

COUNTRY GARDEN HOLDINGS – ONE OF CHINA’S LARGEST PROPERTY DEVELOPERS – HAS BEEN PRESSURED BY A DECELERATING REAL ESTATE MARKET AND NARROWING FUNDING AVENUES

Moody's
ANALYTICS

EDF

COUNTRY GARDEN HOLDINGS CO. LTD.

1-Year PiT PD vs. Trigger

PD ABOVE TRIGGER

Early Warning Signal

SEVERE

3M

6M

1Y

2Y

3Y

5Y

All

30%

20%

10%

0%

Credit rating downgraded
as sales growth slows and
access to capital narrows

Country Garden [warns](#) it will
likely lose more than \$6 billion
during the first half of 2023

Tight operating margins
give investors [pause](#)

Sales fall by 17% in 2022

Oct 2021

Jan 2022

Apr 2022

Jul 2022

Oct 2022

Jan 2023

Apr 2023

Jul 2023

— 1-yr PD ··· PD Trigger

Country Garden Holdings Company LTD's significant debt obligations, when combined with a slowing real estate market, has left the firm in a tenuous position. China's zero COVID-19 policy had a cooling impact on the housing market, but even as restrictions were removed, sales continued to soften on the back of fading demand. The government has enacted policies to spark growth, but demographic headwinds suggest a sustained rebound is unlikely. Country Garden's exposure to lower-tier markets has compounded issues, as [prices](#) are trending lower, pressuring the firm's margins. In addition, financing, particularly from offshore lenders, has become increasingly difficult to obtain. Country Garden missed a payment on two dollar-denominated bonds and [halted](#) trading of onshore debt earlier this month ahead of expected debt restructuring deal.