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XIN - Q2 2015 Xinyuan Real Estate Co Ltd Earnings Call

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CONFERENCE CALL PARTICIPANTS

Sheen Tan *Morgan Stanley - Analyst*

John Sheehy

Brett Mayo

Matthew Larson *Morgan Stanley - Analyst*

Richard Geronimo

PRESENTATION

Operator

Good day, everyone, and welcome to the Xinyuan Real Estate Company Ltd., Second Quarter 2015 Earnings Conference Call. Please note that today's call is being recorded. I would now like to turn the conference over to Mr. Bill Zima of ICR. Please go ahead.

Bill Zima - ICR - IR

Hello, everyone, and welcome to Xinyuan's second quarter 2015 earnings conference call. The company's second quarter earnings results were released earlier today and are available on the company's IR Web site as well as on Newswire services.

Before we continue, please note that the discussions today will contain forward-looking statements made under the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties. As such our results will be materially different from the views expressed today. Further information regarding these and other risks and uncertainties is included in our registration statement and our Form 20-F and other documents filed with the US Securities and Exchange Commission. Xinyuan does not assume any obligation to update any forward-looking statements, except as required under applicable law.

Today you will hear from Mr. Yong Zhang, the Company's Chairman, who will comment on our operating results. He will be followed by Mr. George Liu, the company's Chief Financial Officer, who will provide some additional color on Xinyuan's performance, review the company's financial results and discuss the financial outlook. Following management's prepared remarks, we will open up the call to questions.

With that said, I would now like to turn the call over to Xinyuan's Chairman, Mr. Zhang. Please go ahead.

Yong Zhang - Xinyuan Real Estate - Chairman

Thank you, Bill. Good morning and thank you all for joining our second quarter 2015 earnings conference call. We are very pleased to report strong operational and financial results, which demonstrate an improvement in our business. Xinyuan had 18 active projects as of the end of the quarter, all of which contributed to our sales. And we started pre-sales of two new projects, Zhengzhou Xindo Park and Jinan Xin Central, which contributed about 18% to our GFA sales.



We also experienced good progress with our real estate project activities outside of China during Q2 led by our Oosten project in Brooklyn, New York. Additionally, we are exploring opportunities to develop real estate related products and services that will complement our core real estate development portfolio in China.

We will continue to maximize our overall performance in second half of the year and are also pleased to reiterate our full year guidance forecast.

Now, please allow me to turn the call over to our CFO, Mr. George Liu. George, please go ahead.

George Liu - Xinyuan Real Estate - CFO

Thank you, Chairman. Hello everyone, welcome to join us on Xinyuan's second quarter 2015 conference call. We're very pleased with our second quarter 2015 financial results, and made good operational progress with our development activity.

Now allow me to further review our financial results. Contract sales increased by 79.7% to \$332.3 million from \$184.9 million in the first quarter of 2015 and increased by 67.2% from \$198.7 million in the second quarter of 2014. Total gross floor area sales increased by 93.4% to 218,700 square meters from 113,100 square meters, sold in the first quarter of 2015 and increased by 46.2% from 149,600 square meters, sold in the second quarter of 2014.

The average selling price per square meter sold was RMB9,309 i.e. \$1,519 in the second quarter of 2015 versus RMB10,031 i.e. \$1,634 in the first quarter of 2015, and RMB8,155 or \$1,329 in the second quarter of 2014.

We commenced pre-sales of two new projects in the second quarter, Jinan Xin Central and Zhengzhou Xindo Park, which contributed 17.7% of our total GFA sales.

Total revenue for the second quarter increased by 65% to \$275.1 million from \$166.7 million in the first quarter of 2015 and increased by 64.9% from \$166.8 million in the second quarter of 2014.

Gross profit for the second quarter of 2015 was \$60.9 million, or 22.2% of revenue, compared to gross profit of \$48 million or 28.8% of revenue, in the first quarter of 2015 and gross profit of \$43.3 million or 25.9% of revenue in the second quarter of 2014.

