

THOMSON REUTERS STRETEVENTS

EDITED TRANSCRIPT

XIN - Q1 2013 Xinyuan Real Estate Co., Ltd. Earnings Conference Call
and Webcast

EVENT DATE/TIME: MAY 10, 2013 / 12:30PM GMT



CORPORATE PARTICIPANTS

Helen Zhang *Xinyuan Real Estate Co., Ltd. - Financial Controller*

Yong Zhang *Xinyuan Real Estate Co., Ltd. - Chairman, CEO*

Tom Gurnee *Xinyuan Real Estate Co., Ltd. - CFO*

John Liang *Xinyuan Real Estate Co., Ltd. - EVP*

CONFERENCE CALL PARTICIPANTS

Dee Dalien *Credos - Analyst*

Alexander Anderson *Private Investor*

PRESENTATION

Operator

Good day, and welcome to the Xinyuan Real Estate Company Limited First Quarter 2013 Earnings Conference Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Helen Zhang, Financial Controller for Xinyuan Real Estate. Please go ahead.

Helen Zhang - *Xinyuan Real Estate Co., Ltd. - Financial Controller*

Hello, everyone, and welcome to Xinyuan's first quarter 2013 earnings conference call. The Company's first quarter earnings result were released earlier today and are available on the Company's IR website, as well as on news wire services.

Before we continue, please note that the discussion today will contain forward-looking statements made under the Safe Harbor provision of the US Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties, such (technical difficulty) our results would be materially (technical difficulty) [reviewed] today.

Further information regarding these and other risks and uncertainties were reported in our registration statement and our Form 20-F (technical difficulty) filed with the US Securities and Exchange Commission. Xinyuan doesn't assume any obligation to update any forward-looking statement, except as required by applicable law.

Today you will hear from Mr. Yong Zhang, our Chairman and Chief Executive Officer, who will comment on current operations and provide some perspective on the market environment. He'll be followed by Mr. Tom Gurnee, our Chief Financial Officer, who will provide some additional color on our performance, review the Company's financial results in the first quarter of 2013, and discuss the second quarter and full year outlook.

Following management prepared remarks, we'll open the call to questions. During the Q&A session, Mr. Zhang will speak in Mandarin, and I will translate his comments into English.

Please note that unless otherwise stated, all figures mentioned during this conference call are in US dollars. I will now turn the call over to Xinyuan's Chairman and CEO, Mr. Yong Zhang. Please go ahead, sir.

Yong Zhang - *Xinyuan Real Estate Co., Ltd. - Chairman, CEO*

Hello. Hi, everyone, and thank you for joining us today. We are pleased to report another stronger quarter, with first quarter 2013 revenue contracted sales and net income exceeding our previous guidance significantly. The current fundamentals of the housing market in China remained healthy, as we expected, and general housing prices were stable in the first quarter. So far, home buyer [settlement demand] has remained stronger. In the cities, we are seeing a [increase] in the wake of central government's latest home purchase restriction announcements.



Our first quarter 2013 results were impacted by the usual Chinese New Year seasonality effected. We expect our sellable inventory, however, to decrease in the second quarter, which will impact our sales in the second quarter. However, we have three new projects scheduled to commence pre-sales and contribute to our result in the second half of this year. Therefore, we are pleased to raise our full year 2013 guidance accordingly, which reflects higher levels of contract sales for the end of this year.

As we continue evaluate opportunities to maximize returns for our shareholders and are pleased to announce that our Board of Directors has approved a quarterly dividend of \$0.05 per ADS, payable to shareholders in May.

Overall, 2013 is off to very promising start for the year, although there is a possibility that policy market may introduce additional restrictions to close the housing market. The current environment remains stable, and we are confident in Xinyuan's long-term strategies and growth potential. Now, I will turn the call over to Tom Gurnee, our Chief Financial Officer.

Tom Gurnee - Xinyuan Real Estate Co., Ltd. - CFO

Thank you, Chairman. Once again, our first quarter numbers for contract sales revenue and net income were better than we had expected going into the quarter. The impact of Chinese New Year is always a source of consternation in predicting the first quarter results in any year, but this year, the impact seemed softer than before. And despite more government vociferousness about enforcement of the home purchase restrictions, we did not suffer any discernible ill effects in pricing or sales volume.

