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## **Xinyuan Real Estate Co., Ltd. Announces Fourth Quarter 2018 Financial Results**

**BEIJING, China, February 15, 2019** - Xinyuan Real Estate Co., Ltd. (“Xinyuan” or the “Company”) (NYSE: XIN), an NYSE-listed real estate developer and property manager operating primarily in China and also in other countries, today announced its unaudited financial results for the fourth quarter ended December 31, 2018.

### **Fourth Quarter 2018 Highlights**

- On January 1, 2018, the Company adopted ASC 606 to recognize revenue for contracts executed after the adoption on an "over time" basis using costs incurred, an input measure. As such, fourth quarter results reflect the adoption of ASC 606 and may not be directly comparable to prior periods.
- Contract sales decreased 12.1% to US\$724.0 million from US\$823.3 million in the fourth quarter of 2017 and increased 26.7% from US\$571.3 million in the third quarter of 2018.
- Total revenue increased 49.1% to US\$1,081.8 million from US\$725.7 million in the fourth quarter of 2017 and increased 81.7% from US\$595.5 million in the third quarter of 2018.
- Gross profit increased 72.0% to US\$310.2 million, or 28.7% of total revenue, from US\$180.3 million, or 24.8% of total revenue, in the fourth quarter of 2017 and increased 107.9% from US\$149.2 million, or 25.1% of total revenue, in the third quarter of 2018.
- Selling, General and Administrative (“SG&A”) expenses as a percentage of total revenue decreased to 9.9% from 10.8% in the fourth quarter of 2017 and increase from 8.0% in the third quarter of 2018.
- Net income increased 194.4% to US\$104.2 million from US\$35.4 million in the fourth quarter of 2017, and increased 336.0% from US\$23.9 million in the third quarter of 2018.
- Diluted net earnings per American Depositary Share (“ADS”) attributable to shareholders were US\$1.15 compared to US\$0.50 in the fourth quarter of 2017 and US\$0.31 in the third quarter of 2018.

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## **Full Year 2018 Highlights**

- For the year ended December 31, 2018, contract sales decreased 8.2% to US\$2,264.5 million from US\$2,465.7 million in 2017. GFA sales decreased 22.2% to 1,066,782 square meters from 1,371,621 square meters in 2017.
- Total revenues increased 11.6% to US\$2,207.2 million from US\$1,976.9 million in 2017.
- Gross profit was US\$607.5 million, or 27.5% of revenue in 2018, compared to a gross profit of US\$459.6 million, or 23.2% of revenue in 2017.
- SG&A expenses were US\$241.1 million, or 10.9% of revenue in 2018, compared to US\$212.6 million, or 10.8% of revenue in 2017.
- Net income was US\$106.1 million in 2018 compared to US\$80.1 million in 2017. Diluted earnings per ADS were US\$1.15 in 2018 compared to US\$0.97 per ADS in 2017.

Mr. Yong Zhang, Xinyuan's Chairman, stated, "We are pleased that Xinyuan has maintained strong growth despite the downward pressure on sales across the industry. The total amount of contracts signed in 2018 was US\$3,223.6 million, representing 42.4% growth compared to US\$2,263.0 million achieved in 2017. Correspondingly, our full year total revenue increased by double digits. Due to the successful selection and execution of our projects, gross profit margin for the year reached 27.5%, resulting in bottom line growth of more than 30%, well above our forecast of 15-20%. Our contract sales in 2018 decreased year over year, mainly because we only included contracts qualified for revenue recognition. As those excluded contracts meet the revenue recognition requirement, our contract sales will recover in the coming quarters."

"During the fourth quarter, we commenced pre-sales on ten new projects in China that reflected our strategy in tier-two cities, which made significant contributions to our total GFA sales and total contract sales," continued Mr. Zhang, "We also invested in our future growth by expanding our land bank with the acquisitions of Huzhou Silk Town and Xingyang Splendid New Project. Our under planning stage projects in China, U.S, and Malaysia continued to proceed as planned, and our UK project made further progress in both construction and sales."

"The macro economic environment and government restriction policies still pose certain challenges for our industry. However, Xinyuan's operating strategy and strong execution capabilities are the foundations of our steady growth. We will remain focused on selecting quality tier-one and tier-two city projects and will supplement our core business with value-added services in a strategic way to solidify our leading market position. We maintain our commitment to controlling our financial leverage and maximizing Xinyuan's financial health. We are optimistic in the outlook for our industry and long-term growth. We are also pleased to offer another quarterly dividend payment to our shareholders," concluded Mr. Zhang.

