stage projects, complete select land acquisitions and move forward with the next stages of development for our New York City-based projects. We are pleased to pay our 21st consecutive quarterly dividend and our recent \$40 million share repurchase announcement demonstrates our commitment to delivering value for our shareholders," concluded Mr. Zhang.

First Quarter 2017 Financial Results

Contract Sales

Contract sales in China totaled US\$240.8 million in the first quarter compared to US\$279.6 million in the first quarter of 2016. The Company's GFA sales in China were 140,300 square meters in the first quarter of 2017 compared to 206,600 square meters in the first quarter of 2016. The ASP per square meter sold in China was RMB11,820 (US\$1,717) in the first quarter of 2017 compared to RMB8,839 (US\$1,354) in the first quarter of 2016. The ASP increase was due to the product mix of units sold and the Company's strategic adjustment efforts to maintain pricing stability. Contract sales in

the United States totaled US\$64.6 million in the first quarter of 2017.

Breakdown of GFA Sales and ASPs by Project in China

| Project | Q1 2016 | | Q4 2016 | | Q1 2017 | | Unsold |
|------------------------------------|----------------------|--------------|----------------------|---------------|----------------------|---------------|----------------------|
| | GFA | ASP | GFA | ASP | GFA | ASP | GFA |
| | (m ² 000) | (RMB) | (m ² 000) | (RMB) | (m ² 000) | (RMB) | (m ² 000) |
| Zhengzhou Xin City | 0.1 | 4,393 | 0.1 | - | 0.2 | 52,821 | 5.4 |
| Zhengzhou Thriving Family | 0.2 | 6,169 | 0.1 | 36,188 | 0.3 | 5,913 | 15.7 |
| Xinyang Splendid I | 0.5 | 5,249 | 3.4 | 7,221 | 6.2 | 6,626 | 29.2 |
| Xinyang Splendid II | 0.9 | 5,599 | 21.4 | 6,213 | 8.6 | 6,710 | 74.1 |
| Kunshan Royal Palace | 24.6 | 11,096 | 2.0 | 23,137 | 2.3 | 21,222 | 14.1 |
| Suzhou Lake Royal Palace | 15.2 | 16,718 | 6.1 | 21,464 | 2.8 | 19,906 | 14.3 |
| Jinan Xinyuan Splendid | 0.7 | 10,498 | 0.1 | 10,878 | 0.2 | 4,417 | 9.0 |
| Jinan Royal Palace | 13.3 | 5,985 | 29.1 | 8,798 | 22.4 | 9,280 | 178.1 |
| Xuzhou Colorful City | 2.0 | 11,256 | 2.5 | 11,791 | 1.7 | 15,131 | 49.9 |
| Beijing Xindo Park | - | - | 1.8 | 29,098 | 0.1 | 19,697 | 10.6 |
| Chengdu Thriving Family | 10.6 | 5,292 | 8.5 | 9,621 | 4.7 | 11,277 | 60.6 |
| Changsha Xinyuan Splendid | 24.6 | 5,486 | 12.1 | 9,461 | 9.7 | 9,050 | 52.9 |
| Sanya Yazhou Bay No.1 | - | - | 2.7 | 12,723 | 26.3 | 15,432 | 73.7 |
| Xi'an Metropolitan | 25.9 | 6,407 | 19.4 | 10,781 | 3.1 | 8,889 | 74.8 |
| Shanghai Royal Palace | 5.2 | 24,649 | 1.9 | 37,475 | -0.1 | 28,707 | 11.5 |
| Zhengzhou Xindo Park | 2.0 | 7,504 | 22.8 | 6,419 | 13.2 | 6,342 | 60.0 |
| Jinan Xin Central | 12.6 | 9,089 | 9.0 | 12,214 | 6.8 | 11,777 | 73.3 |
| Henan Xin Central I | 26.2 | 7,730 | 5.5 | 9,673 | 0.5 | 11,568 | 57.2 |
| Zhengzhou Fancy City I | 29.6 | 8,239 | 2.8 | 14,594 | 0.8 | 21,739 | 31.8 |
| Zhengzhou Fancy City II (South) | - | - | 9.6 | 12,353 | 10.1 | 12,394 | 20.9 |
| Tianjin Spring Royal Palace | 12.8 | 9,032 | 2.4 | 6,934 | -0.1 | 6,844 | 168.7 |
| Kunshan Xindo Park | - | - | 0.6 | 19,060 | 4.4 | 18,244 | 53.1 |
| Zhengzhou International New City I | - | - | 48.6 | 10,717 | 0.9 | 10,834 | 309.8 |
| Henan Xin Central II | - | - | 9.0 | 10,920 | 15.0 | 10,955 | 85.8 |
| Others | -0.4 | - | 0.5 | - | 0.2 | - | 3.2 |
| Total | 206.6 | 8,839 | 222.0 | 10,401 | 140.3 | 11,820 | 1,537.7 |

