



鑫苑置业
XINYUAN REAL ESTATE

Xinyuan Real Estate

Investor presentation

Tom Gurnee, CFO



Agenda



I Who we are

II Who buys our house

III Business Model

IV Financial highlights

V Appendix

Company Overview

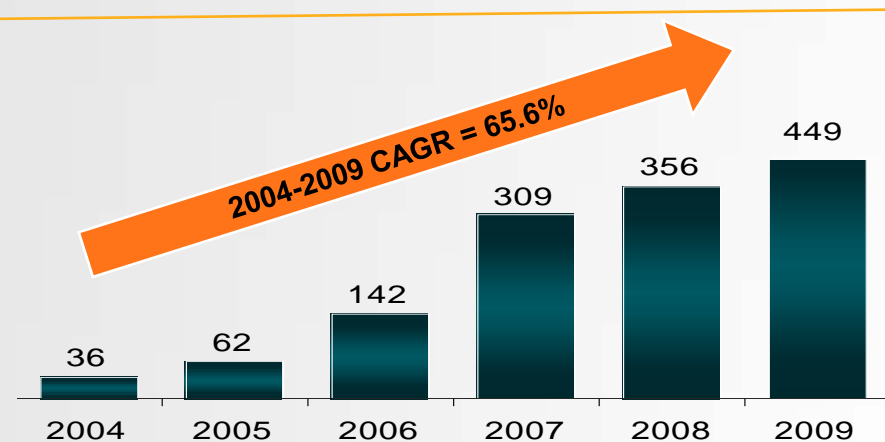


Xinyuan Real Estate is a leading real estate developer operating in Tier II cities in China. The company has been building high-quality, affordable residential projects, which typically include multi-layer, sub-high-rise, or high-rise apartment buildings, since 1997.



Completed		Under construction	
Units	GFA	Units	GFA
16,405	1,591,132	23,857	1,862,051

Net Revenue (US\$ m)



Listing on NYSE in 2007



Ticker

XIN (NYSE)

Shares Out.

75.5 million ADS

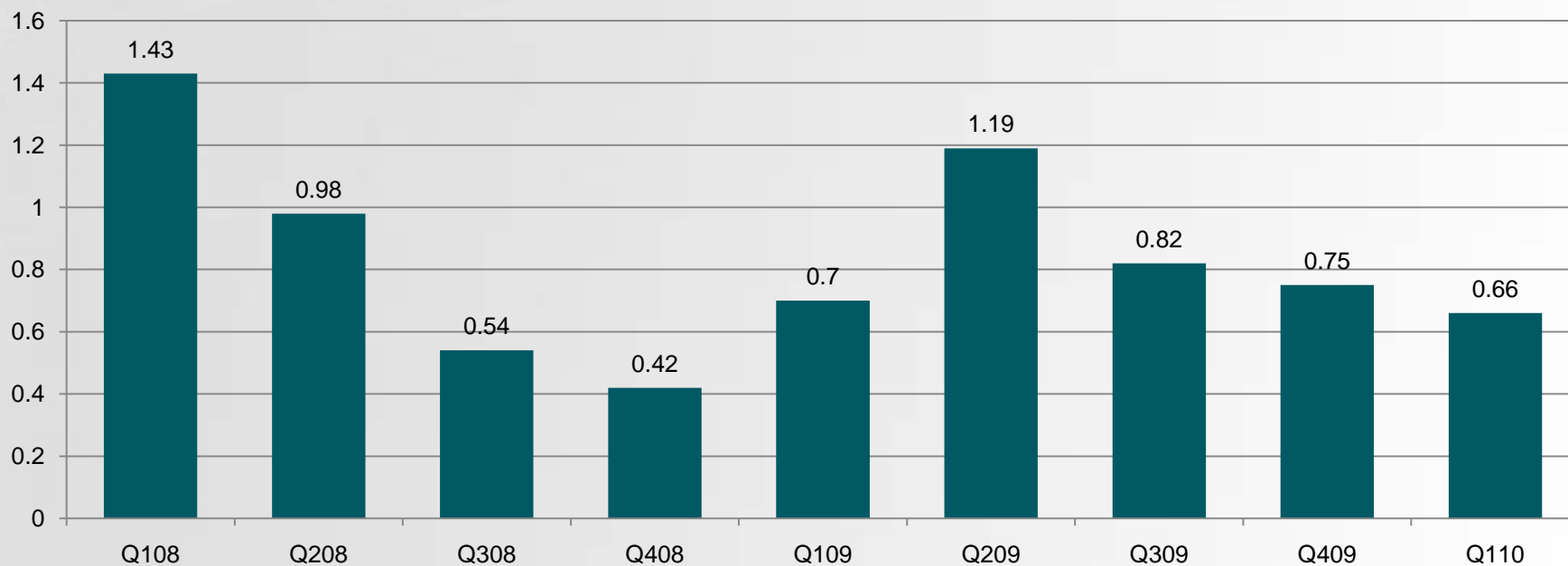
Price

\$2.95 (as of May 7, 2010)

