**International Conference Call**
**Iguatemi S/A (IGTI11)**
**Earnings Results 2Q23**
**August 4th, 2023**

**Operator:** Good morning and thank you for standing by. Welcome to Iguatemi S/A's second quarter 2023 results conference call.

With us today, we have Miss Cristina Betts, the company CEO, and Mr. Guido Oliveira, 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. After the company remarks are completed, there will be a Q&A session at which time further instructions will be provided.

Should any participant require assistance during the call, please press *0 to reach the operator. This event is also being broadcast live via webcast and may be accessed through Iguatemi's Investor Relations website at www.iguatemi.com.br/RI, where the slide deck presentation is also available for download. Participants may view the slides at their own convenience.

Before proceeding, we would like to mention that forward-looking statements made during the call are based on the believes and assumption of Iguatemi 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 general economic conditions, industry conditions and other operating factor could also impact the future results of Iguatemi and lead to results that differ materially from those expressed in the forward-looking statements.

We will now give the floor to Miss Cristina Betts, who will begin the presentation. Miss Betts, you may proceed.

**Cristina Betts:** Well, a good morning to all of you. It is a pleasure to receive you once again at our conference call. We're presenting the results for the second quarter 23.

First of all, we continue to have an excellent performance and the figures are a testimony to this. The first figures that I would like to share with you is our sales record, this quarter we attained excellent results in Valentine's Day and Mother's Day, coming to 4.6 billion in the second quarter 23, up by 8% versus the second quarter 22. I would also like to highlight that 8 of our 16 shopping malls have accelerated growth, 10% above the results of 2022.

After speaking of sales, of course, the sequences to speak about lease, that has also grown above and beyond inflation. Now this shows the qualification of our mix and Iguatemi's trade strength, and this is something that we have been conversing during the calls, after the situation of the pandemic reaching 0.7% below what was recorded in the first quarter 23. We have also been able to renew all of our contracts very positively. In the second quarter, we attained a spread of 5.1%. Of course, with the compression of lease and stores and we have reached 10.5% and 9.0% respectively in our stores, our occupancy continues to be stable at 11.3, very much aligned with what we had in 2022, 0.3 below our historical levels.

We had a strong readjustment of lease. If you follow up quarter on quarter including this quarter, and because of the sales increase, we have been able to maintain stable occupancy, and this thanks to our efforts in terms of maintenance of condominium cost and others. Default once again has been very good, 0.1% in the second quarter favored by the recovery of the bad debts we had in the first quarter and also payment of all of necessary bills during the quarter, which means that we have returned to the collection levels that we had, and they are even better before the pandemic, in 2019. We're receiving our bills on the first day as we used to do way back in 2019.

Now to speak about the occupancy rate, it continues to be stable at 92.4% aligned with the other quarters, and with a positive trend for the second half of this year, we have been speaking about this and we do continue with our guidance for this year. More specifically, in the second quarter 23 we had a record of contracts signed, 151 contracts, 70 alone in June. So, this shows the recovery of our commercial part, and of course, this will have its repercussions.

To speak about our operations, especially in the digital area, Iguatemi One we had the second edition of Iguatemi Collections, which has surprised us ever more. In this edition of Collections, we had a knife set and a cutlery set that was extremely successful, very desirable, and we had 40,000 new participants and an increase of 30% in the invoices sent vis-à-vis the first addition. So, this is the recognition of this program. And the third edition will begin now at the end of August.

The Iguatemi 365, we continue to maintain our focus, as we have mentioned formerly, we're looking at the profitability of the business, we had improvements in our margin, and of course, thinking about the operation break even, in the second quarter we worked with qualification, selection of brands, maintaining the brands that offer us higher profitability, and doing away with brands where we have a worse profitability.

As we mentioned, we had migration to the VTEX and we're looking at all of our SG&A items to enhance this further. When it comes to events, I think we have spoken at length about this, especially after the pandemic, our focus now is events, and we have a very ascertained and assertive strategy that creates this symbiosis with the shopping mall operations. This is very clear, we had several events in the second quarter, the addition of Cine Vista at JK Shopping mall, an interactive event to celebrate the 60th birthday of Monica, from Mauricio de Souza, an unheard-of experience. After 30 years, a celebration of Jurassic Park – who doesn't recall the First Jurassic Park? –, and for the 7th consecutive year we had the World Blue Day, working with the Association on Autism. We had an exhibition of films, Barbie and Oppenheimer, and this is an incredible project that will have a reflection in the third quarter. The Barbie House experience and other shopping malls will also participate in this.

This is in a partnership with Mattel. We have sold more than 60,000 tickets only in the chain shopping mall to speak about. Our commercial structures and our surroundings, we have two corporate enterprises that deserve to be underscored. We had the inauguration of JK Shopping mall.

To speak about our commercial structure in our surroundings, we have two corporate enterprises that deserve to be underscored. We had de inauguration of Sky Galleria close to the shopping mall in Campinas. It is 100% leased and 60% occupied, generating a significant flow in the shopping mall. We also have the Iguatemi in Porto Alegre, one of the more desirable areas in the city, and as you will recall and as we show in our [inaudible] in

Porto Alegre. We do have subsequent chapters in terms of our real estate, we have also shown you a very interesting case in Ribeirão. Besides the shopping mall, we have two commercial towers that are highly sought after by our partners, and the idea is to use this competitive edge in Ribeirão Preto, in the area of influence we had an increase of almost 130% in the average lease compared to what we had in 2007 with a real growth of 64%, and this shows you the strength, the magnetism that a region like this has when we bring all of this under our control.

