



**International Conference Call
Iguatemi S/A (IGTI11)
Earnings Results 2Q24
August 7th, 2024**

Operator: Good morning, everyone, and thank you for holding. Welcome to Iguatemi S/A 2Q24 results conference call. With us here today, we have Ms. Cristina Betts, the CEO, and Mr. Guido Oliveira, the CFO and Investor Relations Officer.

We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the company presentation. Ensuing this, we will go on to the question-and-answer session, at which time further instructions will be given.

This event is being broadcast live via webcast and may be accessed at www.iguatemi.com.br/ir, where the presentation is also available for download. Participants may view the slides at their own convenience.

Before proceeding, please bear in mind that forward-looking statements are based on the beliefs and assumptions of Iguatemi's management and on information currently available to the company. They involve risks, uncertainties, and assumptions as they relate to future events, and therefore depend on circumstances that may or may not occur.

Investors and analysts should understand that overall economic conditions, industry conditions, and other operating factors could also affect the future results of Iguatemi and cause results that differ materially from those expressed in such forward-looking statements.

We will now turn over the floor to Ms. Cristina Betts, who will begin the presentation today. You may proceed, ma'am.

Cristina Betts: Well, good morning to all of you. It is a pleasure to host you once again at our conference call.

We are presenting the results for the 2Q24. This time, we're going to do things differently, have a shorter presentation to have more time for questions and answers.

Once again, we had a quarter with an excellent performance, but we do have some highlights that I will share with you during the presentation. So let's go to page three of the presentation. I begin, therefore, by speaking about our shopping malls in Rio Grande do Sul. In May, with a great deal of grief, we witnessed the disaster that happened because of the flooding. We have three shopping malls, the Iguatemi Porto Alegre, Praia do Belas, and a bit further up, the Iguatemi Fashion Outlet, in Novo Hamburgo. And I think that we were able to act very quickly, especially when it comes to our associates and the local community.

What we would like to highlight is that we offered full support to our associates and third parties in that region, always hoping to allow everybody with sufficient liquidity. We converted the food vouchers and cash in their account, we offered medication especially, and we do have a center for emotional support that is specialized in trauma.

Of course, the idea was to allow everybody to understand what they had to do. We offered donations, aid. In truth, we attempted to be very present to support everybody that is part of our ecosystem.

And through our enterprise, we joined the process "Juntos por Rio Grande do Sul", we contributed with donations, and we also worked with government agencies and NGOs. Additionally, we showed great solidarity to our tenants. We supported them by anticipating rent with discounts, and we worked in our shopping malls in a very flexible fashion. The people who work inside the stores found it very difficult to get to the store, so in fact, we had to adapt to those conditions.

And Novo Hamburgo Mall, as well as the Iguatemi Porto Alegre, did not close for a single day, but Praia do Belas, yes, had to close. It is in front of the Guaíba River. There was flooding in the underground and the parking, and it remained closed for 20 days. Guido will later speak about the financial impact of all of this, but you will see, and you must have read in our release, that we truly focused financially at least, with a concentration in May and in

July, we had a reversion of sales and movement in the three shopping malls, something that was quite surprising.

But we'll speak about this when we speak about financial highlights. Let's go on to page four, that was quite busy in terms of capital allocation. We have news, and of course, we share news as soon as it arrives. We sold our stake, our full stake in Iguatemi São Carlos, and a partial stake in Iguatemi Alphaville. We sold 50% stake of Iguatemi São Carlos. We have already received approval, but we have to hand this over to the management. We're speaking here about a sale which represents 205 million with a cap rate of somewhat more than 8.3%.

Ensuing this, we announced the purchase of shares in Rio Sul, along with BBIG assets group assessed at R\$ 1.1 billion reais, we bought 49.9% along with the BB Group and Iguatemi holds 16.6% of the investment. Our investment was 350 million with a cap rate of 7.7%.

When we consider the management fees, the commercial commissions and much more, we reach a cap rate value of approximately 11%. And finally, as you know, Iguatemi São Paulo is a shopping mall with an incredible configuration divided into 60,000 shares. Every year we buy shares. This year we were able to purchase a greater block of shares. I'm referring to 0.8%.

It's very rare to be able to purchase this for 25 million with a cap rate of 2%, an excellent cap rate for an incredible asset like Iguatemi São Paulo.

In this quarter as well, taking advantage of a market opportunity, we issued a CRI at a very accretive price of CDI +0.33% per annum. This helped us to expand the average term of the debt for seven years, which is something we do frequently based on market opportunity and looking for fundraising to enhance our debt profile, enhancing not only the duration, but also maintaining our total date that, of course, is pegged to the Selic. And this is what we have done throughout the years.

I would also like to speak about our 2Q. We released the second Sustainability Report, which is much more complete than the first one. And I congratulate the Iguatemi team; it's not a simple task to collect all of that information. The main enhancement in the report is that we began to put down on paper our ambitions, commitments in the three axes.

The first axis is environmental management that is sustainable. Of course, we will operate our portfolio in an efficient way, minimizing the impact to the environment. This was already previously written out. We have also put our will to contribute to the reduction of greenhouse gasses and to enhance the experience of our customers.

We want to see happy and proud people; we want to have an engaged and innovative community of people working with us and motivate the people in the communities where we work.