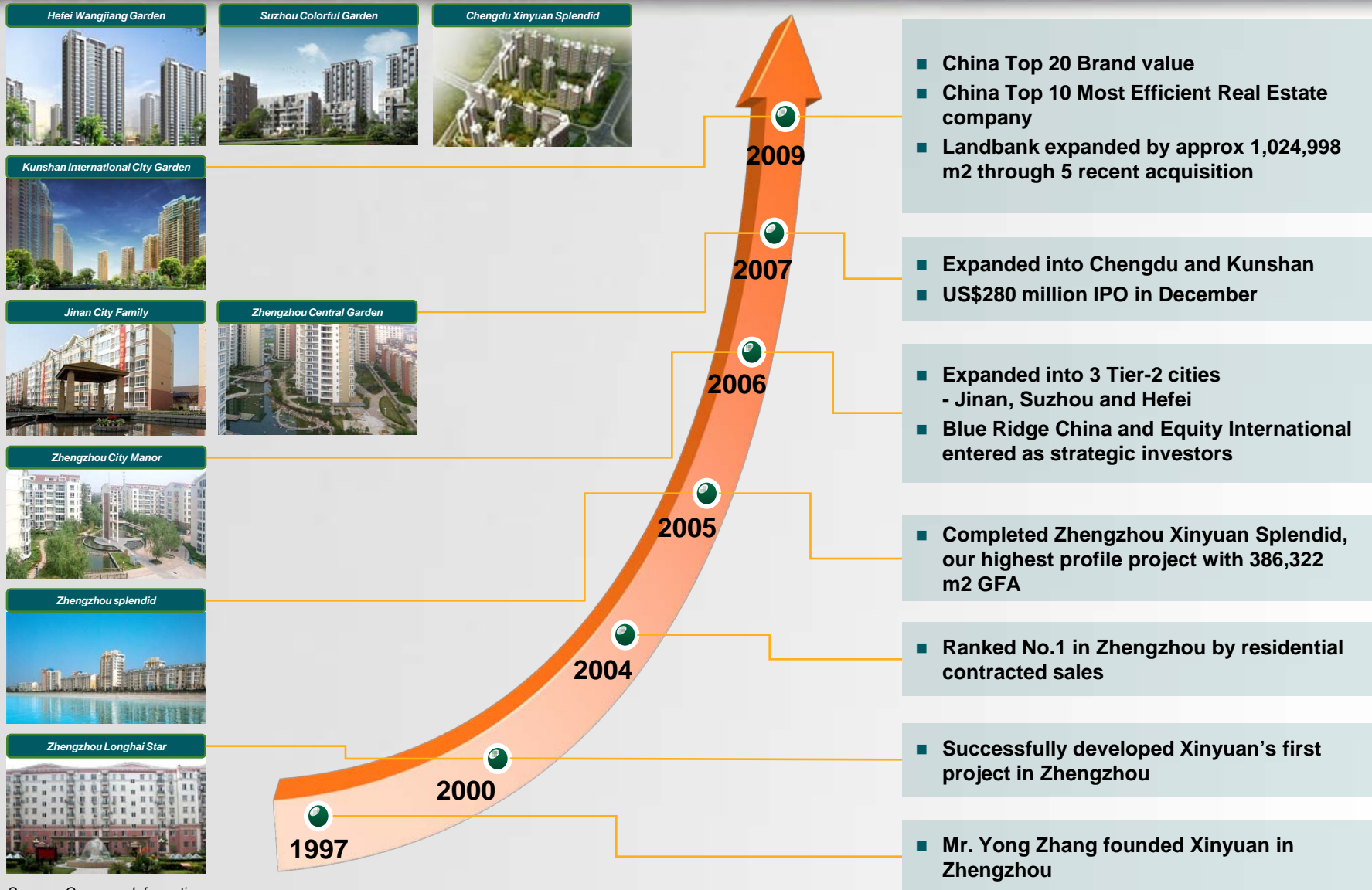
Market Cap.

\$222.7 million

P/B Multiples



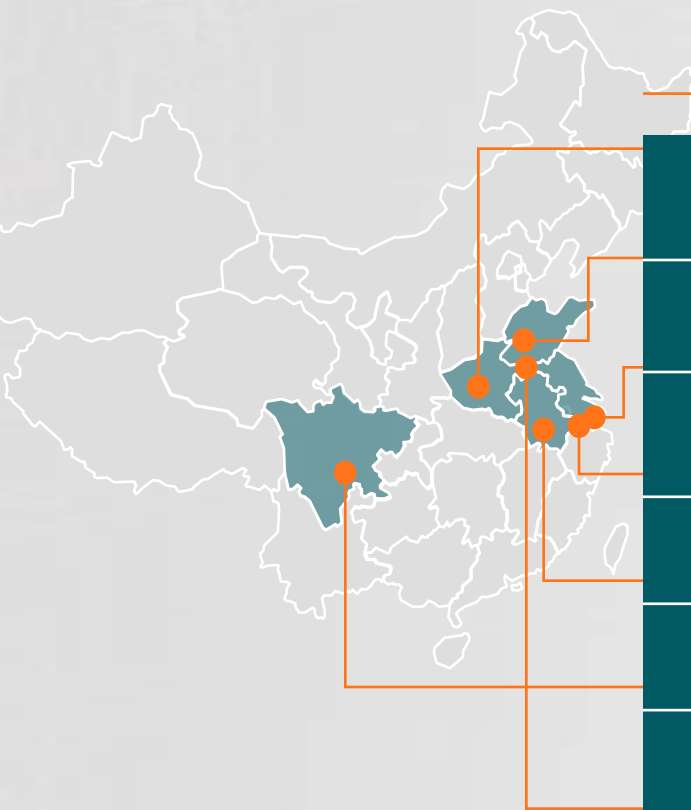
Our history



Source: Company Information

Focus on high-growth Tier II cities with strong economic fundamentals (1)

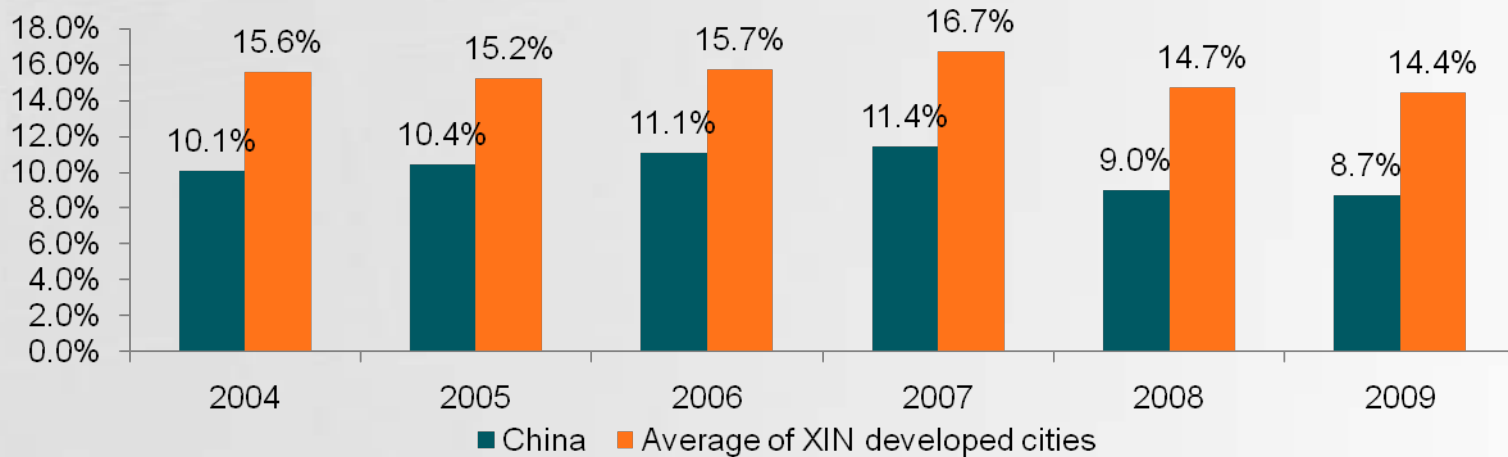
Geographic focus on high-growth Tier-2 cities