I will dwell a bit on Casa Figueira. We do have very nice pictures in our release, and we are concluding in August a prototype street. It is precisely a prototype of the esthetics and the finishing with the structure of the neighborhood, and we will begin the construction of Casa Figueira, which will be a meeting point for the new neighborhood that we're developing in Campinas.

To speak about SG&A, we had some important things happening. Perhaps the most important part is our sustainability report. On Monday we were very satisfied to publish and it represents our sound commitment towards transparency, information about our actions, what we have implemented, which are our pillars, and also, a retrospective view of what has happened in the last years and decades at Iguatemi, and we speak about the consumption of energy, water, the responsible management of residues, fostering actions to enhance our work with our associates and the communities.

We want to use this report so that it will become a channel of communication with the market and use it as a parameter not only to enhance what we can do ever better, but also so that it can serve as inspiration for our partners and stakeholders throughout time.

Well, we’re quite confident in the coming periods, we have a great deal of work when it comes to occupation, we're going to speak about our efforts devoted to a SG&A, we do want to become ever more profitable as a company, and we're going to show you the effects of the leveraging of the company, our curatorship of events, of mix, our projects in the coming quarters and years. We have a very promising situation with good results.

I would now like to turn to the presentation and refer to the highlights of the second quarter. I'm going to go through these quite quickly so that we will have time at the end.

On page three, I already refer to total sales of 4.6 million, up by 8%, and the estimated sales for July that once again are very strong compared to July 22 with a growth of 11.3%. And in the last days of July, of course, we have not accounted for this, we spoke about the boom we had in the cinemas and in our malls, same-store sales grew by 6.5%, same-area sales 8% vis-a-vis the second quarter 22, same-store rents with a growth of 10.5%, same-area rents with 9% increase. Now the vehicle flow that is very important and refers to the sales in July 7.4% above the same period in 2022. We have spoken a great deal about vehicles flow because of the alternative versions, Uber, bicycles, skates, everything that can bring people to the shopping mall is included in this vehicle flow, but in July we had a significant increase. Gross revenue reaching R$353 million, up by 15.4% vis-à-vis the second quarter 22, net revenue reaching R$302.7 million, 19.3% increase over the second quarter 22 excluding the straight lining effect. Net revenue reached 308 million, up by 16.4% vis-à-vis 22. Consolidated EBITDA reaching 209 million, up by 18.6% with an Adjusted EBITDA margin of 67.9%. Adjusted net income reaching 85.5 million and 86.6% increase over the second quarter 22 and adjusted the margin of 37.8%. Adjusted FFO reaching 28.9 million, up by 52.3%.

In terms of our leverage that I have already mentioned, also quite positive, we had a drop vis-a-vis the first quarter, which is healthy. We ended at 2.36 times net debt Adjusted EBITDA. At the Assembly, we approved the payout of dividend in 4 installments, the first will be 110 million and will be paid in July. We also spoke about the lease at Sky Galleria, a record of occupancy in such a short time. For those who go through the highway, this is a beautiful, very visible towers, especially in the evening.

In May of 2023, we settled the 9th debenture issue in the amount of 300 million. The company’s most expensive debt because of the lockdown and the pandemic. So, we will observe an improvement vis-a-vis be the debt cost going forward. The second election campaign, which I have already mentioned that ended after the Brazilian Valentine's Day, we did have important insights regarding our customers because of collections and we identified some important customers that are not normally very visible to us. Something that is very important for us, the Ethos Institute, we were recognized the company at the retail sector for diversity and inclusion ranking. We had a record high in these lease spaces, as I mentioned, 151 contract signed only in the quarter. As subsequent events, the buyback program that we announced along with the release of up to R$136 million, 2.9% of the shares that are circulating, the Barbie Dreamhouse Experience at JK mall, which is something exclusive that we carried out with Mattel.

And what is also very important, we have made investments in Etiqueta Única, and we have just opened a kiosk in Iguatemi São Paulo to deliver products to sellers and also for the exhibition of products that might be of interest, and it has already shown some interesting results increasing the hall of sellers because of the visibility and quality of what is being sold. I invite all of you to come visit this kiosk. It truly is very interesting.

To speak about the sustainability report, this is our first report, and it is the beginning of our journey to converse on this topic broadly. It is a commitment to maintain this year after year and we're going to focus our efforts on this during the year. In this specific report, we highlight our efforts to reduce energy and water consumption, the implementation of sustainable technologies, and of course, the responsible waste management.

We also emphasize what we want in terms of our role when it comes to the company's sustainability. All of those partnerships that we have to enhance the environment and social work in our report, we have carefully followed the SASB guidelines word for word, showing that we were going to fully comply with these guidelines, and this should enable us to involve our report with new certifications, but in this case we're 100% compliant,

And of course, we have our real estate property development, on page 8 we show you the development of the prototype street for Casa Figueira. We began the works in June, if I'm not mistaken, at the end of May, and the intention is from the shopping mall to show the last expansion, it's a big junction where we have the shopping mall and we will be able to visit this beginning in September. Casa Figueira should be ready at the beginning of the second quarter in 2024. It is a meeting point, the epicenter of our follow-up in the neighborhood, and it's important, of course, to give people greater visibility of what we're going to build in the coming years.

