



Fundo Imobiliário BTG Pactual Corporate Office Fund



## FII BTG Pactual Corporate Office Fund

BRCR11

Monthly Report – January 2022



# Overview

## Fund's Purpose and Profile

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BC Fund is one of Brazil's largest real estate investment funds listed in the Brazilian stock market. The Fund was created in June 2007 and has, ever since, actively managed its portfolio with the main purpose of investing in corporate towers, generating income in Brazil, which are strategically located in major commercial centers, by purchasing office buildings or real estate rights.

BC Fund's active management policy is based on four pillars:

- (i) efficient negotiation of lease agreements;
- (ii) investment in expanding and improving properties;
- (iii) efficient portfolio recycling;
- (iv) positive leverage to acquire new properties and/or other FII's shares.

### Main Features

**Corporate Taxpayer's:**

08.924.783/0001-23

**Fund's IPO:**

2012

**Administrator:**

BTG Pactual Serviços Financeiros S.A. DTVM

**Administrator Fee:**

0.25% p.a. on the market cap

**Manager:**

BTG Pactual Gestora de Recursos LTDA

**Management Fee:**

1.10% p.a. on the market cap as a discount (after September 9, 2022, the rate will return to 1.50%)

**Number of Emissions:**

7

**Quantity of Quotas:**

26.638.202

**Trading Tickers:**

BRCR11

**Deadline:**

Undetermined

**Target Public:**

Investor in general

# KPI Summary

Market Cap (R\$ billion) <b>1.89</b>	Market Cap (R\$/share) <b>71.07</b>	Equity Value <sup>2</sup> (R\$ billion) <b>2.83</b>	Equity Value <sup>2</sup> (R\$/share) <b>106.18</b>	Monthly Earning <sup>3</sup> (R\$/share) <sup>3</sup> <b>0.50</b>	Dividend Yield (12 months) <b>8.8%</b>
ADTV <sup>1</sup> (R\$ million/day) <b>2.04</b>	Shareholders <b>133,761</b>	Financial Vacancy <b>21.2%</b>	Physical Vacancy <b>27.3%</b>	Assets <b>15</b>	A/AAA <b>79.1%</b>

Notes: (1) Reference date: January 2022; (2) Reference date: November 2021 - the December data will be disclosed in the quarterly report together with the audited financial statements; (3) Income paid in the reporting month.



# Latest News

## Tenant Maintenance

In line with our expectations, our internal team continues to conduct successful negotiations to reverse the full exit of a tenant from the Montreal building, who currently occupies four floors. Late in the month, we negotiated with the tenant their permanence in the entire space currently occupied, totaling 3,748m<sup>2</sup>. It is important to emphasize that we continue to negotiate with this tenant, in order to adjust his monthly rent contracted per square meter and extend his lease agreement for another two years. This action is in line with our pillar of active management, which not only seeks to maintain lease agreements, but also to protect the Fund's profitability. As soon as we formalize his contractual terms and permanence in the building, we will disclose new information to the market..

## Market Analysis

Also in January, following our tradition, we met with the main real estate research firms to discuss the monitoring of the real estate market with the end of 2021. In light of the market instability noted last year that was overcome throughout 2021 and the uncertainty caused by the pandemic crisis, we reinforced our view by closing the fourth quarter of the year with a positive net absorption in the Rio de Janeiro and the São Paulo market. We understand that our premium portfolios – especially the Diamond, the Eldorado and the Torre Almirante buildings – should take advantage of this rebound and be able to enter into new short-/medium-term lease agreements.

# Latest News – Continued

## Termination of Lease Agreement

The Fund received an early termination notice from a tenant at EZ Tower, who currently occupies one floor of the building. Our commercial team continues to negotiate new terms with the tenant to avoid the return of the leased space. However, if the space is effectively returned, the tenant must comply with all contractual provisions, such as the prior notice and a contractual penalty for early termination. Finally, it is important to highlight that visits continue to increase in the region, and the asset also has guaranteed income from the seller until October 2022.

