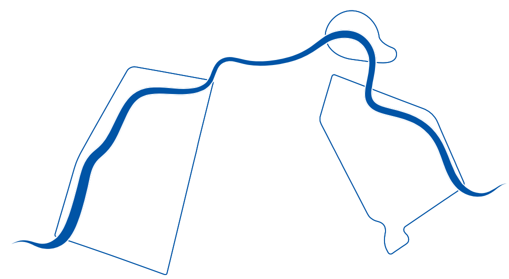

SANCTUARY AT DIANSHAN LAKE:

94,543 SQM LUXURY WATERFRONT MASTERPLAN FOR QINGPU DISTRICT

PLAN 6335 DEVELOPMENT CASE STUDIES

MSRED 2026 | GROUP 19

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SANCTUARY AT DIANSHAN LAKE:

94,543 SQM LUXURY WATERFRONT MASTERPLAN FOR QINGPU DISTRICT

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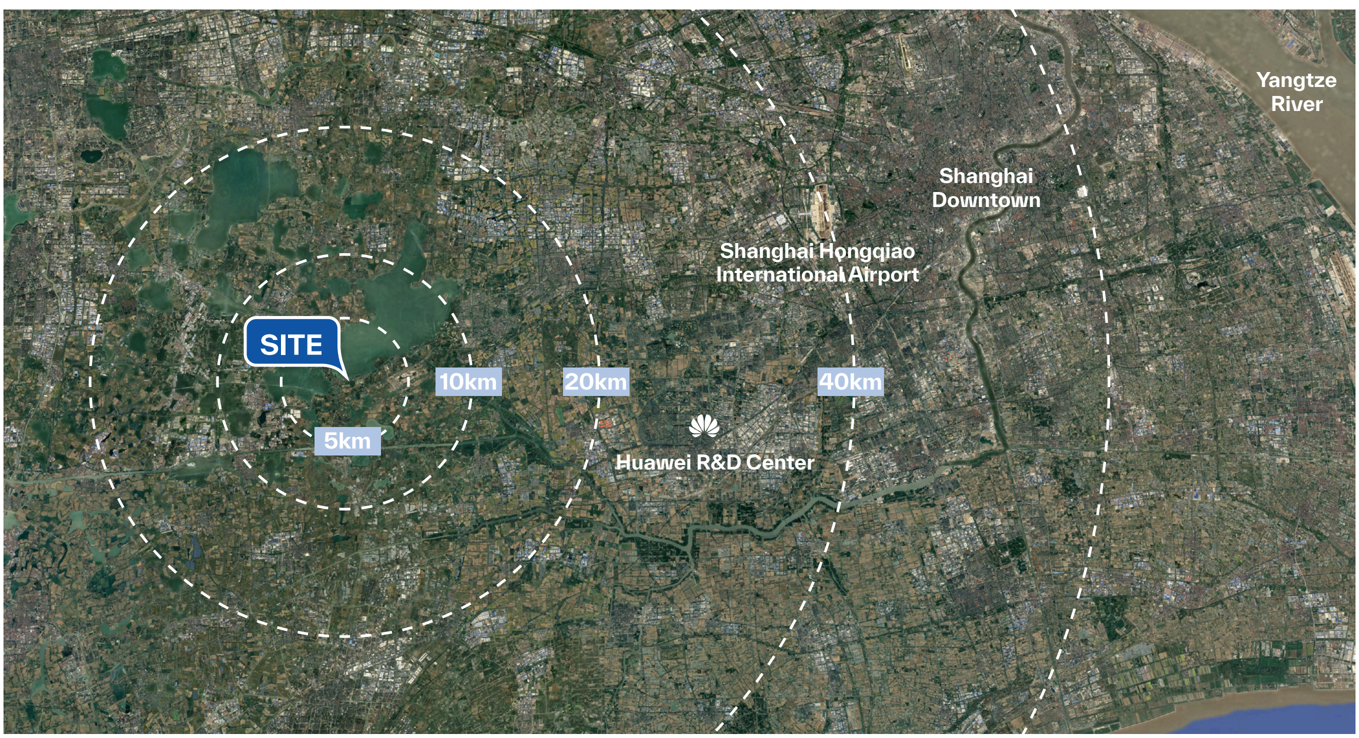
EXECUTIVE SUMMARY

Sanctuary at Dianshan Lake is a 94,543 m² (1,017,661 SF) luxury waterfront masterplan in Shanghai's Qingpu District, delivering 150 ultra-low-density residences and a 1,600 m² (17,222 SF) retail node across a three-part program of Garden Condos, Canal Townhouses, and a public Waterfront Promenade.

The investment thesis rests on three structural forces converging on this site. Shanghai's residential supply fell 56.1% YoY in Q1 2025, while ultra-luxury sales (RMB 30M+ / ~$4.2M+) tripled versus 2023, establishing a supply-demand imbalance that has sustained 4.2% YoY price growth even as peer Tier-1 markets have cooled. At the submarket level, Huawei's RMB 10B ($1.4B) R&D Center introduces 35,000 highly compensated professionals within 30 km, creating a strong demand catalyst against local premium inventory of under 10 months. At the parcel level, a 0.47 FAR cap combined with Shanghai's Villa Ban makes this development legally non-replicable, converting regulatory constraint into durable pricing power.

Our response translates these conditions into a specific built form. Density is concentrated on the West Plot (120 Garden Condos) to anchor near-term absorption and cash flow, which in turn funds the scarcity premium of the East Plot (30 Canal Townhouses) on direct waterfront. A continuous public promenade connects both plots through a Central Island Wellness Pavilion, rejecting the gated compound default of Shanghai luxury residential in favor of a shared amenity that accelerates entitlement, drives retail foot traffic, and extends waterfront frontage across every residential building.

Underwriting reflects this discipline. Pricing is set 10–15% below comparable stock, the capital stack is structured for institutional risk-adjusted returns, and the 19-month execution window is supported by pre-secured zoning entitlements and a sponsor-led local execution team. Total capitalization of ¥907M ($136M) generates a projected GDV of ¥1.62B ($242M), underwritten with a 5% absorption haircut, delivering a 22.53% LP IRR and 35.84% GP IRR.



PROJECT AT A GLANCE

THE ASSET

Site Area	94,543 m²
Total GFA	~45,900 m²
FAR	0.47 (cap)
Units	150 total

THE RETURNS

GDV	¥1.62B / $242M
Total Cost	¥907M / $136M
LP IRR	22.53%
GP IRR	35.84%
Equity Multiple	1.66x
Sales Period	12 months

THE PROGRAM

Garden Condos	120 units
Canal Townhouses	30 units
Retail	1,600 m²
Wellness Pavilion	450 m²

THE TIMELINE

Groundbreaking	Jun 2026
Presales Launch	Dec 2026
Topping Out	Jul 2027
Sellout	Dec 2027

FOUR GUIDING PRINCIPLES

THE WATER'S EDGE

30 waterfront townhouses maximize linear frontage.

ROOTED IN SCARCITY

0.47 FAR cap + Villa Ban = Legally non-replicable.

GATEWAY TO QINGPU

1,600 m² retail anchors the amenity desert.

A SANCTUARY SHARED

Public promenade connects West, Central, and East.

MARKET ANALYSIS

Sanctuary at Dianshan Lake is positioned at the intersection of three market conditions that independently support the investment thesis: a Tier-1 city in structural supply shortage, a luxury segment experiencing flight-to-quality capital reallocation, and a submarket whose scarcity is enforced by law.

83%

SUPPLY GAP

Strictly enforced waterfront protection laws drastically limit new residential permits, establishing a permanent structural shortage and monopolistic land value.

Supply Crunch

Residential supply plummeted **-56.1%** YoY in Q1/2025.

Shanghai demonstrates clear regional dominance by maintaining zero oversupply risk, setting it apart from markets like Beijing (capped by 50% LTV limits) or Hangzhou (burdened with 2-year inventory backlogs).

Luxury Momentum

Sales of ultra-luxury units (RMB 30M+) have **tripled** compared to 2023.

This segment perfectly captures the high-net-worth (HNWI) flight-to-quality trend. The market is structurally shifting toward wellness-focused luxury, cementing Shanghai as a safe haven for capital.

Price Leadership

Shanghai's new home price index rose **+4.2% YoY** as of January 2026.

It decisively leads all Tier-1 cities in value retention and ongoing capital appreciation, proving its resilience despite broader national macroeconomic headwinds.