## **Fourth Quarter 2018 Financial Results**

## Contract Sales

Contract sales in China totaled US\$724.0 million in the fourth quarter compared to US\$817.1 million in the fourth quarter of 2017 and US\$571.3 million in the third quarter of 2018.

The Company's GFA sales in China were 355,609 square meters in the fourth quarter of 2018 compared to 443,600 square meters in the fourth quarter of 2017 and 277,500 square meters in the third quarter of 2018.

The average selling price ("ASP") per square meter sold in China was RMB13,461 (US\$2,036) in the fourth quarter of 2018 compared to RMB12,118 (US\$1,794) in the fourth quarter of 2017 and RMB13,406 (US\$2,059) in the third quarter of 2018.

The Company commenced pre-sales of ten new projects in the fourth quarter of 2018, Zhengzhou Hangmei International Wisdom City II, Dalian International Health Technology Town I, Qingdao Royal Dragon Bay, Jinan Royal Spring Bay, Xinyuan Golden Water View City, Zhengzhou Fancy City III, Zhengzhou International New City III C, Zhengzhou International New City IV, Suzhou Galaxy Bay, and Suzhou Gusu Shade I. The presales contributed 46.5% and 48.9% of total GFA sales and total contract sales, respectively.

## Breakdown of GFA Sales and ASPs by Project in China

| Project                            | Q4 2017                 |        | Q3 2018                 |        | Q4 2018                 |        |
|------------------------------------|-------------------------|--------|-------------------------|--------|-------------------------|--------|
|                                    | GFA                     | ASP    | GFA                     | ASP    | GFA                     | ASP    |
|                                    | (m <sup>2</sup> , 000s) | (RMB)  | (m <sup>2</sup> , 000s) | (RMB)  | (m <sup>2</sup> , 000s) | (RMB)  |
| Xingyang Splendid II               | 1.6                     | 11,650 | 1.2                     | 13,900 | 0.7                     | 10,354 |
| Kunshan Royal Palace               | 1.3                     | 24,232 | -                       | -      | -                       | -      |
| Jinan Royal Palace                 | 35.5                    | 12,404 | 25.9                    | 16,426 | 1.4                     | 9,548  |
| Xuzhou Colorful City               | 31.4                    | 11,246 | 0.1                     | 10,989 | 1.9                     | 29,363 |
| Chengdu Thriving Family            | 15.8                    | 10,724 | 1.1                     | 8,012  | -                       | -      |
| Changsha Xinyuan Splendid          | 4.2                     | 18,379 | 0.2                     | 19,771 | 4.2                     | 12,796 |
| Sanya Yazhou Bay No.1              | 2.7                     | 27,497 | (0.9)                   | 23,515 | 0.2                     | 4,995  |
| Xi'an Metropolitan                 | 21.2                    | 9,719  | 1.8                     | 10,546 | 1.7                     | 10,592 |
| Zhengzhou Xindo Park               | 11.3                    | 11,110 | 4.1                     | 8,015  | 0.1                     | 8,651  |
| Jinan Xin Central                  | 16.9                    | 11,477 | 1.3                     | 12,839 | 3.6                     | 16,789 |
| Henan Xin Central I                | 9.5                     | 12,890 | 0.3                     | 18,931 | -                       | -      |
| Zhengzhou Fancy City I             | 2.0                     | 14,004 | 0.2                     | 17,481 | 0.2                     | 16,081 |
| Zhengzhou Fancy City II (South)    | 4.4                     | 15,899 | 0.4                     | 17,780 | -                       | -      |
| Tianjin Spring Royal Palace I      | 2.5                     | 12,590 | -                       | -      | 0.3                     | -      |
| Kunshan Xindo Park                 | 12.7                    | 22,311 | 2.4                     | 24,014 | 5.1                     | 20,108 |
| Zhengzhou International New City I | 33.9                    | 4,401  | 2.3                     | 25,725 | 0.2                     | 25,544 |
| Henan Xin Central II               | 10.4                    | 11,858 | 0.2                     | 16,913 | -                       | -      |
| Xingyang Splendid III              | 18.9                    | 7,237  | 2.7                     | 8,018  | 1.1                     | 7,779  |
| Changsha Mulian Royal Palace       | 21.6                    | 12,899 | 4.0                     | 14,445 | 1.5                     | 19,790 |