SG&A expenses were \$35.8 million for the second quarter of 2015 compared to \$27.7 million for the first quarter of 2015 and \$32.1 million for the second quarter of 2014. As a percentage of total revenue, SG&A expenses decreased to 13% compared to 16.6% in the first quarter of 2015 and 19.3% in the second quarter of 2014.

Net income for the second quarter of 2015 increased to \$20.2 million compared to \$4.5 million for the first quarter of 2015 and \$11.4 million for the second quarter of 2014. Net margin also increased to 7.3% compared to 2.7% in the first quarter of 2015 and 6.8% in the second quarter of 2014.

Diluted earnings per ADS increased to \$0.27, compared to \$0.06 per ADS in the first quarter of 2015 and \$0.14 per ADS in the second quarter of 2014.

As of June 30, 2015, Xinyuan had \$441.4 million in cash and cash equivalents, including restricted cash compared to \$432.8 million as of March 31, 2015. Total debt outstanding was \$1,721.8 million, an increase of \$38.3 million compared to \$1,683.5 million at the end of the first quarter of 2015. The balance of the company's real estate property under development at the end of second quarter of 2015 was \$2,097.1 million compared to \$2,045.4 million at the end of first quarter of 2015.

We are also pleased to announce earlier today, our second quarterly dividend for 2015. A cash dividend of \$0.025 per common share or \$0.05 per ADS will be paid to investors on September 9 to shareholders of record as of August 24 of this year.



I also would like to take this time to update you on our projects in other countries. For our projects outside of China, we currently have two projects in other countries. We continue to make good progress at our Oosten project located in Brooklyn, New York. As of the end of the second quarter we sold about 50% of the total number of units. The building topped out earlier this year and currently the facade, interiors and mechanical systems are being installed.

In addition, the 421-a tax abatement for the project was recently approved by the Department of Housing Preservation which gives buyers significant tax savings during the first 15 years of ownership. Sales prices remain favorable in the New York area in the second quarter of 2015 while sales prices in Brooklyn continue to rise.

Our second overseas development project is a land reclamation project in Malaysia, which we announced earlier this year. As of the end of June, we were in the process of finalizing the land reclamation plan with local government. We continue to seek and evaluate the different strategies before we move forward on this one.

We are also exploring new opportunities to develop real estate related products and services in a way to complement our core real estate development business. For instance, Xinyuan owns a leading property management company with proven track record and strong brand recognition in China. We will capitalize on providing value added products and services to community residents.

Another example is that Xinyuan launched a joint venture cinema company with an experienced cinema operator in the second quarter to support our commercial project development and further enhance Xinyuan's brand visibilities. While these new initiatives represent a small component of our business, we believe they can attract greater interest and support for our projects and drive unit growth over time.

Now, I would like to conclude my comments by discussing our full-year financial outlook. While we believe favorable government policies contributed to the stability of the market and had a positive impact on our performance this quarter, overall market conditions remain uncertain for the second half of the year. We will continue to maximize our overall performance.

For the full year 2015, we reiterate our expectations that full year contract sales and net income will increase approximately 30% compared to 2014. Please note that this estimate reflect our current and preliminary view which is subject to change.

This concludes my prepared remarks for today's call. Operator, we are now ready to take some questions.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions) Our first question comes from Sheen Tan with Morgan Stanley.

Sheen Tan - Morgan Stanley - Analyst

Yeah, thanks for the presentation. So actually I have three questions. So firstly, what is the spending for land acquisition and project construction for the first half of 2015? And what is your annual budget for land acquisition and project construction? And my second question is like will the company maintain the full-year target for contract sales at RMB1.3 billion and revenue at RMB2 billion? And lastly, my last question is like does the company has seen any leverage targets for net debt to equity?