## Shareholder Return

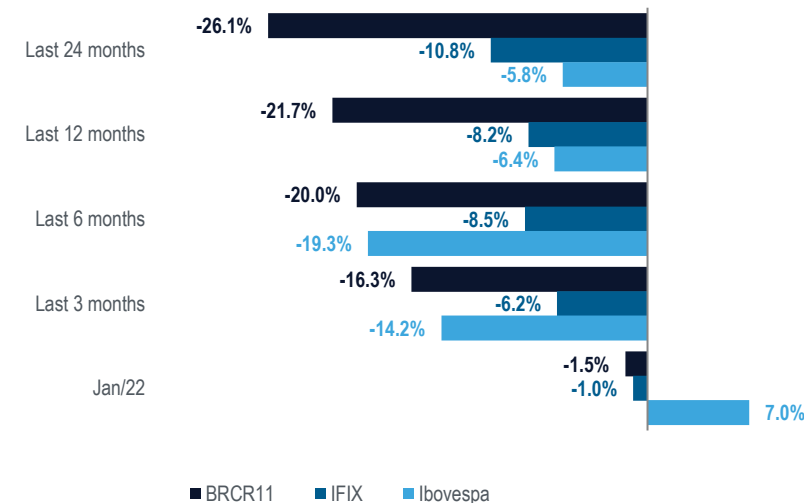
Last month, total shareholder return – considering distributed income and the share price – was a negative 1.5%, while the Ibovespa index increased by 7.0%. The average daily liquidity on the stock exchange (BRCR11) was R\$2.0 million in the period, and the share price in the secondary market closed the month at R\$71.07 per share. Based on the last shareholder return, the annualized dividend yield is 8.8%.

# Market Indicators

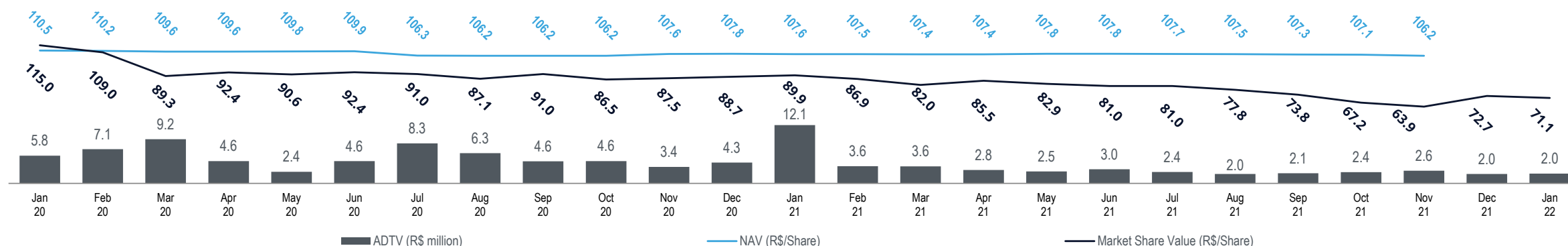
## B3's Performance

		NAV	Market
Adjusted Closing Share's Market Value*	[R\$/share]	106.18	7107
Discount to NAV	[%]	0.0%	-33.1%
Dividend per share	[R\$/share]	0.50	0.50
Monthly profitability	[%]	0.5%	0.7%
Annual profitability (compound)	[%]	5.8%	8.8%
Shares outstanding	[# mn]	26.6	26.6
Market cap	[R\$ mn]	2,828.5	1,893.2
(+) Net debt (Cash)	[R\$ mn]	545.3	545.3
(+) Minorities stake	[R\$ mn]	56.1	56.1
Implicit value of Real Estate assets	[R\$ mn]	3,429.9	2,494.6
Contracted lease revenue	[R\$ mn]	18.8	18.8
Implicit Cap rate	[%]	6.2%	8.6%
Adj. Cap rate (incl. vacant areas)	[%]	8.1%	11.1%
Portfolio GLA	[th m <sup>2</sup> ]	254.0	254.0
Average per m <sup>2</sup>	[R\$/m <sup>2</sup> ]	13,505	9,822
Total Volume Traded in the month	[R\$ mn]		42.9
Average Daily Trading Volume in the month	[R\$ mn]		2.0
% of Fund Traded in the month	[%]	#	17%
% of Fund Traded in the last 12 months	[%]	#	25.7%
Variation from previous month closing	[%]	#	-2.2%
Return for Shareholder (including distribution)	[%]	#	-15%