Our selling prices firm, as they normally do as projects mature. ASPs appear flat in our press release, but that was mainly due to higher mix of lower priced projects, which masked applies to applies higher apartment prices in the first quarter of 2013. (inaudible) was our diminishing inventory of sellable apartments. This trend will continue next quarter, with the relief in the form of new projects coming in the -- with the introduction of two new projects in the third quarter and one or two in the fourth quarter; more on that later.

Let me remark on contract sales. Contract sales in the first quarter at \$178 million fell a bit short of last year's \$188 million, but did beat this year's first quarter by 12 -- fourth quarter -- last year's fourth quarter by 12% and exceeded the guidance for this quarter by fully 32%. So we were a bit surprised.

It is apparent that Xinyuan and other developers in China all benefited from strong demand and increasing ASPs in the first quarter. In addition, our adjacent Zhengzhou Century East A and B properties outperformed our expectations, both in GFA volume and price.

Revenue, under the US GAAP percentage and completion method, totaled \$169 million, and that was 36% short of last year's exceptional numbers -- last quarter's exceptional numbers and 2% short of the first quarter of 2012, but fully 26% higher than the midpoint of guidance for this quarter. Simply put, higher than expected revenue generally resulted from higher than expected contract sales.

Let me remark on gross profit. First quarter gross profit totaled \$58 million, or 32.9% of revenue, compared to last year's first quarter of \$49 million, or 28.2% of revenue, and last quarter's gross profit of \$88 million, or 33.4% of revenue.

Each quarter, we review in detail our project cost estimates. As a given project nears completion and delivery permits are issued, settlement conferences are held with contractors and government bodies, which serve to confirm and clarify the net impact of the gives and takes with suppliers and customers over a multiyear project. Last quarter, Chengdu I and Kunshan project cost estimates were revised downward, in light of such ongoing settlement conference. This quarter, two new projects -- two additional projects had the same effect. Yipinxiangshan II and Chengdu II were similarly revised downward.

In addition, each quarter, we review in detail our total project sales estimates. In the first quarter, we revised sales estimates upwards to recognize continued ASP firmness. Our Royal Palace project in Zhengzhou revised its total project sales estimates upwards by over \$8 million, for example. All told, the total gross profit impact of changes in cost and sales estimates was \$11.8 million in the first quarter, which was in line with the previous quarter's change of estimates impact of \$11.6 million.



Operating expenses edged slightly higher, as a percentage of revenues, to 7.3%, compared to 6.9% in the first quarter of 2012 and 5.4% last quarter. However, absolute dollars spent on operating expenses dropped from \$14.1 million in the fourth quarter of 2012 to \$12 million this quarter.

Net income for the first quarter of 2013 was \$26.6 million, compared to \$23.2 million for last year's first quarter and \$33.6 million last quarter, the fourth quarter of 2012.

Fully diluted earnings per ADS were \$0.37, compared to 31% -- \$0.31, I'm sorry, in the year ago first quarter and \$0.47 in the fourth quarter of 2012.

As of the end of March 2013, we reported \$626 million in cash. That was a decrease of \$15 million from December 31, 2012. Total debt edged up by \$3 million from \$314 million in December to \$317 million at the end of March.

Cash flow from operations totaled \$66 million in the quarter, while \$83 million was spent on land bureau deposits for future auctions, which brings cumulative total for such deposits to \$127 million for five projects. Our book value increased another \$26 million in the first quarter to \$808 million. This equals over \$11 per ADS.

We issued a bond in the quarter. Let me comment on that. On May 3, 2013, the Company announced the closing of its offering of a 13.25% senior notes with an aggregate principal amount of \$200 million due in 2018. The proceeds will be used to pay down certain debt, invest in new projects, and for general corporate purposes.

Debts to be settled include \$40 million, plus accumulated interest, on a 15.6% [forum] note and \$60 million of back-to-back RMB to US dollar loans and \$29.2 million, plus accumulated interest, to repay a seller note on the Williamsburg property in New York.

As of this call, the forum notes have been fully settled and repaid, so you -- question we get from investors, of course, is why did we initiate the bond when we have such a large cash balance? Well, there's two basic reasons. First, we have big plans for land acquisitions in 2013. Over \$650 million is expected to be spent for new projects in China alone.