Now with this, I would like to give the floor to Guido to speak about the operational and financial highlights.

**Guido Oliveira:** Good morning, everybody. We're going to speak about the main operational indicators. We're on slide 10. First of all, our GLA evaluation, we bought a share of 36% at Iguatemi JK increasing our variation by 3%. Total GLA of the shopping mall will not change, we were already shareholders in JK. Now we have a variation of 2.5% in total GLA because of the coming into operation of the Galleria Tower after a few months of inoculation. Now, as you can see, this represents 13 million of our gross revenue, and JK represents 5% of the growth of our net revenue.

Another figure that I would like to highlight that has already been mentioned are the total sales with a growth of 8% in the second quarter and the sale of 11.3% increase in July considering we have not even accounted for the last week. Now in the second quarter, we had services and events with variations in the food of 9 and 11%, and at the end of June and July, a significant growth in services with an increase in the food mall of 22% in July, fashion growing 11%, services growing 18%, and food growing 16%. So, we had already seen this in the past, retailers learning how to learn with the winter season, and we had a very successful winter season, and of course, we had a great deal of work on flow and activation of the main events to bring in people to our shopping mall.

And, well, there's a special mention of the Barbie Dreamhouse. One week before the inauguration, we had sold 21,000 tickets, and until September we have sold another 60,000 tickets, and we had to extend the schedules, we have expanded the schedules from 11:00 in the morning to 10:00 at night and all of the slots have been filled in. Now the sale has been a highlight. We speak of a growth with a real gain of 7% based on IGP-M during the period, and of course, this merits underscoring.

**Cristina Betts:** Can you hear us?

**Operator:** Yes, you may continue if you wish, please.

**Cristina Betts:** Once again, can you all hear us? Yes, we had a problem with our line. We do apologize, but we were speaking about the growth of lease. We have an accrued growth since 2019 that goes beyond 60% and we were able to have a growth of 10.5% in same-store rent and 9% in same-area rents, and we have our guidance and we have had a record of contracts in the second quarter, and in the month of July we signed 40 contracts just yesterday. This of course is a vacation month and we have been able to attain a record of contracts in our portfolio for the month of July. This shows you the commercial activation.

We now go on to slide number 11 that will be broken down further ahead. We have a growth of 19% in net revenue, our EBITDA growing 17% and we ended with a net income of 77 million.

We go on to slide number 12, where we have our P&L without the straight-line effect and for commerce effect and sheer swap results. This is our proxy cash effect. We have a growth of revenue of 16.4% reaching 308 million, an EBITDA margin of 208 million, our growth of FFO with a growth and we have reached 42% margin growth in FFO, net income coming close to 30% with R$85 million of net income.

We go on to slide 13 to speak about the financial results that concentrates iRetail and Iguatemi. You see the improvement in the results, we were working towards the breakeven of Iguatemi 365, 13 million negative to 7 million, this is thanks to the work in the retail segment. We had an effect that we were aware of, we removed this from our portfolio on June 1st because of Balenciaga, and we had a gain in revenue of R$10 million. And because of the sale of the stock of 11 million, now because of the work we did in SG&A in retail and Iguatemi 365, we had an improvement of EBITDA of 40%. When we look at the six months, we are at 15 million negative, and this should continue on until the end of the year.

We had already been speaking about this since last year, and we will have a significant improvement vis-à-vis the year 22.

We go to the financials for the malls. What is important here is to show you our margin preserved at 78% our EBITDA margin, in the second quarter as well as in the first six months. Net revenue with an increase. Now when you take away the effect of JK, which is 5 points, we have a growth of 15% in net revenue, EBITDA growing 14.6% to R$216 million.

And I will speak about our costs and expenses going ahead. If we look at our results, we have a growth for six months of 16% in gross revenue for the malls and this of course includes rentals, management fees, parking and others and 14.6% for the second quarter.

Now, as you can see, the variation in rentals was 15.2% and the occupancy curve has been maintained and this shows the work we have carried out to have a positive lease spread on our leases and in the stores that are under renewal. We also have a growth of 16% in parking with the growth of flow vis-à-vis 2022. This because we have increased their tariffs throughout the year and we had a growth in the vehicle flow in July and a growth vis-à-vis the second quarter 22 was 5%, and as a whole, it has been 8%, and it shows us that the third quarter will also provide us with very strong results.

We go on to the rental revenue for malls, a very significant growth in minimum rent, excellent work that we carried out with kiosks and media, both inside and outside of the mall, and of course, the part of events that is of supreme importance. Our events are our property and they have become a part of the calendar of the city. For example, the June Party and the events we have at JFK, very successful events, that is, events that are fully sponsored, and these are remunerating our events ever more, as we had said about Barbie. So, this of course will take off during the year and it will continue to grow during the second half of the year.

Let's look at costs and expenses. It is worthwhile mentioning that we do have significant variations here, especially in terms of personnel. The cost of personnel we have reinforced our commercial team, but during this quarter we revised our processes looking at the efficiency of the company, and this work ended at the end of the second quarter and the results of this work will appear in the third and fourth quarter not only in personnel, but third-party services as well. And in terms of costs and expenses, the third and fourth quarter will be better when compared to 2022. Costs and expenses grow approximately 8%, but when we look at the percentage of net revenue, they drop and in the second quarter of 23 compared to the second quarter of 22 there is a reduction of 10.8% as a percentage of our net revenue.