|  |              |               |              |               |              |               |
|--|--------------|---------------|--------------|---------------|--------------|---------------|
| Zhengzhou International New City II            | 76.7         | 13,711        | 3.4          | 13,388        | 0.6          | -             |
| Zhengzhou International New City III A         | 73.6         | 14,058        | (0.1)        | 14,150        | 0.1          | 14,150        |
| Zhengzhou Fancy City II (North)                | 31.2         | 9,499         | 2.5          | 9,567         | 4.9          | 12,569        |
| Tianjin Spring Royal Palace II                 | -            | -             | 23.6         | 12,691        | 15.3         | 13,583        |
| Zhengzhou International New City III D         | -            | -             | 14.0         | 14,264        | -            | 9,987         |
| Zhengzhou Hangmei International Wisdom City I  | -            | -             | 18.9         | 7,230         | 15.9         | 7,115         |
| Zhengzhou International New City III B         | -            | -             | 54.5         | 14,135        | 10.4         | 13,561        |
| Changsha Furong Thriving Family                | -            | -             | 68.4         | 9,773         | 3.4          | 9,915         |
| Chengdu Xinyuan City                           | -            | -             | 7.1          | 9,988         | 67.0         | 9,961         |
| Kunshan Xinyu Jiayuan                          | -            | -             | 13.1         | 26,108        | 10.6         | 25,963        |
| Xingyang Splendid IV                           | -            | -             | 14.7         | 7,576         | 6.1          | 7,455         |
| Suzhou Suhe Bay *                              | -            | -             | 9.6          | 21,722        | 14.4         | 21,536        |
| Zhengzhou Hangmei International Wisdom City II | -            | -             | -            | -             | 14.2         | 7,313         |
| Qingdao Royal Dragon Bay                       | -            | -             | -            | -             | 20.5         | 21,099        |
| Jinan Royal Spring Bay                         | -            | -             | -            | -             | 18.2         | 9,160         |
| Xinyuan Golden Water View City                 | -            | -             | -            | -             | 32.6         | 19,026        |
| Zhengzhou Fancy City III                       | -            | -             | -            | -             | 16.8         | 12,850        |
| Zhengzhou International New City III C         | -            | -             | -            | -             | 28.6         | 11,062        |
| Zhengzhou International New City IV            | -            | -             | -            | -             | 9.3          | 14,109        |
| Suzhou Galaxy Bay                              | -            | -             | -            | -             | 24.3         | 13,868        |
| Suzhou Gusu Shade I (Suzhou New Project)       | -            | -             | -            | -             | 0.1          | 36,692        |
| Dalian International Health Technology Town I  | -            | -             | -            | -             | 0.9          | 14,212        |
| Others   | 4.3          | -             | 0.5          | -             | 19.2         | -             |
| <b>Total</b>                                   | <b>443.6</b> | <b>12,118</b> | <b>277.5</b> | <b>13,406</b> | <b>355.6</b> | <b>13,461</b> |

\* The Company owns 16.66% equity interest in a joint venture, Suzhou Hengwan Real Estate Co., Ltd. which develops Suzhou Suhe Bay. The Company accounts for its investment under the equity method.

## Revenue

In the fourth quarter of 2018, the Company's total revenue increased 49.1% to US\$1,081.8 million from US\$725.7 million in the fourth quarter of 2017 and increased 81.7% from US\$595.5 million in the third quarter of 2018.

## Gross Profit

Gross profit for the fourth quarter of 2018 was US\$310.2 million, or 28.7% of total revenue, compared to a gross profit of US\$180.3 million, or 24.8% of total revenue, in the fourth quarter of 2017 and a gross profit of US\$149.2 million, or 25.1% of total revenue, in the third quarter of 2018.

## Selling, General and Administrative Expenses

SG&A expenses were US\$106.6 million for the fourth quarter of 2018 compared to US\$78.2 million for the fourth quarter of 2017 and US\$47.7 million for the third quarter of 2018. As a percentage of total revenue, SG&A expenses were 9.9% compared to 10.8% in the fourth quarter of 2017 and 8.0% in the third quarter of 2018.

## Net Income

Net income for the fourth quarter of 2018 was US\$104.2 million compared to US\$35.4 million for the fourth quarter of 2017 and US\$23.9 million for the third quarter of 2018. Net margin was 9.6% compared to 4.9% in the fourth quarter of 2017 and 4.0% in the third quarter of 2018. Diluted earnings per ADS were US\$1.15 compared to US\$0.50 per ADS in the fourth quarter of 2017 and US\$0.31 per ADS in the third quarter of 2018.

## Balance Sheet

As of December 31, 2018, the Company's cash and cash equivalents (including restricted cash) decreased to US\$1,188.2 million from US\$1,416.9 million as of September 30, 2018.

Total debt outstanding was US\$3,452.1 million, which reflected a decrease of US\$632.3 million compared to US\$4,084.4 million at the end of the third quarter of 2018. The balance of the Company's real estate properties under development at the end of the fourth quarter of 2018 was US\$3,804.6 million compared to US\$4,469.1 million at the end of the third quarter of 2018.