And in terms of our new code of ethical conduct, we want to have transparency and a corporate policy that is more adherent to the principles set forth. There's nothing novel but between saying things and writing them down, we're now writing them down to ensure that all of these statements can be followed and to ensure that we have figures to follow this and allowing us to share this with the market, of course.

Now, to speak a bit about our sales, I think I will allow Guido to begin speaking about sales. Guido, therefore. Well, wait, I'll present the sales. Allow me to speak about sales.

As I mentioned, we had a very strong sales quarter, and despite the impact in Rio Grande do Sul, our real growth in sales was 7%. And if we look at the 2Q exclusively without Rio Grande do Sul, we're speaking to an increase of almost 10% expressive sales, 6 percentage points above IPCA.

When we compare same area with same store sales, we had a very good growth of 7% accompanying the sales growth and very similar to what we had in Rio Grande do Sul. Now, this part of sales, I always speak about the resiliency of our portfolio, the fact that throughout all of these years, we have continuously worked towards improving the mix, closing the vacant area, reaching 95% occupancy that we will also remark on. All of this has contributed to sales significantly.

This is work that is always ongoing. We have several novelties about to come in the 2H of the year and the coming year. In our release, we have included all of the novelties. For example, one of the many examples, we inaugurated the Loewe flagship in April. This is one of the most desired brands worldwide, and we were surprised by the sales. And I think this is what we look for in each of the stores that we inaugurate.

Perhaps you observed in the release that we have already signed in our shopping malls, stores that for each endeavor will truly mark the difference. We're speaking about Zara Home in Higienópolis and others in Iguatemi, relevant brands that make a difference in these sales as well as in flow, and of course, this should continue to improve during the coming months and years.

Now I will truly give the floor over to Guido and then I'll return for questions and answers.

Guido Oliveira: Let's go to slide number nine to speak about our operational performance. Our total GLA drops, because we were speaking of the retrofit operation in the Marketplace. We're separating some areas to begin the work in the first half of the year. We have isolated the first floor that will be demolished, and of course, we will continue on with this in the 3Q. Once again, the entire area is isolated to begin to demolish when we begin the retrofit of the Marketplace in January of next year.

Of course, this generated some impacts in same store rent and in minimum raise because of the lower occupancy. Last year, this was fully occupied. Our sales was an increase of 7%. By removing the effect of Rio Grande do Sul, we reached a 10% increase. Same store sales of 3%. When we look at the entire portfolio, this is very important. We offer 60% of rent discount in Praia da Belas and other discounts in Iguatemi Porto Alegre, and in Novo Hamburgo. So it's 5% over IGP-M, and of course, the profit here was zero.

Other points that are worthwhile mentioning in terms of indicators, occupation with very strong sales as has already been shown. The sales of July were also very strong, 11% for the close sales of July. And well, the figure could perhaps be somewhat better, but approximately is 11%, which shows, of course, that our cost of management is flat. It has had only a nominal growth. And we have a good take rate, but not at the same speed as the growth of sales. And this enables us to continue to apply positive spreads as we showed you this quarter. In the 1Q, it was 7%, and in the 2Q, the spread was 10% approximately.

We're very comfortable in terms of our default rate, our default rate in the 2Q is below what it was in the last 10 years, and the situation in July was not different. We closed at a record 2.2, the best indicator in the company since 2014, showing you how successful our tenant portfolio is. And shopping malls are resilient, they're growing, and this allows us the opportunity to reprice our rent.

Let's go on to the economic financial indicators. Our net revenue, despite IGP-M zero, and of course, despite the discounts in Praia de Belas and in the other two malls, we have a net revenue of 3.4 million. Additionally, our EBITDA margin reached 73% with a growth of 5% and EBITDA growing 11.5% with a net margin of 33% for net income. We also show you that the impact of Rio Grande do Sul on our figures was 5 million in EBITDA.

As Cris mentioned, this was limited to the month of May. In June, we returned to a situation of normalcy in the three shopping malls. Praia de Belas suffered more in July as it had the impact of the parking because of the flooding and the underground. The waters were drained out throughout May and June, and we finally released the parking.

We have released 100% of the parking of Praia de Belas at the end of July. One-third in June, two-thirds in July, and we now have 100% of the underground of that mall fully operational. This, of course, generated an impact of 5 million in EBITDA, the loss of flow of vehicles, parking, and 4.3 million.

We go on to slide number 11. It's important to mention that our rent has grown 3.4%. And even with the IGP-M zero, this is due to an increase in occupancy that has reached 95% and the positive spread in the new rentals and renewals, the growth of parking, the flow of vehicles growing 2.3, even taking into account Rio Grande do Sul. Without Rio Grande do Sul, the flow of vehicles increased 5% and in parking, revenues increased 7%, even though Praia de Belas remained without any parking for at least a month. This shows you how important the 2Q was.

Going on to slide 12, the rents increasing 0.6%. We have an increase in 0.8%. Were it not for the impacts, it would have been greater. This due to the occupancy and the increase in the renewal spreads. And we had a growth of 3.3%, we had a growth of 18% in the quarter for rentals and temporary rents with a double-digit growth for some time. We speak about events, sponsorships, kiosks, and disclosure, all of which together reach an increase of 15%.

Beginning in July, the IGP-M is once again positive, it went from zero to growth of almost 2% in July and it closed at 3.4%. A significant growth of IGP-M going from zero to a growth in July and August.