Revenue

In the first quarter of 2017, the Company's total revenue increased 19.2% to US\$280.7 million from US\$235.4 million in the first quarter of 2016.

Gross Profit

Gross profit for the first quarter of 2017 was US\$62.6 million, or 22.3% of revenue, compared to a gross profit of US\$48.9 million, or 20.8% of revenue, in the first quarter of 2016. Gross profit growth was driven by favorable sales at higher margin Zhengzhou Fancy City II (South), Kunshan Xindo Park, Zhengzhou International New City I and Henan Xin Central II projects which began pre-sale after the first quarter of 2016.

Selling, General and Administrative Expenses

SG&A expenses were US\$35.5 million for the first quarter of 2017 compared to US\$31.5 million for the first quarter of 2016. As a percentage of total revenue, SG&A expenses were 12.6% compared to 13.4% in the first quarter of 2016. SG&A expenses increased largely due to agency commissions related to project delivery of New York Oosten.

Net Income

Net income for the first quarter of 2017 was US\$7.4 million compared to US\$6.9 million for the first quarter of 2016. Net margin was 2.6%, compared to 2.9% in the first quarter of 2016. Diluted earnings per ADS were US\$0.11, compared to US\$0.09 per ADS in the first quarter of 2016.

Balance Sheet

As of March 31, 2017, the Company's cash and cash equivalents (including restricted cash) increased to US\$1,245.9

million from US\$906.7 million as of December 31, 2016. Total debt outstanding was US\$2,327.1 million, an increase of US\$233.2 million, compared to US\$2,093.9 million at the end of the fourth quarter of 2016. The balance of the Company's real estate property under development at the end of the first quarter of 2017 was US\$1,848.5 million, compared to US\$1,719.1 million at the end of the fourth quarter of 2016.

Real Estate Project Status in China

Below is a summary table of projects that were active and available for sale in the first quarter of 2017.