## Return for Shareholders<sup>4</sup>



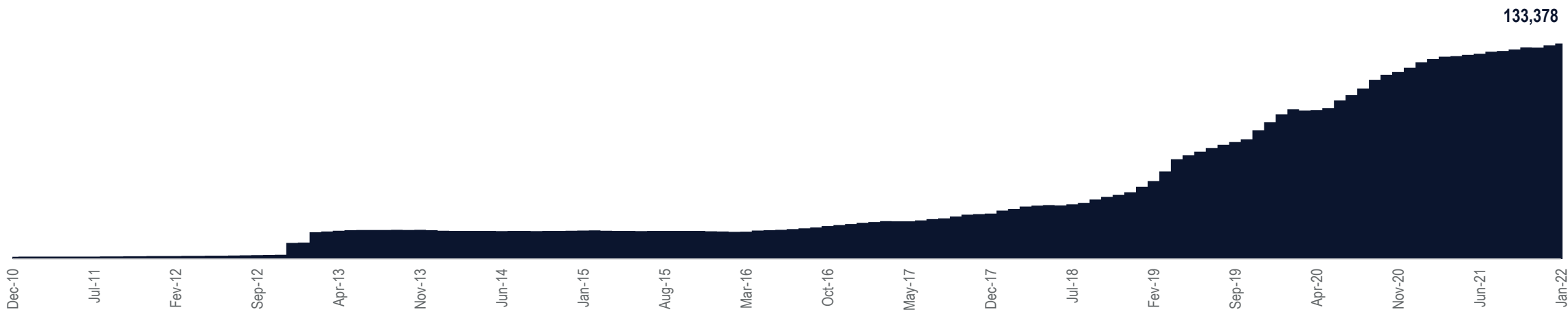
## Evolution of the Share Price and Average Daily Trading Volume



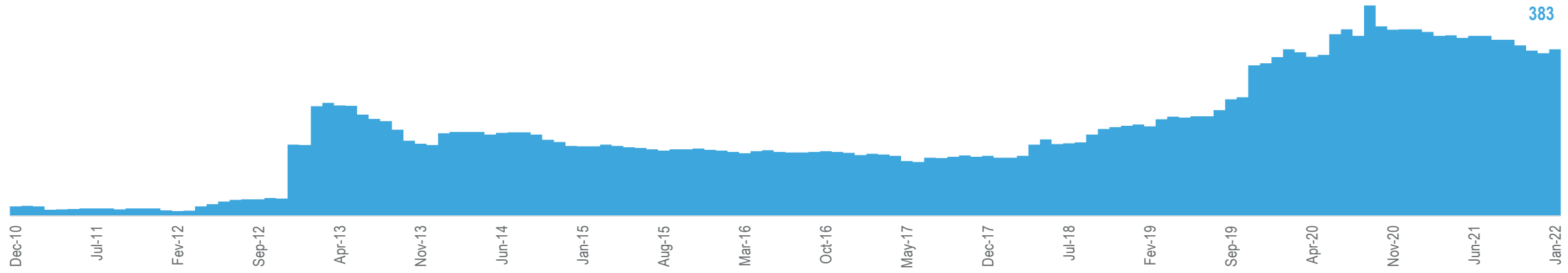
Notes: (4) Considers share appreciation in the period (closing value on the last day of the month M / closing value on the last day of the month M-1) + Yield received by shareholders in the period.

