

IGUATEMI

Initiation of Coverage: Concentration on Quality

Real Estate

Main takeaways:

- **Premium portfolio focused on high-income consumers:** Dominant shopping malls located in the South and Southeast regions, with a strong presence in São Paulo, providing greater operational resilience, lower occupancy volatility, and stronger inflation pass-through over the cycle.
- **Consistent real rental growth:** We estimate average real growth of **~2.8% per year in rent per square meter over the next three years**, reflecting the pricing power of dominant assets and synergies with mixed-use projects. A lower share of costs over tenant sales compared to historical levels, combined with higher productivity per sqm, reinforces the case for further increases.
- **Strategic platform:** The Iguatemi 365 and i-Retail are initiatives that are gaining scale and relevance within the ecosystem, already accounting for **~13.5% of consolidated revenues** and growing **59.2% YoY in 1Q26**. Beyond direct revenue contribution, we see them as amplifiers of the physical core, strengthening brand relationships, data capture, and the entry of international brands into Brazil.
- **Relevance of mixed-use projects and expansions:** Key initiatives include developments around Iguatemi Campinas (with potential for ~100 towers and ~50k users/residents), expansions at Iguatemi São Paulo and Iguatemi Brasília, and the Market Place retrofit.
- We rate the company **Buy and name it our top pick**, with a target price of **BRL 36.00**.

Analysts

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Company

IGTI11 BZ Equity
Buy

Price: BRL 25.81 (19-May-2026)
Target Price 12M: BRL 36.00

Investment Summary:

We initiate coverage of **Iguatemi (IGTI11)** with a **Buy** recommendation and name it our **top pick in the shopping mall segment**, with a target price of **BRL 36.00**, based on a Free Cash Flow to Equity (FCFE) valuation.

Our thesis is anchored on the view that the company trades at a **material discount relative to the quality of its assets and its ability to generate value for tenants**, which we believe is not yet fully reflected in current valuation levels. In this context, we believe the **premium portfolio supports real rental growth above inflation, driven by high tenant productivity**.

Beyond the core business, we see **key strategic factors**, particularly through mall expansions, **Iguatemi 365 and i-Retail initiatives**, as well as **mixed-use development projects**. Iguatemi 365 and i-Retail posted strong growth (**59,2% YoY in 1Q26**) and reinforce the ecosystem by acting as a **key entry channel for international brands into Brazil**.

In parallel, mixed-use projects, such as **Casa Figueira in Campinas**, enable asset upgrading and expansion with lower **capital intensity**.

Operational performance further reinforces the thesis, with **same-store sales (SSS) up 6.0% YoY in 1Q26, record first-quarter occupancy of 97.3%**, and continued progress in digital initiatives. Despite this, the stock trades at an **implied cap rate of ~13.3%** (2025 NOI), which we view as elevated given asset quality and insufficient to reflect Iguatemi's pricing power, demand for dominant assets, and additional growth avenues. Together, these factors contribute to results **without pressuring the balance sheet**, with the company maintaining a **Net Debt/EBITDA ratio of 1.33x** (LTM as of 1Q26).

We project **consistent growth**, with Net Operating Income **increasing on average by 6.4% for the next 5 years**, supported by real rental adjustments and expansions at dominant assets.

Table 1. Income statement projection for IGT111

R\$ Millions	2023A	2024A	2025A	2026E	2027E	2028E	2029E
Net Revenue	1.227	1.322	1.541	1.666	1.819	1.948	2.098
(+/-) % Change Net Revenue		7,7%	16,6%	8,2%	9,2%	7,1%	7,7%
(-) COGS & SG&A	(358)	(321)	(234)	(289)	(463)	(444)	(507)
EBITDA	887	1.012	1.317	1.372	1.356	1.504	1.591
(-) D&A	(174)	(196)	(127)	(140)	(139)	(137)	(136)
EBIT	713	817	1.189	1.232	1.217	1.367	1.456
(+/-) % Change EBIT		14,5%	45,6%	3,6%	-1,2%	12,3%	6,4%
(+/-) Interest, net	(275)	(272)	(463)	(286)	(166)	(77)	14
(-) Income Taxes	(71)	(105)	(103)	(191)	(247)	(289)	(334)
Net Income	346	486	610	755	803	1.001	1.136
(+/-) % Change Net Income		40,4%	25,7%	23,7%	6,4%	24,7%	13,5%