## Adoption of ASC 606

On January 1, 2018, the Company adopted ASC 606: Revenue from Contracts with Customers ("ASC 606") issued by the Financial Accounting Standards Board. The Company adopted ASC 606 using the modified retrospective approach and applied the adoption only to contracts not completed as of the date of adoption, with no restatement of comparative periods, and a cumulative-effect adjustment to retained earnings recognized as of the date of adoption.

The following tables show the actual annual 2017 operating results and the annual 2017 operating results if the Company had adopted ASC 606 on January 1, 2017.

### 2017 Financial Results Prior to ASC 606

|                                      | 2017 Total       | 2017 Q1        | 2017 Q2        | 2017 Q3        | 2017 Q4        |
|--------------------------------------|------------------|----------------|----------------|----------------|----------------|
|                                      | USD'000          | USD'000        | USD'000        | USD'000        | USD'000        |
|                                      |                  | (unaudited)    | (unaudited)    | (unaudited)    | (unaudited)    |
| Contract Sales                       | 2,465,663        | 305,382        | 732,476        | 604,520        | 823,285        |
| <b>1. Revenue</b>                    | <b>1,976,907</b> | <b>280,714</b> | <b>488,165</b> | <b>482,373</b> | <b>725,655</b> |
| <b>Gross Profit</b>                  | <b>459,628</b>   | <b>62,567</b>  | <b>107,922</b> | <b>108,842</b> | <b>180,297</b> |
| Gross Profit Margin                  | 23.2%            | 22.3%          | 22.1%          | 22.6%          | 24.8%          |
| SG&A                                 | 212,568          | 35,505         | 47,894         | 50,976         | 78,193         |
| Interest Expense                     | 66,153           | 9,325          | 20,195         | 11,418         | 25,215         |
| <b>2. Profit Before Income Taxes</b> | <b>193,228</b>   | <b>22,042</b>  | <b>46,678</b>  | <b>38,895</b>  | <b>85,613</b>  |
| Income Taxes                         | 113,117          | 14,625         | 25,901         | 22,366         | 50,225         |
| <b>3. Net Profit</b>                 | <b>80,111</b>    | <b>7,417</b>   | <b>20,777</b>  | <b>16,529</b>  | <b>35,388</b>  |

### 2017 Financial Results Adjusted for ASC 606 Adoption

|  | 2017 Total | 2017 Q1 | 2017 Q2 | 2017 Q3 | 2017 Q4 |
|--|------------|---------|---------|---------|---------|
|--|------------|---------|---------|---------|---------|

|                                      | USD'000          | USD'000        | USD'000         | USD'000         | USD'000        |
|--------------------------------------|------------------|----------------|-----------------|-----------------|----------------|
|                                      | (unaudited)      | (unaudited)    | (unaudited)     | (unaudited)     | (unaudited)    |
| <b>Contract Sales</b>                | <b>2,465,663</b> | <b>305,382</b> | <b>732,476</b>  | <b>604,520</b>  | <b>823,285</b> |
| <b>1. Revenue</b>                    | <b>1,584,038</b> | <b>354,572</b> | <b>184,834</b>  | <b>247,499</b>  | <b>797,133</b> |
| <b>Gross Profit</b>                  | <b>346,635</b>   | <b>70,098</b>  | <b>31,576</b>   | <b>49,599</b>   | <b>195,362</b> |
| Gross Profit Margin                  | 21.9%            | 19.8%          | 17.1%           | 20.0%           | 24.5%          |
| SG&A                                 | 212,568          | 35,505         | 47,894          | 50,976          | 78,193         |
| Interest Expense                     | 66,153           | 9,325          | 20,195          | 11,418          | 25,215         |
| <b>2. Profit Before Income Taxes</b> | <b>80,235</b>    | <b>29,573</b>  | <b>(29,669)</b> | <b>(20,347)</b> | <b>100,678</b> |
| Income Taxes                         | 75,653           | 19,295         | 890             | 7,991           | 47,477         |
| <b>3. Net Profit</b>                 | <b>4,582</b>     | <b>10,278</b>  | <b>(30,559)</b> | <b>(28,338)</b> | <b>53,201</b>  |

### Real Estate Project Status in China

Below is a summary table of projects that were active and available for sale in the fourth quarter of 2018.

