

CR Mixc Lifestyle (1209 HK)

3Q26 Operational Update: Double-digit Earnings Growth In Line With Expectations; New Mall Openings On Track

Highlights

- We expect CR Mixc to achieve its 2026 target of double-digit core net profit growth, with the commercial segment remaining the main driver of growth and margin.
- We expect mall tenant sales to grow by double digits yoy in 9M26 (same-store: mid-single-digits), slower than in 1H26, with tenant sales performing better during the National Day holidays than in Sep 26. We expect 12 mall openings and around 20 new mall signings in 2026.
- We expect the full-year OCF/core net profit ratio to stay above 1.0x and the 100% payout to hold. Maintain BUY, target price: HK\$55.00.

Analysis

- 3Q26 on track with double-digit profit growth intact.** We expect China Resources Mixc Lifestyle Services (CR Mixc) to achieve its 2026 target of double-digit core net profit growth, in line with our forecast of 11.0% yoy growth to Rmb4.38b; 1H26 core net profit already accounted for 50.9% of our full-year estimate. Overall, the property management segment is expected to provide stable revenue growth, and the commercial business should remain the main growth and margin driver, supported by mall openings in 4Q26.
- Shopping mall business remained resilient.** We expect total retail sales across CR Mixc malls to have grown by double-digits yoy in 9M26, with same-store sales (SSS) up by mid-single-digits (1H26: +10.2%) and luxury malls outperforming the overall portfolio. We estimate growth eased gradually from a strong 1Q26; in Sep 26 alone, overall retail sales grew by high single-digits yoy while SSS was flat. For the 2026 National Day holiday, we expect total retail sales to have grown by double-digits with mid-single-digit SSS growth, better than Sep 26, although luxury malls lagged the portfolio. We expect CR Mixc to maintain double-digit retail sales growth for the full year.
- Mall openings and expansion on track.** We estimate that five new malls opened in 3Q26, taking the total to seven by end-Sep 26 and leaving five for 4Q26 to reach 12 openings in 2026. On mall expansion, we estimate it secured nine third-party projects and eight from parent CR Land in 9M26, mostly in Tier 1 and Tier 2 cities such as Beijing and Shenzhen.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	17,154	18,022	19,647	21,623	23,616
EBITDA	4,363	5,032	5,753	6,539	7,332
Operating profit	4,231	4,859	5,529	6,247	6,953
Net profit (rep./act.)	3,598	3,969	4,405	4,900	5,372
Net profit (adj.)	3,474	3,950	4,383	4,877	5,349
EPS (fen)	152.2	173.1	192.0	213.7	234.4
PE (x)	22.3	19.6	17.7	15.9	14.5
P/B (x)	4.7	5.0	4.8	3.7	3.5
EV/EBITDA (x)	16.1	13.9	12.2	10.8	9.6
Dividend yield (%)	4.5	5.1	5.6	6.3	6.9
Net margin (%)	21.0	22.0	22.4	22.7	22.7
Net debt/(cash) to equity (%)	(58.2)	(35.8)	(46.1)	(44.8)	(49.7)
Interest cover (x)	37.7	45.3	51.9	58.9	66.1
ROE (%)	#N/A	24.8	27.8	26.1	24.6
Consensus net profit (Rmbm)	-	-	4,389.9	4,845.6	5,385.8
UOBKH/Consensus (x)	-	-	1.00	1.01	0.99

Source: CR Mixc, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	HK\$39.10
Target Price	HK\$55.00
Upside	+40.7%

Stock Data

GICS sector	Real Estate
Bloomberg ticker:	1209 HK
Shares issued (m):	2,282.5
Market Cap (HK\$m):	89,245.8
Market cap (US\$m):	11,371.3
3-mth avg turnover (US\$m):	23.3

Price Performance (%)

52-week high/low			HK\$51.15/HK\$36.14	
1mth	3mth	6mth	1yr	YTD
4.2	0.7	(18.5)	(5.6)	(8.9)

Major Shareholders (%)

China Resources Co Ltd	72.29
JP Morgan Chase & Co	5.67

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	7.13
FY26 Net Debt/ Share (Rmb)	3.28

Price Chart



Source: Bloomberg

Company Description

China Resources Mixc Lifestyle Services is an asset-light property management and commercial operation service provider in China, spun off from parent China Resources Land. Its commercial segment operates shopping malls and offices, while its property management segment serves residential communities and urban space, including public facilities, industrial parks and venues.