We go on to slide 18. As we were mentioning, at the end of last year we acquired a part of JK Shopping mall, we obtained a very low-cost credit, and this operation was done through a swap at 99.5% of CDI with a longer term than we normally have. So, on December 31st, we were at 34% CDI, and presently we're almost at 100% of CDI of our cost of debt. So, we have enhanced our debt profile as well as enhancing the term, and we have a leverage of 2.36.

Our FFO in the second quarter, the market projection is to have a drop in interest rates, we should have an improvement in our financial results, especially in the second half of the year and we will have an improvement in the financial revenues.

We're at slide 19. You'll see that we're at 100% of our CDI, very close to that, with 87% of our debt dropping, and the drop of the SELIC, of course, will aid and abettors in our financial structure.

And finally, we would like to reaffirm our annual guidance. We're quite above the net revenue growth, above the retail with a growth of 19.7% When we look at EBITDA margin, we are at 78.2 and total EBITDA margin at 68.6%. Now the EBITDA margin for malls and total will be closer to the ceiling than to the floor because in this first half we were somewhat below what we expected, especially when we look at this in comparison with 2022.

We have revenues that will be accounted for, in the second half of the year they will be above what we had in the first half of the year, enhancing our revenues. And throughout the quarters, we will be announcing the sale of fractions and property, as Cris announced at the beginning, and we also have an efficiency project ongoing that will enhance all of these figures in the second half of the year, enabling us to comply with the guidance in all of the items that are on this table.

With this, I would like to end my presentation and open the floor for questions and answers.

## Question and Answer Session

**Operator:** We will now go on to the question-and-answer session only for analysts and investors. Should you have any question, please press *1. If your question has been answered, you can withdraw from the queue by pressing *2. Questions will be answered in the order in which they are received. If you could please pick up your phones from the hook when posing the question to allow for optimal sound quality. Please, hold while we pool for questions.

Our first question is from Aline Caldeira, from Bank of America. You may proceed, ma'am.

**Aline Caldeira:** Good morning, Cris. Good morning, Guido. Thank you for taking my questions and congratulations for your results.

I would like to begin with two things. First your sales in July that show an acceleration. Had you expected this trend in the second quarter having a marginal increase in the second half of the year? and was there any specific category or an asset that drew your attention and that led to this increase in sales?

And my second question refers to your commercial strategy. Your figures are below the average at the same time that you have a very attractive spread. So, how are you thinking of your strategy? Are you comfortable in terms of occupancy? Thank you. These are my questions.

**Cristina Betts:** Good morning, Aline. Let's speak a bit about July. We have seen the sales, well, Mother's Day was very good, June was even better, and July of course, was the best of all. All of this was aided and abetted by a group of events that, of course, are very important. The good news is that all of this is across the board. We don't have one shopping mall leading this, they're all performing very well and all categories as well, which is very important. At the beginning of the pandemic, we would see international brands with a better performance compared to domestic brands. This is no longer the case. As Guido mentioned, we had a very strong performance in fashion, which of course, is what is more significant when we're speaking about total GLA, but there are segments that are important, jewelry continues to do very well, as well as entertainment. Because of this new lot of movies, people are going back to the habit of watching movies, and we have had an increase in movies through the years.

We spoke about the films and the different groups of films. When the films are good, the business will tend to be good as well. This weekend I took my daughter to the Barbie Dreamhouse, and everybody was wearing pink, men, women, and children, and you can see exactly who's going to watch Barbie and who's going to watch Oppenheimer, normally dressed in black. This is part of the entertainment and we're resuming all of this after what we went through in 2020-2021. And of course, this has a repercussion on sales.

In commercial turnover, well, we have always spoken about this, this will impact our stronger portfolios, and when we speak about total sales, we're not speaking about square meter, we're speaking about total sales, 92% of occupancy rate means we have the best sales increase in the sector. This shows our strength. Obviously, when you have good sales, the tenants will remain, and we are able to increase the lease and renew the leases. Everything is positive. Well, the cure of all evils in the industry is to have good sales, and sales are gaining force. The results are doing well, and everybody is speaking about this. We also have more people looking us out, and I had remarked about this in other quarters, we’re resuming with the interest in new brands and innovative brands, we’re holding conversations with several of the brands because there is a lot of red tape to bring in new tenants and to bring in new brands, but we're going to see new brands coming into the malls.

And this also holds true when we speak about the chain. We take new brands to the shopping malls in the hinterlands, and this reinforces the quality of mix and increases occupation per square meter. Now all of this is very positive and we're beginning to feel not as it was before the pandemic, but before the recession. And we're quite confident that we will be able to maintain this in the coming quarters.

**Guido Oliveira:** Simply to add something to the part of sales, among all of the segments, only two segments were below 10% of growth. All the others grew, home decor and the diversity of products for home. When we look at the malls in the second quarter, the malls sold above 10% in July in our portfolio, all the segments sold up above 10%. So, as Cris mentioned, sales have been distributed in all of these different segments with an emphasis on fashion that grew 13.2% driving the sales. We had a growth that was doubled.

**Aline Caldeira:** Thank you. Thank you very much for the answers.

**Operator:** Our next question is from Igor Altero, from XP Investments. You may proceed.

**Igor Altero:** Good morning and thank you for the presentation. We have two questions. The first, we spoke about two tenants about the tax load to understand how it was doing, and well, this is very important in the decision to close a contract with you. And if you have visibility in the size of the launch that you are about to carry out. Thank you very much.