Source: Iguatemi, Genial Investimentos

Table 2. Multiple projection for IGT111

	2026E	2027E	2028E	2029E
EV/EBIT	8,2x	8,3x	7,3x	6,9x
P/L	10,4x	9,8x	7,8x	6,9x
EV/EBITDA	7,3x	7,4x	6,7x	6,3x
P/B	1,5x	1,4x	1,2x	1,1x
P/FFO	8,8x	8,3x	6,9x	6,2x

Source: Genial Investimentos

Company Overview:

Iguatemi is a shopping mall company focused on **A and B income** classes, concentrated in the South and Southeast regions of Brazil, which exhibit the highest GDP per capita levels in the country. Its portfolio comprises **15 shopping malls, two premium outlets, and four office towers, totaling 789 thousand sqm of Gross Leasable Area (GLA)**, of which **489 thousand sqm corresponds to owned GLA**.

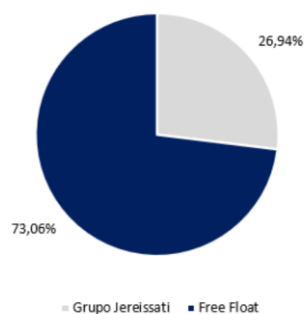
The company operates in **four states and the Federal District**, with a strong emphasis on **São Paulo, where 11 shopping malls and 3 towers are located**, reinforcing exposure to more liquid and higher-income markets. In addition to the operating portfolio, **Iguatemi is developing Casa Figueira, a planned neighborhood project in Campinas, anchored by Iguatemi Campinas mall**.

Additionally, the group enhances its high-income ecosystem through its digital platform, and **i-Retail**, which focuses on physical operations and the incubation of exclusive international franchises. This robust **premium positioning**, supported by strategic physical-digital synergies and strong commercial execution, positions Iguatemi as the **main entry point for global luxury brands in Brazil**.

Management – IGT11:

- **Chief Executive Officer:** Ciro Neto, joined Iguatemi in 2010 as General Manager. Previously worked at C&A, returned to the company in 2023, and assumed the CEO role in 2025.
- **Chief Financial Officer and Head of Investor Relations:** Guido Barbosa de Oliveira, joined the company in 1995 as a trainee and built his career leading Finance, IR, IT, Real Estate Development, and Planning.
- **Chairman of the Board:** Pedro Jereissati, holds a degree in Business Administration from FAAP and an MBA from Kellogg. Joined Iguatemi in 1995, previously served as CFO and Head of IR, and is currently Chairman of Grupo Jereissati and Iguatemi's Board.
- **VP of Strategic Business:** Erika Jereissati Zullo, with Iguatemi since 1994, currently responsible for strategic business initiatives.

Table 3. Breakdown of company ownership – IGT11 (theoretical unit representation)



Source: Iguatemi, Genial Investimentos

Elite Shopping Malls:

The strength of the Iguatemi brand, combined with asset locations in high-income regions, supports a **structural dynamic of real rental growth above inflation**. This positioning is reinforced by active tenant mix management, supported by intensive use of data, leading to higher tenant quality, stronger consumer engagement, and deeper brand relationships.

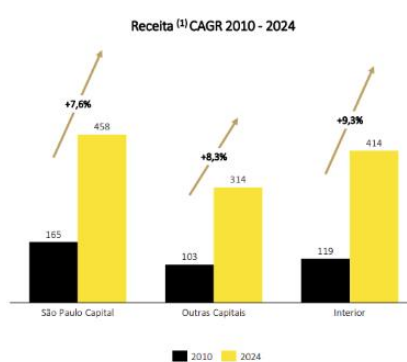
As evidence, **same-area rent (SAR) increased 6.7% in 1Q26 vs. 1Q25**, equivalent to **+4.6 p.p. above IGP-M, which showed negative accumulated variation between Nov/25 and Mar/26**. Even so, occupancy cost remained healthy at **11.9% of sales in 1Q26, only +0.1 p.p. YoY and 0.6 p.p. below the 15-year historical average for the quarter**.