# Evolution of the Number of Shareholders

## Individuals



## Legal Entities



Individuals currently hold 71% of the Fund's share base, while companies hold 29% of the shares



# Financial and Operational Performance

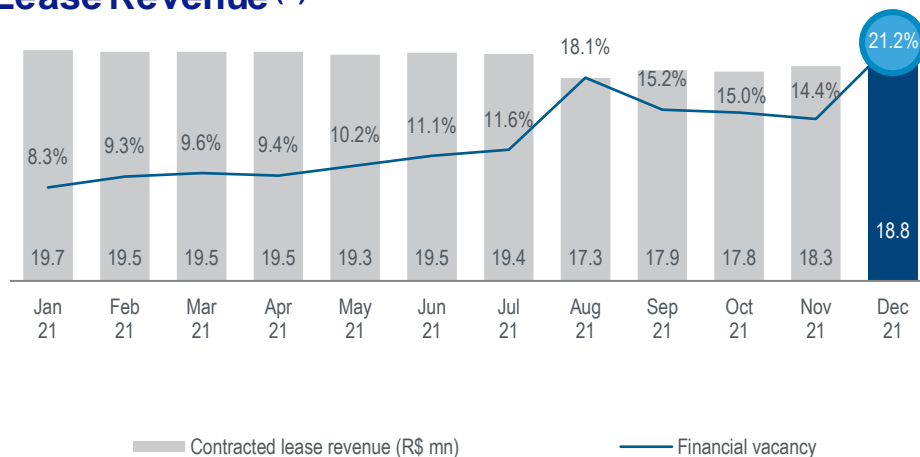
In December 2021, the financial vacancy of the portfolio accounted for 21.2% of potential lease revenue, and 27.3% of total GLA in m2. The monthly variation of the indices was mainly due to the Torre Almirante building's contribution to the portfolio, after the acquisition made in December.

At the end of December 2021, vacancy totaled 36,537 m<sup>2</sup> in the CENESP building; 16,068 in the Torre Almirante building; 11,281 m<sup>2</sup> in the Diamond Tower building; 2,486 m<sup>2</sup> in the Eldorado building; 1,507 m<sup>2</sup> in the Sucupira building; 586 m<sup>2</sup> in the EZ Towers building; 525 m<sup>2</sup> in the Transatlântico building; and 274 m<sup>2</sup> in the BFC building.

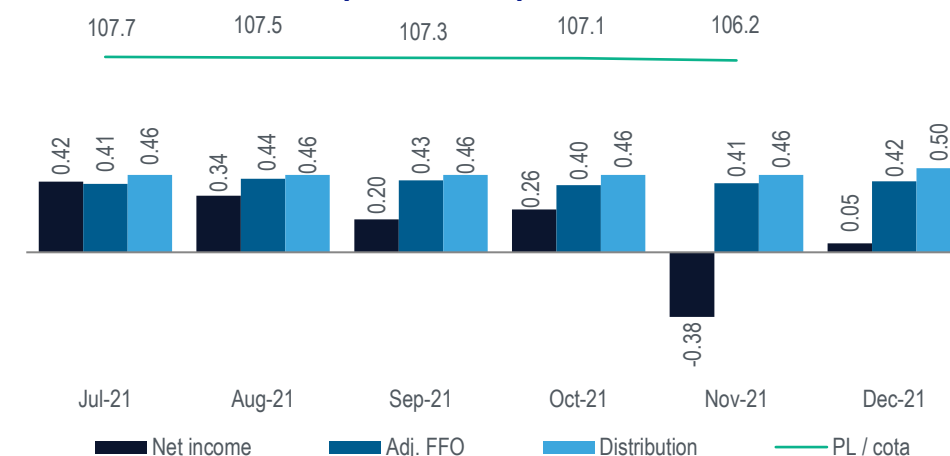
Over the next three months, 38.5% of the agreements will be adjusted for inflation, and no agreements will be renewed in the period.

In December 2021, net income was a positive R\$0.42/share. Adjusted FFO(4) was R\$0.41/share, and the amount distributed as a return for shareholders totaled R\$0.50/share.

## Evolution of the Financial Vacancy and Contracted Lease Revenue <sup>(5)</sup>



## Result Indicators (R\$/Share) <sup>(6)(7)</sup>


















Notes: (5) A non-accounting measure corresponding to the total amount of lease agreements in force in the reference month, excluding discounts, grace periods, fines, and other adjustments that impact the book leasing revenue. (6) FFO is a non-accounting measure that corresponds to net income, excluding (adding) the effects of gains (losses) on the sale of investment properties, fair value gains from investment properties, non-recurring income and expenses, and non-cash financial expenses. (7) Monthly management amounts adjusted based on the result of the quarterly auditing process.