WHY QINGPU-JINZE, WHY NOW

HNWI DEMAND CATALYST

Huawei R&D Center (RMB 10B / $1.4B)
35,000 professionals within 30 km
Average salary 3–5x Shanghai mean

↓

INVENTORY PRESSURE

<10 months local premium supply
vs. 17.1 months Shanghai average
= **83%** structural shortage

↓

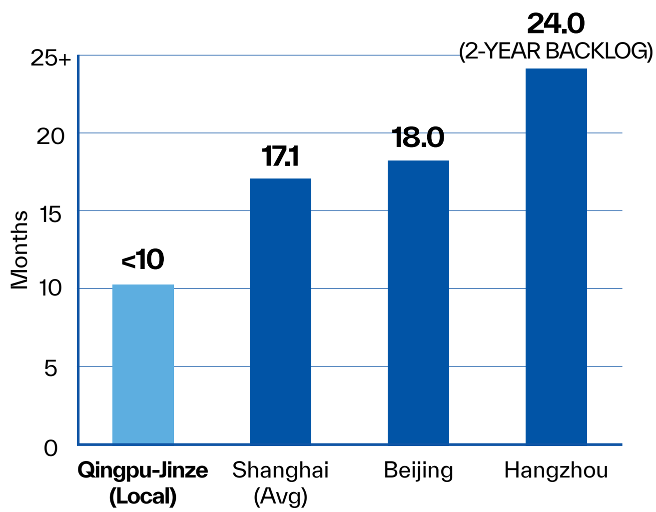
REGULATORY MOAT

0.47 FAR cap (Qingpu waterfront buffer)
Shanghai Villa Ban (city-wide)
Class I drinking water protection zone
= non-replicable ground lease

SHANGHAI vs. PEER TIER-1 CITIES

- Shanghai | Zero oversupply risk, +4.2% YoY price
- Beijing | Capped by 50% LTV restrictions
- Hangzhou | 2-year inventory backlog
- Shenzhen | Tech sector layoff exposure

INVENTORY BACKLOG COMPARISON
(MONTHS OF SUPPLY)



SITE CONTEXT & ZONING

The 94,543 m² (1,017,661 SF) parcel sits within Qingpu District's Jinze Town, directly adjacent to Dianshan Lake on the western edge of the Shanghai metropolitan region. The setting is characteristic of the Yangtze River Delta water village landscape, a landscape that has historically resisted large-scale residential development and that remains, even today, one of the least densified waterfront corridors within a two-hour radius of any Tier-1 Chinese city. This is the physical context in which our investment thesis begins.

The regulatory context, however, is what makes the thesis defensible. Three overlapping planning frameworks govern what can be built on this parcel, and each of them is more restrictive than the standard Shanghai residential envelope. The Qingpu District Master Plan caps density through a Floor Area Ratio of 0.47, roughly one third of what typical urban residential zoning would permit. The Dianshan Lake Water Protection Buffer, triggered by the lake's designation as a Class I municipal drinking water source, imposes zero-discharge environmental standards and forbids the issuance of new waterfront residential permits beyond those already entitled. Shanghai's city-wide Villa Ban, in force since 2003 and reinforced in 2021, prohibits any new standalone detached villa construction across the metropolitan region.

Each of these frameworks, taken individually, would constrain a conventional development program. Taken together, they do something different. They define a development envelope that cannot be reproduced on any adjacent parcel, cannot be expanded through variance or rezoning within the current master plan horizon, and cannot be replicated elsewhere in the district because no other entitled waterfront site remains. The constraints are the asset.

QINGPU MASTER PLAN (2016–2035)	WATER PROTECTION BUFFER ZONE	VILLA BAN (Shanghai)
• Mixed residential + commercial FAR 0.47 cap • Height 24 m	• Class I drinking water source • Zero-discharge compliance required	• No new standalone villa permits • Townhouse typology permitted

School (SC)

SC1 - Jinxiuyuan Private Middle School
SC2 - Xicen Secondary School
SC3-Xicen Junior Middle School
SC4 - Xicen Central Kindergarten
SC5 - Sino-Canada School

Supermarket (SM)

SM1 - Zhongyi Supermarket
SM 2- Linanhua Service Area
SM 3- Limin Supermarket
SM 4- Huinong Supermarket
SM 5- Xicen New Street Supermarket
SM 6- Erlin General Merchandise Supermarket
SM 7- Shihuan Fresh Food Supermarket

Hospital (H)

H1- Jinzezhen Xicen Community Health Service Center
H2 - Wujiang Lilizhen Community Health Service Station of Donglian

INFRASTRUCTURE & CONNECTIVITY

The site appears remote but remains highly connected. The waterfront setting underwrites a pricing premium twenty-five kilometers from central Shanghai, while four transportation corridors place the metropolitan economy within a one-hour range. This combination of waterfront adjacency and Tier-1 connectivity is what distinguishes the parcel from the broader stock of rural-feeling luxury residential developments in the Yangtze River Delta.

- Metro Line 17 → Hongqiao Hub in 35 min
- G50 Huyu Expy → Downtown Shanghai in 45 min
- Hongqiao International Airport → 40 min
- Shanghai Hongqiao HSR Station → 35 min
- 3 international schools within 8 km
- Jinze Community Health Center within 2 km

For resident buyers, this level of connectivity allows children to attend international schools, enables partners to commute to downtown offices, and ensures regional accessibility for extended networks from anywhere in eastern China within half a day. For the Huawei workforce that anchors demand, the site is a 30 km drive from the R&D center, falling within the preferred housing radius documented across comparable tech-anchored deployments.

The site combines the scarcity of waterfront adjacency with metropolitan connectivity, a combination unavailable in central Shanghai at any price point.

THE THESIS

Market conditions explain the opportunity, but they do not by themselves define the project. A supply shortage and a tech-anchor demand catalyst could, in principle, be absorbed by any number of built forms. A conventional high-rise tower could extract value through density. A gated luxury compound could extract value through exclusivity. A speculative villa enclave, had the Villa Ban not prohibited it, could extract value through scarcity of typology. Each of these alternatives would generate returns from the same market imbalance we are responding to, and each is the product that a typical Shanghai luxury developer would deliver on a comparable site.

We have chosen a different response, and the choice is deliberate. Sanctuary at Dianshan Lake translates a scarcity-driven market into a specific built form through four design and underwriting principles, each tied to a measurable driver of value rather than to an aesthetic preference. The four principles govern how density is distributed across the site, how waterfront frontage is monetized, how public space is treated as an investment rather than a cost, and how the regulatory envelope is converted into durable pricing power. Together they transform what would otherwise be constraints into sources of premium: regulatory caps become non-replicable scarcity, ecological compliance becomes public amenity, and waterfront adjacency becomes linear saleable frontage distributed across every building in the plan.

PROJECT VISION: FOUR PRINCIPLES


The Water's Edge


Rooted in Scarcity


Gateway to Qingpu


A Sanctuary Shared

The Water's Edge:

30 canal townhouses front directly onto the water, where linear frontage becomes a pricing strategy rather than an amenity, maximizing the share of the project that commands waterfront pricing.

Rooted in Scarcity:

The **0.47 FAR**, Villa Ban, and Class I water buffer make this parcel legally non-replicable, with 150 units representing less than **0.5% of Qingpu's documented 29,000-unit premium housing deficit**, giving every unit durable scarcity value.

Gateway to Qingpu:

A **1,600 m² (17,222 SF) retail node** at the site entrance fills a five-kilometer amenity desert, sustained day-to-day by both the captive residential base and the 35,000 Huawei workforce nearby.

A Sanctuary Shared:

A **continuous public promenade** binds West Plot, Central Island, and East Plot into a single loop open to the community, rejecting the gated compound model, accelerating entitlement, driving retail traffic, and extending waterfront frontage.

Key

1. Central Park
2. Garden Condos
3. Central Greenway
4. Water Garden Promenade
5. Waterside Trail
6. Gateway Retail
7. Lotus Pond
8. Residents' Lounge & Café
9. Package room / concierge desk / Fitness center
10. Co-working lounge with private meeting rooms
11. The Threshold
12. Spa & hydrotherapy
13. Outdoor amphitheater / event lawn
14. Canal Townhouses
15. The Marina
16. The Dock House (Residents' Private Club)
17. The Commons Gate
18. The Reserve Gate

MASTERPLAN OVERVIEW

The masterplan organizes 94,543 m² (1,017,661 SF) across three coordinated zones. One hundred and twenty Garden Condos on the West Plot absorb near-term demand and establish pricing through Phase 1 presales. Thirty Canal Townhouses on the East Plot capture waterfront scarcity premiums in Phase 2, released only after West Plot sales velocity confirms market pricing. A Central Island wellness pavilion anchors the shared amenity program, while a continuous public promenade binds all three zones into a single destination that residents share with the broader community.

FOOTPRINT LOGIC

Each zone earns its place in the capital plan through a distinct role. Density is concentrated on the West Plot to stay within the aggregate FAR cap while preserving ultra-low density on the East. Sales are phased to capture pricing momentum. Parking is resolved underground in every zone, releasing the entire ground plane to pedestrians and landscape.