Let's go on to slide 13. You can see the work we did in terms of efficiency. Without considering the retail market, our costs and expenses dropping 3.2% and, in the quarter, zero, zero. So in the graph below to the right, you see that our costs and expenses went from 25% on net revenue, reaching 22% at present. This is the efficient work the company has done throughout 2023, and we begin to see the effects in 2024. Although, of course, at the beginning of 2024, we had the impact because of the rescission or leaving of some of our executives.

Let's go on to slide number 14, you'll see the reduction of net debt from 1.84 to 1.80. EBITDA, 980 million, we're getting very close to 1 billion in EBITDA, which should be a landmark for the company – we will achieve this during the year –, and that issue of 700 million of CDI +0.33%. This gives us cash coverage for the coming four years, and with the M&A, we do, we have a disbursement of approximately 100 million in terms of cash.

Now, to get to the guidance at the end of the presentation, we reaffirm our guidance as we disclosed at the end of May after the impact of Rio Grande do Sul in the week between 3 to 10th of May, we reaffirm our guidance, a growth of net revenue of 6%. The margins are still below the floor of the guidance, but we will be above the guidance and at the top of the guidance in the EBITDA margin.

We have the last quarter of the year that tends to be stronger in terms of margin, that seasonality, and we also have the sale of plots that we have not accounted for and will be accounted for in the 3Q and 4Q as we do recurrently. And our flow of the resale of points somewhat below what we had estimated for the first half of the year, these are negotiations that have been passed on to the 3Q, but we will account for them in the 3Q.

Very well, with this, we would like to open the floor for questions and answers.

Question and Answer Session

Operator: Ladies and gentlemen, we will now begin the question-and-answer session only for investors and analysts. Should you have a question, click on the “raise hand” icon. If your question has been answered, you can turn down your hand.

Juan Argenton, XP: Good morning, Cris. Good morning, Guido. Thank you for taking my question. There are two points I would like to touch upon. First, to understand the

opportunities that you see in Rio Grande do Sul, it would be wonderful if you could convey to us which are the possibilities you have been able to map out in terms of mix, management fees to go back to your full operation. And within those opportunities, you could include some remarks. If you could give us more color, this would be very interesting.

Secondly, about your default levels, which were the triggers for that significant reduction that you have shown us, and which is the volume of recoverable rentals that you expect to recover, and what it is that we should expect going forward for the rest of the year? Thank you.

Cristina Betts: Hello, Juan. Thank you for the questions, several questions. Let's speak about Rio Grande do Sul. Well, the first point and our return to Rio de Janeiro, well, Rio de Janeiro is the second most important retail market in the country. It was important for us; we have always attempted to get back and Rio Sul perhaps is the best door that we have to be able to return to Rio de Janeiro.

Now to think about commercial synergies for the tenants, it's very important to have a portfolio. Well, the city of São Paulo, 15% of the GDP of São Paulo state is here, 33%. But tenants also have to have a foot in the rest of the country. We have a feasible situation in Rio de Janeiro, and this is important for our commercial strategy.

I hear a lot of rumors this is going to impact Iguatemi São Paulo, there's still a great deal of work in Rio de Janeiro. We're speaking about a mall that is truly powerful. It's among the five best shoppings in terms of sales per square meter in the country. I believe that we have the ability to take things that are still not present in Rio de Janeiro to lead to an upgrade in the mix.

We're not speaking about luxury brands. We're speaking about more democratic brands to complement what Rio de Janeiro already has. And this is our look upon the asset, how we manage the asset, how we manage the condominium, our agreements with suppliers.

Now, Rio Sul was part of a smaller portfolio, so we have a great deal to contribute towards maintaining the asset and the physical management of the asset in qualifying the experience within the shopping mall, taking in a marketing team. All of the endeavors that we have done to bring life to the shopping mall, besides the day-to-day consumption, will be very important to Rio Sul.

We have a great deal to contribute. Of course, this is not something that will happen overnight, we should look at the example of Patio Higienópolis where we have been working for more than 10 years. We're doing work that will be very similar to what we will do in Rio Sul, experience of synergy of the portfolio, qualification.

So this is the path that we have to follow in Rio Sul. We're very enthusiastic. The entire company is quite enthusiastic. We're quite satisfied with this acquisition and setting forth plans.

Well, we will have to conclude the payment for this. It's too early to give you details, but there's a great deal that we can do along with Rio Sul, and I believe it will be a very relevant asset in our portfolio.

I will allow Guido to speak about our default levels.

Guido Oliveira: Well, in default levels, we have a negative level of minus 1.4. This shows the recovery of the rent from the previous quarter where we had somewhat higher default rates because of seasonality. In January, we tend to charge for two rents. Now, tenants had high sales in November, December, and January. They end up not paying their tickets in the beginning of the year. Now we have a default that comes from processes that are persistent due to the period of the COVID pandemic. There are not very many. We have applied a discount. We have been collecting for the full values, and tenants have been paying for this.

So we have accounts to receive. This has been reduced significantly. It was much higher in the years of 2022, 2023. And as you can observe in the release, there has been a significant reduction in July. We have a gross reduction, 2.2% of default, something that we have not seen since 2014.

We have a portfolio of 30,000 tenants, 230 tenants that have been sued. They have been evacuated. And of course, we're working on collection, and our collection is much better than it was after the COVID pandemic. So what can we expect in the 3Q? Zero default levels, we have a zero-default level for the six months, and this is what we expect to continue in the 2H.