	Economic indicators 2009	
	Population (mn)	GDP Growth
Zhengzhou	7.5	12.0%
Jinan	6.7	12.2%
Kunshan	1.7	16.0%
Suzhou	6.3	11.0%
Hefei	5.1	17.3%
Chengdu	12.9	14.7%
Xuzhou	8.7	13.9%

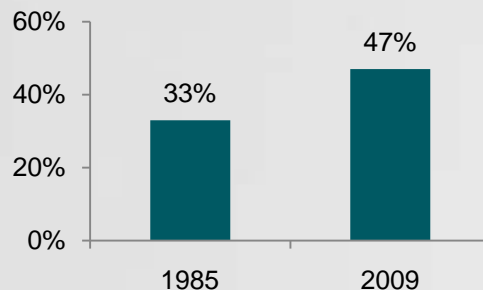
Focus on high-growth Tier II cities with strong economic fundamentals (2)

Higher growth in XIN developed cities (GDP growth)



Urbanization in China

Urbanization rate

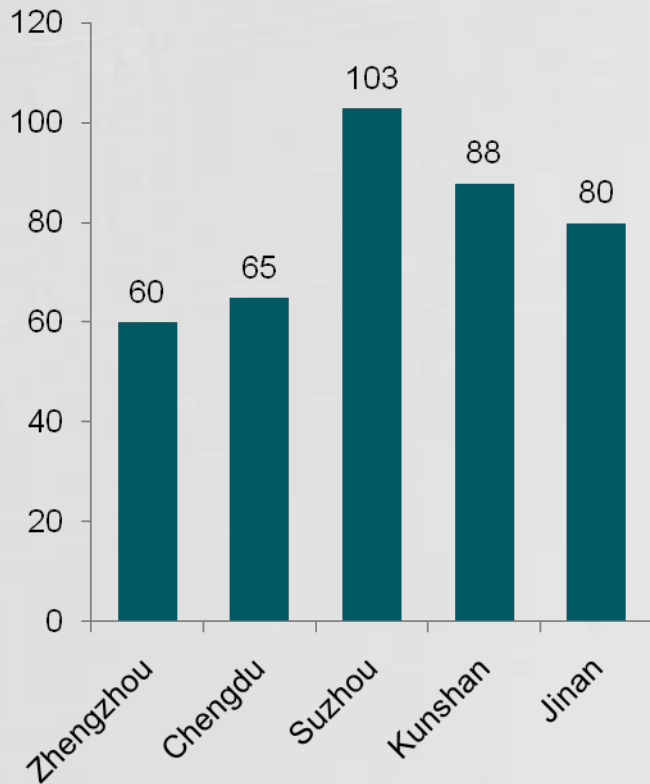


From 2010 to 2025, 300 million people now living in rural areas will move to the cities, or 20 million per year on average. Adding back 3.5 - 4 million people from natural population growth suggests there will be 23 - 24 million more people living in China's cities on average each year for the next 15 years.

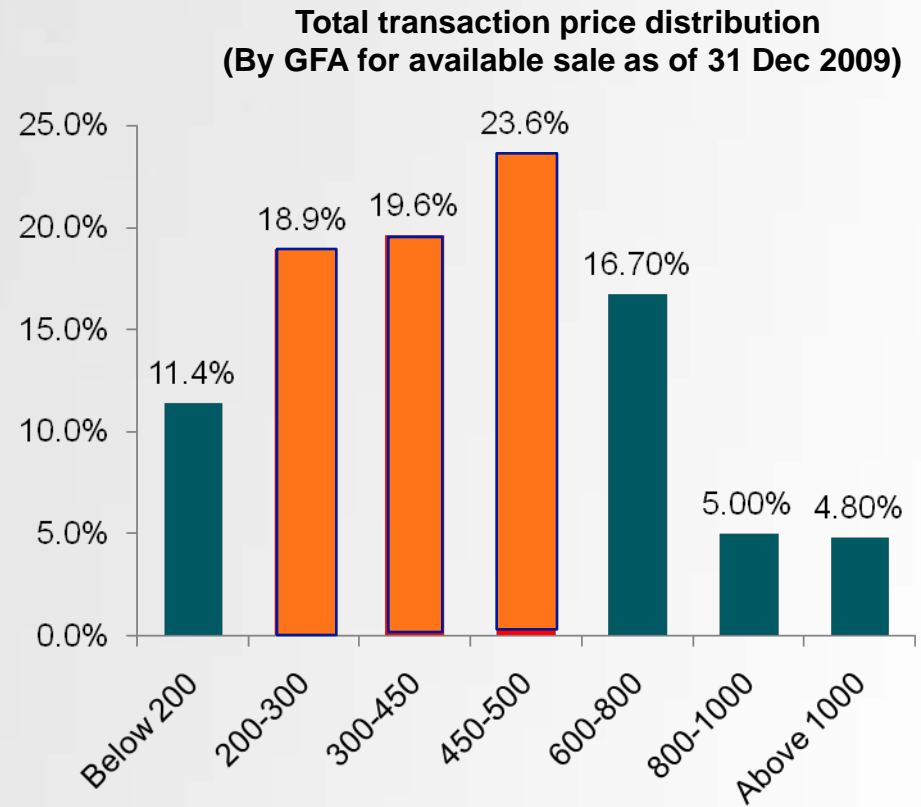
Product positioned to cater mid-income end-users



Disposable household income (RMB'000)



Xinyuan's product positioning (RMB'000)