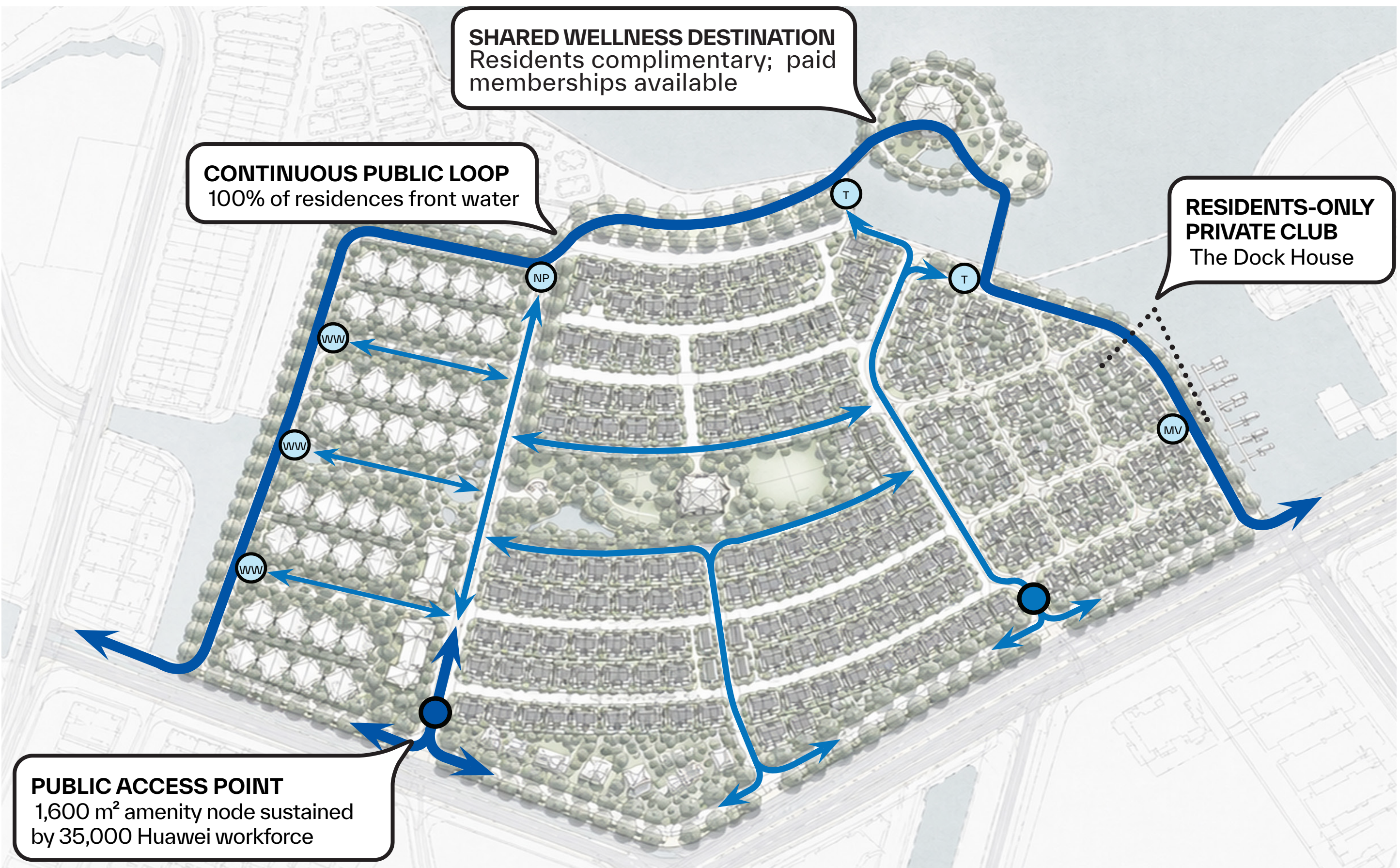
ZONE	ROLE	UNITS	TYPOLOGY	SELLABLE	PARKING	BUYER PROFILE
West Plot Garden Condos	Demand absorption	120	2-3F low-rise blocks	~21,080 m² (~226,890 SF)	240	Young professionals, small families
East Plot Canal Townhouses	Premium monetization	30	2F row	~7,214 m² (~77,650 SF)	60 (private)	C-suite, generational buyers
Central Island	Signature amenity	—	Single wellness pavilion	450 m² (4,844 SF) (amenity, non-sellable)	Car-free	All residents

A SANCTUARY SHARED: PUBLIC SPACE AS INVESTMENT STRATEGY

Luxury residential in Shanghai defaults to the gated compound: walled perimeter, guarded entry, sharp separation from the community. The model protects pricing in the short term but produces commoditized product vulnerable to the oversupply that has eroded luxury values in Hangzhou and Shenzhen. Sanctuary at Dianshan Lake rejects this default. A continuous public promenade binds the West Plot, Central Island, and East Plot into a single accessible loop, with vehicular access routed underground and the waterfront open to the community.

Three underwriting mechanisms make public access a source of value rather than a cost. The continuous promenade extends waterfront premium pricing, ten to fifteen percent above inland stock, across every residential building rather than only the outer perimeter. Voluntarily exceeding the Qingpu Master Plan's public-access objectives accelerates entitlement approvals and reduces presale escrow risk. And the 1,600 m² Gateway Retail node, which fills a five-kilometer amenity desert, depends on non-resident traffic that a gated compound cannot generate; the resulting income and activated ground plane reinforce residential value while positioning Jinze as Shanghai's emerging premium lakefront destination.

≈15% of site (~14,000 m²) is publicly accessible.
Comparable Shanghai luxury compounds: 0%.



PUBLIC ZONES — RESIDENT-ONLY ZONES

ACCESS POINTS

PRIMARY GATES
(Formal Arrival, Vehicular + Pedestrian)

- The Commons Gate (West) : Public + Residents
- The Reserve Gate (East): Residents Only

PROMENADE ENTRIES
(Pedestrian Only, Public)

- T — The Threshold (Central Island connection)
- WW — The Western Walk (West Plot, west edge)
- NP — The Northern Path (West Plot, north end)
- NC — The Northern Crossing (East Plot, north end)
- MV — The Marina View (East Plot, east waterfront)

CIRCULATION STRATEGY

Circulation Hierarchy:

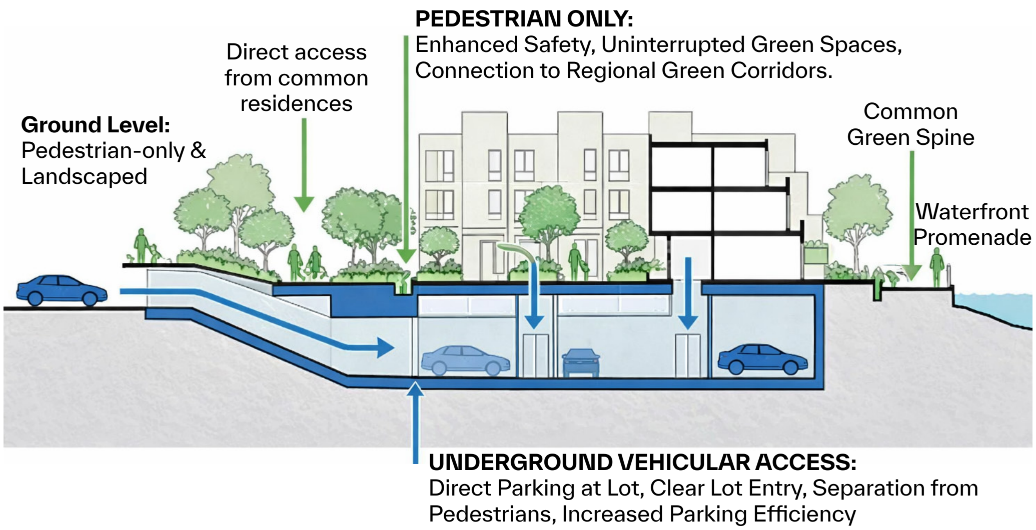
- Vehicles enter from two gates (The Commons Gate for West, The Reserve Gate for East)
- All vehicles descend to underground within 50m of entry
- Promenade, Central Greenway, and all inter-plot paths are car-free
- Service/emergency vehicles use secondary perimeter road

REGENERATIVE STRATEGY

Sponge City
Permeable promenade manages 100% stormwater on-site, no grey infrastructure cost.

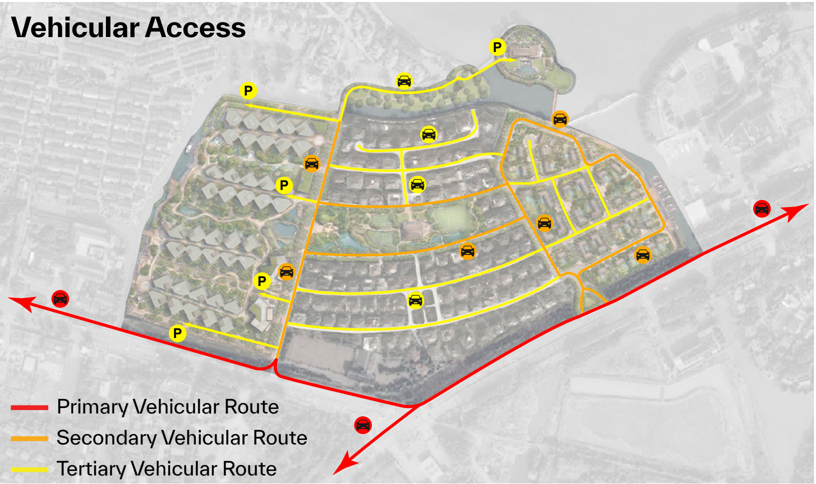
Zero Discharge
On-site treatment protects Class I drinking water source, accelerates permitting.