| Project                                       | GFA                    |              |                |
|---|------------------------|--------------|----------------|
|   | (m <sup>2</sup> '000s) |              |                |
|   | Total Active Project   | Sold to date | Unsold to date |
| Xingyang Splendid II                          | 137.1                  | 83.6         | 53.5           |
| Kunshan Royal Palace                          | 280.6                  | 278.9        | 1.7            |
| Jinan Royal Palace                            | 449.5                  | 427.2        | 22.3           |
| Xuzhou Colorful City                          | 130.7                  | 121.6        | 9.1            |
| Chengdu Thriving Family                       | 203.4                  | 198.1        | 5.3            |
| Changsha Xinyuan Splendid                     | 251.6                  | 249.5        | 2.1            |
| Sanya Yazhou Bay No.1                         | 117.6                  | 100.8        | 16.8           |
| Xi'an Metropolitan                            | 286.0                  | 269.0        | 17.0           |
| Zhengzhou Xindo Park                          | 134.4                  | 132.0        | 2.4            |
| Jinan Xin Central                             | 194.4                  | 183.3        | 11.1           |
| Henan Xin Central I                           | 262.2                  | 252.4        | 9.8            |
| Zhengzhou Fancy City I                        | 166.7                  | 160.3        | 6.4            |
| Zhengzhou Fancy City II (South)               | 84.1                   | 81.9         | 2.2            |
| Tianjin Spring Royal Palace I                 | 139.2                  | 131.3        | 7.9            |
| Kunshan Xindo Park                            | 89.0                   | 87.9         | 1.1            |
| Zhengzhou International New City I            | 360.7                  | 338.4        | 22.3           |
| Henan Xin Central II                          | 109.5                  | 103.8        | 5.7            |
| Xingyang Splendid III                         | 121.1                  | 115.8        | 5.3            |
| Zhengzhou International New City II           | 176.0                  | 163.2        | 12.8           |
| Zhengzhou International New City III A        | 96.0                   | 95.4         | 0.6            |
| Zhengzhou Fancy City II (North)               | 108.7                  | 84.6         | 24.1           |
| Tianjin Spring Royal Palace II                | 144.6                  | 53.1         | 91.5           |
| Zhengzhou International New City III D        | 46.1                   | 43.7         | 2.4            |
| Zhengzhou Hangmei International Wisdom City I | 64.7                   | 50.9         | 13.8           |
| Zhengzhou International New City III B        | 118.8                  | 116.2        | 2.6            |
| Changsha Furong Thriving Family               | 72.3                   | 71.9         | 0.4            |
| Chengdu Xinyuan City                          | 742.8                  | 74.1         | 668.7          |
| Kunshan Xinyu Jiayuan                         | 107.9                  | 23.6         | 84.3           |
| Xingyang Splendid IV                          | 22.0                   | 20.7         | 1.3            |
| Suzhou Suhe Bay *                             | 62.6                   | 24.0         | 38.6           |

|  |                |                |                |
|--|----------------|----------------|----------------|
| Zhengzhou Hangmei International Wisdom City II | 68.8           | 14.2           | 54.6           |
| Qingdao Royal Dragon Bay                       | 154.9          | 20.5           | 134.4          |
| Jinan Royal Spring Bay                         | 117.0          | 18.2           | 98.8           |
| Xinyuan Golden Water View City                 | 338.8          | 35.8           | 303.0          |
| Zhengzhou Fancy City III                       | 80.6           | 16.7           | 63.9           |
| Zhengzhou International New City III C         | 79.9           | 28.5           | 51.4           |
| Zhengzhou International New City IV            | 198.4          | 9.2            | 189.2          |
| Suzhou Galaxy Bay                              | 76.5           | 24.3           | 52.2           |
| Suzhou Gusu Shade I (Suzhou New Project)       | 12.0           | 0.2            | 11.8           |
| Dalian International Health Technology Town I  | 103.9          | 0.9            | 103.0          |
| Others   | 44.7           | -              | 44.7           |
| <b>Total active projects</b>                   | <b>6,555.8</b> | <b>4,305.7</b> | <b>2,250.1</b> |

\* The Company owns 16.66% equity interest in a joint venture, Suzhou Hengwan Real Estate Co., Ltd. which develops Suzhou Suhe Bay. The Company accounts for its investment under the equity method.

As of December 31, 2018, the Company's total saleable GFA was approximately 5,698,700 square meters for active projects and under planning stage projects in China. Below is a summary of all of the Company's projects in China:

|  | <b>Unsold GFA<br/>(m<sup>2</sup> '000s)</b> | <b>Pre-sales<br/>Scheduled</b> |
|--|---|--------------------------------|
| Tongzhou Xinyuan Royal Palace  | 102.3                                       | To be determined               |
| Xinyuan Chang'an Royal Palace  | 226.0                                       | To be determined               |
| Zhengzhou International New City Land Bank(all land is grouped together and will be developed gradually) | 1,393.1                                     | To be determined               |
| Zhuhai Xin World   | 70.0  | To be determined               |
| Lingshan Bay Dragon Seal   | 380.0                                       | To be determined               |
| Zhengzhou Hangmei Project Land Bank(all land is grouped together and will be developed gradually)        | 192.7                                       | To be determined               |
| Zhengzhou Zhongmou Project*  | 480.0                                       | N/A                            |
| Wuhan Canglong Royal Palace  | 185.0                                       | To be determined               |
| Suzhou Gusu Shade II (Suzhou New Project)  | 12.1  | To be determined               |
| Dalian International Health Technology Town II   | 44.5  | To be determined               |
| Huzhou Silk Town   | 134.9                                       | To be determined               |
| Xingyang Splendid New Project  | 228.0                                       | To be determined               |
| <b>Total projects under planning</b>   | <b>3,448.6</b>                              |                                |
| <b>Total active projects</b>   | <b>2,250.1</b>                              |                                |
| <b>Total of all Xinyuan unsold projects in China</b>   | <b>5,698.7</b>                              |                                |

\* In the fourth quarter of 2018, this project is now fully engaged in the construction management service business.

### **Update on Real Estate Projects in the United States**

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As of December 31, 2018, a total of 176 units out of 216 units were sold and closed at the Company's Oosten project in Brooklyn, New York City, with total revenue from this project reaching US\$259.3 million. During 2018, revenues were US\$8.8 million.

During the quarter, the Company completed the construction up to the 6th floor for Hudson Garden project in the Hell's Kitchen area of Manhattan, New York City. During the year, the design drawings were optimized, increasing the number of units from 82 to 92. Of the 38,000 SF of retail/commercial space a total of 29,000 SF were leased to the U.S. department store retailer Target with a 20-year lease. Soft launch of sales began in the fourth quarter of 2018.

The Company continued to execute on the planning, governmental approvals, and pre-development activities of its ground-up project in Flushing, New York City. During the year, the Landmark Preservation Committee approved the Company's landmark protection plan and awarded the Company a Certificate of Appropriateness. The transfer phase for landmarked artifacts is to be completed by the end of February 2019.

### **Real Estate Project Update in the United Kingdom**

During the fourth quarter of 2018, another 8 floors were added to the structural core of the Madison project, resulting in 42 out of 53 floors built. The structure of the tower is expected to be complete in mid-2019 and construction remains on track for completion in 2020.

Of the 423 residential units in The Madison, all of the 104 Affordable Housing apartments have been pre-sold to a regulated affordable housing provider. Of the remaining 319 apartments, 133 apartments have been sold.

### **Business Outlook**

For 2019, the Company expects an increase in total contract sales of approximately 10% and an increase in consolidated net income of 15%-20% over 2018.

### **Conference Call Information**

The Company will hold a conference call at 8:00am ET on February 15, 2019, to discuss its fourth quarter 2018 results. Listeners may access the call by dialing:

US Toll Free: 1-888-220-8451

International: 1-323-794-2588

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 February 22, 2019, by dialing:

US: 1-844-512-2921

International: 1-412-317-6671

Access code: 9013329



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### **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, and Suzhou. 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, 2017. 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                         |   |  |
|---|--|---|--|
|   | December 31,<br>2018<br><u>(unaudited)</u> | September 30,<br>2018<br><u>(unaudited)</u> | December 31,<br>2017<br><u>(unaudited)</u> |
| Total revenue   | 1,081,829                                  | 595,460                                     | 725,656                                    |
| Total costs of revenue  | <u>(771,613)</u>                           | <u>(446,284)</u>                            | <u>(545,358)</u>                           |
| Gross profit  | 310,216                                    | 149,176                                     | 180,298                                    |
| Selling and distribution expenses                                     | (44,833)                                   | (12,282)                                    | (28,274)                                   |
| General and administrative expenses                                   | <u>(61,783)</u>                            | <u>(35,414)</u>                             | <u>(49,920)</u>                            |
| Operating income  | 203,600                                    | 101,480                                     | 102,104                                    |
| Interest income   | 10,357                                     | 8,084                                       | 4,431                                      |
| Interest expense  | (20,610)                                   | (21,778)                                    | (25,215)                                   |
| Net realized (loss)/ gain on short-term investments                   | (4,959)                                    | 2,119                                       | 4,012                                      |
| Unrealized gain/ (loss) on short-term investments                     | 575  | (1,121)                                     | (2,116)                                    |
| Other income/ (expense)   | 905  | (443)                                       | 2,170                                      |
| Net loss on debt extinguishment                                       | (21,444)                                   | -   | -  |
| Exchange (loss)/ gain   | (65)                                       | (15,451)                                    | 1,043                                      |
| Share of loss of equity investees                                     | <u>(2,169)</u>                             | <u>(2,620)</u>                              | <u>(816)</u>                               |
| Income from operations before income taxes                            | 166,190                                    | 70,270                                      | 85,613                                     |
| Income taxes  | <u>(61,969)</u>                            | <u>(46,415)</u>                             | <u>(50,226)</u>                            |
| Net income  | <u>104,221</u>                             | <u>23,855</u>                               | <u>35,387</u>                              |
| Net income attributable to non-controlling interest                   | (33,140)                                   | (3,729)                                     | (2,375)                                    |
| Net income attributable to Xinyuan Real Estate Co., Ltd. shareholders | <u>71,081</u>                              | <u>20,126</u>                               | <u>33,012</u>                              |
| Earnings per ADS:   |  |   |  |
| Basic   | 1.17                                       | 0.32  | 0.51                                       |
| Diluted   | 1.15                                       | 0.31  | 0.50                                       |
| ADS used in computation:  |  |   |  |
| Basic   | 60,957                                     | 63,734                                      | 64,754                                     |
| Diluted   | 61,894                                     | 64,472                                      | 65,927                                     |