| Project | GFA | | Contract Sales | | | Project Cost % Complete |
|------------------------------------|----------------------|----------------|----------------------|----------------|--------------|-------------------------|
| | (m ² 000) | | (US\$ millions) | | | |
| | Total Active Project | Sold to date | Total Active Project | Sales to date | % Sold | |
| Zhengzhou Xin City | 211.1 | 205.7 | 343.3 | 312.8 | 91.1% | 98.0% |
| Zhengzhou Thriving Family | 131.5 | 115.8 | 148.0 | 122.0 | 82.4% | 92.9% |
| Xingyang Splendid I | 117.3 | 88.1 | 90.2 | 68.2 | 75.6% | 75.6% |
| Xingyang Splendid II | 137.2 | 63.1 | 137.0 | 55.2 | 40.3% | 56.1% |
| Kunshan Royal Palace | 280.0 | 265.9 | 466.9 | 412.4 | 88.3% | 94.3% |
| Suzhou Lake Royal Palace | 169.6 | 155.3 | 357.2 | 286.0 | 80.1% | 99.8% |
| Jinan Xinyuan Splendid | 572.2 | 563.2 | 720.7 | 714.2 | 99.1% | 99.5% |
| Jinan Royal Palace | 449.6 | 271.5 | 636.6 | 276.2 | 43.4% | 73.6% |
| Xuzhou Colorful City | 130.2 | 80.3 | 192.7 | 110.0 | 57.1% | 81.5% |
| Beijing Xindo Park | 133.1 | 122.5 | 434.9 | 363.6 | 83.6% | 100.0% |
| Chengdu Thriving Family | 211.4 | 150.8 | 362.3 | 134.7 | 37.2% | 95.5% |
| Changsha Xinyuan Splendid | 251.7 | 198.8 | 344.2 | 183.7 | 53.4% | 89.6% |
| Sanya Yazhou Bay No.1 | 117.2 | 43.5 | 287.7 | 90.5 | 31.5% | 86.4% |
| Xi'an Metropolitan | 290.7 | 215.9 | 458.5 | 222.9 | 48.6% | 97.1% |
| Shanghai Royal Palace | 57.8 | 46.3 | 272.4 | 169.6 | 62.3% | 100.0% |
| Zhengzhou Xindo Park | 144.4 | 84.4 | 191.9 | 89.5 | 46.6% | 82.1% |
| Jinan Xin Central | 194.7 | 121.4 | 347.1 | 174.6 | 50.3% | 74.9% |
| Henan Xin Central I | 262.2 | 205.0 | 350.4 | 241.8 | 69.0% | 68.9% |
| Zhengzhou Fancy City I | 166.8 | 135.0 | 229.1 | 168.8 | 73.7% | 63.2% |
| Zhengzhou Fancy City II (South) | 84.1 | 63.2 | 141.9 | 95.6 | 67.4% | 58.4% |
| Tianjin Spring Royal Palace | 278.6 | 109.9 | 483.5 | 123.7 | 25.6% | 39.4% |
| Kunshan Xindo Park | 89.0 | 35.9 | 265.0 | 96.9 | 36.6% | 65.2% |
| Zhengzhou International New City I | 360.7 | 50.9 | 647.1 | 79.3 | 12.3% | 33.5% |
| Henan Xin Central II | 109.8 | 24.0 | 178.1 | 38.2 | 21.4% | 47.5% |
| Others remaining GFA | 3.2 | - | - | - | - | - |
| Total active projects | 4,954.1 | 3,416.4 | 8,086.7 | 4,630.4 | 57.3% | 76.4% |

As of March 31, 2017, the Company's total sellable GFA was approximately 2,501,600 square meters for active projects and under planning stage projects in China. Below is a summary of all of the Company's planning stage projects:

| | Unsold GFA (m ² 000) | Pre-sales Scheduled |
|---|---------------------------------|---------------------|
| Zhengzhou Fancy City II (North) | 119.6 | Q3 2017 |
| Zhengzhou International New City II | 175.7 | Q3 2017 |
| Xingyang Splendid III | 37.4 | To be determined |
| Beijing Liyuan project | 102.3 | To be determined |
| Changsha Mulian Royal Palace (Changsha New project) | 93.3 | Q2 2017 |

| | | |
|---|---------|------------------|
| Zhengzhou International New City III | 345.6 | To be determined |
| Changsha Renmin East Road project | 90.0 | To be determined |
| Total projects under planning | 963.9 | |
| Total active projects | 1,537.7 | |
| Total of all Xinyuan projects in China | 2,501.6 | |

Real Estate Project Update in the United States

In the first quarter of 2017, our Brooklyn, New York-based Oosten project delivered 38 units with revenue of approximately \$65 million. As of the end of March 2017, total units sold and revenue of this project had reached 144 units and \$217 million, respectively, and the construction loan had been completely paid off. Most closed buyers had moved in. Also during the first quarter, local market demand and price trends remained healthy in both Manhattan and Brooklyn. Both saw modest year-on-year unit price increases with Brooklyn enjoying slightly higher increases. We also observed a meaningful drop in new condominium inventory year-on-year and quarter-on-quarter in both Manhattan and Brooklyn. In particular, Brooklyn new development condo unit inventory saw a 22% quarter-on-quarter decrease during the first quarter.

Xinyuan's second New York project, located in midtown Manhattan, had completed demolition, and excavation and foundation work had begun. In the first quarter, the Company successfully closed a \$108 million construction loan from a major commercial bank.

For our project located in Queens, New York, the company has selected a general contractor and is in the planning stage of the ground-up development. We are also in discussions with several financial institutions regarding construction financing in order to commence construction.

Conference Call Information

The Company will hold a conference call at 8:00 am ET on May 18, 2017 to discuss first quarter 2017 results. Listeners may access the call by dialing:

US: 1-877-723-9517
China: 86-400-120-2694
International: 1-719-325-4771

A webcast will also be available through the Company's investor relations website at <http://ir.xyre.com>.