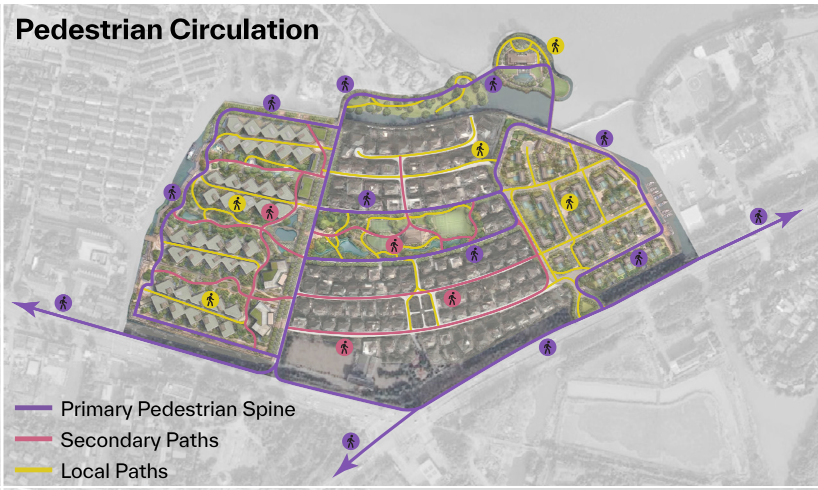
YRD Eco-Green
Promenade anchors biodiversity corridor in Yangtze River Delta masterplan.

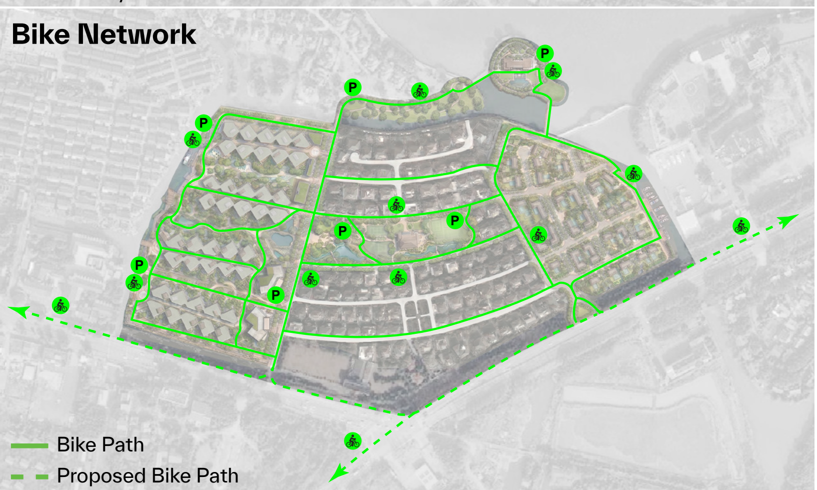


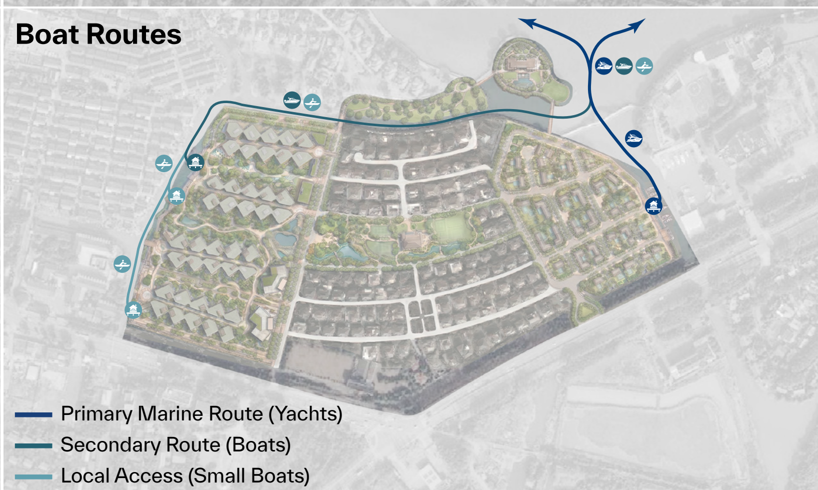
Section Diagram: Vehicle-Pedestrian Separation Principle

All vehicular access is routed underground or to the site perimeter. The ground plane is reserved for pedestrians, cyclists, and landscaping.









WEST PLOT GARDEN CONDOS: THE DEMAND ABSORPTION ENGINE

The West Plot absorbs near-term demand while maintaining a low-rise, villa-like character. Condos anchor early cash flow through presales starting 6 to 9 months after construction begins.

Program:

- 4 low-rise residential blocks (120 total units)
- 2-3 story configuration
- 2BR (136 m² / 1,464 SF): 40 units
- 3BR (165 m² / 1,776 SF): 40 units
- 4BR (226 m² / 2,433 SF): 40 units

Ground-Floor Amenities:

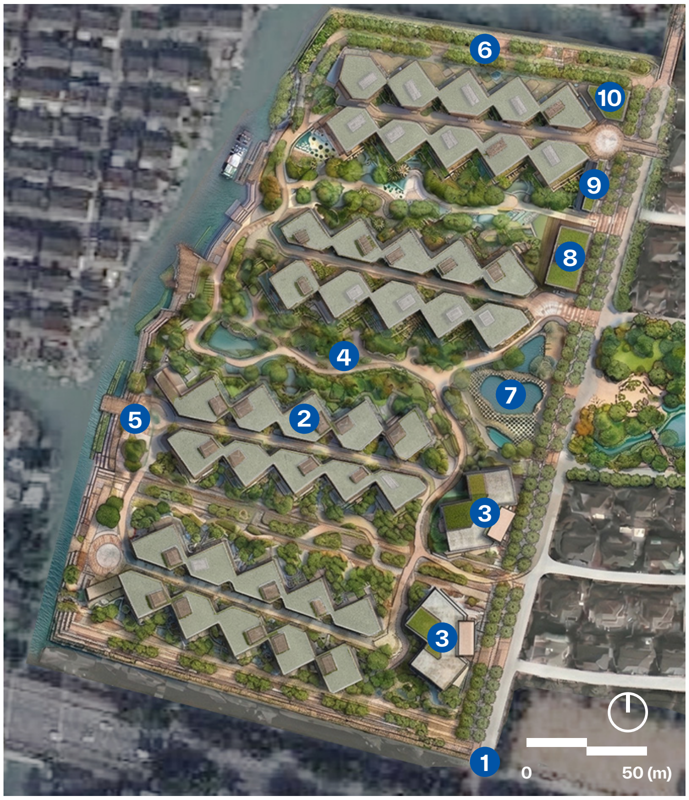
- Fitness Center, Package Room & Concierge (400 m² / 4,306 SF)
- Residents' Lounge & Café (150 m² / 1,615 SF)
- Co-Working Lounge with Meeting Rooms (200 m² / 2,153 SF)

Capital Logic:

Lot-level FAR 0.58 (vs. 0.47 aggregate site cap) concentrates density here while preserving ultra-low density on East Plot. Priced at ¥55,000/m² (~$767/SF), a 10–15% discount to comparable condo stock.

Parking:

240 underground communal spaces (2 per unit + 5% guest). Full pedestrian-vehicle separation at grade.



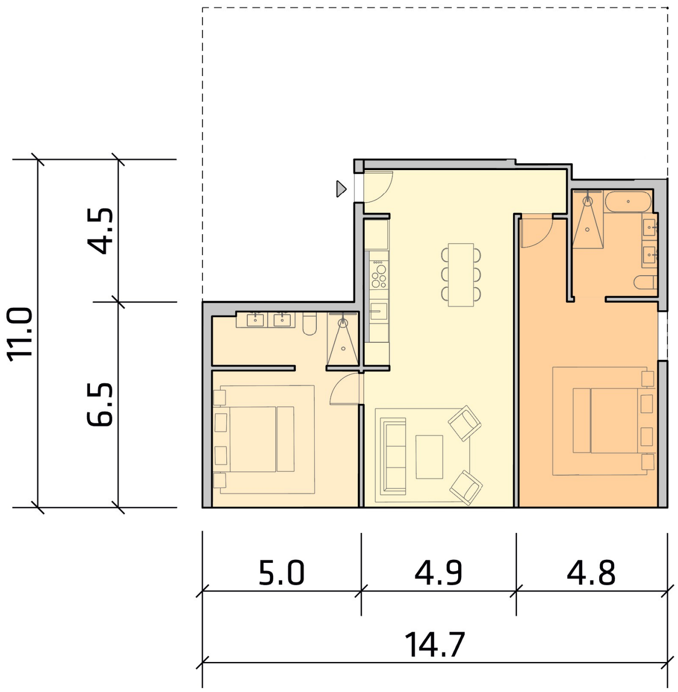
Key

1. The Commons Gate
2. Garden Condos
3. Gateway Retail
4. Central Greenway
5. Water Garden Promenade
6. Waterside Trail
7. Lotus Pond
8. Residents' Lounge & Café
9. Package room / concierge desk / Fitness center
10. Co-working lounge with private meeting rooms

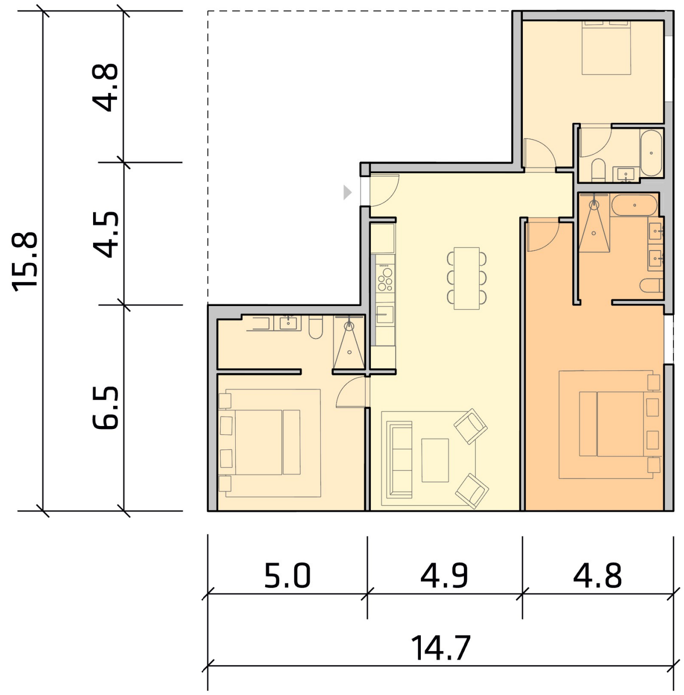
Why This Unit Mix?