# Financial Information

Due to the auditing process of the annual financial statements of the Fund, this report does not include the financial information of the immediately preceding month (December/2021). The audited financial information will be disclosed in the report 4th quarter 2021, on a date to be disclosed to the shareholders.

# Portfolio

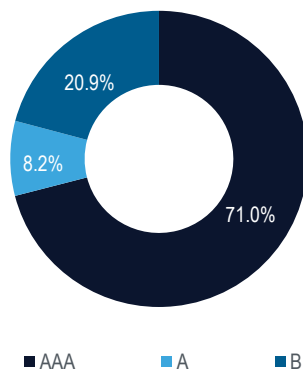
Eldorado	BFC	Senado	CJ	Cenesp	Sucupira	Diamond	Volkswagen	Burity	Transatlântico	Montreal	MV9	CEO	EZ	Torre Almirante
														
Asset	Class	Location	Acquisition	Fund Ownership	GLA (m²)	Vacancy (m²)	Lease (R\$ '000)	R\$/m²	% of Potential Revenue <sup>(6)</sup>	Main Tenants <sup>(7)</sup>				
BFC	A	São Paulo	Mar-10	23%	9,984	2.7%	1,204	124.0	6.0%	Grupo Pan, Itaú, WeWork				
Burity	B	São Paulo	Apr-11	100%	10,550	0.0%	856	81.1	3.6%	Banco GMAC, Grupo Pan				
CENESP <sup>9</sup>	B	São Paulo	Jul-08	31%	64,480	56.7%	979	35.0	10.2%	Ernst & Young, Fidelity, BB				
CEO Office	AAA	R. de Janeiro	Feb-19	27%	4,782	0.0%	443	92.6	2.0%	Tim				
Cidade Jardim	AAA	São Paulo	Feb-19	50%	7,458	0.0%	1,477	198.0	6.6%	Aqua, Banco ABC, Felsberg, Patria				
Diamond Tower	AAA	São Paulo	Jul-20	100%	36,918	30.6%	2,934	114.5	20.0%	Samsung, Cargill				
Eldorado	AAA	São Paulo	Apr-09	34%	22,246	11.2%	3,154	159.6	14.2%	ACE Seguradora, Anbima, LinkedIn, Via Varejo				
EZ Towers - B	AAA	São Paulo	Oct-20	16%	7,520	7.8%	954	126.9	3.8%	UnitedHealth, Marsh				
Montreal	A	R. de Janeiro	Dec-07	100%	6,439	0.0%	329	51.2	1.5%	Estácio, Patrys				
MV9	B	R. de Janeiro	Feb-19	100%	15,174	0.0%	759	50.0	3.8%	INPI				
Senado	AAA	R. de Janeiro	Feb-19	20%	19,035	0.0%	3,028	159.1	13.8%	Petrobras				
Sucupira	AAA	São Paulo	Nov-19	21%	7,534	20.0%	969	147.2	3.6%	Sanofi				
Torre Almirante	AAA	R. de Janeiro	Dec-21	60%	25,087	64.0%	377	129.7	4.8%	WeWork, BankRio, Marsh				
Transatlântico	B	São Paulo	Mar-08	28%	4,208	12.5%	210	57.0	0.9%	Mattel, Rockwell				
Volkswagen	B	São Paulo	Jan-08	100%	12,560	0.0%	1,117	89.0	5.1%	Volkswagen				
<b>Total</b>					<b>253,975</b>	<b>27.3%</b>	<b>18,790</b>	<b>105.2</b>	<b>100.0%</b>					

Notes: (9) Considers total assets. (10) Considers the EZ Tower building's monthly guaranteed minimum income (RMG) and the Sucupira building's supplementary guaranteed income. (11) Considers the potential market revenue for each asset determined by the Fund's semiannual reappraisal of its property portfolio conducted by Cushman & Wakefield in November 2021, excluding the Torre Almirante building acquired in December 2021. (12) Considers tenants based on the contracted leasing revenue of the reference date December 2021.