George Liu - *Xinyuan Real Estate - CFO*

For the first question, in the second quarter we spent roughly \$50 million on land acquisition which is significantly below what we have been spending in the past four quarters. Actually it is about one-fourth of what we spent in the first quarter of this year and about one-sixth of what we spent in the second quarter of last year.

And the second question is about the full year expectation, we are very positive to accomplish the guidance we gave out before and we have no intention to change it for now.

For your third question, the debt level we do strive to reduce our debt level and leverage in the next 12 to 18 months. As you can see that our margin is really not that large mainly due to some land blocks and projects that we acquired in the past two years. So we do need to invest on constructions and projects to generate the revenue and net income that we want to deliver by the end of the year.

So by over time, as our new projects come in which we expect better projects, I would -- I cannot promise any significant reduction of debt level and leverage in the next 6 to 12 months, but I would say that a -- interesting, probably very positive progress might be able to be seen in the next 12 to 18 months. Thank you.

Sheen Tan - *Morgan Stanley - Analyst*

Alright, thanks.

Operator

(Operator Instructions) Our next question comes from John Sheehy.

John Sheehy

Hello, everybody, congratulations on the good results and thank you for taking my call. Do you feel that movements in the Chinese stock market have any short-term effects on demand for your homes?

George Liu - *Xinyuan Real Estate - CFO*

Yes, they do. Actually it is a positive effect. Recently, as you probably know that the China stock market has become more volatile than, actually a lot more volatile than a few months ago which we can actually see more interests in our project size.

John Sheehy

So the buyers feel that real estate is becoming a more attractive investment compared to the stock market?

George Liu - *Xinyuan Real Estate - CFO*

Yes, I kind of suspect that.

John Sheehy

Okay, that's great. And can you share some comments on pricing in your key markets?



George Liu - *Xinyuan Real Estate - CFO*

Yes, in our key markets our pricing remains strong. As you can see that, even though -- in our earnings release, we actually have released a breakdown of GFA sales, and ASP, our average selling price by project. As you can see that, even though compared with the first quarter, our ASP has decreased a little bit but for some key markets and for some second-tier cities, our ASP has seen some interesting and positive progress which actually contributed the most -- the biggest component of our total sales which is I think is a very positive trend in our key markets.

John Sheehy

So are you raising prices or reducing discounts and incentives?

George Liu - *Xinyuan Real Estate - CFO*

We are raising prices in some projects, we are reducing discounts in other projects as well but it's a really a project by project, it's a really case-by-case basis. In one or two projects, we might even reduce our price, so it really depends on the market and our competitors around other projects. But generally speaking, out of the over ten projects we have in hand, we are increasing our price and reducing our discounts.

John Sheehy

Okay, that's great news. And can you comment on the availability of credit right now to the Company and to your homebuyers?

George Liu - *Xinyuan Real Estate - CFO*

Pardon me, I didn't quite get you, do you mean our credit rating by some companies, some third parties?

John Sheehy

Just the bank lending environment, is it easy for you to borrow money on attractive terms and also for your homebuyers, are they able to get mortgages at attractive terms right now?

George Liu - *Xinyuan Real Estate - CFO*

Yes, they are actually getting easier for our homebuyers to get mortgages, recently the government has published a few encouraging policies. And as for our Company, ourselves, the government is also easing its mandatory policy. So overall interest level has actually decreased a little bit and it's actually easier for us to get financing than a few months ago.

John Sheehy

Okay that's great news. And the last question is, can you comment on the Company's strategy for future land acquisition like what types of projects and what markets you think are most attractive for you?

George Liu - *Xinyuan Real Estate - CFO*

We recently, as you might see that the key markets for this Company, of course, number one is Zhengzhou, where the Company was founded and then, in Suzhou, Jinan and Xi'an, where we have large land lot being developed, where we enjoy excellent brand recognition. And we will continue

to get land lots if at all possible at a good price in those cities. And apart from those second-tier cities we have good brand recognition and years of good operational record. We are also having some developments in tier-1 cities including Beijing and Shenzhen but we are in no position to start launching the project yet.