Home price is about 4 to 6 times of annual household income

Buyers and buying behavior

Buyers

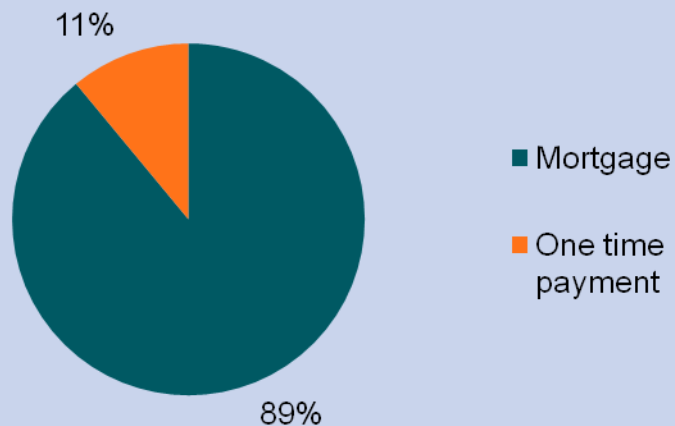
Buyer Profile

Civil servant
Enterprises
Management
Private Owners
Teacher/Doctor
Investors

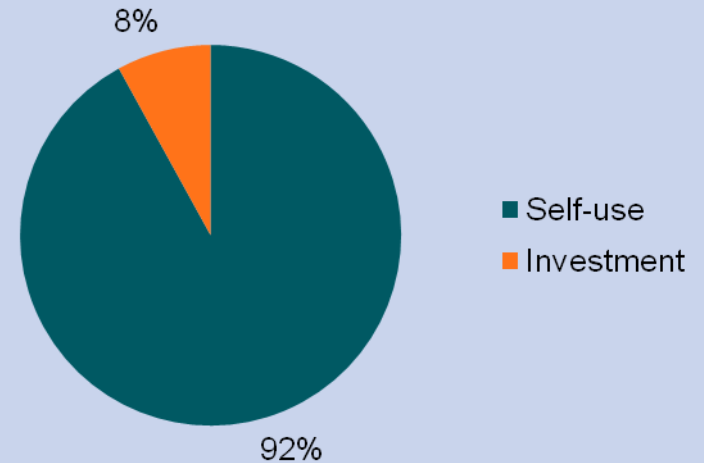
Migration Trend

People living in
small towns
around the
target City

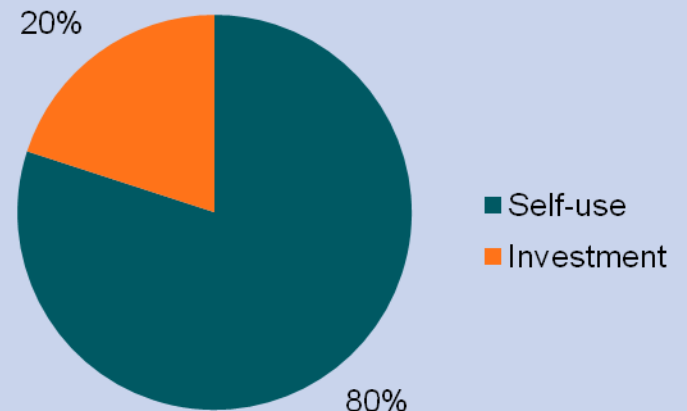
Payment behavior



Transaction type(Kunshan excluded)



Transaction type overall



Business Model: low-inventory and high asset-turnover



The Xinyuan model

Land acquisition

- Target mature land ready for immediate development
- Focus on urban/city-fringe sites with transportation and amenity support
- Land acquisition via open auctions to minimize title and relocation issues

Planning

- Early planning and design prior to land acquisition to compress construction lead times

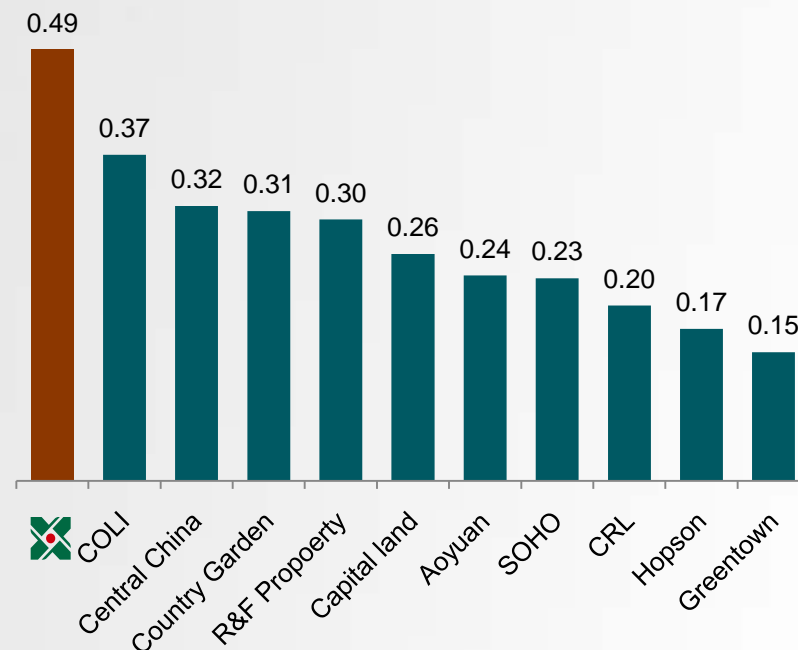
Construction

- Optimized product mix and standardized designs to expedite development execution