Cristina Betts: I left a part out of your question. When you speak about the management rates and the cap rate of 11%, we use what we had in the shopping mall. If we improve this,

it will be a top-off. We're considering what is already existing and what will be reverted to our portfolio. There are no estimates here at this point.

Juan Argenton: Thank you. Thank you very much, Cris and Guido. Have a good day.

Bruno Mendonça, Bradesco BBI: Good morning, everybody. Thank you for taking my question. You had a very active quarter when it comes to M&As, so congratulations for your execution. A great deal of things happening simultaneously. And this seems to be very satisfactory in terms of the purchase and sale results of assets.

What draws attention is the efficiency of the acquisition of Rio Sul, leveraged by revenues allowing your cap rate to be quite low. My first question, therefore, is if you have surveyed something additionally at the sales points. There are some restrictions, of course, Higienópolis will go back to acquisitions. If you have considered packaging that excess of control this year still. That's my first question.

The second question is a follow-up on Rio Sul. I think Cris responded very well to your mix initiative. Still, I'm very curious about your investment pipeline. If this is an asset that will require additional investment, if you have an estimate for this and how will this take place in terms of the governance over the asset? Have you decided to join without effective control? Please correct me if I am wrong.

And what is going to happen with the families and the other partners of that asset to be able to face a pipeline of investments that eventually will have to take place?

Cristina Betts: Well, thank you, Bruno. Let's go. As always, we're always looking at our portfolio, looking at the opportunities. And São Carlos was in the radar for everybody. We have been discussing this for some time. Alphaville was less discussed, and it was a disinvestment of 18% in Alphaville, but we still have 60%. We're proceeding firmly with that asset, and we are looking at our portfolio, looking in terms of this. We're looking at the portfolio to see how we can make these switches. It does make sense, at least in the short term.

We don't have the interest of disinvesting 100% in any of our assets, but it's something that we can consider, especially because of the other acquisitions and investments this allows

us to make. The answer is yes, but once we have something more concrete, we will speak about this.

In terms of investments in Rio Sul, it's difficult nowadays to say what this means, what we have and what we have to do. Now, which is our work? And this is something that we have agreed with Combrashop that are our partners, the families and BBIG, which is a partner in the fund. Typically, when we enter a new asset, we create a five-year plan at least for everything that we believe should happen in all of the aspects, physically, commercially, in terms of marketing, it's impossible to do everything simultaneously. Some things have greater priorities, others have lower priorities. It's important to agree upon the game we will play.

We're very happy with Higienópolis, we use this as an example when we discuss this with Combrashop, not about what will happen tomorrow, but what will happen in the mid and long term. Everybody is interested in having this become an ever-stronger asset through time. What we have to do is nothing different than what we did in Higienópolis. No madness. When we look back, we try to do this in intervals according to the capacity of the asset.

These are operational things. They don't refer to investments. We still can't tell you what we're going to do. We haven't gotten there yet. And Higienópolis, we had some quick wins that did not require any investment. And I believe we will have many of these in Rio Sul. Our vision is somewhat different from what people are used to, but we will bring about benefits.

It's difficult to imagine that through time, we're not going to change the look and feel of the shopping mall. And once everything has been planned and is on paper, we will disclose this in our release because it will be part of our CAPEX. But this is nothing that will hamper any other company investments, of course.

Bruno Mendonça: A last doubt, now the decisions on the asset and working jointly, if you have to create an investment plan, will you act jointly with the families? Do the families vote jointly?

Cristina Betts: Well, I do think they vote jointly. I don't deem this to be a problem. They're extremely passionate for their assets, as we are passionate for our own assets, and now Rio Sul. Everybody will want to do what is best for Rio Sul.

I can't imagine ourselves having very contrary positions. We began on a very good footing and the outlook of working together is very positive. We do have a partner in almost all of our assets. In JK, in Galleria, in Marketplace we had partners. We're quite used to working with that dynamic, and we're very respectful of that relationship.

We have need for information for cash flow of our partners, and all I see is that we're going to come out winning along with Combrashop. They have a great deal of experience in Rio de Janeiro, they have good knowledge in terms of the asset. I don't foresee any problems in terms of voting.

Guido Oliveira: Simply to complement this, we do have a very robust governance plan that we put in place in all of the shopping malls, and in Higienópolis we have also had this plan that works very well. And this was shared with a partner, Combrashop, that accepted the governance, the quarterly, half-year, and yearly governance. And of course, they provide knowledge in terms of reports and systems.

And of course, this is what we contribute to the asset, we're leaving São Carlos, we have a robust governance plan for this, we're in a period of transition. The process has already been approved at the CADE, the antitrust entity, and we will no longer be the owners of this asset as we're working with this very cautious handover so that São Carlos will not have a disruption in terms of management. As of December, they will manage their own shopping mall.

Bruno Mendonça: Thank you. Thank you very much. Have a good day.

Jorge Guilloty, Goldman Sachs: Good morning, and I have two questions here. First of all, we have seen very strong growth in the rental revenues for the three main shopping malls with a 10% growth year on year, Higienópolis 9, Iguatemi 6, and JK 10%. What has led to this strong growth? Was it a minimum rent, overage or something temporary? And if this growth will persist in the short term.

The second question is about the EBITDA margin of the shopping malls. Year-to-date, that figure is at 80%, but the guidance is between 82 and 85%. What needs to happen for you to attain your guidance in the 2H of the year? A growth of revenues, reduction of costs?