John Sheehy

Okay, thank you very much. Thank you for all the detailed answers.

George Liu - Xinyuan Real Estate - CFO

Thank you.

Operator

(Operator Instructions) Our next question is going to come, it looks like it's a follow up from Sheen Tan with Morgan Stanley.

Sheen Tan - Morgan Stanley - Analyst

Hi guys, I got another three more questions. So, firstly, I just want to know like do you guys have any guidance for contract sales in July. And secondly like, how was the project sales performance specifically for Chinese cities that you mentioned. And lastly, do you have any plans to issue onshore bond, if not why?

George Liu - Xinyuan Real Estate - CFO

The first question is about July sales, the positive trend is continuing but I'm in no position to give you detailed numbers yet. And the second question is about, I'm not sure, can you repeat your second question.

Sheen Tan - Morgan Stanley - Analyst

What's the project sales performance like Zhengzhou, Shanghai, Tianjin and Suzhou?

George Liu - Xinyuan Real Estate - CFO

Okay, okay, yeah, all doing very well. In short, they're all doing very well, actually better than we had expected. And do we have like a breakdown on those project sales in our earnings release and I mean, if you want details, it's probably more appropriate to exchange by email. And about the issue of issuing new bonds, we actually are exploring the opportunities to issue bonds, issued not just overseas but also domestic bonds, as you might know that the domestic bond market has become very, very active in the -- within recent two months and interest rate actually is very reasonable. So, there is a good chance that we might be able to use this market to further reduce our debt interest level. Thanks.

Sheen Tan - Morgan Stanley - Analyst

All right cool, thanks.



Operator

The next question will come from Brett Mayo.

Brett Mayo

Yeah, hello.

George Liu - Xinyuan Real Estate - CFO

Yeah.

Brett Mayo

Okay. My first question is, exactly how much money do you guys have left authorized in stock buyback?

George Liu - Xinyuan Real Estate - CFO

We didn't repurchase any shares in the last quarter, except the RSU plan that have been approved.

Brett Mayo

Correct, correct, you haven't repurchased any shares this quarter or the quarter before but my understanding is, there is about \$40 million or so left that would be authorized, it could be used for stock buyback is that correct?

George Liu - Xinyuan Real Estate - CFO

Yes, it's correct.

Brett Mayo

Does that expire I think at the end of this year, is that money planned to be spent or is it just going not be utilized?

George Liu - Xinyuan Real Estate - CFO

We are not sure, I mean, I cannot have a firm say on this issue now because it's only in the middle, it's just passed the middle of the year but we -- our intention, we do intend to focus on our core business rather than this cash repurchase in the market.

Brett Mayo

Right, I understand that. As a shareholder and owner, it's frustrating though for the stock to trade at 25% or 20% of book value and to have that money allocated for share repurchases and to not take advantage of it. It just -- I think it could be kind of a three-legged stool you can execute on the current initiatives while also servicing your debt and trying to refinance and get lower rates but also why have the stock buyback authorization if you're not going to use it when the stock is trading at 20% of book value. So that's my take on it, just so, I'm just being clear on my feelings on that. My another question, you mentioned kind of, could you give maybe the best one or two projects that excite you all the most and maybe the worst one or two projects that have kind of given you any concerns?

George Liu - *Xinyuan Real Estate - CFO*

As you might see that we are selling extremely well, actually, we're selling very well in Zhengzhou, in fact, in Zhengzhou we have more than one project, we have like kind of six projects in Zhengzhou and all of them have done well. And we are also selling very well in Suzhou, where the Yangtze-delta has demonstrated a very positive trend in recent two months, in the recent quarter but for the worst one, for the worst one, I would say the Sanya project because for the last few months, traditionally not good -- it's low season for the places and height of the sale might come hopefully in the coming two or three months for Sanya project.