The mix targets Huawei's mid-to-senior professional cohort: 2BR for young professional couples, 3BR for growing families, 4BR for senior executives. All units are designed as end-user primary residences, not speculative investment product. This aligns with Qingpu District's owner-occupancy policy and de-risks absorption against speculative cycles.

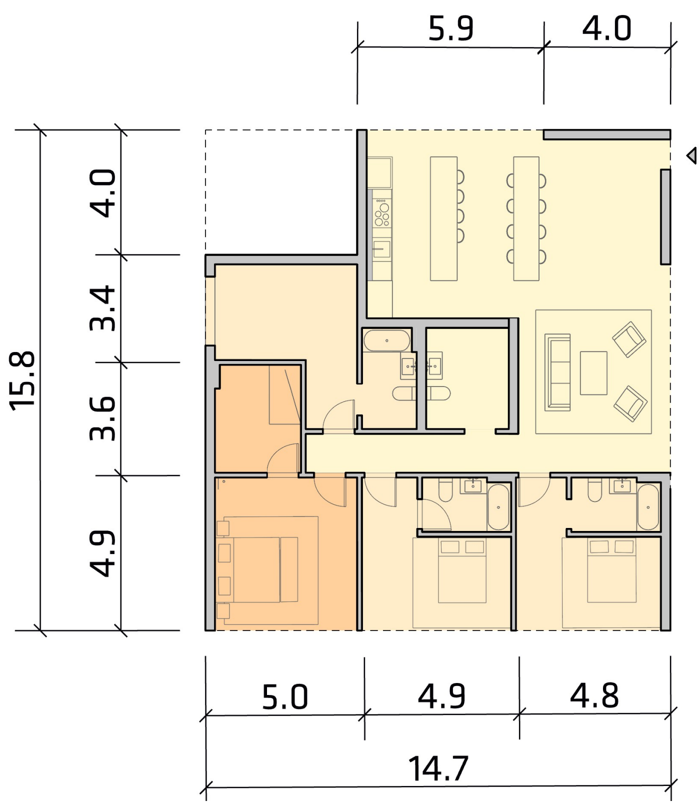
Typical Unit Plans:



2 Bedroom
136 m² (1,464 SF)



3 Bedroom
165 m² (1,776 SF)



4 Bedroom
226 m² (2,433 SF)

EAST PLOT CANAL TOWNHOUSES: PREMIUM MONETIZATION

The East Plot captures the site's most valuable asset, direct waterfront adjacency, through a deliberately constrained ultra-luxury offering.

Program:

- 30 waterfront townhouses
- Row typology maximizing linear canal frontage
- 3BR (189 m² / 2,034 SF): 12 units
- 4BR (259 m² / 2,788 SF): 14 units
- 5BR (330 m² / 3,552 SF): 4 units

Waterfront Experience:

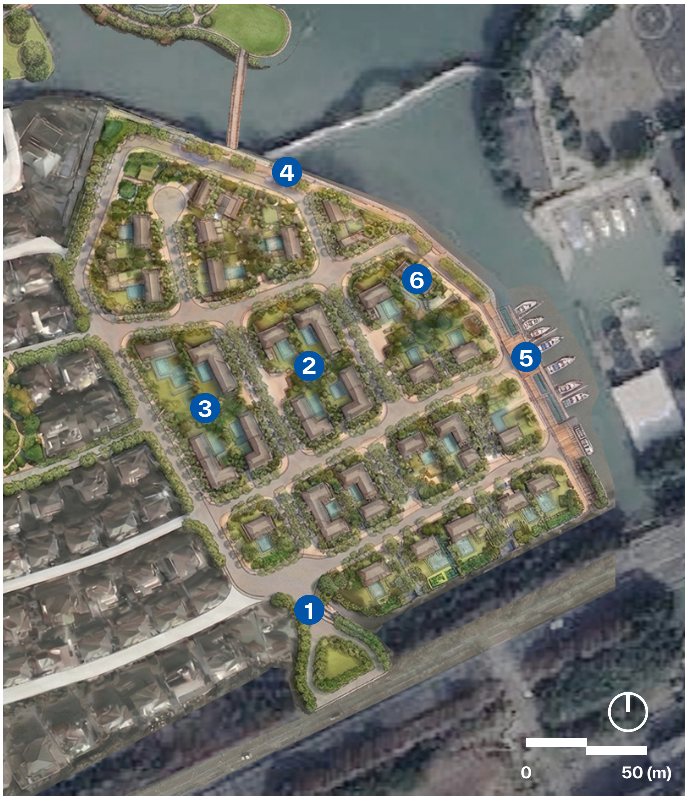
- Private courtyard with direct canal access
- Cantilevered terraces overlooking waterway
- Private deck and boat mooring at The Dock House
- Below-grade bonus space (not counted in FAR)

Capital Logic:

30-unit cap reinforces scarcity. Priced at ¥75,000/m² (~$1,045/SF), a 10 to 15% discount to Suzhou comparables (¥85,000 to 100,000/m²). Released Phase 2 after West absorption establishes price benchmarks.

Parking:

Private underground per unit (60 spaces total). Accessed from internal roads via individual ramps.



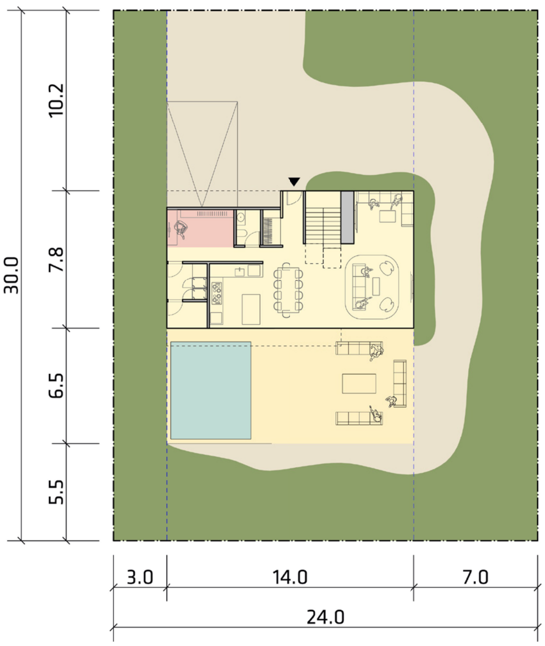
Key

1. The Reserve Gate
2. Canal Townhouses
3. Courtyard Gardens
4. Water Garden Promenade
5. The Marina
6. The Dock House (Residents' Private Club)

Townhouse as Villa Substitute

Shanghai's Villa Ban prohibits standalone detached villas, but townhouse typology preserves the villa experience: private entry, multi-level living, direct canal access, private underground parking, and below-grade bonus space (not counted in FAR). Each unit delivers 2,000–3,500 SF of above-grade space plus ~1,000 SF below-grade, comparable to luxury villa programs at Suzhou Bay and Jinji Lake.

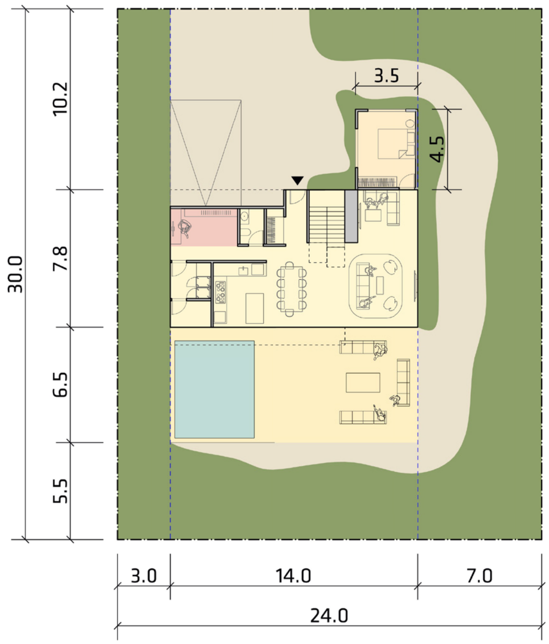
Typical Unit Plans:



1st FL

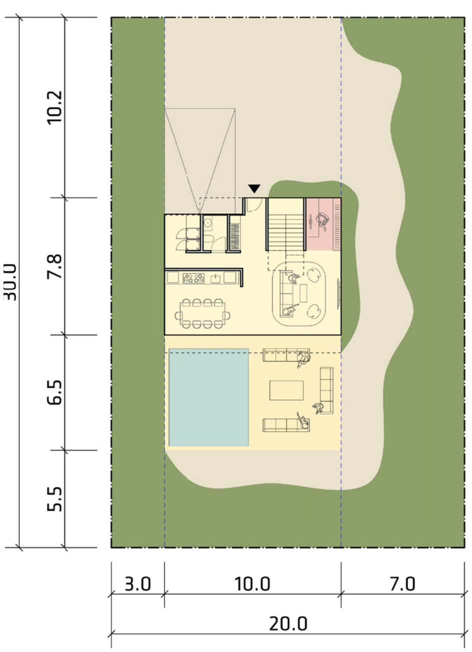
4 Bedroom
259 m² (2,788 SF) / Lot : 720 m² (7,750 SF)

2nd FL
* 4BR and 5BR share an identical two-story layout.