Marketing

- Early product positioning and marketing to further minimize time-to-market

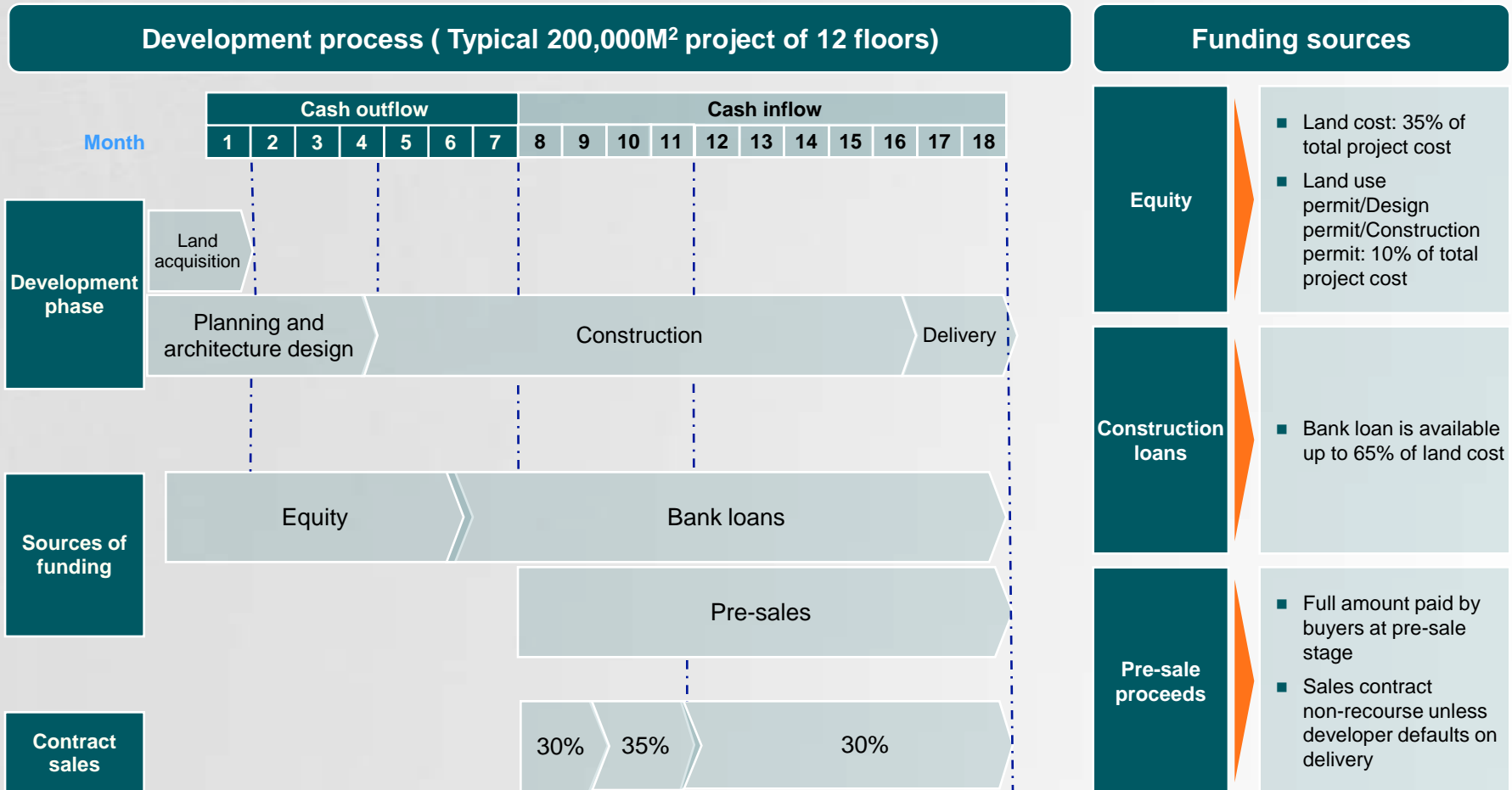
Asset turnover – Total 2009



Note: As of Dec. 31, 2009, XIN's asset turnover was 0.49x

Source: Comparable companies' financial filing

Pre-selling mitigates financing and overall development risks



- Construction starts within 3 months upon land acquisition
- Pre-sales starts within 4 months after construction commence

- 95% sales completed before project completion
- Cash flow becomes positive in the 8th month

Recent acquisitions highlights



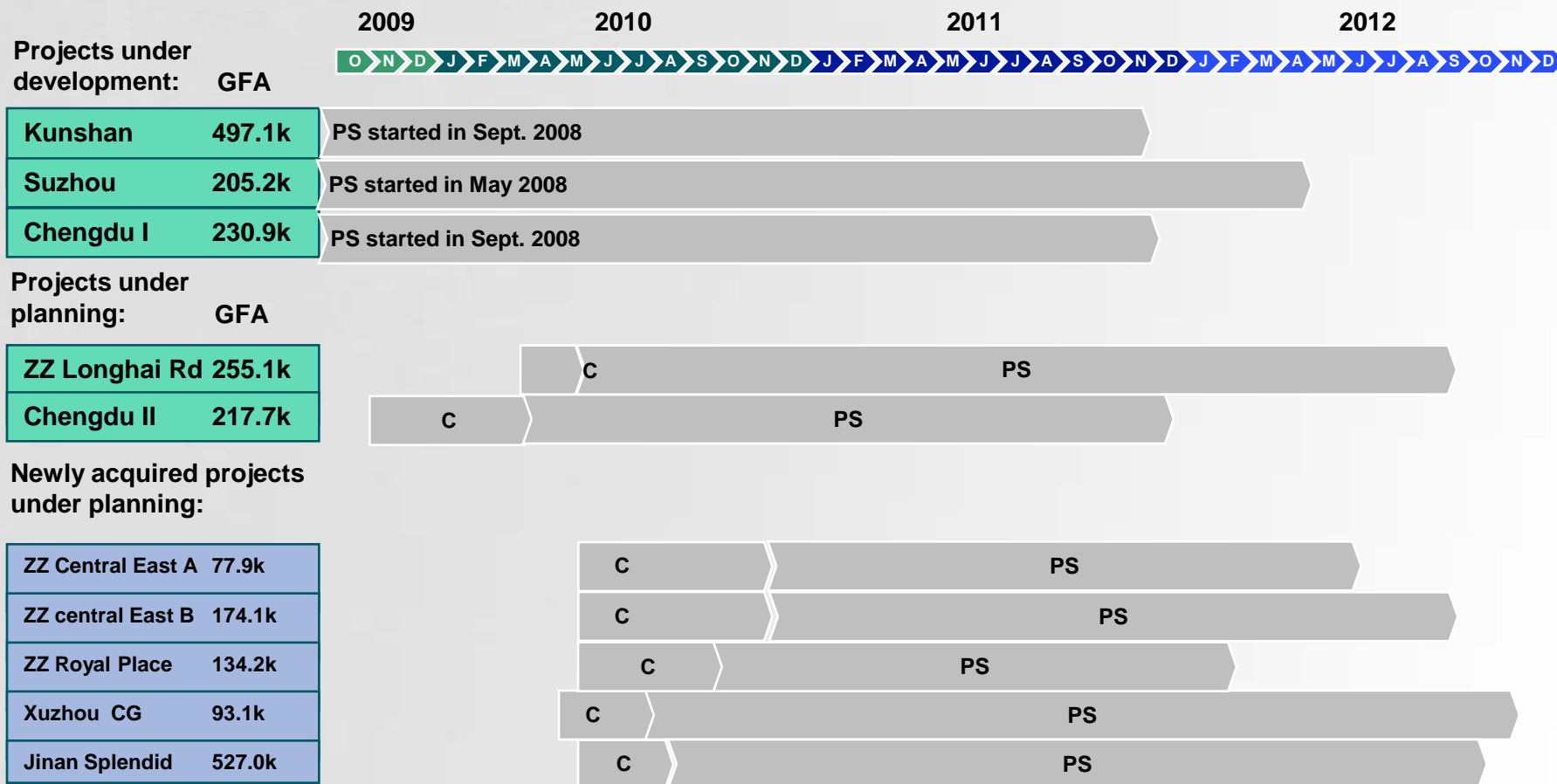
Location	Total land consideration	Expected GFA	Unit land cost (RMB/sqm)	Highlights
Zhengzhou Royal Place	RMB473mn	134,200 sqm	3,525	<ul style="list-style-type: none"> Acquisition on Dec 17, 2009 Proposed development projects consisting of high rise and multi-layer residential apartments of 70-120 sqm ASP in the area immediately surrounding the acquired parcel ranges from RMB6,800 to RMB14,000
Xuzhou Colourful Garden	RMB212mn	93,100 sqm	2,277	<ul style="list-style-type: none"> Acquisition on Oct 27, 2009 Proposed development projects consisting of sub-high rise and multi-layer residential apartments of 70-140 sqm
Jinan Xinyuan Splendid	RMB1.1bn	527,000 sqm	2,087	<ul style="list-style-type: none"> Acquisition on Oct 29, 2009 Proposed development projects consisting of high rise and multi-layer residential apartments of 80-150 square meters
Zhengzhou Central East B	RMB361mn	174,100 sqm	2,073	<ul style="list-style-type: none"> Acquisition on Oct 23, 2009 Proposed development projects consisting of high rise residential apartments of 70-150 square meter
Zhengzhou Central East A	RMB138mn	77,900 sqm	1,772	<ul style="list-style-type: none"> Acquisition announced on Sep 23, 2009 Proposed development projects consisting of high rise residential apartments of 55 -160 square meters