Together, these factors reinforce our view that there is still **a gap between the value generated by the assets and the rent charged**, supporting room for further real rental increases. As a result, we estimate **average real rent per sqm growth of 2.8% over the next three years**.

Table 4. Improvement of the mix enabled historical long term growth

■ A CONSTANTE REAVALIAÇÃO DO MIX DE LOJAS PERMITIU UMA BOA PERFORMANCE AO LONGO DOS ANOS

Ativos existentes antes do IPO	Receita ⁽¹⁾ /m ² 2010	Receita ⁽¹⁾ /m ² 2024	Receita ⁽¹⁾ /m ² CAGR 2010-2024	Receita ⁽¹⁾ CAGR 2010-2024
Iguatemi São Paulo	3,213	8,321	7,0%	8,7%
Market Place	1,379	1,870	2,2%	1,5%
Subtotal - São Paulo Capital	2,492	6,237	6,8%	7,6%
Praia de Belas	1,189	1,815	3,1%	6,4%
Iguatemi Porto Alegre	1,759	3,433	4,9%	9,1%
Subtotal - Outras Capitais	1,519	2,790	4,4%	8,3%
Iguatemi Campinas	1,214	2,869	6,3%	8,5%
Iguatemi São Carlos	0,319	0,869	7,4%	6,4%
Galleria	0,583	1,536	7,2%	9,6%
Esplanada ⁽²⁾	1,165	2,151	4,5%	11,0%
Subtotal - Interior	0,947	2,209	6,2%	9,3%



(1) Inclui Aluguel Mínimo + Overage + Locação Temporária e Estacionamento.
(2) Contempla o complexo Esplanada, composto pelo Shopping Esplanada e Iguatemi Esplanada.



Source: Iguatemi

Iguatemi 365 and i-Retail: Core Business Amplifiers

Iguatemi 365 and i-Retail initiatives are gaining scale and relevance within the company's ecosystem, currently representing **~13.5% of consolidated revenues in 2025**. In 1Q26, the segment reached an **EBITDA margin of 11.4%, following 59.2% YoY growth**.

In our base case, we project continued growth for Iguatemi 365 in the coming years. More than a sales channel, the platform acts as a **strategic support tool for the physical core**, strengthening brand integration, consumer data capture, and customer relationships.

Expansion and Neighborhood Development:

Iguatemi has a relevant pipeline of expansions and development projects concentrated in premium assets, notably the expansions of **Iguatemi São Paulo, Iguatemi Brasília, the Market Place retrofit, and Campinas Tower A**, with openings expected between 2027 and 2028.

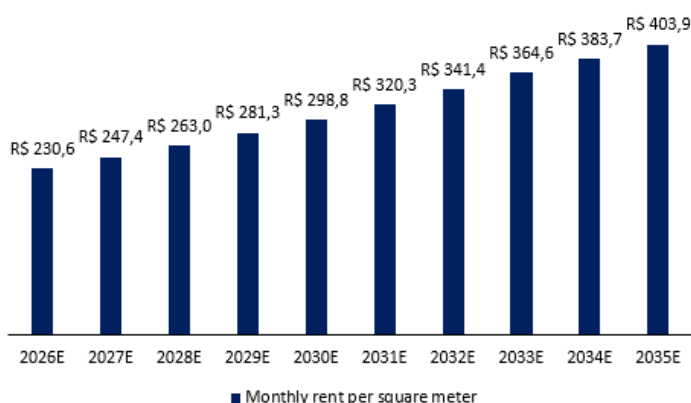
We believe these initiatives are naturally accretive, with pre-leasing already close to **~70,0%** in Brasília and Iguatemi São Paulo, reflecting asset dominance and higher rent capture per sqm.