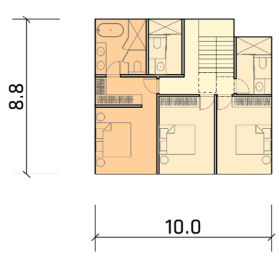
1st FL

5 Bedroom
330 m² (3,552 SF) / Lot : 720 m² (7,750 SF)



1st FL

3 Bedroom
189 m² (2,034 SF) / Lot : 600 m² (6,458 SF)



2nd FL

Living Area

Primary Bedroom

Bedrooms

CENTRAL ISLAND WELLNESS PAVILION: THE SANCTUARY'S CROWN JEWEL

The Wellness Pavilion (450 m²/ 4,844 SF building) on Central Island lot (4,000 m² / 43,056SF) transforms a natural peninsula into the project's signature amenity, a wellness destination that justifies premium pricing across both residential plots.

Program:

- Spa and hydrotherapy center
- Indoor/outdoor treatment rooms
- Lakefront infinity pool (Dianshan Lake view)
- Yoga and meditation pavilion
- Outdoor amphitheater and event lawn

Operating Model:

- Third-party wellness operator under management agreement
- Residents: complimentary membership
- External guests: invitation or paid membership
- Operating costs: funded via HOA fees, not project capex

Value Capture:

Captured indirectly as a 10–15% premium on waterfront-adjacent units. Also serves as presales marketing anchor and post-completion brand differentiator.

Key - 1. Spa & hydrotherapy 2. Outdoor amphitheater / event lawn

GATEWAY RETAIL NODE: ADDRESSING THE AMENITY DESERT

The Gateway Retail Node (1,600 m² / 17,222 SF) fills a critical gap. No premium grocery, F&B, or wellness retail currently exists within a 5 km radius. Existing neighborhood-format options are located 1.5–4 km from the site.

Program:

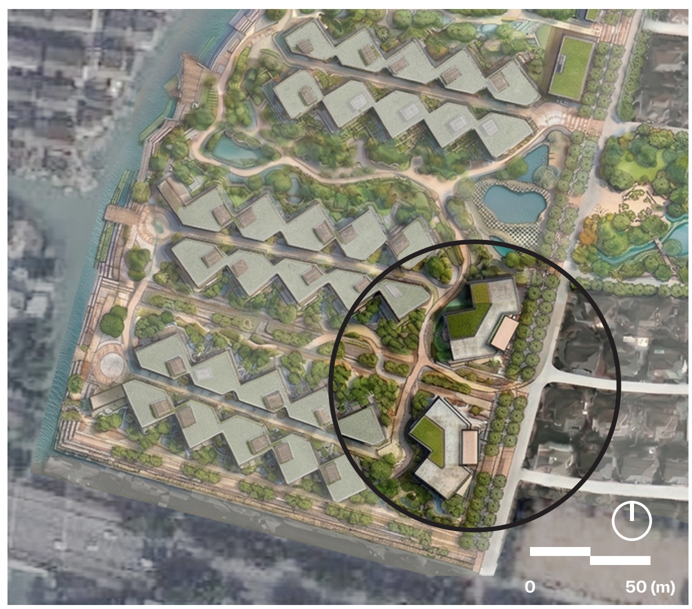
- Premium grocery (Hema Fresh or equivalent)
- 2–3 F&B tenants (restaurants/cafés)
- Wellness clinic and pharmacy
- EV charging stations (min. 30% of retail parking)

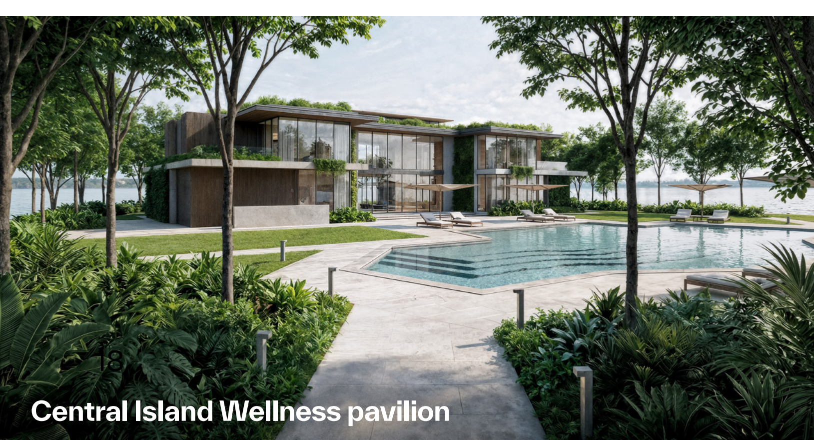
Three-Tier Customer Base:

- Primary: 150 project households + existing Phase 1
- Secondary: 35,000 Huawei professionals (lunch, after-work dining, grocery pickup)
- Weekend: Regional visitors drawn by public promenade

Revenue Model:

- Leased to tenants at market rates
- Day-one foot traffic secured by captive residential base + Huawei workforce
- Retail GDV included in project pro forma





Central Island Wellness pavilion

Gateway Retail Node

FINANCIAL ANALYSIS

Sanctuary at Dianshan Lake is underwritten at a total capitalization of ¥907M ($136M), generating projected GDV of ¥1.62B ($242M) at the underwriting case. The financial plan is structured for institutional-quality returns within a 19-month execution window, supported by pre-secured zoning entitlements, conservative pricing assumptions, and a disciplined capital stack.

UNIT PROGRAM & PRICING

Unit Type	Units	Avg sqm (SF)	Price / sqm ($/SF)	Total Sales (RMB)
WEST CONDOS				
2BR	40	136 (1,464)	¥57,000 (~$794/SF)	¥310.1M ($46M)
3BR	40	165 (1,776)	¥55,500 (~$773/SF)	¥366.3M ($55M)
4BR	40	226 (2,433)	¥53,400 (~$744/SF)	¥482.7M ($72M)
SUBTOTAL	**120**			**¥1,159.1M ($174M)**
EAST TOWNHOUSES				
3BR	12	189 (2,034)	¥72,500 (~$1,010/SF)	¥164.4M ($25M)
4BR	14	259 (2,788)	¥75,000 (~$1,045/SF)	¥271.9M ($41M)
5BR	4	330 (3,552)	¥80,000 (~$1,114/SF)	¥105.6M ($16M)
SUBTOTAL	**30**			**¥542.0M ($81M)**
TOTAL RESIDENTIAL	**150**			**¥1,701.1M / $255M ***

*Blended Average: ¥60,099/m^2 (~$837/SF)
**Total represents gross sales pre-vacancy. Net GDV after 5% vacancy assumption: ¥1.62B ($242M), used in financial returns calculation.
***Figures shown represent residential sales only. The 1,600 m^2 Gateway Retail node is modeled separately as stabilized NOI capitalized at exit, contributing to project-level returns.
****Unit conversion: 1 sqm = 10.764 SF. 1 USD ≈ ¥6.67 (Q1 2026).