Cristina Betts: Well, thank you, Jorel. I will answer the first question. Well, the shopping malls that you mentioned, JK, Higienópolis and Iguatemi São Paulo truly did have a relevant change of mix year on year. I think it's important to underscore that. And it will continue. That's the point, we have plans, well, we have plans for all of our assets, but these are more evident, they are more visible to everybody, and the figures are stronger in absolute terms.

And that's important. Of course, the sales were very strong. When we speak about an ex-growth in Rio Sul of 10%, we have some stores selling incredible figures, some of them replicating the figures of Christmas in June, simply to give you an idea, and stores that pay overage.

So although the minimum rent does not have the correction of IGP-M, I think that we work with overage. In the 2Q, we did see an increase in flow, parking was very strong. It's not an increase. And of course, we have the temporary rentals that were also quite strong. These are shopping malls that concentrate events and sponsorship.

Let us not forget that we had Collections in this 2Q, and it was absolute madness for Collections this year. This edition of the pots and pans, we had an increase of adherence. That was truly incredible. And because of this, we have a better conversion rate. And, well, later we'll share with you these anecdotes, but it has been an important conversion tool for us.

These shopping malls are the three champions when it comes to exchanging your points for Collections, and this has an important impact on that figure, on conversion, on rentals and overage, but also in terms of flow. People come to the malls to exchange points, and that's an important motivation.

It's not a one-time thing for this quarter. We have many novelties. And, Jorel, you mentioned these three shopping malls, but we have been working a great deal to have novelties in the hinterlands of São Paulo and Praia de Belas in other shopping malls having a qualified mix that should lead to a similar impact. The absolute proportions, of course, are different, but we do have several novelties, and these novelties have an impact on flow and sales.

Guido Oliveira: Now, to answer your second question on margins, we're quite comfortable and we're at the top of the guidance in EBITDA margin and the EBITDA margin shopping mall and EBITDA margin company as a whole. What I can highlight is that we had an impact

of margin in the 2Q because of Rio Grande do Sul. This took away 5 million from our EBITDA in terms of parking discounts, we did have to offer 50% discounts at Praia de Belas. We had an increase of the discounts that were at 3.5% on rent, we got to 7.5% discount in May and went back to 3.5% in June.

So that impact was restricted to May. In July, the levels of discount were between 3 and 3.5 in the portfolio. If you apply this for the 2H of the year, you will have an improvement in margin, much better than the one we operated with last year, reaching 4 to 4.5%. When we look at the expenses, they're lower. The effect of the 1Q, we had some layouts, we had the collective negotiation, recomposition of salaries. Now, this will not be repeated in the 3Q and 4Q.

And along with this, we have the best period for the retail market, the best revenues, cost of products sold, and the best ratio that we have in the first half of the year. And along with this, we have the resale of points. We are announcing a significant resale of a point in the 2Q. It slipped into the 3Q in Iguatemi São Paulo. This is important.

We also have the sale of some lots as we have always worked with, the Marketplace. We already have an option negotiated. This will be done in the 3Q. And the sale of the first lots in Casa Figuera. This leads to other revenues and will redress the margin.

So we're quite comfortable in terms of reaching the top of our margins for the shopping mall and in terms of consolidated margins.

Jorge Guilloty: Thank you.

Tainã Costa, UBS: Good morning, everybody. My question is a follow-up on the guidance, especially when it comes to the sale of lots. I think this topic has become stronger. We have other players also selling off some of their lots. If you could give us a better disclosure in terms of which are the lots, how they have been assessed, which is their potential. And ensuing this, which is the mindset of the company in sales of this time, which is the profile of this demand and how are the negotiations for those sales?

Guido Oliveira: Thank you, Tainã. We have a land bank and the other companies that are doing this are lagging behind. Iguatemi, we have been doing this since 2006, recurrently exploring our land bank and strengthening an increase as part of our shopping malls. We

have several shopping malls where we do this every quarter; Ribeirão Preto, Sorocaba, Praia de Belas, the Towers, Iguatemi Porto Alegre. So we do have that process of revision of our land bank.

Part of our land bank, we end up devoting to rentals, which is the case of Galleria, where we created an office tower, Galleria Sky, that we inaugurated in 22, in Porto Alegre, a tower that was inaugurated in 216, two towers in Marketplace from 96 and 97, and we work with local or regional developers.

We had two towers sold in Ribeirão Preto to the Tegra Group, Brookfield. We also have Julio & Kalil, which are local buyers, and other partners that end up buying these lands for the development of offices, and these offices follow the architectural plan of Iguatemi. We develop these plans. Developers will continue on with the development, they will perhaps change the base plan, but most of the time they follow the architectural plan of Iguatemi so that all towers work in coherence with their shopping mall and follow the architectural plan.

Now, this is what we do. We enhance the use of our land bank, and we monetize our land bank. So this year, as I just mentioned, we will have a project in the Marketplace. We do have a partner that has been set us out, we're approving this project at the city hall, we have already legalized the CEPACs that will offer the authorization at city hall.

All of this is part of the project, so we will be announcing this in the 3Q. And we have the entire land bank of Casa Figueira that is enormous. It's extensive land bank, the size of a neighborhood in São Paulo called Vila Olímpia. We have 60 lots, 40,000 people that will live in this development. So this is a sale of lots that will happen throughout several years, 20-25 million per year only from the Casa Figueira neighborhood that we will sell by potential sales value.