Between 2023 and 2025, we estimated real operational performance per sqm growth of **+8.1% at Iguatemi São Paulo, +6.3% at Market Place, and +4.2% at Iguatemi Brasília**, highlighting both the strength of mature assets and repositioning opportunities.

Although Market Place has historically delivered more modest returns, the retrofit and densification project — incorporating office, open mall, and multifamily residential uses — opens a relevant avenue for productivity recovery and mixed-use synergies. These initiatives support our expectation of **~7.6% additional net revenue growth over the next five years**.

Iguatemi is also developing **Casa Figueira**, a planned neighborhood around Iguatemi Campinas. The project is largely structured through land swaps, reducing capital outlays while preserving exposure to real estate gains. Phase 1 infrastructure is expected to be completed in 3Q26, with seven plots already under advanced negotiations. We expect gradual monetization with low capital consumption during 2026–27.

Table 5. Quality is the reason we see real growth in m²



Source: Iguatemi, Genial Investimentos

Positive Points:

- Premium portfolio and strong brand;
- Ecosystem monetization (data + digital);
- Optionality from expansions, retrofits, and Casa Figueira (capital-light).

Risks:

- Execution risk in expansions and retrofits;
- Macroeconomic and consumption disruption;
- Digital execution and competitive pressure.

Valuation:

Table 6. FCFE projection

R\$ Millions	2026E	2027E	2028E	2029E
Net Income	755	803	1.001	1.136
(-) CAPEX	140	139	137	136
(+) D&A	(59)	(64)	(68)	(72)
(+/-) Changes in WK	47	2	1	1
(+/-) Net Borrowing	(248)	(460)	168	180
FCFE	634	420	1.240	1.380

Source: Iguatemi, Genial Investimentos

Table 7. Sensitivity Analysis

Cost of Equity	Terminal Growth Rate										
	2,0%	2,5%	3,0%	3,5%	4,0%	4,5%	5,0%	5,5%	6,0%	6,5%	
11,9%	42	43	45	46	48	49	51	54	56	60	
12,4%	40	41	42	43	45	46	48	50	52	55	
12,9%	38	39	40	41	42	43	45	46	48	50	
13,4%	36	37	38	39	40	41	42	43	45	47	
13,9%	34	35	36	37	37	38	39	41	42	43	
14,4%	33	33	34	35	36	36	37	38	39	41	
14,9%	31	32	33	33	34	34	35	36	37	38	
15,4%	30	31	31	32	32	33	33	34	35	36	
15,9%	29	29	30	30	31	31	32	32	33	34	
16,4%	28	28	28	29	29	30	30	31	32	32	
16,9%	27	27	27	28	28	29	29	29	30	31	

Source: Iguatemi, Genial Investimentos

How Do Shopping Mall Companies Recognize Revenue?

Retail leasing is the core of the shopping mall business model. Revenues follow a hybrid structure, combining fixed and variable components, where tenants pay the higher of a minimum rent (typically predictable and inflation-indexed) or a sales-linked variable rent.

This structure aligns the interests of mall operators and tenants by directly **tying revenue generation to foot traffic, sales per square meter, occupancy levels, and tenant mix quality.** In addition to rental income, ancillary revenue streams such as **key money (CDU), service fees, and parking operations** further enriches the monetization of the asset's infrastructure and broader commercial ecosystem.

From an investment perspective, the hybrid rent model introduces a **natural hedge across economic cycles.** While minimum rent provides cash flow visibility and downside protection, the variable rent component increases **earnings elasticity during periods of strong consumption,** allowing for long-term NOI growth without a proportional increase in fixed costs. High-quality assets with stable/increasing traffic patterns, this dynamic tends to **reduce earnings downside and support higher sustainable valuation.**

Beyond recurring rental income, the sector also incorporates **real estate development activities** in areas **surrounding shopping malls (multiuse).** These initiatives capture the **positive externalities** generated by the mall itself and for the multiuse space. Revenue recognition in this segment is typically linked to **project execution and physical-financial progress,** recognized over time. Although more cyclical and opportunistic in nature, these activities often reinforce the core business by increasing traffic density and quality, convenience, and overall asset attractiveness for both malls and multiuse spaces in which malls own a percentage.