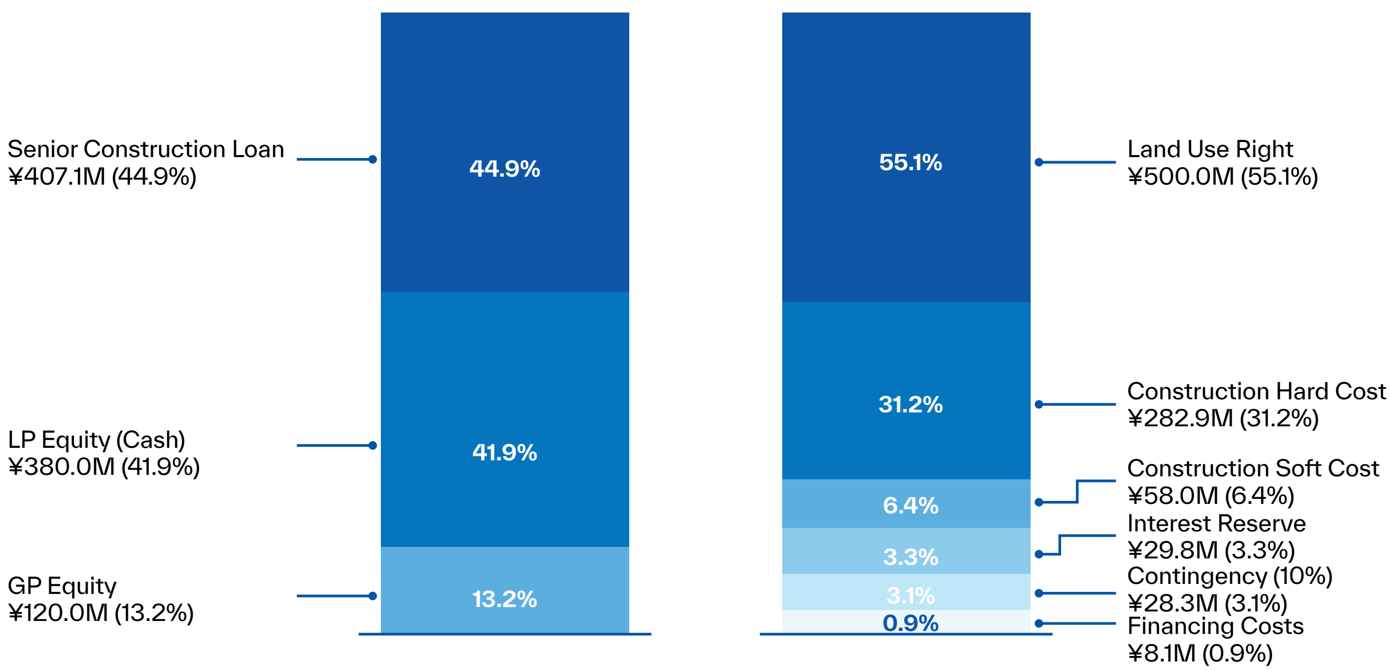
PRICING RATIONALE

West Condos at a blended ¥55,000/sqm (ranging ¥53,400 to ¥57,000 by unit type, reflecting efficiency premium on smaller plans) sit 8 to 15 percent below Qingpu comparable condos (¥60,000 to 90,000/sqm). East Townhouses at a blended ¥75,000/sqm (ranging ¥72,500 to ¥80,000, with the four 5BR signature units commanding the highest per-sqm pricing) sit 10 to 15 percent below Suzhou villa comparables (¥85,000 to 100,000/sqm). The underwriting assumes no price appreciation across the twelve-month sales window. Sensitivity to price variance is tested on p.22, and the comparable evidence supporting these benchmarks is presented on p.23.

SOURCES & USES: CAPITAL STACK

The ¥907M total capitalization is funded through three sources at conservative leverage. A senior construction loan provides ¥407M (44.9% LTC) on an eighteen-month interest-only term, well below the 60 to 65 percent LTC ceiling typical for Tier-1 luxury residential financing. LP cash equity contributes ¥380M (41.9% of uses), and GP cash equity contributes ¥120M (13.2%) alongside pre-secured zoning entitlements and Tier-1 local execution capability.

The capital plan is structured around aligned sponsor incentive. The GP contributes meaningful cash equity alongside zoning entitlements already secured, ensuring that sponsor compensation is earned through project performance rather than transaction fees. The structure preserves an 80/20 promote economics that reward sponsor delivery while maintaining LP downside protection through the 8% preferred return.



Sources

Category	RMB	USD	RATIO
Senior Loan (44.9% LTC)	¥407.1M	$61.2M	44.9%
LP Equity	¥380.0M	$57.1M	41.9%
GP Equity	¥120.0M	$18.0M	13.2%
TOTAL	**¥907.1M**	**$136.4M**	**100%**

Uses

Category	RMB	USD	RATIO
Land Use Right	¥500.0M	$75.2M	55.1%
Construction Hard	¥282.9M	$42.5M	31.2%
Construction Soft	¥58.0M	$8.7M	6.4%
Financing	¥8.1M	$1.2M	0.9%
Interest	¥29.8M	$4.5M	3.3%
Contingency	¥28.3M	$4.3M	3.1%
TOTAL	**¥907.1M**	**$136.4M**	**100%**

DEBT PRICING RATIONALE

The senior loan is priced at 8.0% all-in with a 2.0% upfront loan fee. The pricing is built from two components: a base rate anchored to the PBoC five-year Loan Prime Rate at 6.0% (Q1 2026) and a loan spread of 200 basis points reflecting Tier-1 luxury residential construction risk.

This all-in rate sits at the midpoint of the 7.5 to 9.0 percent range observed across 2024 to 2025 Shanghai construction financing for comparable sponsors with pre-secured zoning entitlements and Tier-1 general contractor commitments. Lower-priced debt (7.5 percent) is typically reserved for sponsors with state-owned enterprise backing; upper-range pricing (9.0 percent) applies to sponsors lacking pre-secured entitlements or local execution track record. Our 8.0 percent assumption reflects neither premium concession nor risk surcharge.

The structure is fixed-rate for the eighteen-month construction period, eliminating exposure to PBoC policy rate movements mid-build. Interest is funded through a dedicated reserve within sources rather than through operating cash flow, which insulates the project from sales pacing variance on debt service.

RATE BUILD-UP

Base Rate (PBoC 5-yr LPR)	6.00%
Loan Spread	+2.00%
All-in Interest Rate	8.00%
Loan Fee (upfront)	2.00%

• Market Benchmark (2024–25)
Shanghai Tier-1 luxury res: 7.5–9.0%
→ 8.0% = midpoint

Capital Stack Logic

The capital stack is calibrated to balance leverage, sponsor alignment, and LP risk-adjusted return.

• **Senior debt at 44.9% LTC** sits well below typical Tier-1 luxury residential leverage ceilings (60 to 65 percent), creating headroom for cost overruns or pricing softness without triggering loan covenant pressure. Conservative leverage trades nominal IRR for execution flexibility.

• **LP cash equity at 41.9% of uses** earns an 8% preferred return and 80% of distributions above the hurdle.

• **GP cash equity at 13.2%** is contributed alongside pre-secured zoning entitlements and Tier-1 local execution capability. The GP captures a 20% promote on cash flow above the LP preferred hurdle, aligning sponsor incentives to absolute project performance rather than to transaction fees or upfront drawdowns.

RETURNS & SENSITIVITY

The capital stack delivers differentiated returns across LP and GP tranches, consistent with a waterfall structured to reward sponsor execution while providing LP downside protection. LP delivers a 22.53% IRR on a 1.66x equity multiple, clearing the 8% preferred return in every modeled scenario. GP earns a 35.84% IRR through the combined return on cash equity contribution and the 20% promote on project cash flow above the LP preferred hurdle.

RETURNS SUMMARY

	LP	GP	TOTAL EQUITY
Investment	¥380M ($57M)	¥120M ($18M)	¥500M ($75M)
IRR	22.53%	35.84%	–
Equity Multiple	1.66x	2.90x	–
Pref Return	8%	–	–
Promote	–	20%	–

SENSITIVITY

Returns are stress-tested across two primary risk variables: the senior loan base rate (5.0% to 7.0% range against a 6.0% base case) and price variance (90% to 110% against a 100% base case). The LP position remains above the 8% preferred return hurdle across all twenty-five scenarios tested. At the most adverse corner, a 100-basis-point base rate increase combined with a 10% price decline, LP IRR still delivers 15.47%, more than 700 basis points above the preferred return floor. At base case, LP earns 22.53%; under the most favorable corner, LP IRR exceeds 29%.

LP IRR — INTEREST RATE × PRICE VARIANCE

	Price Variance Rate				
Rate	90%	95%	100%	105%	110%
5.0%	15.86%	19.32%	22.71%	26.04%	29.31%
5.5%	15.77%	19.23%	22.62%	25.95%	29.22%
6.0%	15.67%	19.13%	22.53%	25.86%	29.13%
6.5%	15.57%	19.03%	22.43%	25.77%	29.04%
7.0%	15.47%	18.94%	22.34%	25.67%	28.95%

GP IRR — INTEREST RATE × PRICE VARIANCE

	Price Variance Rate				
Rate	90%	95%	100%	105%	110%
5.0%	23.47%	29.95%	36.17%	42.15%	47.93%
5.5%	23.28%	29.78%	36.00%	41.99%	47.77%
6.0%	23.09%	29.60%	35.84%	41.83%	47.62%
6.5%	22.91%	29.42%	35.67%	41.67%	47.46%
7.0%	22.72%	29.24%	35.49%	41.50%	47.30%

KEY TAKEAWAY - DOWNSIDE RESILIENCE

- At base case (100% price, 6.0% rate): LP IRR 22.53%, GP IRR 35.84%
- At most adverse stress (-10% price, +100bps rate): LP IRR 15.47% (still 747bps above 8% preferred hurdle)
- Margin of safety: pricing already set 10–15% below comparable stock, so the "100% price" base case itself reflects a conservative anchor point.

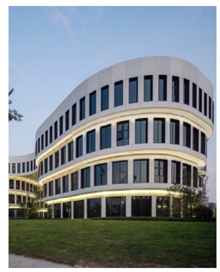
MARKET COMPARABLES

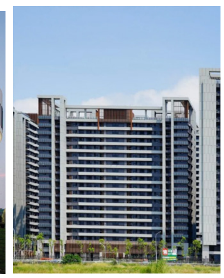
The pricing thesis is anchored to six comparable developments: three Qingpu-district condo projects benchmarking the West Plot, and three Suzhou-area villa and lakefront projects benchmarking the East Plot. Each comparable was selected for relevance on three dimensions: product type alignment, completion date within the past ten years, and transaction-verified pricing.