**Guido Oliveira:** Good morning, Igor. To speak about the tax reform, we have not had any conversation with the tenants about this. I think a great deal still has to happen, we have the complementary laws, the aliquots. So, so far, we have not held the discussion on the new tax reform. Now the work that we have done with ABRACE and SECOVI and all of the team that is at the Congress, including the rapporteur, the rapporteur from the government and the rapporteur from the Congress, we were able to maintain all of the real estate activity without any changes. We are now holding discussions with the Senate and the Association to discuss the aliquot for this complementary law, but so far there has been no discussion on the tax reform or not carrying out an operation because of what could happen with this reform.

**Cristina Betts:** As I mentioned before, everybody is trying to take advantage of this growth wave, more resilient companies do want to become part of the mall, and that is why we have this record in the signing of contracts. Regarding the international logistics, this facilitates the conversation with them. People understand how things operate abroad and we are going to be announcing two new contracts that will come in during the year, and of course this is of great help.

Understanding our tax scheme is not a simple tax.

To speak a bit about Casa Figueira, as I mentioned, we're going to begin works this year with the prototype for Casa Figueira, which will be a meeting point for the neighborhood, and begin the infrastructure work at the end of this year and beginning of 2024. We have four years for the infrastructure works, we probably will not take this long, we have distributed the work through time. When it comes to the selling of the towers, this will begin the coming year, we will begin with the prototype and with a certain shot of Casa Figueira already constructed, and we will begin our relationship with possible partners in the construction of these towers. Therefore, at the beginning of 2024, we're going to define how to market all this and how the rollout will take place.

But without a doubt, during the… well, we will be doing this in the coming five to seven years a large number of towers, we cannot do this hastily, it would be an excess of capacity to offer. Therefore, we're also thinking about the physical rollout of this business. We want to sell those that are closer to the shopping mall initially. For those who are aware of the topography, there is a drop, and of course, you will have to go down some stairs and the towers will be on the street. They're practically on the street. They will, of course, be the first that will be sold off, of course.

**Igor Altero:** Thank you, Cris. Thank you, Guido.

**Operator:** Our next question is from Victor Tapia, from UBS. You may proceed, Sir. Good.

**Victor Tapia:** Good morning, everybody. I would like to broach 2 topics with you. First about the guidance. In this first half of the year in terms of revenue, you showed us your guidance. When we look at what is happening, you have withdrawn discounts, the sales are very healthy, better than we had imagined or expected, the commercial part occupancy should improve, occupancy is still quite low. So, is there a possibility of reviewing that guidance when it comes to revenues, a review upwards?

And when it comes to cost, if you could give us more details, more color regarding this efficiency plan that will enhance your EBITDA margin? Once again, if we could hear more details about this efficiency plan.

And secondly, the cost of occupancy, 11%. We have an IGP scenario where the cost of rent is zero and the sales performance is truly surprising. So, which is the schedule for the maturity of contracts or contracts that will undergo revision in the coming 12 months, so that we can figure out which will be the impact? And what will happen with this indicator? If you could please explain this further.

**Guido Oliveira:** Victor, to speak about that guidance, I would like to reinforce what I said, we're quite calm when it comes to the growth of our net revenue, we are at 19%. Now when we look at the second half of the year in malls, we should be in accordance with the guidance. I don't think we require a revision. Now we have the effect of the IGP-M on lease, it was already 13%, it should drop as of the second half of the year. Beginning this year, the IGP-M should become negative. And there is a monthly contractual correction where we have to look backwards 12 month. The IGP-M decreases because there will be a reduction of the impact upon the renewal of the contract. We're at 92.7% occupancy rate, we know that all of the contracts that we have been signing will be in effect at the end of the third quarter/beginning of fourth quarter. So, we will have an improvement in the rent because of the new leases, the very strong improvement in the fourth quarter, which of course, will also be of help with the cost.

These are costs that are inherent to the process.

If we look at the mall segment, we don't have a great deal of revisions. We're at 9.7%, but we're going to enhance the results of Iguatemi 365, we have just sold off a brand and this will enable us to bring down different brands. This was a case of Balenciaga, which was a brand that had a significant weight on our portfolio, so we saw a drop in the retail segment.

Because of the improvement in the results of Iguatemi 365, there hasn't been a growth in take rate, it is the same as it was last year, and we're quite calm with the guidance that we have offered for the retail part and the malls. Now when it comes to cost and EBITDA margin, we have two ongoing processes. You spoke about the efficiency, what we did was to analyze all of the company cards, all of the processes, because of the pandemic we had an excess of work in some areas, we had to have an increase in production, for example, in the legal area, commercial, marketing, HR because of all the work we had during the pandemic. I remind you that in 2020, in June, we carried out a layoff of 10% in the company due to the effects of the pandemic. When we resumed once again, we had to hire more personnel and we had a growth in costs. What we did was to bring down the cost of our payroll to 2019 based on IPCA, the cost of our payroll today is the same as 2019. We have not had a real growth therefore, and if you observe costs and expenses through the quarters, you'll see that there will be negative results thanks to the work that we did when compared to 2022.