# Portfolio

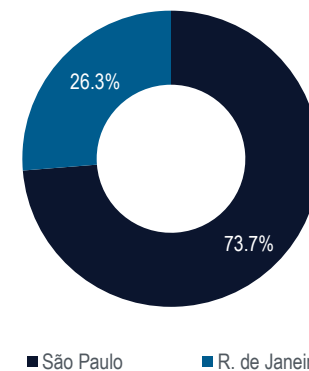
## Revenue by Asset Class

(% Total Contracted Revenue)<sup>10</sup>



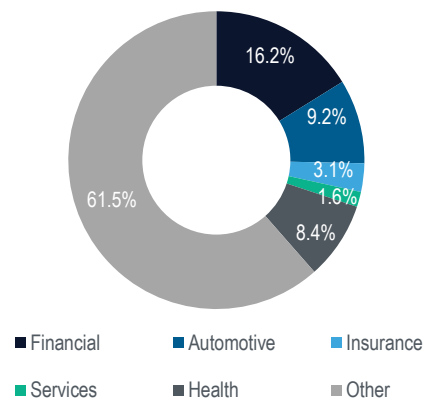
## Revenue by Region

(% Total Contracted Revenue)<sup>10</sup>



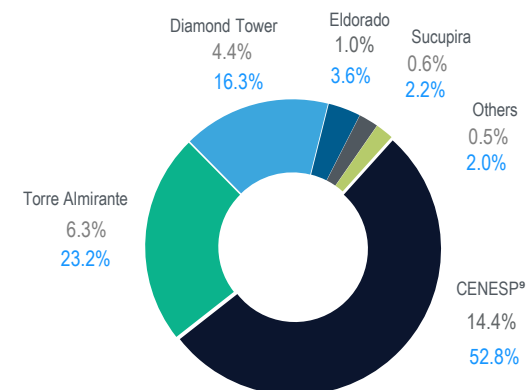
## Revenue by Sector

(% Total Contracted Revenue)<sup>10</sup>



## Breakdown - Vacancy by Asset

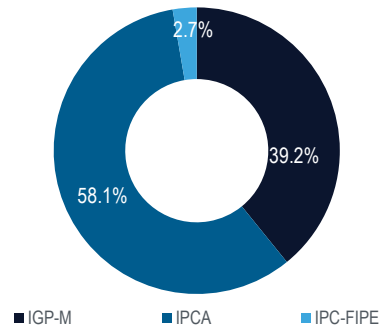
(% al Gross Leasable Area)