Second, the remittance of US dollars by Chinese entities via intercompany dividends is subject to a 10% withholding tax, a dilemma not unlike what Apple faced in their recent bond, although in the opposite direction.

This factor was the genesis of the back-to-back loans we initiated last year. Our investments in the USA obviously require US dollars, and the boat -- bond proceeds are a way of dealing with that. I should also note that repayment of these back-to-back loans I mentioned earlier will result in an equal value of RMB restricted cash being reclassified to unrestricted cash, and thus, usable to pay for land acquisitions in China. In summary, this bond issuance helps finance growth in both China and the USA for 2013 and onward.

Why was the coupon rate set at 13.25% is another question we get. It's simply because that is what it took to fill the order book as a smaller size developer and as a first time issuer. Meanwhile, the bond has been quoted higher. Today -- earlier today, the bond was quoted at 108.5 bid, 109.5 ask, for a yield of approximately 10.7% to 11%. Obviously, if we were to issue another bond in future, under current market conditions, it would certainly be cheaper than 13.25%.

Let me comment on our land acquisition activities. We are hopeful of acquiring five Zhengzhou area projects this year under our managed auction program. We have been developing this program for over a year, whereby we enter into agreements with local land bureaus to make refundable deposits to facilitate site preparation work to bring projects to auction. We have invested cumulatively over \$127 million in such deposits by the end of March, and one auction is tentatively scheduled for this quarter.

Of course, we do not control the government auction process, so there may be fluctuations in auction target dates. We expect to roll this program out selectively to other jurisdictions, like [Shandong], for example. Also, we plan to continue to participate actively in arms' length auctions, as we have in the past and has been our previous business model.



Now, I think investors are very curious about our US operations, and I'd like to turn this call over, to discuss US operations, to [John Liang], an Executive Vice President with Xinyuan. John?

John Liang - *Xinyuan Real Estate Co., Ltd. - EVP*

Yes, Tom, thank you. Just to give investors a brief update of the status of our US projects, our US team on the ground has been very busy in the last quarter preparing our Williamsburg -- or Brooklyn project for construction. Architects and MPE and civil, structural, environmental engineers of all disciplines and market consultants and, in addition, offering planned attorney were all engaged in the first quarter of 2013.

And right now, we're still in the design/development process, and we just finished the schematic design stage. Building permits are tentatively targeted for September of 2013, with the start of construction slated for early Q4 2013. We are also working on the preliminary application for the offering plan to the State Attorney General's office. We continue to target delivery in the first half of 2015. So, in a nutshell, the project is on plan and on budget. Now, I'll turn the podium back to our CFO.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Thanks, John, and of course, you'll have the opportunity to ask John more questions in the Q&A period.

Let me comment now on the outlook -- our current outlook. We're projecting second quarter contract sales of \$150 million versus \$178 million in the quarter just ended. That's down 16%, sequentially, as we're running short of sellable inventory, as we have foreseen [prints] for the last few quarters.

There are essentially three projects that are driving the second contract sales -- Shandong Splendid in Jinan, Zhengzhou Century East A and B in Zhengzhou, obviously, and Royal Palace, also in Zhengzhou. Fortunately, all these projects are performing well.

Revenue under the percentage of completion method for the second quarter is projected at \$140 million, while net income is expected to reach \$25 million. This \$25 million includes and \$8 million release of a tax provision from our pre-IPO days upon expiry of a five-year waiting period.

Three new projects, and perhaps, four will be coming on line in China in the third and fourth quarters, providing a boost to sellable inventory. These projects are Zhengzhou, [Suzhou], Beijing, and [Xuzhou], perhaps.

Given the stronger than expected first quarter results and continued favorable market conditions, the Company has raised its full year 2013 guidance. Contract sales are slated to reach about \$850 million, up 2% from our previous guidance. Revenue guidance for the year was increased 8% to \$820 million, while net income guidance was revised to \$105 million. That's up 11% from \$95 million midpoint projected last quarter.

And our 2014 expectations are high, as we accelerate the land acquisition process this year to provide sellable inventory for next year.