Brett Mayo

Okay. That's -- I appreciate that. That's always interesting to hear the color on the different projects. I noticed, just quickly going through, the taxes were really down this quarter and really up last quarter. Kind of -- can you give some details on what's going on there?

George Liu - *Xinyuan Real Estate - CFO*

In our tax section, it's usually -- it actually mostly consists of two sections. One is the corporate income tax, which is more or less like 25% of our net income and the other section is the land appreciation tax. That would be very complicated, which we have to deal with the local authorities on a project-by-project basis. And for the last quarter, as you can see, the net income is actually very small. It was like \$4.5 million. So, any kind of strong tax amount made a significant difference in terms of effective tax rate.

But for this quarter, since our revenue and net income has come to a more reasonable level or that level, so the effective tax rate can better reflect our real division between income tax and land appreciation tax.

Brett Mayo

Okay. And so, that does -- do you expect the tax rate this coming quarter to be similar or more like quarter one or it sounds like you're saying that this quarter was a more normal quarter, that the first quarter was just kind of falsely high?

George Liu - *Xinyuan Real Estate - CFO*

I would. Personally, I would expect the future tax rate are similar as the second quarter.

Brett Mayo

Okay. About maybe more than three quarters ago or so and I apologize if I butcher the name of this province, you guys signed a strategic partnership with Xi'an. What does that mean for them if anything? I mean I assume it's not a legally-binding contract but do you guys plan to work with that government or what is that strategic partnership mean?

George Liu - *Xinyuan Real Estate - CFO*

I didn't quite recall the strategic partnership you are talking about we signed with the Xi'an government. We do have a kind of a joint venture in Xi'an where we are developing, in general, a very large project. In total, we are expecting to develop a huge project with probably a total GFA of more than 1 million square meters. But we are going to take land lots and project developments step by step. That's why we set out this kind of alliance and cooperations with local parties, so that it can stabilize cash so that we can pay them step by step and get land lots step by step, which is helpful for our cash position.

Brett Mayo

Okay. George, you've been super helpful. When -- just not to continue with endless questions but just a couple of more, when the New York project, when can you guys recognize the revenue and net income from that project? I assume that is already showing up, I guess.

George Liu - Xinyuan Real Estate - CFO

Right, right. The sales are actually good with our New York project but we expect -- we expect to recognize the meat of the project next year. There might be some small part at the end of this year or might be some small component in 2017, but the majority would probably be recognized in 2016.

Brett Mayo

Right and I agree with you about the sales being good. You can see the contract sales on line. There is a site called streeteasy.com and you can see that the sales are just awesome but anyway I was just wondering when you guys could actually show that on your books. I assume you guys still have the corporate jet. Is that correct?

George Liu - Xinyuan Real Estate - CFO

Pardon me?

Brett Mayo

Corporate jet.

George Liu - Xinyuan Real Estate - CFO

Okay. Yes, we're still having the corporate jet. I mean, we would love to fly a second, someone to take it over but it's not easy in China now.

Brett Mayo

Okay. It sounds kind of like you're stuck with it.

George Liu - Xinyuan Real Estate - CFO

I mean, personally I wouldn't think that's the wisest decision that we can make, but that's what has been done has already been done and what we can do at this moment is trying to make good use of it.

Brett Mayo

I agree. All right, George, you have been super helpful and I appreciate it, and last but not least, congratulations on a really solid good quarter, and I look forward to more good quarters coming up.

George Liu - *Xinyuan Real Estate - CFO*

Thank you.

Operator

And the next question will come from Matthew Larson with Morgan Stanley.

Matthew Larson - *Morgan Stanley - Analyst*

Hi, good morning. Good quarter, and just want to echo the previous caller's discussion about share buybacks. I mean, even if it was a small buyback, a couple of million shares or something, it just shows an interest in making an accretive transaction. These are such a discount to book. It really seems to me a very good use of your funds and if you have needs for your funds elsewhere, even a small buyback of shares at this level, I think, sends a good message to the market. In addition, if there was some insiders that actually bought some stock, even in small amounts, that helps out. Because in general, your performance financially has been pretty good over the last few years but the stock has been flatlining.