Source: Company Information

Strong project pipeline for sustained growth



Timeline for current projects & newly acquired properties



TOTAL GFA for projects under planning: 1.5 mn GFA

Notes: All projects under development have entered into pre-sale stage in Oct, 2009. The starts indicated the ending time of pre-sale stage

C – Construction ; PS – Pre-sales

Source: Company Information

Recently issued policy- curbing speculation

- Apr 17, 2010 State Council

1st home buyers with space over 90 sqm - 30% down payment
2nd home buyers - 50% down payment, mortgage rates no less than 110% of benchmark rate
3rd home buyers - suspending mortgage loan

- Apr 17, 2010 State Council

Suspending mortgage loan to non-local residents - unless the tax return and proof of social securities contributions more than 1 year are provided.

- Dec 23 2009 State Council

5.5% sales tax on home sales within 5 years of purchase to curb speculation.

China's recently issued policy – To encourage fast land development



- Apr 17 2010
State Council

Strict punishment to developers for holding sales process

- Apr 17, 2010
State Council

Strict punishment on hold idle land undeveloped for more than one year
70% of land for affordable housing and low-cost housing

- Dec 14 2009
State Councils

Increase supply of small to midsize low-price homes
Expand construction of housing for low-income families

- Dec 17 2009
Five Ministries

50% down payment for land acquisition

Strong Board and Committees

Board of Directors

Yong Zhang
*Chairman
 and CEO*

Yuyan Yang
*Director and
 VP*

Christopher J
 Fiegen
 Independent
 Director

Yue (Justin)
 Tang
 Independent
 Director

Tom Gurnee
 Director and
 CFO

Tom
 Wertheimer
 Independent
 Director

Huai Chen
 Independent
 Director

Yong Cui
 Director

Audit Committee

- Tom Wertheimer, Huai Chen

Compensation Committee

- Yue(Justin) Tang, Chris Fiegen, Thomas Wertheimer, Yong Cui

Corporate Governance Committee

- Huai Chen, Yue(Justin) Tang, Yong Cui

Yong Zhang

- Founded Xinyuan in 1997
- Over 20 years experience of real estate development
- Executive MBA from Tsinghua University

Tom Gurnee

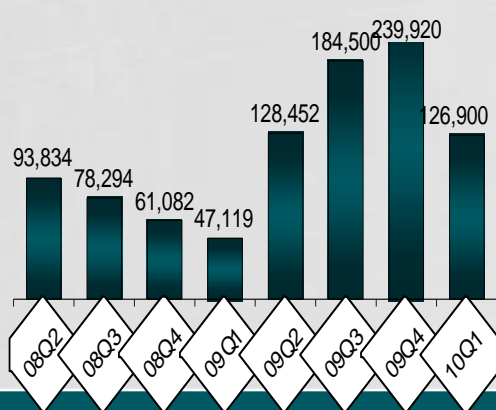
- 34 years of experience in accounting, finance, and general management
- BA in Economics from Stanford University
- MBA from Santa Clara University
- Audit committee experience at 4 US-listed companies

Tom Wertheimer

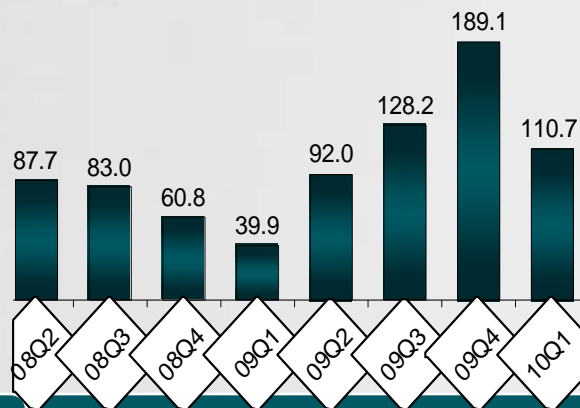
- Ex-audit partner at PwC
- Qualified audit committee financial expert under SEC rules

Financial highlights

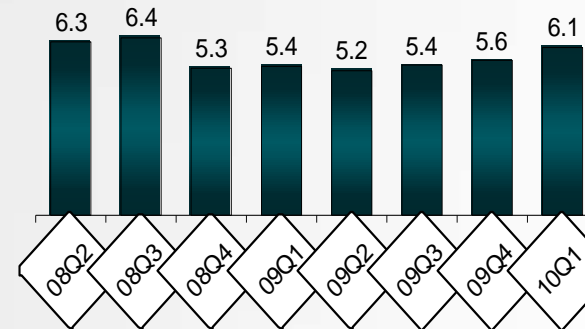
GFA sold (m²)



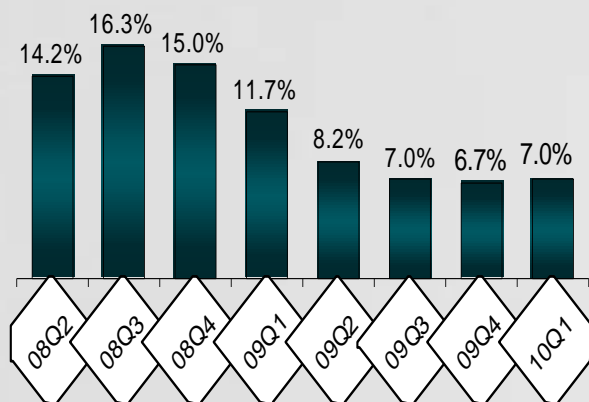
Revenue (USD million)