And we're not selling any fractions and that would be booked in other revenues. We cannot speak about this because we're hiring, but we will have announcements in the third and fourth quarters. We have reassessed our performance in the hinterlands. Because of the success of shopping Galleria, there's a waiting line for high-quality companies in the region, and of course, we will have work to do there and in the first semester we were below in terms of sales of point, and we do have announcements that will represent a relevant change in the second half of the year with an impact on EBITDA margin for the shopping mall.

Well, speaking about the cost of occupancy, either with a growth of revenues above sales, we maintained a better occupancy than that in the first half of 2022. So, besides having positive work, we have been working a great deal on the condominium costs, we’re maintaining them with a real negative growth. If you look at these costs, you will observe that they are negative. 2017 and 2022 we carried out work in the company, for five years we were at a cost practically zero, and this year we are working on this again to keep the cost below inflation so that we can have a positive spread in the coming quarters.

We have been working with the commercial area, the adjust on this based on IGP-M and so we have quite a bit of room to work with this positive spread that will impact our revenues, the revenues with an increase of 16% vis-à-vis 2019.

**Victor Tapia:** Very good. Could you give me a breakdown of the contract that is about to mature or what will undergo review in the next 12 months?

**Guido Oliveira:** Until December, 16%, and in the coming 12 months, approximately 30-33%?

**Victor Tapia:** Thank you. Thank you very much.

**Operator:** Our next question is from André Dib, from Itaú BBA. You may proceed.

**André Dib:** Good morning, Cris and Guido. Thank you for the presentation and for taking our questions. The question is about occupation. You mentioned that record figure in terms of signing new contracts that you had a very strong quarter and the incredible July. Can you give us more color of how this will be distributed among the assets? Which are the assets that have contributed more in terms of new contracts, and which are the assets where you have more space to improve the part of occupation, and which has been the demand for these assets and expansions? If you could share your plans for expansion, you had mentioned Iguatemi São Paulo and Brasília that would be part of your pipeline. And if you could give us more color of this and what else is in your radar. Thank you very much.

**Cristina Betts:** Hello, André. Now let's speak a bit about the occupation rate and what is happening with the contracts. We have quite a few things happening in the areas outside of São Paulo capital. São Paulo Capital has a very high occupation rate, we have a great deal of things happening, it's like a crossword in Iguatemi JK and Pátio Higienópolis shopping malls. It's like the dance of the chairs; one comes out, something else comes in. And we basically changed 6 for half a dozen, and we're making changes, changing people from places to accommodate new people in the… we had a more relevant change in Pátio Higienópolis because we had the entry of Zara, which, by the way, will be opening next week and that takes the back part of the entrance of the Higienópolis floor. This was quite relevant, and it uses the part that was for corridors previously increasing the GLA somewhat.

Now the change of those 95 that we have referred to for the end of the year has a great deal to do with the hinterlands in São Paulo, quite a bit of things in the South and Brasília, which is also part of this group. There is no more space in Brasília to accommodate new spaces. We have had a very strong demand in the hinterlands, many new things getting to the interior, and large areas that were breaking down and working with contracts for smaller spaces in areas that were much greater to increase our efficiency per square meter. We're quite confident, well, there's a bit of everything, we have restaurants, we have stores, many different things that are about to come.

Now to speak about the expansions – and this refers to what we are discussing –, we did speak about Brasília, we're finishing our designs for the expansion, in the coming months we should the changes to approve the expansion in Iguatemi São Paulo. In truth, we already have the approval for expansion, every square meter in São Paulo is worth a great deal. It's not an expansion that is similar to what will happen in the hinterlands with 20,000 square meters, but this has already been approved, we're finalizing the design and we will allocate some CapEx the coming year to prepare the area for the expansion in São Paulo next year.

When we speak about guidance for 2024, all of this will become more clear when we speak about CapEx. At the beginning of 2024, as we did when we had more greenfield operations in our portfolio, we're going to use the same scheme. These are two shopping malls with quite a bit of demand in Brasília, it should be significant.

I don't know if you recall, we had several pop-up stores in Brasília for international brands, they all achieved incredible results and now there is no room. It's the best possible scenario to begin our expansion work because everybody is giving something to improve stores, to open stores, but we have no room to accommodate them. We're quite confident in the future expansion in Brasília, it will be an important plus for the region.

**André Dib:** Well, thank you. Thank you very much.

**Operator:** Our next question is from Fanny Orang, from Santander Bank. You may proceed, Fanny.

**Fanny Oreng:** Good morning, Cris and Guido. I have a single question. When you look at the company portfolio today, have you thought about possible disinvestments of some assets, assets that are somewhat displaced in the scope of your portfolio, for example, Iguatemi São Carlos? And I'm thinking of the return that you have in your real estate developments, perhaps this could open a new window for investments. Thank you and congratulations for your results.

**Cristina Betts:** Hello, Fanny. Well, the answer is yes, we always think about recycling our portfolio. We were more active in the past when we sold in Rio de Janeiro, Florianópolis, Caxias. We're always looking at this, but to look at things doesn't mean that the opportunities are on the table. We know what we can do, it's all about having the right market and price to be able to proceed with this. Perhaps going forward, we will have some novelties in this area, but for the time being, what I can say is that we do carry out this exercise every day.

Let me share something with you. One of our American counterparts came to Brazil, he was a CEO at the time, Carlos and myself were at the meeting and he said that every year in strategic planning they had dozens of malls in their portfolio and the question was "would we buy this asset to day?", if the answer was no, they would put it up per seal without further chance. There was no possibility of recovering the asset, and this really marked us, that was more than 10 years ago, and we try to follow this same discipline. But of course, we depend on the market. But yes, we are looking, Fanny.