I'm very thankful for the dividend you all pay. I've been a long-term shareholder and at some point, I'm hoping to be rewarded in some big way. Can I ask a question about TPG, which remains a big shareholder of yours, is there any sort of interest on their part to I guess realize something on their investment which they pay quite a bit higher prices on?

George Liu - *Xinyuan Real Estate - CFO*

That's really a question to the TPG, not to me.

Matthew Larson - *Morgan Stanley - Analyst*

Fair enough. I just didn't know if there was any sort of public announcement that I might have missed that might be pertinent to them.

George Liu - *Xinyuan Real Estate - CFO*

Not that I heard of. Thanks.

Matthew Larson - *Morgan Stanley - Analyst*

Got you. And then second question and last question. The U.S. debt that you issued a year or two ago, fairly high interest rate debt that hopefully you can roll over at lower levels in the future. Have you thought about maybe buying some of that back? It periodically trades below par and I know it's in U.S. dollars but as you would have get the cash flow from the Brooklyn project, presumably that would be an opportunity maybe to reach higher some of that at attractive prices. Is that something that you've considered?

George Liu - *Xinyuan Real Estate - CFO*

We did try to buy back some of the bonds, but it sudden -- in a very quick way, it went back to above par. So, it's really -- I mean even though the price looks like below par a little bit, it's really a limited market. I feel -- just I feel a buyback would make the price go up to a level that will be more than reasonable. So, yeah, I kind of -- I mean I kind of understand that this shares and bonds buyback could be good investment strategy, but on the other hand, we are running a real estate business and not an asset investment and management business. So, if at all possible, we would like to develop -- we like to deliver good operational results rather than this kind of play out in the capital market.

Matthew Larson - *Morgan Stanley - Analyst*

No. My point being at 13% or 14%, what they're trading at, that's a high cost of funds, and I know it was the first foray that your firm had in the dollar denominated market, and they're not due till I think 2019, but it certainly would make sense before we get near the rollover date to maybe reduce that a bit, particularly if you could do so at a good price, but it is nice to know that there isn't a lot of people willing to sell below par, which gives me confidence that the market is looking at your company in a very sound way, but alright. Thanks, Liu. Thanks for the answers.

George Liu - *Xinyuan Real Estate - CFO*

Thank you.

Operator

(Operator Instructions) Our next question comes from Richard Geronimo.

Richard Geronimo

Hi, George. This is Richard again and nice to talk to you. Congratulations on a good quarter. I have a couple of questions for you and it basically is about the share price. And one of the issues for me would be management stability and it appears that the CFO has been completed. Now, there is two Board of Directors chairs that are still not filled and what is your expectation on filling those with people that can actually help Xinyuan?

George Liu - *Xinyuan Real Estate - CFO*

Well, I guess we -- definitely, the board will continue to see any good persons that could help the board and the company to fill those seats. However, we haven't found those people yet.

And about stabilities, I mean as you all know, I have joined the company for less than six months. So I cannot comment too much on it, but with my limited experience with this company, I have found out that I have received overwhelming support from the Chairman to CEO and the management team and I kind of realized that -- I can feel that the board, the Chairman, the CEO have all understand the importance of stabilities and we would expect our company to be more stable, managing our matters in the future.

Richard Geronimo

That's very good to know. The other thing is that I just listened, as I listened to the conference call, I believe I heard two analysts ask questions and clearly we have to get Wall Street on board, because I think Xinyuan is well managed and I think that they do make substantial profits and they do -- have done buybacks as well as dividends and the share price is admirable and it is just -- my question to you is how and how can we possibly get more people interested in the company and do you plan on, at some point in time, heading to Wall Street or some place to do some roadshows?