Against this comparable set, our West Plot pricing at ¥55,000/m² sits at a clear discount to the ¥60,000 to 90,000 range observed in completed and delivering Qingpu condo stock. East Plot pricing at ¥75,000/m² sits 10 to 15 percent below Suzhou comparables that trade at ¥85,000 to 100,000/m². The discount is deliberate and serves three functions: it accelerates absorption, provides margin of safety in downside scenarios, and establishes room for price appreciation that our pro forma does not require to clear preferred return hurdles.

WEST CONDOS — QINGPU DISTRICT BENCHMARKS

PROJECT	COMPLETION	UNIT SIZE	PRICE/M²
Hongqiao Enjoys a view	Jan 2025	89–140 m²	¥60,000–90,000
Brilliant 173	Oct 2025	89–140 m²	¥63,000
Hongqiao Starry	2022	70–98 m²	¥60,500
Sanctuary West	Dec 2027	136–226 m²	¥55,000 ★ (10–15% discount)

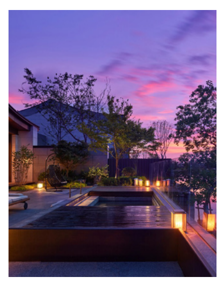

Hongqiao Enjoys a view


Brilliant 173


Hongqiao Starry

EAST TOWNHOUSES — SUZHOU / QINGPU VILLA BENCHMARKS

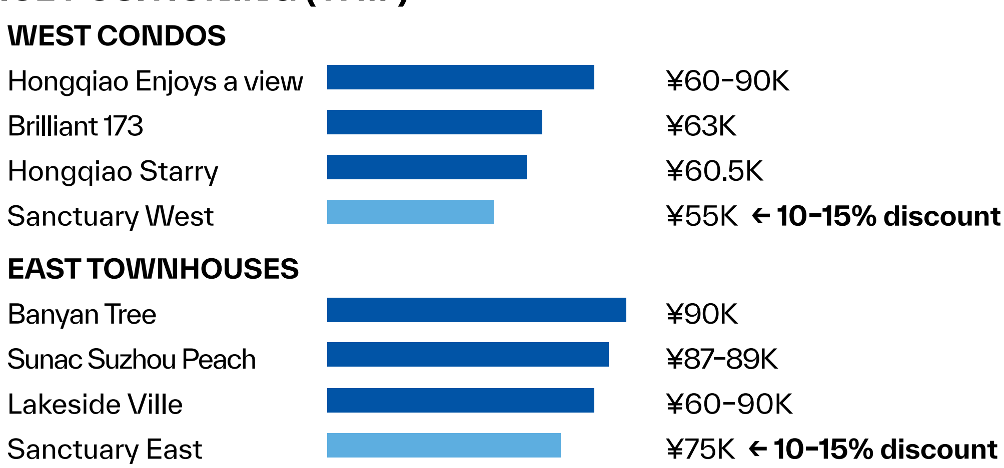
PROJECT	COMPLETION	UNIT SIZE	PRICE/M²
Banyan Tree	Aug 2024	250–500 m²	¥90,000
Sunac Suzhou Peach	2016–17	580 m²	¥87,000–89,000
Lakeside Ville	2004–07	460 m²	¥60,000–90,000
Sanctuary East	Dec 2027	189–330 m²	¥75,000 ★ (10–15% discount)


Banyan Tree


Sunac Suzhou Peach


Lakeside Ville

PRICE POSITIONING (¥/m²)



RISK ASSESSMENT

Four risk categories frame the downside planning: market, regulatory, construction, and interest rate.

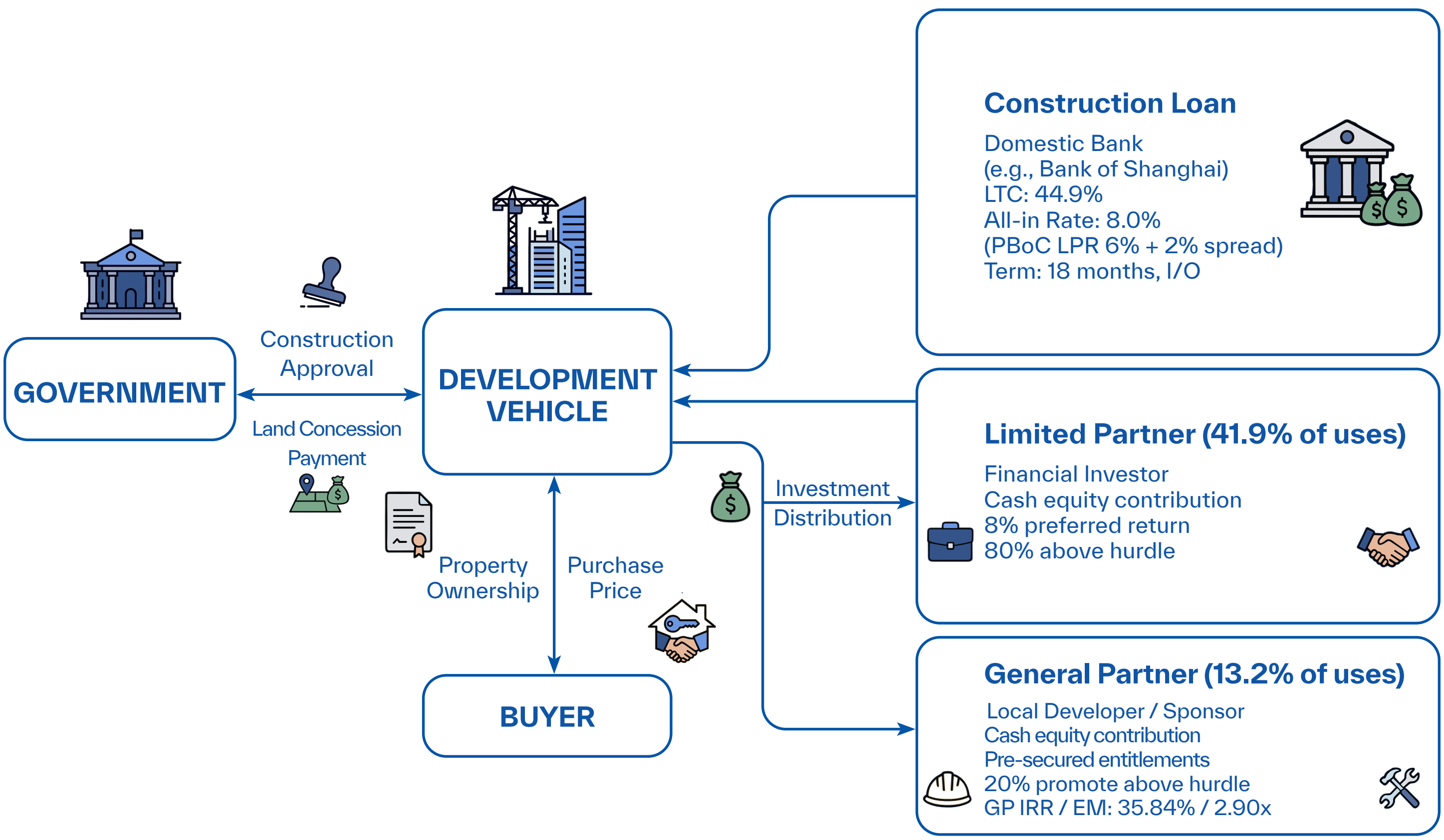
Market Risk. Pricing set 10–15% below comparable stock; end-user-focused unit mix; phased sales (West Phase 1 → East Phase 2).

Regulatory Risk. Front-loaded liquidity buffer + funded interest reserve insulate from escrow timing. Voluntary Sponge City and Class I water compliance accelerates review.

Construction Risk. GMP contract with Tier-1 contractor, 10% contingency (¥28.3M / $4.2M), early procurement on long-lead items.

Interest Rate Risk. Fixed-rate 18-month construction loan eliminates PBoC exposure. LP IRR stays above 15% across all stress scenarios (p.22).

CAPITAL STRUCTURE & WATERFALL



DISTRIBUTION WATERFALL

1. Senior debt service → 2. LP 8% preferred return → 3. Return of LP equity → 4. Return of GP equity → 5. 80/20 split above hurdle (GP 20% promote)

For LP: De-risked entry into Shanghai's luxury residential segment with zoning entitlements and Tier-1 local execution capability already secured. 22.53% IRR on 1.66x equity multiple.
For GP: Cash equity contribution alongside pre-secured zoning entitlements and local execution capability. 35.84% IRR through equity return plus 20% promote above hurdle.
For JV: Combined sponsor + financial capital unlocks 44.9% LTC domestic construction financing at 8.0% all-in rate, accelerating execution on a 19-month window.

TIMELINE

19-MONTH EXECUTION WINDOW

May	**2026**	Analysis & Entitlement Complete
June	**2026**	Construction Start · Capital Call · GMP Execution
December	**2026**	Presales Launch · Experience Center Opens
		West Plot Phase 1 (Month 7)
July	**2027**	Topping Out · East Plot Phase 2 Release
December	**2027**	Construction Complete · Sellout
		Loan Payoff · Capital Distribution

Total execution: 19 months

Sales window: 12 months

SOURCES & REFERENCES

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GROUP 19
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