genial | Equity Research

Iguatemi

IGTI11 | 2Q26 Review: 2Q26 Results: Less Space, More Income

Real Estate

Analysts

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Company

IGTI11 BZ Equity
Buy

Price: R$ 25.57 (04-August-2026)
Target Price 12M: R$ 36.00

Our Take:

Our preview thesis held. **The decline in reported earnings was comparison-base noise rather than operating deterioration:** stripping out the R$ 139.1mn capital gain from the Market Place and Galleria stake sales and the temporary partner interests in the Pátios, **net income grew 22.1% and FFO 21.0%** on the company's own basis.

Our estimates missed on magnitude, not direction. **Adjusted net revenue** came in at **R$ 396.0mn** (-6.3% vs. Genial; -2.7% y/y; +7.4% q/q) and **adjusted EBITDA** at **R$ 285.7mn** (-7.5% vs. Genial; -5.3% y/y; +9.6% q/q), with the shortfall concentrated in minimum rent, parking, and retail. Below the operating line the picture reverses: net financial expense totaled **R$ 84.5mn**, 15.5% better than projected, and the effective tax rate on our adjusted base closed at 21.4% against the 25.2% we had assumed. **Adjusted net income** reached **R$ 128.9mn** (-1.2% vs. Genial), up 99.3% on our adjusted basis, and **FFO** came in at **R$ 170.9mn** (+3.7% vs. Genial), essentially in line with our projection.

The quarter's central point is NOI. The company delivered **R$ 304.6mn**, 3.0% above the prior year, **operating with 10.9% less owned GLA**, which translates into a 15.5% **increase in NOI per square meter of owned GLA**. Rent per sqm points the same way, up 3.3% on a 100% basis and **11.8% on an Iguatemi ownership basis. This is the first quarter in which portfolio recycling shows up in the results, not just in the asset composition**.

We reiterate our **Buy** rating with a **R$ 36.00 target price**, keeping Iguatemi as our top pick in the segment.

What Explained the Difference?

Of the R$36.1mn shortfall in gross revenue, **R$16.2mn came from minimum rent, R$15.4mn from retail, and R$7.0mn from parking**.

Minimum rent and parking are perimeter effects. Over the past twelve months the company changed its stake in eight assets, with reductions from 100.0% to 51.0% in Market Place and Galleria and from 89.0% to 65.0% in Ribeirão Preto, partly offset by the additional 3.0 percentage points in Pátio Paulista acquired in April. **On a pro forma basis, minimum rent grows 4.8% and parking 12.4%**.

Retail was the only genuine operating miss: R$67.1mn against R$82.5mn projected, up 25.8% versus the 55.3% we had modeled. We extrapolated the pace of prior quarters onto a 2Q25 base that was already elevated.

Exhibit 1. Our Estimates vs. Iguatemi[1]

R$ Millions	2Q26E	2Q26A	2Q25A	1Q26A	vs. Est	% Y/Y	% Q/Q
Adjusted Net Revenue	423	396	407	369	-6.3%	-2.7%	7.4%
Adjusted EBITDA	309	286	302	261	-7.5%	-5.3%	9.6%
EBITDA Margin	*73.1%*	*72.1%*	*74.1%*	*70.7%*	*-0.9 p.p.*	*-1.9 p.p.*	*1.5 p.p.*
Adjusted EBIT	275	249	270	225	-9.4%	-7.8%	10.3%
EBIT Margin	*64.9%*	*62.8%*	*66.2%*	*61.1%*	*-2.2 p.p.*	*-3.5 p.p.*	*1.6 p.p.*
Adjusted Net Income	130	129	65	95	-1.2%	99.3%	35.8%
Net Income Margin	*30.9%*	*32.6%*	*15.9%*	*25.7%*	*1.7 p.p.*	*16.7 p.p.*	*6.8 p.p.*
EPS	0.41	0.46	0.70	0.80	11.2%	-34.3%	-43.1%
Adjusted EPS	0.44	0.43	0.22	0.32	-1.2%	99.3%	35.8%
FFO	165	171	240	275	3.7%	-28.9%	-37.8%

Source: Iguatemi, Genial Investimentos

1. Adjusted EBITDA, Adjusted EBIT, and Adjusted Net Income follow Genial methodology (excluding straight-line, SWAP, and real estate results, applied symmetrically across periods) and are not intended to reconcile line-by-line with reported net income. FFO does not exclude real estate. Reported figures shown for reference

Margin, on the other hand, surprised to the upside: segment EBITDA grew 225.5% to R$8.1mn, with a **margin of 16.5% against 6.3%**, confirming the operating leverage in the business. We have lowered our revenue curve and raised our margin curve.

On the balance sheet, leverage rose to 1.62x (1.29x in 1Q26) with the R$535.0mn CRI issuance at 97.0% of CDI, a transaction that funds the prepayment of the company's most expensive debenture and **lowers the average cost of debt from 3Q26 onward**.

Operational Highlights:

Total sales reached **R$ 6.59bn**, up 4.6%, with SSS of 1.7% and SAS of 4.2%, the latter 5.7 percentage points above the ICVS Abrasce index.

The daily breakdown for June allows us to isolate the FIFA World Cup effect. On the four days the Brazilian national team played, sales came in at 68.5% of the comparable 2025 level, versus 106.3% on the remaining days of the period. The pattern points to consumption being shifted within the quarter rather than demand being lost, which confirms our preview read and supports our expectation of normalization in 3Q26.

Occupancy reached 96.9%, up 0.5 p.p. y/y, with H&M entering four assets and Iguatemi São Paulo selected by Dior for a 600 sqm store. **Net delinquency stood at 0.1%, 1.0 p.p. below the historical second-quarter average**. Occupancy cost closed at 10.8%, still below the 11.2% average, which preserves room for real increases at renewal. SAR advanced 2.5%, a real gain of 1.6 p.p. over the 0.9% IGP-M actually passed through the portfolio, meaning growth came from contractual renewals above inflation and from filling vacant space.

NOI, Margins, and Portfolio Recycling:

Adjusted NOI totaled R$304.6mn (+3.0% y/y), with a **94.3% margin**. The growth takes on a different meaning once the denominator is considered: average owned GLA in malls fell from 448.4 thousand sqm to 399.8 thousand sqm. **On a NOI per owned square meter basis, the portfolio moved from R$660 to R$762, a 15.5%** increase, and on a pro forma basis the gain reaches 16.7%. **Each square meter owned now generates 15% more NOI than it did a year ago**, the combined result of recycling into more productive assets and organic growth in the retained base.

Contractual revenue points the same way. Rent per sqm grew 3.3% on a 100% basis and **11.8% on an Iguatemi ownership basis**, and sales follow the same pattern, at 4.6% on a 100% basis against 13.3% on an ownership basis. **The roughly 8.5 p.p. spread does not come from indexation**, given that IGP-M passed through the portfolio was only 0.9%, but from composition. **NOI per sqm advanced more than rent per sqm, 15.5% against 11.8%, which points to margin gains on top of mix gains, supported by net delinquency of 0.1% and a 17.2% reduction in rental and service costs**.

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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%**
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under Review	Under review	**5%**

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