And a few shareholder notes before I finish my prepared comments. The trading price of our ADSs was \$4.75 yesterday on the NYSE closing. By virtually any measure, our ADSs continue to be undervalued. We're trading at a -- trailing P/E ratio of 2.1, a forward 2013 P/E ratio of 3.3, and a discount to book value of 57%.

We are pleased to announce earlier today that a dividend of \$0.05 per ADS will be paid on May 31, 2013, to shareholders of record on May 21, 2013. The payout ratio on the -- on 2013 earnings is less than 14% and on 2012 earnings, less than 8%. Our position continues to be that a dividend, once established, should be maintained or expanded over the long-term. We intend to maintain an attractive dividend for the seeable future.

Operator, that concludes our prepared remarks. We're ready for Q&A period.



QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions) [Dee Dalien], [Credos].

Dee Dalien - Credos - Analyst

Hello. Mr. Dalien on the phone. I'm the guy from Paris in France.

Tom Gurnee - Xinyuan Real Estate Co., Ltd. - CFO

Please.

Dee Dalien - Credos - Analyst

I participate to you -- yes, I participate to your last conference call for the year-end, back in February or March. And, well, congratulations for these results, and I've got basically two question for you, if I may. One, you mentioned, the last conference call, about improving or getting a new and better relation network in the US. I wanted to know if you have any make -- down any -- or further improvement on that. Any news on this front?

And the other thing is regarding your \$200 million senior notes. How much of that will go to pay back all the senior notes, and how much is left to finance the construction of the working project? Thank you very much.

Tom Gurnee - Xinyuan Real Estate Co., Ltd. - CFO

Okay. Well, thank you, and welcome back to our call. Let's take this investor relations question first.

Dee Dalien - Credos - Analyst

Yes.

Tom Gurnee - Xinyuan Real Estate Co., Ltd. - CFO

At the time we did the call last quarter, we didn't really have a plan to do this bond offering.

Dee Dalien - Credos - Analyst

Okay. Yes.

Tom Gurnee - Xinyuan Real Estate Co., Ltd. - CFO

So, we came to the conclusion that our managed auction process was going very well, and the size of it was expanding, and we decided that we should be doing a bond to raise money to expand.



Dee Dalien - *Credos - Analyst*

Yes.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

And because of that, that's where our attention went in the quarter. So, we did not take any initiatives on the IR front in the first quarter.

Dee Dalien - *Credos - Analyst*

Okay. Yes.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

What we did instead was we chased this bond, and we got that done on May 3.

Dee Dalien - *Credos - Analyst*

Yes.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

We are ready -- now that that's done, we're taking a -- we're doing this call, and we'll take a deep breath, and we'll get after the IR activities around the world. So, I have to say, we changed our plan.

Dee Dalien - *Credos - Analyst*

Okay.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

The second item was about the deployment of the \$200 million, and let me -- I probably read this too fast, so let me go back and read my notes here.

Dee Dalien - *Credos - Analyst*

Yes, please. Thank you.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

So, we borrowed \$200 million. The first payment we made was actually to pay back what we call the forum note. That was from 2010, a three-year note that came due in April 17, and that was the amount of \$40 million, plus interest. The coupon rate on that was 15.6%. The total cost of that, including warrants, was more like 20%. So we paid down that loan.

Dee Dalien - *Credos - Analyst*

Yes.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

The next item on our list, of course, was to pay down back-to-back loans. We've been -- we've done back-to-back loans, where -- a back-to-back loan is where you make deposits in RMB in China or Hong Kong, and you are loaned dollars in payment. And we used -- we had \$60 of those outstanding to finance the US acquisitions and other expenses.

Dee Dalien - *Credos - Analyst*

Okay.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

And so, we're going to (technical difficulty) those down. The reason we did the back-to-back loans was to avoid withholding taxes (technical difficulty) on intercompany dividends. Okay.

Dee Dalien - *Credos - Analyst*

Okay.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

In addition to that, there's \$29.2 million note that was given by the seller of our Williamsburg project that that interest is going to be paid back very soon. That is due by September, but we'll be settling that before that.

Dee Dalien - *Credos - Analyst*

Yes.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

So -- and then, in addition to that, you heard from John Liang [tonight]. We're going to be putting \$10 million to \$25 million equity -- additional equity into the Williamsburg project to complete that project (technical difficulty). So, you've got \$40 million, you got \$60 million, you got \$30 million.

