JGR CAPITAL
Equity Research

Company-Sponsored Research Case Study

XINYUAN REAL ESTATE (XIN) CASE STUDY

WHY IS COMPANY-SPONSORED RESEARCH (CSR) NEEDED?

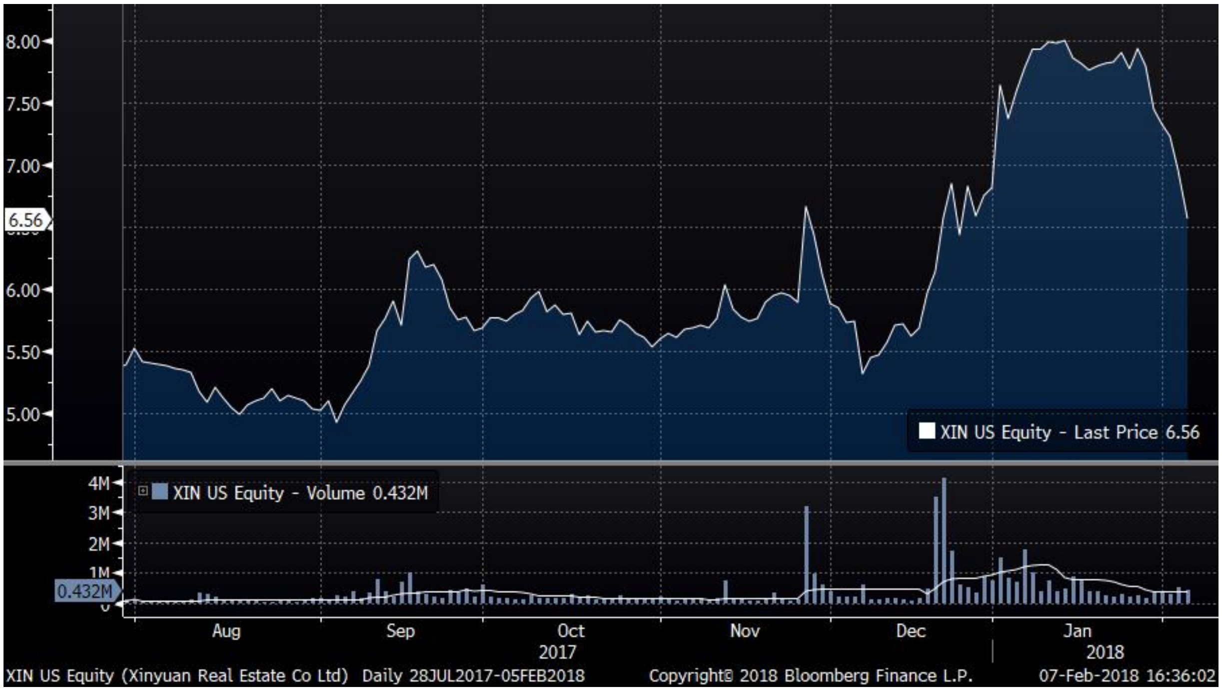
- Obtaining research is difficult for small-capitalization, low-volume stocks. Small-cap coverage is simply uneconomical for the traditional broker/ dealer model.
- Frequently, small-capitalization stocks incur the large expenses of being public, while not sufficiently realizing the benefits of being public.
- Within the debt markets, companies pay bond raters to issue ratings on their bond offerings and small-capitalization companies will likely need increased coverage, similar to the debt markets in our view.
- Paid research allows under-followed companies to reach new investors and institutions.

JGR CAPITAL'S CSR MODEL

- Research analysts can always decide if they want to cover a specific equity based on its investment merits
- Reports are identical to JGR Capital’s long-short equity traditional equity research reports, except with a revised disclosure
- All companies must be approved by JGR Capital’s senior management prior to being covered in order to maintain the JGR Capital’s brand
- JGR Capital offers some of the lowest prices for ISR in the industry, with portions of payments able to be made in stock upon analyst approval. This equity incentive aligns JGR Capital with the company, as we benefit as the client benefits

THE EFFECTS OF COMPANY-SPONSORED RESEARCH

6 MONTHS OF COVERAGE IN A SNAPSHOT



After we issued our initiation report on Xinyuan Real Estate, Inc. on July 28th 2017, its stock had increased by 19.3% within three months. XIN's stock had reached $6.81 by the end of 2017, representing a 26.34% increase. By January 28th (6 months following initiation), share price was up to $7.93, which is an increase of 47.1% from initiation.