# Portfolio

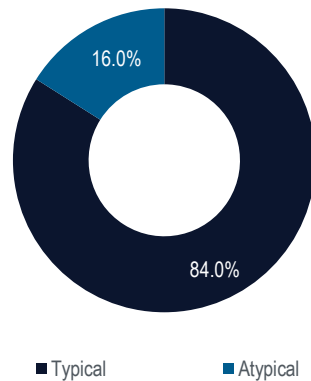
## Readjustment Rates

(% Total Contracted Revenue)<sup>10</sup>



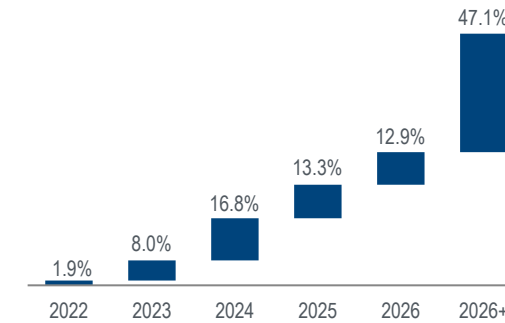
## Type of Agreements

(% Total Contracted Revenue)<sup>10</sup>



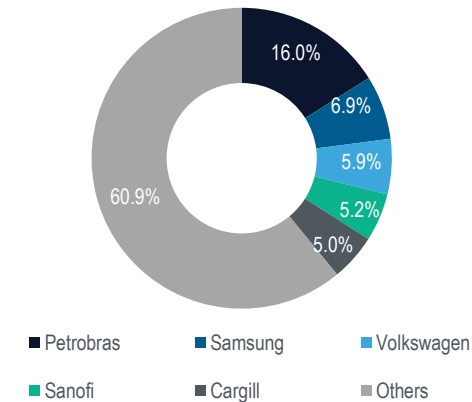
## Maturity Schedule

(% Total Contracted Revenue)<sup>10</sup>



## Main Tenants

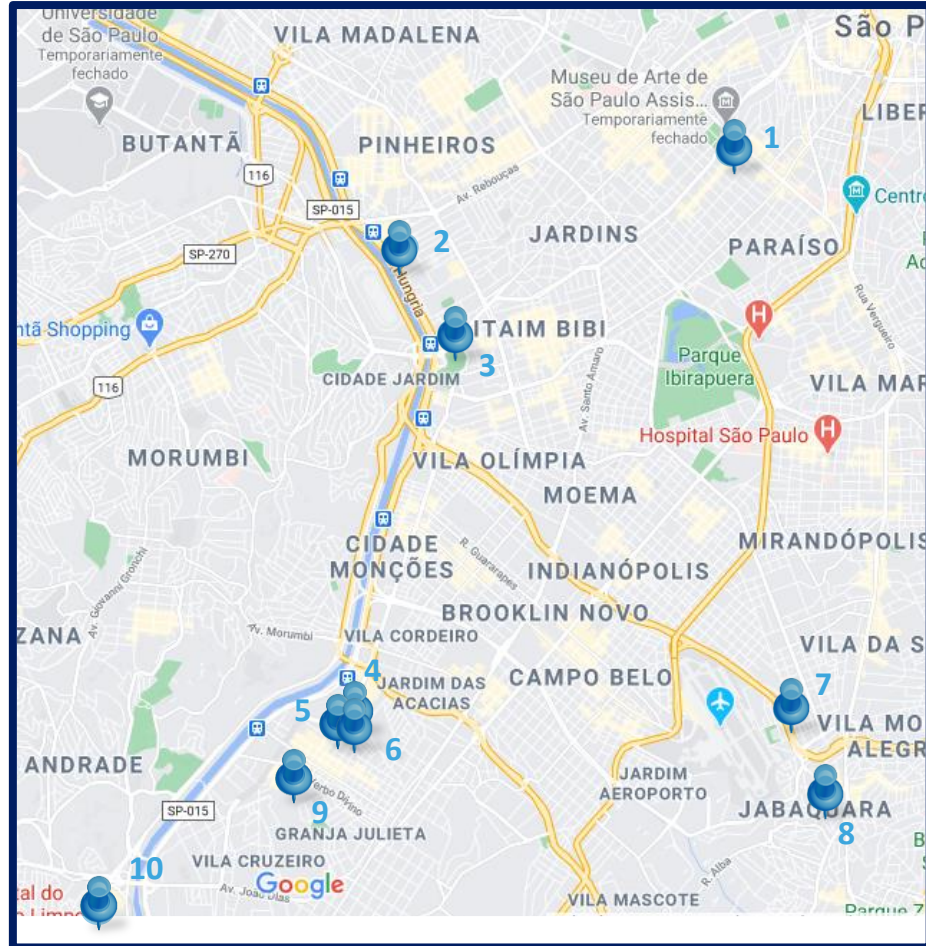
(% Total Contracted Revenue)<sup>10</sup>