Dee Dalien - *Credos - Analyst*

Okay.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

That's \$130 million.

Dee Dalien - *Credos - Analyst*

Okay.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Plus, you've got, let's say, \$20 million.

Dee Dalien - *Credos - Analyst*

Yes.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Now, the remaining \$50 million will be used for general corporate purposes, plus we don't have any specific plans for acquisitions in US, but it could be used for that.

Dee Dalien - *Credos - Analyst*

Yes. Right.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Is that okay?

Dee Dalien - *Credos - Analyst*

Okay. Well, yes, but for construction costs for Brooklyn will be done, well, through the cash flow, yes.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Well, it'll -- construction costs in Brooklyn will be paid through equity. We've already -- after we pay down that note, we'll have about \$55 million, \$56 million of equity in it. We'll have to invest another \$15 million or \$20 million.

Dee Dalien - *Credos - Analyst*

Okay.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

And then, we will get a construction loan for the remainder, as we progress with construction. And I forgot to mention --



Dee Dalien - *Credos - Analyst*

The construction loan will be -- what sort of size could it be?

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Something -- about 60% of loan to value, and the total amount on this -- John, do you want to chime in here --?

John Liang - *Xinyuan Real Estate Co., Ltd. - EVP*

Well, right now, thus far, we have received quite a lot of interest from banks.

Dee Dalien - *Credos - Analyst*

Yes.

John Liang - *Xinyuan Real Estate Co., Ltd. - EVP*

With the intention to help us with the construction financing on the condo development project. We don't have -- right now, we're still -- we haven't finished the design process, and we don't have a building permit. So it's a little premature to talk to banks in details about the exact terms and rate and duration of the loan. But Tom is correct, that our anticipation is we can get a construction financing for the development project somewhere near the 60% loan to value range -- loan to cost range.

Dee Dalien - *Credos - Analyst*

So, 60% of total cost. Can you remind me of the total [amount] or total cost of a project?

John Liang - *Xinyuan Real Estate Co., Ltd. - EVP*

The total cost is anywhere between \$180 million to \$200 million, including the land cost.

Dee Dalien - *Credos - Analyst*

Including the land cost. Okay, okay, okay. Thanks very much for that. And you're confident regarding the building permit? Do you -- any fear about something which could go wrong or some delay or whatever? A building permit is always very difficult to access when you get it, actually -- or get permit.

John Liang - *Xinyuan Real Estate Co., Ltd. - EVP*

Well, we already hired a expeditor, which is one of the most experienced one in New York City. We do not expect any delay, but, at this stage, we're just trying our best.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

And you're not seeking any entitlement changes, right?

John Liang - *Xinyuan Real Estate Co., Ltd. - EVP*

No. That's correct.

Dee Dalien - *Credos - Analyst*

Okay.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Monsieur --

Dee Dalien - *Credos - Analyst*

Well, thank you again very much for answering my question.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

And before I let you go, I think it's I clarify one thing. The back-to-back loans -- we pay those -- as we pay those back -- \$60 million, keep in mind that we have \$60 million of restricted RMB in China that get released at that time. So, as we pay back these back-to-back loans of \$60 million in the US, it frees up \$60 million worth of RMB to be invested in projects in China.

Dee Dalien - *Credos - Analyst*

Oh, I see. Okay, okay. (inaudible) subcontract is not restricted. Yes.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Right. It'd go from restricted to unrestricted.

Dee Dalien - *Credos - Analyst*

And just to finish, maybe just one last question. What will be your most, let's say, fee, at the moment, regarding the management and the development of the Company? You are very successful, but there are always some fear about the construction cuts in China. Is it [cool off] the building business in China? Is it -- I don't know -- what are your fears at the moment?

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Are you might take --?

Dee Dalien - *Credos - Analyst*

I will ask why you are less confident.



Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

No, we're pretty confident. I -- our future plans are aggressive, and they're based on land acquisition. So, we have to execute --

Dee Dalien - *Credos - Analyst*

Yes, okay.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

On introduction of our new projects and on acquiring land.

Dee Dalien - *Credos - Analyst*

So, it's ready to --

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

I'm not -- yes.