Overview of the Shopping Mall Sector:

During the COVID-19 pandemic, the shopping mall sector experienced the most severe disruption in its history, marked by prolonged periods of full operational shutdowns and heightened structural concerns regarding the viability of the format amid the rapid acceleration of e-commerce.

Following this period, the sector demonstrated a **high degree of adaptability,** repositioning itself as a **multifunctional platform for social interaction,** leisure, and services, **extending well beyond traditional retail consumption.** This strategic repositioning has been accompanied by a robust recovery in operating metrics.

Total sector sales reached **BRL 200.9 billion in 2025,** reflecting historically high levels of asset utilization and a post-pandemic recovery in consumer traffic.

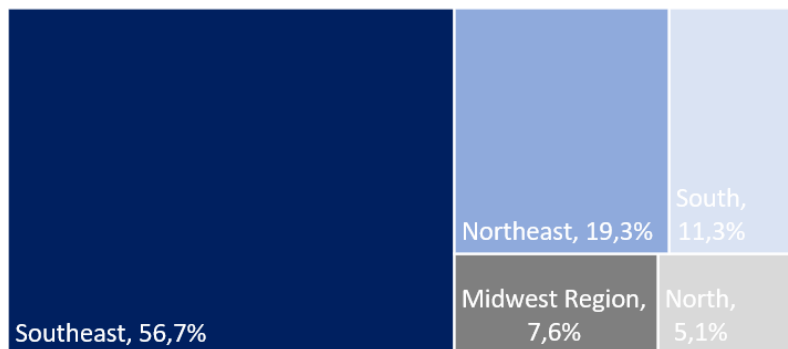
Regional Concentration and Asset Quality:

From a structural standpoint, the Brazilian shopping mall sector remains highly concentrated in the Southeast region, which accounts for **52.9% of Gross Leasable Area (GLA)**, **56.7% of national sales**, and **55.9% of total foot traffic**.

This geographic concentration supports greater operational resilience and asset liquidity, particularly in adverse macroeconomic environments, given higher income levels, population density, and consumption potential. On a sales per m² basis, 11 of the top 15 assets are located in the region. From a valuation standpoint, assets located in the Southeast, especially in São Paulo, tend to exhibit lower implied cap rates and higher transaction liquidity, reflecting stronger demand fundamentals and more predictable cash flows.

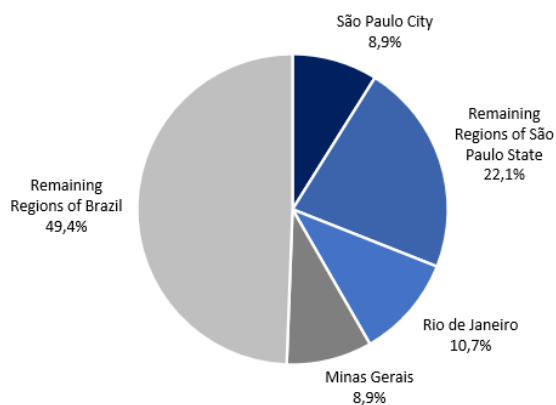
These characteristics become particularly relevant in stress scenarios, where geographic quality acts as a **buffer against valuation compression**, reinforcing the importance of location and asset dominance in portfolio construction.

Table 8. Southeast region leads Brazil in sales %, supporting more consistent and real returns



Source: Abrasce, Genial Investimentos

Table 9. São Paulo state leads in GDP share in Brazil



Source: IBGE, GOV, Ranking de Competitividade, Genial Investimentos

A Necessary Trade-Off: Revitalization Capex:

Shopping mall operators regularly undertake **asset revitalization initiatives**, which represent a structural component of the business model rather than discretionary spending. Over the past three years, such investments have averaged approximately **10% of rental revenue** among the three largest shopping mall companies in Brazil.