Of course, we have other land banks we can explore in Sorocaba, in Iguatemi Campinas, room for three additional towers. We will be announcing a tower that we announced last year, which is the Campinas Tower. We begin the construction of that tower now with a developer that did the tower in Campinas. We will begin the work now in September. And this tower will be very similar to what we have in Galleria. And we have two additional towers to build in Iguatemi Porto Alegre. We still have room for developments in Rio Preto, Ribeirão Preto.

So all of this will lead to that accommodation of useful land bank in the country. We have to respect this, but we are going to proceed with our land bank as we have shown you, and we show you everything we have developed since 2006 going forward.

Cristina Betts: And we also have that table of the construction potential. It doesn't mean we're going to develop everything simultaneously, but the potential does exist.

Tainã Costa: Thank you. Thank you very much. That was very clear. Have a good day.

André Mazini, Citi: Good morning, Cris, Guido. Thank you for taking my question. Some follow-ups in Rio Sul about the partner and some of the families there. And we know there are other shopping malls in Brazil, they have a shopping mall in Curitiba. And your work with Combrashop, could it create synergies in the luxury shopping malls they have? There would be significant adherence. It's what you like to have. That's my first question.

The second question is a follow-up, and Cris gave us more color. You have the ADM fees that you will have 5% but to get to 11%. What else is included? Is there something about the tower that has 44 floors and the management rates, the brokerage? What is it that is part of this sum for you to reach that 11% cap rate? Thank you.

Cristina Betts: Hello, Mazini. Good morning. First things first. We're very happy with Rio Sul, there's a great deal of work there and we're going to work step by step, and then we will see what we will do later on.

First of all, we have to show our value, ensure this operation is successful, and the partnership that we have reached with this asset, we have great expectations. And we have to deliver them before we speak about other possibilities of doing things jointly. We had a very good beginning. Now we have to make everything happen.

I'm going to allow Guido to speak about your admin fees.

Guido Oliveira: Well, this seems to generate many doubts, and I will try to be very clear. As shopping mall managements, we not only manage the condominium and revenues, we work with rentals, temporary rentals, overage that has a margin of almost 90%. We negotiated an admin fee of 2% a year. This was negotiated and aligned with the families.

We also have the brokerage part. Now, what is the brokerage? All of the negotiations we do regarding temporary rental, sponsorship events, and the stores, of course, and this generates another admin fee for Iguatemi that is accounted for as brokerage fee to commercially explore the asset.

Now, what is the fee for condominium? The condominium of our buildings, the tenants, when tenants pay their tickets, they are paying their *pro rata* expenses, and this includes their expenses of administration fee, the employees of the condominium, energy, water, gas, the utilities that are used. And this includes the admin fee, cleaning, security, maintenance of the entire shopping mall. And here our admin fee is 5% on the total expenses per year. So this is another 5% admin fee.

Additionally, we have an admin fee on 70,000 meters of useful space. We already managed towers of complexes, Iguatemi Ribeirão, both towers have been sold. This was a Brookfield project, but we manage them.

Now, the tower in Alphaville that was sold to XP Fund and other partners, we still manage that tower, and this means an increase in revenues. If we add all of these on the parking operations, the shopping mall operations, the admin fee on rentals and the lease and the towers and the brokerage fees, all of these jointly allow us to have a cap rate going from 7.5 to 11% as an entry fee.

And this is what is being charged at present when we become co-managers after the transaction in August. We're not charging any additional fees. We're speaking of the condominium at present and everything else at present.

André Mazini: Well, thank you. Thank you very much.

Alejandra Obregón, Morgan Stanley: Hi. Good morning, Iguatemi team. Thank you for taking my question. First, I'd like to double-click on your lease spreads. I was hoping if you can help us understand what is embedded into this number, meaning is this calculation simply, let's say, a rent comparison of the last rent versus the new one or is it including everything, discounts, escalators, like the entire value of the contract?

And as we, let's say, look into the tenants, what's driving these 11%? Which tenants are behind this? Is it Anchor, Satellite, perhaps any sector in particular behind this? Anything

that can help us understand, let's say, which tenants are and could be more accepting of rent increases ahead. So that's the first question.

And then on the capital allocation front, we know there's firepower at Iguatemi and at the FII. So I was hoping to hear if you still see opportunities for Iguatemi to, say, go on a fence and sort of buying assets and if there's any sort of deadline for these monies at the FII to be deployed. Thank you.

Cristina Betts: Hello, Alejandra, thank you for your question. I will begin speaking about the lease spread and then speak about capital allocation. Guido will help me here.

I would like to clarify that when we calculate the lease spread, we compare who was the previous tenant, we look at the contract of the previous tenant, compare it with a contract we are signing now. It could be lease spread for renewal, or it could be a new contract that we call lease spread for new contracts, where an ex-tenant has made a change.

What we do not take into account in this calculation is the overage. We consider discounts that are minimal but not overage. Oftentimes, we were discussing this at our Board meeting yesterday that we need to find a better metric to do this. When you work with a qualified mix, that leasing spread, well, we always look for a positive spread, but it doesn't capture the expectation of enhancement that we have.

But in fact, we do compare what we already know. Otherwise, we go into that grounds of wishful thinking, thinking which could be the sale, we have projections, and perhaps we focus too much on numbers, on concrete numbers.