A replay of the call will be available through May 25, 2017 by dialing:

US: 1-844-512-2921
International: 1-412-317-6671
Access code: 3753482

About Xinyuan Real Estate Co., Ltd.

Xinyuan Real Estate Co., Ltd. ("Xinyuan") is an NYSE-listed real estate developer and property manager primarily in China and recently in other countries. In China, Xinyuan develops and manages large scale, high quality real estate projects in over ten tier one and tier two cities, including Beijing, Shanghai, Zhengzhou, Jinan, Xi'an, Suzhou, among others. Xinyuan was one of the first Chinese real estate developers to enter the U.S. market and over the past few years has been active in real estate development in New York. Xinyuan aims to provide comfortable and convenient real estate related products and services to middle-class consumers. For more information, please visit <http://www.xyre.com>.

Forward Looking Statements

Certain statements in this press release constitute "forward-looking statements". These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements

includes statements about estimated financial performance and sales performance and activity, among others, and can generally be identified by terminology such as "will", "expects", "anticipates", "future", "intends", "plans", "believes", "estimates" and similar statements. Statements that are not historical statements are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including, but not limited to, our ability to continue to implement our business model successfully; our ability to secure adequate financing for our project development; our ability to successfully sell or complete our property projects under construction and planning; our ability to enter successfully into new geographic markets and new business lines and expand our operations; the marketing and sales ability of our third-party sales agents; the performance of our third-party contractors; the impact of laws, regulations and policies relating to real estate developers and the real estate industry in the countries in which we operate; our ability to obtain permits and licenses to carry on our business in compliance with applicable laws and regulations; competition from other real estate developers; the growth of the real estate industry in the markets in which we operate; fluctuations in general economic and business conditions in the markets in which we operate; and other risks outlined in our public filings with the Securities and Exchange Commission, including our annual report on Form 20-F for the year ended December 31, 2016. Except as required by law, we undertake no obligation to update or review publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statement is made.

Notes to Unaudited Financial Information

This release contains unaudited financial information which is subject to year-end audit adjustments. Adjustments to the financial statements may be identified when the audit work is completed, which could result in significant differences between our audited financial statements and this unaudited financial information.

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XINYUAN REAL ESTATE CO., LTD. AND ITS SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(All US\$ amounts and number of shares data in thousands, except per share data)

Three months ended

March 31,

December 31,

March 31,

| | 2017 | 2016 | 2016 |
|---|------------------|------------------|------------------|
| | (unaudited) | (unaudited) | (unaudited) |
| Total revenue | 280,714 | 505,340 | 235,384 |
| Total costs of revenue | <u>(218,147)</u> | <u>(378,507)</u> | <u>(186,490)</u> |
| Gross profit | 62,567 | 126,833 | 48,894 |
| Selling and distribution expenses | (10,488) | (22,058) | (8,121) |
| General and administrative expenses | <u>(25,017)</u> | <u>(30,226)</u> | <u>(23,408)</u> |
| Operating income | 27,062 | 74,549 | 17,365 |
| Interest income | 2,599 | 6,107 | 8,471 |
| Interest expense | (9,325) | (13,236) | (5,000) |
| Net realized gain on short-term investments | 588 | 198 | 109 |
| Unrealized gain/(loss) on short-term investments | 1,254 | (623) | 920 |
| Other income | 159 | 459 | 7 |
| Loss on extinguishment of debt | - | (12,124) | - |
| Exchange (loss)/gains | (51) | 261 | 54 |
| Share of (loss)/gain of equity investees | <u>(243)</u> | <u>(138)</u> | <u>42</u> |
| Income from operations before income taxes | 22,043 | 55,453 | 21,968 |
| Income taxes | <u>(14,625)</u> | <u>(38,735)</u> | <u>(15,073)</u> |
| Net income | <u>7,418</u> | <u>16,718</u> | <u>6,895</u> |
| Net income attributable to non-controlling interest | 42 | (4,588) | (776) |
| Net income attributable to Xinyuan Real Estate Co., Ltd. shareholders | <u>7,460</u> | <u>12,130</u> | <u>6,119</u> |
| Earnings per ADS: | | | |
| Basic | 0.12 | 0.18 | 0.09 |
| Diluted | 0.11 | 0.18 | 0.09 |
| ADS used in computation: | | | |
| Basic | 63,995 | 65,960 | 68,613 |
| Diluted | 64,944 | 68,928 | 71,345 |