Dee Dalien - *Credos - Analyst*

Okay.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

I'm not --

Dee Dalien - *Credos - Analyst*

Thank you very much.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

I'm not feeling any Freudian angst, due that, but -- okay.

Dee Dalien - *Credos - Analyst*

Yes.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Thank you.



Dee Dalien - *Credos - Analyst*

Thank you.

Operator

(Operator Instructions). Alexander Anderson, private investor.

Alexander Anderson - *Private Investor*

Hi. I was wondering what would you -- what do you say to anybody who has any belief that the Company might be cooking their books?

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Well, I'd say we're not. And then, I'd tell them that we are -- have been audited for I don't know how many years -- 8 years by Ernst & Young, and that we are audited. We just -- in fact, we just put out a 20-F, and we went through a full rigorous audit; published that on April 15. That's what I'd tell them.

Alexander Anderson - *Private Investor*

So, how do you believe the stock is so undervalued?

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

I think there's a lot of sentiment -- there's been some frauds in China, and there's concern about bubbles. There's lots of concern. So, I'd say there's many Chinese stocks that are undervalued, with possible exceptions being the internet space. But there's been a -- there's definitely been a lull in the valuation of China-based US listed stocks. It'll come back.

Alexander Anderson - *Private Investor*

All right. Thank you.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Thank you.

Operator

At this time, there are no further questions. I would like to turn the conference back to you for any additional or closing remarks.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Well, thank you for tuning in to this call. We had a great quarter. We're very thrilled about it, and we're very excited about the future. We hope you call again. We hope you -- you're investment in Xinyuan stock is a profitable one. Thank you.



Operator

Thank you. We do have a follow-up question from Dee Dalien.

Dee Dalien - Credos - Analyst

No, just allow myself to ask another question, as there are not so many people attending, apparently, the conference call. One last question regarding the [suite] on your senior note of 13.2%. In -- I think the bond market has been really achieve in recent months, and how does these rates you got, 13%, compare with other, let's say, similar real estate developers in China, who raise bond -- who came to the bond market recently -- in recent months?

Do you have any ideas, when you compare with, let's say, companies are medium size, your rating by Standard & Poor's? Did they get similar -- more or less, similar interest rates on their notes?

Tom Gurnee - Xinyuan Real Estate Co., Ltd. - CFO

Well, we were rated B plus by --

Dee Dalien - Credos - Analyst

Yes.

Tom Gurnee - Xinyuan Real Estate Co., Ltd. - CFO

By Fitch and Standard & Poor. We are -- the interest rate -- well, you -- our competitors are almost universally larger than we are.

Dee Dalien - Credos - Analyst

Yes.

Tom Gurnee - Xinyuan Real Estate Co., Ltd. - CFO

We learned a lot when we were on the road show doing this bond. This is our first bond. So, generally, the first bond, they don't know you. You've got to pay a little bit more.

Dee Dalien - Credos - Analyst

True.

Tom Gurnee - Xinyuan Real Estate Co., Ltd. - CFO

And the -- our comparable size -- there aren't too many comparable size. They're not that far off, but the issue is repeating a bond offering. Now, our bonds are trading at less than 11% yield.

Dee Dalien - *Credos - Analyst*

Yes.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

That would indicate very clearly that the next time we do a bond, if there is a next time, we would enjoy much lower interest rate on our next bond. So, the 13.25% was higher than our expectations. It's what it took to get the deal done, and it's very attractive to investors, as shown by the price of the bond today on the open market, which is about 109.

Dee Dalien - *Credos - Analyst*

Yes.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

And yielding less than 11%. So, it was higher than we would have liked, but we got the deal done. We're happy about it, and we're looking forward to the future. We think we can -- if there's future bonds in our -- in the -- ahead of us, they'll be more attractively priced. We're sure of that.

Dee Dalien - *Credos - Analyst*

Okay, yes. Thank you for that.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Thank you.

Operator

And there are no further questions.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Okay, good.

Operator

That does conclude today's Xinyuan Real Estate Co., Ltd. conference call. Thank you for joining us.

Tom Gurnee - *Xinyuan Real Estate Co., Ltd. - CFO*

Thank you.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2013, Thomson Reuters. All Rights Reserved.