In that figure, we don't have a focus on field or category. We have signed all types of contracts, satellite, fashion stores, restaurants, large operations, home and decor stores, beauty, jewelry. There's a bit of everything. There's a good mix here. And the positive results of the leasing spreads refer to that very positive moment in sales with a stronger demand.

We have seen an acceleration in the signing of contracts, we have looked for that qualification. And what we observe in terms of potential and the tenants also want that, and tenants help us to drive those figures. It's not only when we post figures of 10% in same-store sales. This allows us in the next round to look for increases in rentals when we have an occupation of less than 11%.

Sales are accelerating faster than rentals. Well, rentals always have a delay *vis-à-vis* sales. So the lease spreads are positive, and they tend to continue positive because of the positive mix in our portfolio.

Guido Oliveira: Now, simply to add to the lease spreads, nowadays in the company, Cris did not mention it, but in the main company, KPI is the issue of spreads. We look at the opportunities we have within our occupancy rate.

We have teams working on groups with positive lease spreads. Our new rentals have a table that is a goal that are corrected by IGP-M and that rental base is revised every month, and that table of corrections is delivered to our brokers with a higher goal every time. We look at the rentals between 2020 and 2022 that are presently going under revision. It's been more than three years, and we're trying to eliminate the effects of the pandemic.

We can now discuss the lease spreads of those stores that came in with lower rent because of the pandemic. All of these are fronts that will bring an impact throughout 2025 because this generates a future impact. But as Cris mentioned, this allows us to increase our rent.

Cristina Betts: Alejandra, in terms of capital allocation. As you know, we have always been a highly disciplined company when it comes to capital allocation. We don't do anything that is mad, we don't pay exorbitant prices, and we never abandon our focus of action. And we take the time we need to do the right thing, so there is no term for capital allocation in the Company, we don't have a goal for capital allocation of allocating X BRLs within a certain period; we want to do business that is important for the portfolio. If this takes six months or two years, what is important for us is having the correct transaction.

Now, as part of the capital allocation, we look at the balance. Now, in terms of deleveraging, we seek portfolio efficiency. As we did now, we sold off some assets, we can re-qualify that investment in terms of something that is more aligned with our strategy. All of this is very important, and we allow for room, for space, for when we have to make a decision, we have that space available.

We don't want to do anything crazy in price and in moments, but in terms of our balance, in Brazil, we have extremely high interest rates. It's something we have remarked on recurrently. We're always focused on the company indebtedness, exactly not to have any squeeze or pressure at any point in time. So we're very attentive to the data of transactions

that could be made. But we're also very focused on a healthy balance that we have always had and want to continue to have to open up this space.

And the deleveraging has a great deal to do with our reinvestment of capital. We've already spoken about the expansion of Brasilia, the retrofit of the Marketplace so we do have things in our portfolio that are ex M&As but will also consume capital.

Fanny Oreng, Santander: Hello, Cris. Hello, Guido. Good day. We have two questions. The first referring to your level of provisions, we see that the health of tenants at Iguatemi is very good, and we have begun to see some companies in the sector to have a reversion of provisions because of the surplus of provisions that were made during the pandemic.

So which is your mindset in terms of this, in terms of your tenant portfolio? That's the first question.

The second question is simpler. Do you have any expectation in terms of the work in Iguatemi São Paulo for expansion? I don't recall the timing you mentioned. If you could remind us, I would be very thankful. Thank you.

Guido Oliveira: Good morning, Fanny. To speak about provisions, our PDD is part of our other operational revenues. It's part of EBITDA, not part of gross margin. And we have a policy of only reverting once we receive. We have been reverting some provisions we made because of legal agreements or the notice of inactive payment that we have sued. And obviously, this line item, now if we take into account our default level, gross default level, that is around 2%, if we see that the discount level is very low because of the robustness of our tenants, we're working with default tenants and inactive tenants that are being removed from the shopping.

Now, you can see all of this in our results, we have shown this, and the levels are very low. Of course, this is below what we had included as part of our budget for this year, and that was reflected in the guidance. We're working with provision levels that are below those that were budgeted.

Cristina Betts: Well, Fanny, good day and thank you for the questions. Now, Iguatemi São Paulo, now the main point of everything that will happen going forward, we will deliver at the end of the year. Everything will depend on delivering the theater.

Now, when you enter Iguatemi São Paulo through the elevators in the front, when you go up to the 10th floor, we are renovating – simply to give you an idea of the location. We're going to create an arena theater that we believe will be broadly used. We already use our spaces in JK and Higienópolis in a very intense fashion, and I believe that this theater will be submitted to significant use. We're planning our Investor Day there in the coming year. And based on the theater, we will receive the approval to do the rest.

It's important to deliver the theater in December. There are other operations. We will be changing our lounge, we will release space in the shopping in the corridor, and we do have other operations in adjacent areas. What is fundamental, nevertheless, is the theater. We've already begun cleaning up the other rooftop because there was a great deal on top of Iguatemi São Paulo that we're releasing for space. So we have to work with warehouses, take away old machines. It's not a simple task.

When you look at this, we have a hoist on top of Iguatemi São Paulo that works silently during the evening, but it does pose difficulties. So a long answer for what seems to be a simple question. It's not simple. We have begun, and until the end of the year, you should see the theater that will be very exciting. It will be beautiful as always, but it's a starting point for the rest of our renovations.