**Fanny Oreng:** Thank you, Cris. That was very clear. Thank you very much.

**Operator:** Our next question is from Andre Mazin, from Citi Bank. You may proceed.

**André Mazini:** Good morning, Cris and Guido, thank you for that call. If you could speak about the change of leadership in Iguatemi 365 With Gabriel Raposo? In this trade-off, you're always thinking about growth, selection, sustainability. I believe that change is due to the new focus on profitability. And if you could also... well, 365 is looking at several international brands. Now when it comes to these international brands, do you have management over these brands in iRetail as well? Thank you very much.

**Cristina Betts:** Good morning. In truth, yes. When we began 365, we imagined that it would be, well, something completely independent. We thought about it as a separate shopping, and I think that in reality it continues to be so. Now the reality of the operation, we needed to step back before we could proceed.

Now if we look at this new refocus, brands that are more profitable or so, we have put our foot on the break in terms of growth. What happened is that it became too big for the new operations of Iguatemi 365. He is fantastic, he was very good for us, but the size of Iguatemi 365. Well, only Mário is not sufficient for this, and he himself thought that. It's not only for us in terms of cost, for him in terms of challenge, so we reached an agreement, and we had a very soft transition between ourselves and Mário. We continue to be friends.

And initially, you and yourself said in your second question, we should focus mainly on the brands that we are operating in iRetail and some partner brands that we have within iRetail, but that do not have brick and mortar stores. Of course, we're going to work with brands I'll call it pure marketplace, brands that focus on higher profitability so that we can shrink the business a bit, focus once again on profitability, eliminate the company cash burn, and what is more important is to have time to think about the connection of 365 with everything else we're doing in the company.

It has to work with Iguatemi Daily, with Iguatemi One, it has to have a broader focus in terms of benefiting the brick-and-mortar part, and it will give us time to work with this union of all the moving parts which presently is not very clear for the consumer. we do have an idea of the road map, and this will give us time to return to a more gradual growth aways thinking about maintaining the profitability of the business.

**André Mazini:** Well, thank you, Chis, and have a good day.

**Operator:** Our next question is from Pedro Hajnal, from Credit Suisse. You may proceed, Sir.

**Pedro Hajnal:** Good morning, Cris and Guido. Thank you for the presentation and for taking my questions. First of all, I would like to know if you can give us some color in terms of what is happening commercially nowadays while lease is something that will increase. How much GLA are you negotiating, and which will be the distribution of the signature contracts in the coming 2 semesters? If we should focus on one specifically, or if it would be something granular.

The second question refers to your potential in São Paulo. We have seen record sales; we see other players in the sector. If you're thinking of working with the greenfield in 2024, be the company mindset in terms of that and if you're thinking of the cost of construction, 20-25 thousand the square meters, which is what we had discussed in the past?

**Cristina Betts:** Well, let's speak a bit about the occupation rate, what the distribution, what the distribution will be. We had those contracts and typically when we sign a contract, we have two periods of inaugurations; one to get the fourth quarter with Black Friday and Christmas and the first half of the year, where we have a long window of inauguration, April and March, which is after the vaccination, when we have Mother's Day.

It's very difficult to see at least [inaudible] in Jully [inaudible]… It's not very probable. Now, we do have that window and we see leaps and then inaugurate in those periods. We will see an important change in occupation going from the third quarter to the fourth quarter and further ahead when we go from the first quarter to the second quarter. These are the periods when we tend to have the inaugurations because you have a full price connection [unintelligible] periods.

Perhaps we won't fully see what happens an increase in occupation in the third quarter because we will be undergoing that change, but in the fourth quarter you will see many things coming into [unintelligible] and inauguration operating in December.

Now, we don't have a super appetite for greenfields yet, we speak about the project in São Paulo with [unintelligible], we still have some steps for the approval of that project. You will recall that we had that discussion with the [unintelligible] attorney on the lot. This discussion continues forward on a good path. Despite this, we still don’t have a significant appetite. We’re thinking of M&A and expansion possibilities as we have mentioned more than we have for the greenfield.

Expansion, of course, makes much more sense for us than that the construction. It's fine that we're having an increase in sales but do remember for a shopping mall like ours we're speaking of 300-400 tenants that will have to bet on that new project. And in the past, we would gain quite a bit of CapEx and [unintelligible] money. I think that we have more probability of making our capital increase through towers and through M&A possibility.

**Guido Oliveira:** Allow me to complement something on the commercial part. When we said that we signed 151 contracts and then Jully an additional 40 contracts, we got to 190 contracts signed on the first half of the year. Now inaugurating in the second half, almost all of them will be inaugurating, 10 contracts will come into effect only in 2024. [unintelligible] per square meter, this represents an improvement of 4 to 5 thousand lease meters for the second half of the year, simply to give you some color, distributed among all of the shopping malls. And malls with greater vacancy, we have better occupation now reaching 97-98%, shoppings close to 100%, and outlets like Novo Hamburgo we have 100% of occupation.

This is in shoppings in the hinterlands and some buildings [unintelligible]… and in Pátio Higienópolis with the inauguration of Zara. But this occupation represents almost 200 stores.