George Liu - *Xinyuan Real Estate - CFO*

Yes. I do have plans to come to the Wall Street. As you might know, I was actually educated in Cornell University, which is actually very close to New York City and I mean, the most recent is, I might possibly take a trip to New York and the other parts of the States in the first half or in the middle of September.



I am attending two investor conferences and I am setting up meetings with investors and of course anyone of you on the phone who is willing and interested in talking to me during that time, I'm very happy to talk to you. My guess is that Xinyuan is going towards the right direction and we are moving maybe not as quickly and as fast as some other people expect, but we are moving towards the right direction. Thanks.

Richard Geronimo

I actually agree with that and I would love to have those dates, if you could email me or I could email you or something like that, because I would make the effort to get to New York or wherever you are to talk to you and listen to your presentation. I'd really appreciate that. So please let me know how I can do that.

And the last thing I'd like to know is, as you know, there was a real uproar, not an uproar, but everybody is talking about companies on the New York Stock Exchange heading back to mainland China or Hong Kong and since it's another unknown for me, how would that affect us as shareholders and is it still in the works? I mean I would much prefer you stay on the New York Stock Exchange, but again that's a management decision and I was just wondering what your thoughts are?

George Liu - Xinyuan Real Estate - CFO

For time being, as far as I know, we don't have any plans to leave New York Stock Exchange and are we exploring any opportunities to do something in Hong Kong or in the Asia market of China. We are exploring all kinds of possibilities, but we don't have any concrete plans. I mean, we welcome any good ideas too.

But in any market, I personally think that the fundamental is the most important thing and we will work in -- concretely in this regard and hopefully to deliver satisfactory operations results to our investors and shareholders.

And to your question about I mean, if you're willing to spend time with me when I'm in New York, I mean you're welcome to send emails to our contact email to have been published and we will reply you with my schedule and hopefully we can meet face to face and discuss on issues together. Thanks.

Richard Geronimo

That would be great. I do appreciate. Yeah. I think with just a few hiccups, the company is managed very conservatively and you do a very good job. Thank you very much.

Operator

And the next question is a follow-up from Matthew Larson with Morgan Stanley.

Matthew Larson - Morgan Stanley - Analyst

Hi. Thanks for taking my follow-up. Just to piggyback on the previous callers' interest in maybe generating some more interest perhaps from analysts. I mean, your stock trades at 20% of book below 3, it could just as easily be 5 frankly and it would still be undervalued relative to US listed real estate companies and really one needs to get some sponsorship here.

You guys did a couple of large private placements in the bond market, which created fees for investment banks here. You have a blue-chip private equity firm that owns a large stake in your firm. So you've definitely raised your visibility and your potential as a fee paying customer to the investment community here.



So at some point, I would think that some investment firm would be interested in sponsoring you from a research point of view, seeing that there could be a long-term relationship. In addition, you are developing property in the US in a big way.

I live in New York, I've seen your project in Brooklyn, it's top-class. So it just seems to me one thing should follow the other that if you had some sponsorship, you've a small cap stock here, but your enterprise value is quite a bit larger with your debt.

So it seems to me that there should be some interest from some investment firm here to get better involved with you from a research point of view and I'm sure, you've worked on that, but I've always been little perplexed why there hasn't been some interests in the US to cover you guys from a research point of view.

So that's just my comment and when you are in New York, I'd be interested in meeting with you, because I've been a long-term shareholder and I've always had a big interest in your company.

George Liu - *Xinyuan Real Estate - CFO*

Thank you. And I would be happy to meet you if you have time. Thanks.

Matthew Larson - *Morgan Stanley - Analyst*

I'll email you with my information. Thanks.

Operator

And there are no further questions. I'd like to turn the call back over to management for any closing remarks.

George Liu - *Xinyuan Real Estate - CFO*

Okay. We thank you for joining us on today's call and appreciate your ongoing support. We look forward to updating you on our progress in the weeks and months ahead. Thank you again.

Operator

And that does conclude today's conference. Thank you for your participation.

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