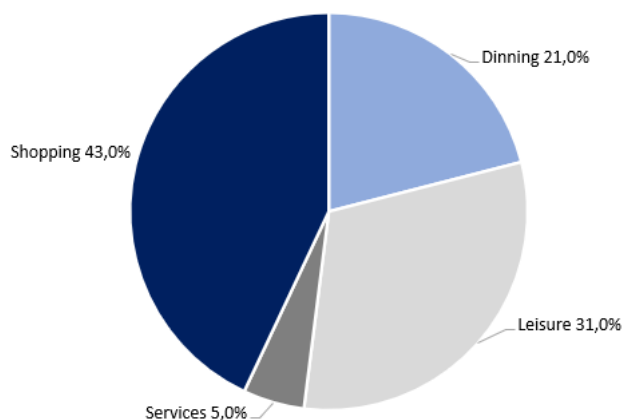
These initiatives reflect the ongoing need to modernize physical environments, refresh tenant mix, and adapt assets to evolving consumer behavior. While capital-intensive and potentially pressuring short-term cash flow, their recurring nature suggests the presence of an implicit economic return, typically materialized through:

- Increased foot traffic;
- Higher sales per square meter;
- Improved pricing power in lease negotiations over time.

In **well-located, dominant assets**, revitalization efforts often generate **operational synergies**, extending the economic life cycle of the asset and **mitigating obsolescence risks**.

From an investment standpoint, revitalization capex should be analyzed not as maintenance expenditure, but as **growth-oriented capital allocation**. In **high-quality assets**, these expenditures leads to incremental returns that exceeds the company's cost of capital. Conversely, in weaker assets, similar investments may only delay structural decline, underscoring the importance of asset selectivity.

Table 10. Visits are increasingly driven by non-retail activities



Source: Abrasce, Genial Investimentos

Reciprocity and Mixed-Use Developments:

Another relevant structural driver for the sector is the expansion of **multiuse/mixed-use developments**, integrating residential, commercial, and service components into the surroundings of shopping malls. The economic rationale lies in the development of integrated urban ecosystems that increase traffic recurrence, enhance consumer quality, and reinforce the **mall's role as a regional hub**, ultimately **supporting surrounding property values**.

From a financial perspective, these projects enable the capture of incremental real estate value through structures such as **land swaps**, whereby the company contributes land and receives a share of the developed value in return. This model allows for the monetization of land assets **without significant capital outlays**, preserving financial flexibility and improving risk-adjusted returns.

The growing adoption of this strategy across sector participants suggests that mixed-use development has evolved from a tactical initiative into a **structural value creation driver**, particularly for well-located, large-scale assets capable of supporting complementary uses.

Technology and Data: Operational Efficiency and Competitive Differentiation:

The increasing use of **technology and data analytics** has become a meaningful competitive differentiator in the shopping mall sector. Companies have invested in proprietary applications, loyalty programs, and analytical tools aimed at deepening consumer insights and enhancing operational decision-making.

These initiatives primarily drive value creation through:

- Optimization of tenant mix;
- Greater effectiveness of promotional campaigns;
- Increased visit frequency,
- Higher contribution of variable rent linked to sales performance.

The widespread adoption of these tools among leading players reinforces the view that data-driven strategies are not merely tactical trends, but rather **structural levers for efficiency gains and competitive advantage**, with the potential to expand operating margins and reduce earnings volatility across the economic cycle.

Macroeconomic and Regulatory Considerations:

From a macroeconomic perspective, shopping mall performance is influenced by a range of direct and indirect factors. A potential stabilization in commodity prices, combined with reduced geopolitical uncertainty, could pave the way for an **interest rate easing cycle**, supporting discretionary consumption while also compressing discount rates applied to real estate assets.

Given the long-duration nature of shopping mall cash flows, interest rate dynamics play a critical role in valuation. This impacts mostly growth oriented players due to higher opportunity costs and financing costs.