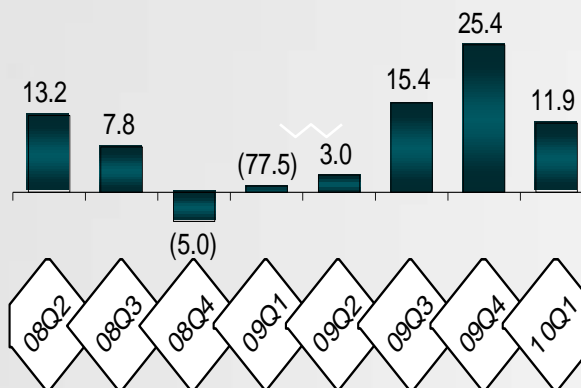
Book value per ADS (USD)



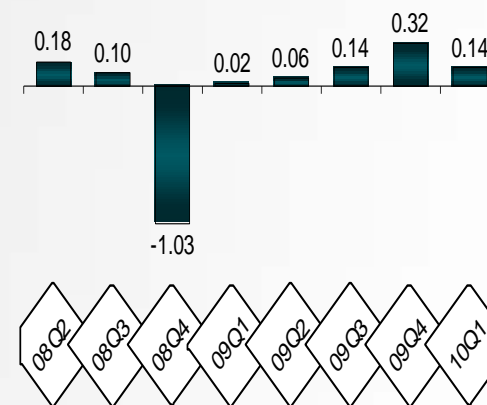
SG&A / Sales (%)



Net income (USD million)



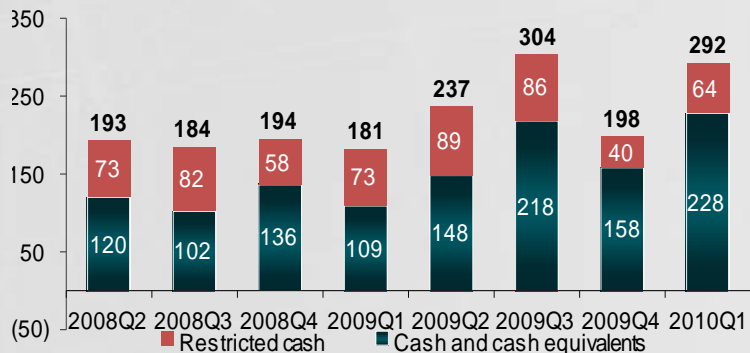
Net income per ADS (USD)



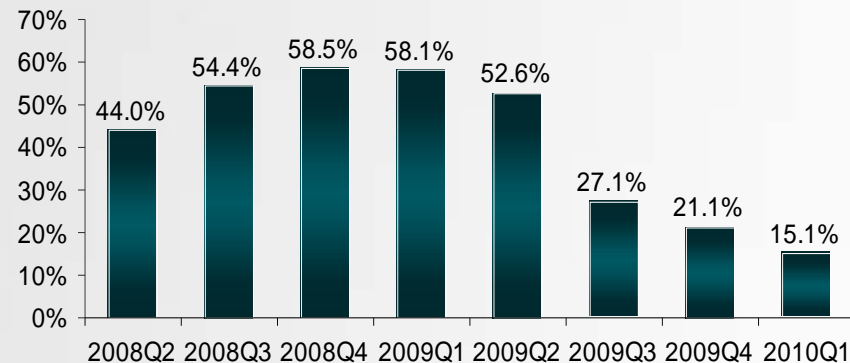
Source: Company information and filings

Liquidity trends

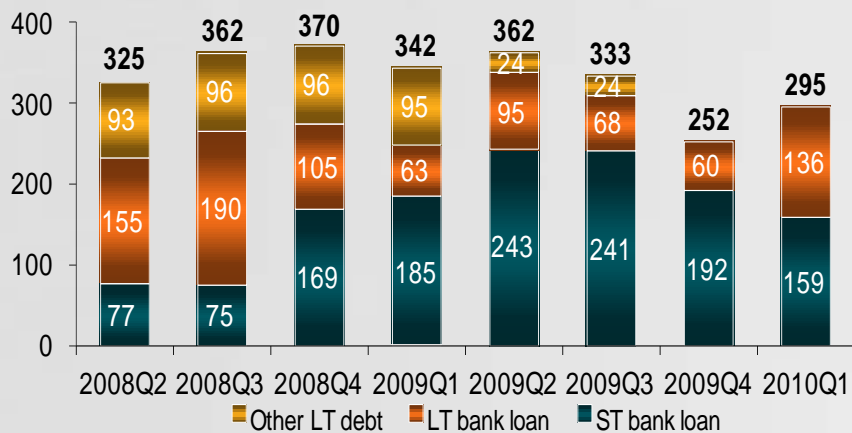
Total cash (USD million)



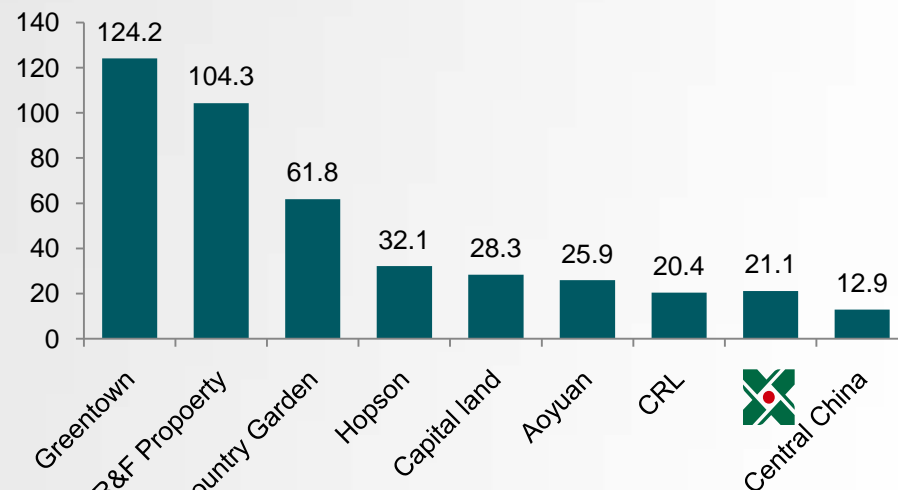
Net gearing ratio (%)



Total debt (USD million)