**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)**

|   | Twelve months ended                 |                                   |
|---|-------------------------------------|-----------------------------------|
|   | December 31,<br>2018<br>(unaudited) | December 31,<br>2017<br>(audited) |
| Total revenue   | 2,207,218                           | 1,976,907                         |
| Total costs of revenue  | <u>(1,599,743)</u>                  | <u>(1,517,279)</u>                |
| Gross profit  | 607,475                             | 459,628                           |
| Selling and distribution expenses                                     | (83,425)                            | (75,724)                          |
| General and administrative expenses                                   | <u>(157,677)</u>                    | <u>(136,845)</u>                  |
| Operating income  | 366,373                             | 247,059                           |
| Interest income   | 31,891                              | 16,859                            |
| Interest expense  | (96,876)                            | (66,153)                          |
| Net realized (loss)/ gain on short-term investments                   | (1,129)                             | 7,874                             |
| Unrealized (loss)/ gain on short-term investments                     | (1,483)                             | 2,096                             |
| Other (expense)/ income   | (367)                               | 2,326                             |
| Net loss on debt extinguishment                                       | (21,444)                            | (15,880)                          |
| Exchange (loss)/ gain   | (26,395)                            | 757                               |
| Share of loss of equity investees                                     | <u>(8,938)</u>                      | <u>(1,710)</u>                    |
| Income from operations before income taxes                            | 241,632                             | 193,228                           |
| Income taxes  | <u>(135,571)</u>                    | <u>(113,117)</u>                  |
| Net income  | <u>106,061</u>                      | <u>80,111</u>                     |
| Net income attributable to non-controlling interest                   | (32,048)                            | (16,484)                          |
| Net income attributable to Xinyuan Real Estate Co., Ltd. shareholders | <u>74,013</u>                       | <u>63,627</u>                     |
| Earnings per ADS:   |                                     |                                   |
| Basic   | 1.16                                | 0.99                              |
| Diluted   | 1.15                                | 0.97                              |
| ADS used in computation:  |                                     |                                   |
| Basic   | 63,564                              | 64,352                            |
| Diluted   | 64,590                              | 65,803                            |

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

|  | December 31,<br>2018<br><u>(unaudited)</u> | September 30,<br>2018<br><u>(unaudited)</u> | December 31,<br>2017<br><u>(audited)</u> |
|--|--|---|--|
| <b>ASSETS</b>                                |  |   |  |
| Current assets                               |  |   |  |
| Cash and cash equivalents                    | 772,367                                    | 1,000,886                                   | 894,551                                  |
| Restricted cash                              | 415,803                                    | 416,060                                     | 566,676                                  |
| Short-term investments                       | 8,442                                      | 243,036                                     | 57,740                                   |
| Accounts receivable                          | 54,314                                     | 77,743                                      | 100,553                                  |
| Other receivables                            | 120,100                                    | 114,829                                     | 73,194                                   |
| Deposits for land use rights                 | 42,254                                     | 43,610                                      | 103,716                                  |
| Other deposits and prepayments               | 248,965                                    | 316,974                                     | 272,022                                  |
| Advances to suppliers                        | 49,204                                     | 56,026                                      | 36,731                                   |
| Real estate properties development completed | 853,342                                    | 678,029                                     | 840,393                                  |
| Real estate properties under development     | 3,804,555                                  | 4,469,128                                   | 1,996,001                                |
| Amounts due from related parties             | 242,432                                    | 157,422                                     | 125,662                                  |
| Amounts due from employees                   | 1,694                                      | 4,420                                       | 2,174                                    |
| Other current assets                         | 520  | 910   | 799                                      |
| <b>Total current assets</b>                  | <u>6,613,992</u>                           | <u>7,579,073</u>                            | <u>5,070,212</u>                         |
| Real estate properties held for lease, net   | 273,371                                    | 272,526                                     | 277,933                                  |
| Property and equipment, net                  | 38,114                                     | 32,241                                      | 32,386                                   |
| Long-term investment                         | 566,968                                    | 612,901                                     | 829,773                                  |
| Deferred tax assets                          | 137,561                                    | 136,828                                     | 82,006                                   |
| Deposits for land use rights                 | 21,855                                     | 21,804                                      | 22,956                                   |
| Amounts due from related parties             | 50,904                                     | 29,538                                      | 24,666                                   |
| Contract assets                              | 17,426                                     | 18,517                                      | -  |
| Other assets                                 | 132,921                                    | 134,920                                     | 44,502                                   |
| <b>TOTAL ASSETS</b>                          | <u><u>7,853,112</u></u>                    | <u><u>8,838,348</u></u>                     | <u><u>6,384,434</u></u>                  |