XINYUAN REAL ESTATE CO., LTD. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(All US\$ amounts and number of shares data in thousands)

| | March 31, | December 31, |
|---------------------------|-------------|--------------|
| | <u>2017</u> | <u>2016</u> |
| | (unaudited) | (audited) |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 916,029 | 578,244 |

| | | |
|--|------------------|------------------|
| Restricted cash | 329,909 | 328,499 |
| Short-term investments | 41,113 | 39,311 |
| Accounts receivable | 26,884 | 32,704 |
| Other receivables | 31,804 | 31,822 |
| Deposits for land use rights | 100,804 | 153,252 |
| Other deposits and prepayments | 276,914 | 525,263 |
| Advances to suppliers | 30,433 | 27,457 |
| Real estate properties development completed | 429,254 | 477,179 |
| Real estate properties under development | 1,848,471 | 1,719,135 |
| Amounts due from related parties | 20,284 | 17,732 |
| Amounts due from employees | 2,277 | 621 |
| Other current assets | 140 | 226 |
| | <u>4,054,316</u> | <u>3,931,445</u> |
| Total current assets | | |
| Real estate properties held for lease, net | 163,541 | 159,874 |
| Property and equipment, net | 33,610 | 34,090 |
| Other long-term investment | 8,938 | 242 |
| Investment in joint ventures | 7,541 | 7,556 |
| Deferred tax assets | 49,701 | 49,690 |
| Deposits for land use rights | 28,988 | 28,831 |
| Other assets | 24,740 | 24,717 |
| | <u>4,371,375</u> | <u>4,236,445</u> |
| TOTAL ASSETS | | |

XINYUAN REAL ESTATE CO., LTD. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(All US\$ amounts and number of shares data in thousands)

| | March 31, <u>2017</u> (unaudited) | December 31, <u>2016</u> (audited) |
|--|---|--|
| LIABILITIES AND | | |
| SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and notes payable | 423,413 | 524,663 |
| Short-term bank loans and other debt | 130,448 | 178,576 |
| Customer deposits | 168,829 | 150,545 |
| Income tax payable | 106,396 | 120,573 |
| Other payables and accrued liabilities | 208,466 | 199,661 |
| Payroll and welfare payable | 4,626 | 19,522 |
| Current portion of long-term bank loans and other debt | 574,802 | 704,695 |
| Current maturities of capital lease obligations | 3,945 | 3,923 |
| Mandatorily redeemable non-controlling interests | - | 12,614 |
| Amounts due to related parties | 67,949 | 66,230 |
| | <u>1,688,874</u> | <u>1,981,002</u> |
| Total current liabilities | | |

| | | |
|--|-------------------------|-------------------------|
| Non- current liabilities | | |
| Long-term bank loans | 350,887 | 235,885 |
| Other long term debt | 1,270,978 | 974,791 |
| Deferred tax liabilities | 105,086 | 93,107 |
| Unrecognized tax benefits | 20,492 | 20,492 |
| Capital lease obligations, net of current maturities | <u>14,876</u> | <u>15,016</u> |
| TOTAL LIABILITIES | <u>3,451,193</u> | <u>3,320,293</u> |
| Shareholders' equity | | |
| Common shares | 16 | 16 |
| Treasury shares | (60,915) | (53,734) |
| Additional paid-in capital | 539,763 | 538,414 |
| Statutory reserves | 95,965 | 95,973 |
| Retained earnings | 354,905 | 354,274 |
| Accumulated other comprehensive income | <u>(30,652)</u> | <u>(34,683)</u> |
| Total Xinyuan Real Estate Co., Ltd. shareholders' equity | <u>899,082</u> | <u>900,260</u> |
| Non-controlling interest | 21,100 | 15,892 |
| Total equity | <u>920,182</u> | <u>916,152</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u><u>4,371,375</u></u> | <u><u>4,236,445</u></u> |

To view the original version on PR Newswire, visit:<http://www.prnewswire.com/news-releases/xinyuan-real-estate-co-ltd-announces-first-quarter-2017-financial-results-300459837.html>

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