Additionally, the **transition phase of Brazil's Tax Reform** is expected, at least initially, to benefit sector participants through increased opportunities for tax credit utilization. Conversely, structural changes in the labor market, such as a potential elimination of the **6x1 work schedule**, could have indirect implications for tenant cost structures and operational dynamics, warranting close monitoring in the coming quarters.

Appendix:

Shareholder Structure in Depth:

Iguatemi's shareholding structure allows **Grupo Jereissati** to retain control while free float shareholders capture most of the economic benefits.

- **IGTI11 (Unit)** = 1 common share (IGTI3) + 2 preferred shares (IGTI4);
- Each preferred share carries approximately **3x the economic value** of a common share;
- Therefore, **1 Unit is equivalent to ~7 common shares economically**.

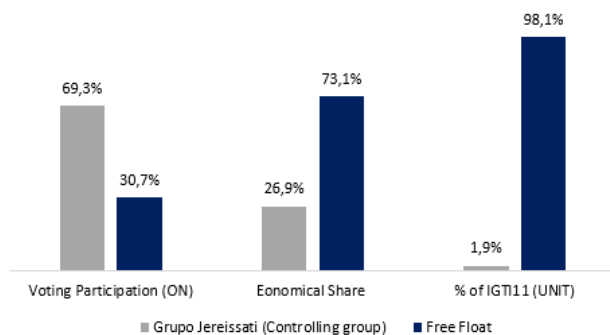
As a result, Grupo Jereissati holds **~69.0% of common shares**, ensuring control, while owning **~26.9% of total economic interest**, highlighting the gap between control and economic ownership

Table 11. Iguatemi's share ownership breakdown

Ownership Breakdown	IGTI3	IGTI4	IGTI11 (Unit)	IGTI11 (Unit)	Unit Equivalent	
	#ONs	#PNs	#ON	#PN	(Theoretical)	% Total
Grupo Jereissati	530.132.630	0	4.209.970	8.419.940	79.943.203	26,94%
Free Float	24.312.156	2.273.470	212.309.620	424.619.240	216.757.129	73,05%
Treasury Shares	0	0	28.053	56.106	28.053	0,01%
Total	554.444.786	2.273.470	216.547.643	433.095.286	296.728.385	100,00%

Source: Genial Investimentos, Iguatemi

Table 12. Summary of Iguatemi's shares ownership %



Source: Genial Investimentos, Iguatemi

Table 13. Iguatemi's malls breakdown

Shopping	% Iguatemi	GLA Total
Iguatemi São Paulo	59,66%	48.504
JK Iguatemi	100,00%	34.082
Pátio Higienópolis	28,95%	34.099
Pátio Paulista	11,45%	38.138
Market Place	51,00%	20.948
Iguatemi Alphaville ⁽⁴⁾	60,00%	30.958
Iguatemi Campinas	70,00%	73.350
Galleria	51,00%	32.155
Iguatemi Esplanada ⁽¹⁾	61,01%	64.101
Iguatemi Esplanada - Área proprietária ⁽²⁾	100,00%	3.678
Iguatemi Ribeirão Preto	88,96%	43.382
Iguatemi Rio Preto	88,00%	43.789
Iguatemi Porto Alegre ⁽⁶⁾	42,58%	68.809
Praia de Belas	57,55%	46.170
Iguatemi Brasília	64,00%	34.600
RioSul	16,63%	51.858
I Fashion Outlet Novo Hamburgo	51,00%	20.049
I Fashion Outlet Santa Catarina	54,00%	20.120
Power Center Iguatemi Campinas ⁽³⁾	77,00%	27.534
Market Place Torre (I & II)	51,00%	28.734
Torre Iguatemi Porto Alegre	42,58%	10.276
Torre Sky Galleria	52,00%	14.500
Totais	56,94%	789.835

Source: Genial Investimentos, Iguatemi

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	Definition	Coverage
Buy	Expected return above +10% in relation to the Company's sector average	49%
Neutral	Expected return between +10% and -10% relative to the Company's industry average	41%
Sell	Expected return below -10% in relation to the Company's sector average	5%
under Review	Under review	5%

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