**André Mazini:** Thank you, Guido. Thank you, Cris. Have a good day.

**Operator:** […] [unintelligible] Goldman Sachs. You may proceed, Jorel.

**Jorel Guilloty:** Thank you for taking our questions. Good morning. We also have two question. Please talk about the spread of 5% in the last quarter. I believe the spread was 3 some percent. I would like to know if you can give more color how you imagine that this leasing spread will move forward. Will we have an acceleration, or will we remain at that level in spread?

And then I would like to go back to the EBITDA margin topic. Earlier on, you said that they should expand. I thought we tried the main drivers for this EBITDA margin expansion, is it by leasing spread, is it by an increase of occupation cost, iRetail? If you could give us an idea if this would represent 30% of leasing to have an idea of the growth. Thank you.

**Cristina Betts:** Well, speaking a bit about leasing spread, we have been highly disciplined in terms of this occupation. It's very easy to occupy spaces. We had a demand, a lot of demand. The question is if we have a qualified demand at the right price. The question is to have discipline and not be despair wanting to close the occupancy rate faster in detriment of the lease we're seeking for that area. We want and have all of this together, we do want to close vacancies with the right price and with the right tenant. We don't want to have tenants that won't add anything to our mix and won't add anything to the shopping mall, and we often time say no to tenants we have and do not have the right price, or we'd also say no because of the mix. And although this will have an immediate impact on our P&L, in the medium and long term the impact will be positive.

When you bring a tenant with a negative leasing spread, through time this eat away your positive base. You will say "I have those for the 3% vacant area" and [unintelligible] […] the tenant will ask for a lower lease, and through time we will come out losing. It's very important that [unintelligible] […] positive leasing spread. This shows the quality not only of those who are closing the vacancy, but shows that we're closing with the right price, and through time they will realize the quality it brings [inaudible] […].

So, the answer I can give you it is this discipline will continue on, it's part of our DNA, it's part of our strategy, it's part of the way in which we operate. We're not going to close anything. You can be absolutely sure of that. Now, how positive this will be will also depend on the economy and other influences. But we're only going to think about zero upward, never anything negative.

**Guido Oliveira:** To answer the second question, we have already spoken about the spread, the leasing spread is one of the levers to maintaining the grow of our net revenue and the improvement of EBITDA margin. We have been improving the discounts quarter after quarter while keeping in mind the cost, and we have zero default level in July, it's 3.9. this is a default rate that is better than in the years before the pandemic, compared to 2014-2013, before the recession. So, the bad debt closing below 4%. And this shows all of these changes that we have made in terms of our tenants throughout the years [unintelligible] […] still have positive leasing spreads quarter after quarter without working with discounts, without impacting the occupancy rate.

Another thing that we have already mentioned refers to the retail part. When we speak about iRetail and i365, we have been negative, EBITDA [unintelligible] […] will be 7 million in terms of efficiency compared to 2023 and compared with the first half of 23. We spoke about cost and expenses; we have worked with efficiency improvements. Until July 3rd, there was no reflection in the rest of the year, this will only appear beginning in August and there will be a drop in cost and expenses in the third and fourth quarter. This, besides what we have been doing in iRetail and i365.

Now, in the first half of the year, we were below what we had estimated in terms of [unintelligible], we have a project that will be accounted for in the third quarter and that will increase this value that will help us [unintelligible] […] lower than what we had [unintelligible] […] 2022 where we had that recovery of the rents of the year 2020 and 21. [unintelligible] […]. We have recovered [unintelligible] […] than we estimate and we [unintelligible] guidance it will improve our margin.

And we haven’t sold any fraction as I mentioned. We have the signature of two projects, and we will disclose this throughout the third quarter [unintelligible] […] will be above the guidance and it will be above net revenue, where we’ll also be close to the ceiling.

**Jorel Guilloty:** Thank you very much. Thank you, Cris. Thank you, Guido.

**Operator:** Our next question is from Marcelo Mota, from JP. You may proceed, Sir.

**Marcelo Mota:** Good morning, Guido. Good morning, Cris. [unintelligible] what you’re doing in real estate fund, [unintelligible] […] … or you’re thinking of something premium, something very large? And when it comes to distribution for next year, are you thinking of a new guidance for payout distribution, perhaps pay now less than you did last year? Thank you.

**Cristina Betts:** Thank you very much. When it comes to M&A, we had conversations, but they’re always around the same topic. We go around it, perhaps something will come out. I think it's all [unintelligible] more competition. The real estate [unintelligible] […]

[…] it’s perhaps complementary to our strategy and might help us [unintelligible]…

**Guido Oliviera:** Now, Mota, [unintelligible] […] let me remind you that [unintelligible] payout above 50%. It's what we have done, and during the pandemic [unintelligible] […]

[…] [unintelligible from 1:29:00 through 1:3:56]

… once again, to pay out dividends for our shareholders.

**Marcelo Mota:** Thank you, that was very clear. Thank you.

**Operator:** Well, thank you. [unintelligible] […], for her closing remarks, you may proceed.

**Cristina Betts:** Well, thank you very much for attending our call. We're very happy with the results that we're reporting, with the sustainability report that we [unintelligible], and we're open to the questions or comments that you may have.

[unintelligible] to contact us and to continue this conversation, otherwise we will see you in the next quarter. Thank you very much.

**Operator:** We end the Iguatemi conference call. Thank you for your attendance. You may disconnect now.