- **Office business remained stable.** We estimate office occupancy in 3Q26 to be broadly stable at the 1H26 level of 72.3%, down from 77.2% at end-25 as new projects ramped up. We expect rental levels to remain stable (office revenue grew 8.6% yoy in 1H26), supported by newly opened office buildings in 2026, with offices in operation expected to reach 30 by end-26, three more than at end-25.
- **Third-party property management expansion on track.** We estimate the annualised contract value of new third-party contracts to reach nearly Rmb0.8b by end-Aug 26 (1H26: about Rmb0.6b), and we expect the full-year target of around Rmb1b to be met. We estimate non-residential projects to account for 70-80% of newly contracted GFA, with a lower share by contract value given their lower unit fees. The nationwide policy allowing housing provident funds to pay property management fees from 20 Sep 26 should support collection rates in the medium to long term, but we expect a limited impact in 2026.
- **Cash flow on track.** We expect CR Mixc to achieve its 2026 target of an operating cash flow-to-core net profit ratio of over 1.0x, supported by the commercial segment and collection rates of over 90% for urban space projects, even though residential collection remains under pressure in line with the industry. We expect its cash on hand (Rmb17.1b at end-Jun 26, 73% in fixed deposits and financial assets) to stay mainly in onshore deposits, with no material exposure to US dollar movements, and the company to remain cautious on acquisitions.
- **Dividend payout intact.** We expect its dividend guidance to remain unchanged, with a 60% regular payout plus special dividends lifting the total payout ratio to 100% of core net profit, and double-digit DPS growth still expected in 2026.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of HK\$55.00.** We keep our 2026-28 earnings forecasts and valuation unchanged. The stock trades at 17.7x 2026F PE and a 5.6% 2026 dividend yield.

Earnings Revision/Risk

- **Earnings forecast unchanged.** We keep our 2026/27/28 forecasts, as we expect the company to meet its full-year targets.

Share Price Catalyst

- Faster-than-expected mall openings and tenant retail sales growth.
- Continued 100% payout of core net profit.

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	18,021.6	19,646.6	21,622.6	23,615.5
EBITDA	5,031.9	5,753.4	6,538.8	7,331.6
Deprec. & amort.	172.5	224.2	291.5	378.9
EBIT	4,859.4	5,529.2	6,247.3	6,952.6
Total other non-operating income	604.9	654.0	655.2	656.9
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	-111.0	-111.0	-111.0	-111.0
Pre-tax profit	5,353.4	6,072.2	6,791.6	7,498.6
Tax	-1,269.6	-1,518.1	-1,697.9	-1,874.6
Minorities	-114.7	-149.1	-193.9	-252.0
Net profit	3,969.0	4,405.1	4,899.8	5,371.9
Net profit (adj.)	3,950.0	4,382.6	4,877.3	5,349.4
Adjusted EPS	173.1	192.0	213.7	234.4

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	4,579.0	7,209.3	4,068.5	8,696.9
Profit for the year	5,353.4	6,072.2	6,791.6	7,498.6
Tax	-1,269.6	-1,518.1	-1,697.9	-1,874.6
Deprec. & amort.	172.5	224.2	291.5	378.9
Associates	0.0	0.0	0.0	0.0
Working capital changes	419.7	2,489.2	-1,371.0	2,493.3
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	-96.9	-58.3	54.4	200.8
Investing	-5,021.0	-1,194.8	2,504.1	-2,155.8
Capex (growth)	-122.3	-879.9	-1,120.9	-1,429.6
Investment	0.0	0.0	0.0	0.0
Capex (growth)	0.0	0.0	0.0	0.0
Others	-4,898.7	-314.9	3,624.9	-726.2
Financing	-3,619.8	-4,061.0	-4,493.5	-4,988.3
Dividend payments	-3,474.1	-3,950.0	-4,382.6	-4,877.3
Proceeds from borrowings	-34.8	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	-111.0	-111.0	-111.0	-111.0
Net cash inflow (outflow)	-4,061.9	1,953.5	2,079.0	1,552.9
Beginning cash & cash equivalent	9,600.1	5,538.3	7,491.8	9,570.9
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	5,538.3	7,491.8	9,570.9	11,123.8

Balance Sheet

Year to 31 Dec(Rmbm)	2025	2026F	2027F	2028F
Fixed assets	5,294.5	5,471.4	5,701.3	6,000.1
Other LT assets	9,140.4	10,304.7	11,701.8	13,378.4
Cash/ST investment	5,538.3	7,491.8	9,570.9	11,123.8
Other current assets	9,077.8	7,844.7	9,868.1	8,641.9
Total assets	29,050.9	31,112.6	36,842.1	39,144.2
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	10,197.0	11,453.2	12,105.6	13,372.7
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	3,160.2	3,160.2	3,160.2	3,160.2
Shareholders' equity	15,461.9	16,267.4	21,344.4	22,379.5
Minority interest	231.8	231.8	231.8	231.8
Total liabilities & equity	29,050.9	31,112.7	36,842.0	39,144.2

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	27.9	29.3	30.2	31.0
Pre-tax margin	29.7	30.9	31.4	31.8
Net margin	22.0	22.4	22.7	22.7
ROA	13.6	14.6	14.4	14.1
ROE	24.8	27.8	26.1	24.6
Growth				
Turnover	5.1	9.0	10.1	9.2
EBITDA	15.3	14.3	13.6	12.1
Pre-tax profit	10.1	13.4	11.8	10.4
Net profit	10.3	11.0	11.2	9.6
Net profit (adj.)	13.7	11.0	11.3	9.7
EPS	13.7	11.0	11.3	9.7
Leverage				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	(35.8)	(46.1)	(44.8)	(49.7)

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