Fanny Oreg: Thank you, Cris. So until the end of the coming year the expansion will be concluded?

Cristina Betts: I'm going to wait a bit to share with you the novelties. We have very important things that we will be delivering in 2024. We have truly exciting news and surprising news for Iguatemi São Paulo. But first of all, the theater has to be concluded.

Fanny Oreg: That's fine. So I'll wait for the next time. Thank you.

Cristina Betts: Makes life fun. Thank you, Fanny.

Giovanni Vescovi, JP: Very well. We have two main questions. You had an EBITDA margin very close to zero. When will this be more significant for the company?

Now, the second part of the question refers to your strategic action of diversifying in other geographies. You mentioned this in January, your expansion to other geographies. Thank you.

Cristina Betts: When it comes to retail, our commitment with the retail is to maintain a breakeven position. I think this is of help to us. And retail incorporated the marketplace 365, we have made several changes through time on 365. And by the way, 365 has surprised us in terms of their sales. Although we shrunk it, it is 30% above the sales that were forecast for 2024. We should be closing 30% above the GMV, which is very important for us, maintaining the breakeven and maintaining that value.

Now, it's difficult to say what it is we can have in terms of margin here. We operate with brands that have very different margins, very diverse margins, and we operate those brands with specific terms, and it depends on us and the owner of the brand if we renew that brand or not. Some brands we have been operating for some time, like Polo, we also have new brands like Loewe.

It will all depend on the mix. The main goal of this retail unit is to foster novelties and, in quotation marks, to speed up the entry of brands that want to be in Brazil but don't have a ready-made structure for this entrance. So when we make that franchising agreement, when we create a partnership with these brands, we think that they will become independent, which is the case of several brands, like Balenciaga. They came in through the retail, they are now responsible for their own operation, and they will be inaugurating in Iguatemi São Paulo.

And when we look at brands, we think: "This brand was successful in Brazil, they will continue". And when the brand is highly successful, they become independent. Other brands we operate, some brands are very large, they're not able to determine their structure in stores. And eventually, we discontinue them, which was the case of Lanvin when we inaugurated at JK. It no longer made sense for JK to have Lanvin, so we agreed upon their exit from Brazil.

So everything depends. And we don't have that commitment of having a very positive EBITDA, but of course, we always want to be at a breakeven position and bring in that diversity.

We do have a limit in terms of the number of brands we can operate. Our business is shopping malls, not working with the retail market. This has to be clear in our minds. But I think we're complying with our goal, if we look at Polo, Birkenstock, Loewe. Loewe is very successful; they're brands that are adding to our portfolio. Birkenstock has expanded to Patio Higienópolis. We're trying to see where it will go to in the coming years.

Guido Oliveira: We're quite enthusiastic with the possibilities and to bring that differentiation in our portfolio. In the half of the year, we have an EBITDA close to R\$ 200,000 to 300,000, we had an important sale during the half year. Now, we have Black Friday for the 365 and Christmas, and you will see, therefore, a growth in the EBITDA.

It won't be that zero margin. It will be a better margin of 15 to 20%, a growth in EBITDA so the EBITDA will be positive with a 15% to 20% margin considering the sales of the full year.

This is a business that has been growing continuously in terms of sales. We made the commitment of doing away with cash burn, and we did that. And 365 is an important tool for our digital ecosystem, for our Omnichannel, because it's a laboratory and because we work with B2C for international and national brands that are not found in shopping malls.

We build our contribution margin, and we allow our customers the possibility of consuming products that don't exist in Brazil, such as Longchamp and other brands that we bring down. And we bring this to brick-and-mortar stores, which is what we did with Balenciaga and other brands that ended up coming to the mall, and that began with Iguatemi 365.

Cristina Betts: I'm sorry, I sort of forgot the second question. Regarding our strategy in geographies, more importantly than the geographical expansion, we need to understand where our customer is and where we want to be, if that is possible or not. And how long it will take us to execute this is a different matter.

We're extremely satisfied with our return to Rio de Janeiro. It's an important market for us. Commercially, it is important, it's the only asset we will have in Rio de Janeiro, we're going to focus all of our efforts in Rio Sul. It's a significant commitment, but I think it's too early to speak about other geographies.

We have a great deal in our plate at present to develop going forward and to put our house in order. But we're always focusing on the profile of the customer and where we can walk hand in hand with them.

But for the time being, I think we're satisfied, and we have significant work to do in terms of Rio Sul going forward.

Giovanni Vescovi: Thank you.

Operator: Ladies and gentlemen, as we have no further questions, we would like to end the question-and-answer session. I will return the floor to Ms. Cristina Betts for her closing remarks. You may proceed, ma'am.

Cristina Betts: Well, thank you for your attendance to our conference call. We're very enthusiastic with the 2H of the year, we began very well, we have begun the 2H of the year on the right foot as well.

As we mentioned during the call, we have several novelties for the 2H of the year, important contracts that are being signed for 2025. A great deal is happening. And in terms of capital allocation, we have had significant deliveries, we have organic growth. So we're quite busy, but busy working strongly to make things happen, the growth of the company.

Thank you very much. We are at your entire disposal should you have more questions. Otherwise, we will meet at the call for the coming quarter.

Operator: We conclude the conference call for Iguatemi. Thank you all for your attendance. You can now disconnect.