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

|   | December 31,<br>2018<br><u>(unaudited)</u> | September 30,<br>2018<br><u>(unaudited)</u> | December 31,<br>2017<br><u>(audited)</u> |
|---|--|---|--|
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                     |  |   |  |
| <b>Current liabilities</b>                                      |  |   |  |
| Accounts payable  | 780,576                                    | 626,425                                     | 690,839                                  |
| Short-term bank loans and other debt                            | 43,711                                     | 190,932                                     | 247,758                                  |
| Customer deposits   | 1,912,848                                  | 2,490,508                                   | 438,342                                  |
| Income tax payable  | 220,883                                    | 110,353                                     | 169,839                                  |
| Deferred tax liabilities-current                                | 223,888                                    | -   | -  |
| Other payables and accrued liabilities                          | 374,259                                    | 496,956                                     | 300,120                                  |
| Payroll and welfare payable                                     | 34,263                                     | 10,093                                      | 31,445                                   |
| Current portion of long-term bank loans and other debt          | 1,647,918                                  | 2,105,469                                   | 1,648,233                                |
| Current maturities of capital lease obligations                 | 6,135                                      | 4,629                                       | 4,472                                    |
| Mandatorily redeemable non-controlling interests                | 22,621                                     | 14,159                                      | 15,593                                   |
| Amounts due to related parties                                  | 12,489                                     | 70,044                                      | 128,178                                  |
| <b>Total current liabilities</b>                                | <u>5,279,591</u>                           | <u>6,119,568</u>                            | <u>3,674,819</u>                         |
| <b>Non-current liabilities</b>                                  |  |   |  |
| Long-term bank loans  | 720,039                                    | 622,849                                     | 11,019                                   |
| Other long-term debt  | 1,040,455                                  | 1,165,132                                   | 1,404,814                                |
| Deferred tax liabilities  | 9,170                                      | 202,878                                     | 164,204                                  |
| Unrecognized tax benefits                                       | 31,231                                     | 31,231                                      | 31,231                                   |
| Capital lease obligations, net of current maturities            | 10,443                                     | 8,409                                       | 11,415                                   |
| Amounts due to related parties                                  | 4,609                                      | 30,702                                      | 29,919                                   |
| <b>TOTAL LIABILITIES</b>  | <u>7,095,538</u>                           | <u>8,180,769</u>                            | <u>5,327,421</u>                         |
| <b>Shareholders' equity</b>                                     |  |   |  |
| Common shares   | 16   | 16  | 16                                       |
| Treasury shares   | (87,639)                                   | (78,265)                                    | (67,792)                                 |
| Additional paid-in capital                                      | 525,554                                    | 543,253                                     | 543,338                                  |
| Statutory reserves  | 162,207                                    | 105,844                                     | 105,660                                  |
| Retained earnings   | 104,509                                    | 94,317                                      | 382,124                                  |
| Accumulated other comprehensive (loss) /income                  | (28,286)                                   | (29,068)                                    | 29,226                                   |
| <b>Total Xinyuan Real Estate Co., Ltd. shareholders' equity</b> | <u>676,361</u>                             | <u>636,097</u>                              | <u>992,572</u>                           |
| Non-controlling interest  | 81,213                                     | 21,482                                      | 64,441                                   |
| <b>Total equity</b>   | <u>757,574</u>                             | <u>657,579</u>                              | <u>1,057,013</u>                         |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>               | <u>7,853,112</u>                           | <u>8,838,348</u>                            | <u>6,384,434</u>                         |