Net gearing comparison (%) as of Dec 31, 2009



Long-term corporate strategy



Appendix I



Financial statements

P&L summary



P & L

	<u>Three months ended</u>		
	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>	<u>March 31,</u> <u>2009</u>
Revenue	110,744	189,098	39,939
Cost of revenue	<u>(86,032)</u>	<u>(147,866)</u>	<u>(33,462)</u>
Gross profit/(loss)	2,4712	41,232	6,477
Selling and distribution expenses	(2,390)	(5,291)	(731)
General and administrative expenses	(5,220)	<u>(7,286)</u>	(3,926)
Operating income/(loss)	16,802	28,655	1,820
Interest income	650	967	299
Share of income/(loss) in an equity investee	562	1,979	1,031
Exchange gains/ (losses)	20	22	(14)
Other expenses	-	-	-
Change in fair value of warrant liabilities	-	<u>443</u>	(245)
Income /(loss) from operations before income taxes	18,034	32,066	2,891
Income taxes	(6,134)	<u>(6,660)</u>	(1,765)
Net income/(loss)	11,900	25,406	1,126

Balance sheet summary



	As of Mar 31, 2010	As of Dec 31, 2009	As of Mar 31, 2009		As of Mar 31, 2010	As of Dec 31, 2009	As of Mar 31, 2009
	(\$'000)	(\$'000)	(\$'000)		(\$'000)	(\$'000)	(\$'000)
Cash and cash equivalents	291,744	198,040	181,322	Short-term bank loans	53,763	87,339	184,811
Receivables & other prepayment	73,287	86,999	42,425	Accounts payable & other payables	245,072	134,938	99,998
Real estate property under development	655,401	560,591	509,645	Customer deposits	13,231	10,852	12,255
Real estate property for sale	1,019	1,307	327	Tax payable	10,154	11,224	6,623
Other current assets	2,598	2,420	8,449	Deferred tax liabilities	17,693	13,185	22,461
Total current assets	1,024,049	849,357	742,168	Warrant liabilities	0	0	0
				Other current debt	106,790	104,239	0
Real estate property under development	0	0	102,054	Total current liabilities	446,703	361,777	326,148
Real estate properties held for lease, net	17,063	17,277	14,732	Long-term bank loans	136,287	60,338	62,903
Property and equipment, net	4,728	4,703	5,119	Unrecognized tax benefits	12,760	12,757	12,742
Interests in an equity investee	1,458	868	21,057	Warrant liabilities	0	-	415
Other non-current assets	8,131	9,578	13,964	Other long-term debt	0	-	94,740
Total non-current assets	31,380	32,426	156,926	Total liabilities	595,750	434,872	496,948
				Total Shareholder's Equity	459,679	446,911	402,146
TOTAL ASSETS	1,055,429	881,783	899,094	Total liabilities & shareholder's Equity	1,055,429	881,783	899,094

Appendix II



Project summary

Kunshan International City Garden



Site Area:	200,008 Sq.m
Total GFA:	497,076 Sq.m
Presale Start Date:	September 2008
Expected Construction Period:	July 2008 – December, 2012
% of GFA Sold	56%
Master Planning:	Multi-layers and High rise
Location:	Lucheng Road

Project highlights

- Located in the Greater Shanghai Metropolitan Area with 30-minute ride on Metro Line 11 from Xujiahui, a major commercial area in Shanghai
- Competitive pricing (compared to similar properties in suburban Shanghai) has drawn large number of buyers from Shanghai

Chengdu Xinyuan Splendid I



Site Area:	34,007 Sq.m
Total GFA:	230,893 Sq.m
Presale Start Date:	September 2008
Expected Construction Period:	November 2007 – December, 2010
% of GFA Sold	65%
Master Plan:	High rise
Location:	Donghong Road of Jinjiang District

Project highlights

- 15-minute drive from downtown Chengdu
- Designed as a “park” community leveraging proximity to a 300,000sqm ecological park, combined with 80% landscaping ratio
- Wide variety of sports facilities including golf course, basketball courts, etc

Project Summary



As of March 31, 2009

	Chengdu	Hefei	Jinan	Kunshan	Suzhou	Xuzhou	Zhengzhou	Total
<u>Completed Projects</u>								
No. of Projects		1	2		2		14	19
No. of Units		1,649	1,912		3,282		9,562	16,405
GFA(Sq.m)		145,455	161,282		277,394		1,007,001	1,591,132
<u>Project Under Construction</u>								
No. of Projects	2		1	1	1		2	7
No. of Units	6,851		4,672	5,103	2,436		4,795	23,857
GFA(Sq.m)	448,602		264,278	497,076	205,161		446,933	1,862,051
<u>Project Under Planning</u>								
No. of Projects			1			1	3	5
No. of Units						838		838
GFA(Sq.m)			526,990			93,101	386,055	1,006,146
Total No. of Projects	2	1	4	1	3	1	19	31
Total Units	6,851	1,649	6,584	5,103	5,718	838	14,357	41,100
Total GFA(Sq.m)	448,602	145,455	952,550	497,076	482,555	93,101	1,839,990	4,459,328

Source: Company Information

Projects Under Construction / Planning



As of March 31, 2010

Project Name	Location	Type of Products ¹	Estimated Construction Period	Pre-sale Commencement Time	Total Residential GFA (Sq.m)	Total Units	Units Sold	Unsold GFA (Sq.m)
Project Under Construction								
Jinan International City Garden	Jinan	H/S	2007.09 - 2009.12	2007.11	264,278	4,672	4,593	2,182
Suzhou International City Garden	Suzhou	H	2008.02 - 2011.04	2008.05	205,161	2,436	938	127,154
Kunshan International City Garden	Kunshan	M/H	2008.07 - 2012.12	2008.09	497,076	5,103	3,326	193,638
Zhengzhou Xinyuan Colorful Garden	Zhengzhou	M/H	2008.03 - 2009.12	2008.04	191,786	2,233	1,857	36,966
Chengdu Xinyuan Splendid I	Chengdu	H	2007.11 - 2010.12	2008.09	230,892	4,069	2,495	66,367
Zhengzhou Longhai Road Project	Zhengzhou	H/S	—	—	255,147	2,562	-	-
Chengdu Xinyuan Splendid II	Chendu	H	—	—	217,710	2,782	-	-
Total					1,862,051	23,857	13,209	426,307
Project Under Planning								
Zhengzhou Century East A	Zhengzhou				77,825			
Zhengzhou Century East B	Zhengzhou				174,050			
Zhengzhou Royal Place	Zhengzhou				134,180			
Xuzhou Xinyuan Colorful Garden	Xuzhou				93,101	838		
Jinan Xinyuan Splendid	Jinan				526,990			
Total					1,006,146			



1. "M" refers to multi-layer buildings, "H" refers to high-rise buildings and "S" refers to sub-high-rise buildings
2. Suzhou International City Garden was previously being developed under the name Suzhou Xinyuan Splendid
3. Post write-down of US\$76.8 million in 2008 FX = 6.8360 RMB/USD

Thank you!

Q&A

**For more information, please
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