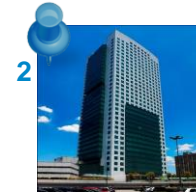
# Geographical Portfolio Presentation

## São Paulo



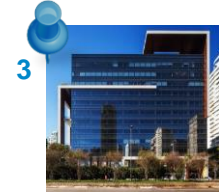
### BFC

Class: A  
GLA: 9,984 m<sup>2</sup>  
Occupancy: 97%



### Eldorado

Class: AAA  
GLA: 22,248 m<sup>2</sup>  
Occupancy: 89%



### Cidade Jardim

Class: AAA  
GLA: 9,984 m<sup>2</sup>  
Occupancy: 100%



### Diamond Tower

Class: AAA  
GLA: 36,198 m<sup>2</sup>  
Occupancy: 69%



### Sucupira

Class: AAA  
GLA: 7,534 m<sup>2</sup>  
Occupancy: 80%



### EZ Towers(B)

Class: AAA  
GLA: 7,520 m<sup>2</sup>  
Occupancy: 92%



### Burity

Class: B  
GLA: 10,550 m<sup>2</sup>  
Occupancy: 100%



### Volkswagen

Class: B  
GLA: 12,560 m<sup>2</sup>  
Occupancy: 100%



### Transatlântico

Class: B  
GLA: 4,208 m<sup>2</sup>  
Occupancy: 88%

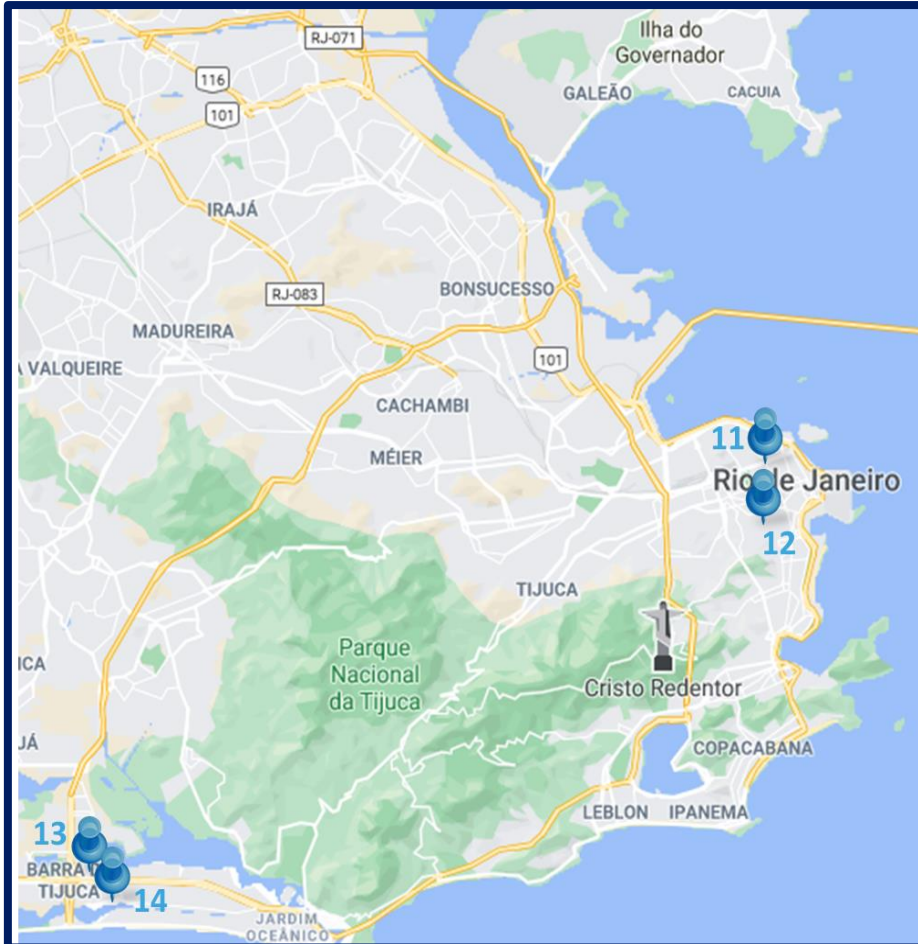


### Cenesp

Class: B  
GLA: 64,480 m<sup>2</sup>  
Occupancy: 43%

# Geographical Portfolio Presentation

## Rio de Janeiro



11

### MV9

Class: B  
GLA: 15,174 m<sup>2</sup>  
Occupancy: 100%



12

### Senado

Class: AAA  
GLA: 19,035 m<sup>2</sup>  
Occupancy: 100%



13

### CEO Office

Class: AAA  
GLA: 4,782 m<sup>2</sup>  
Occupancy: 100%



14

### Montreal

Class: A  
GLA: 6,439 m<sup>2</sup>  
Occupancy: 100%

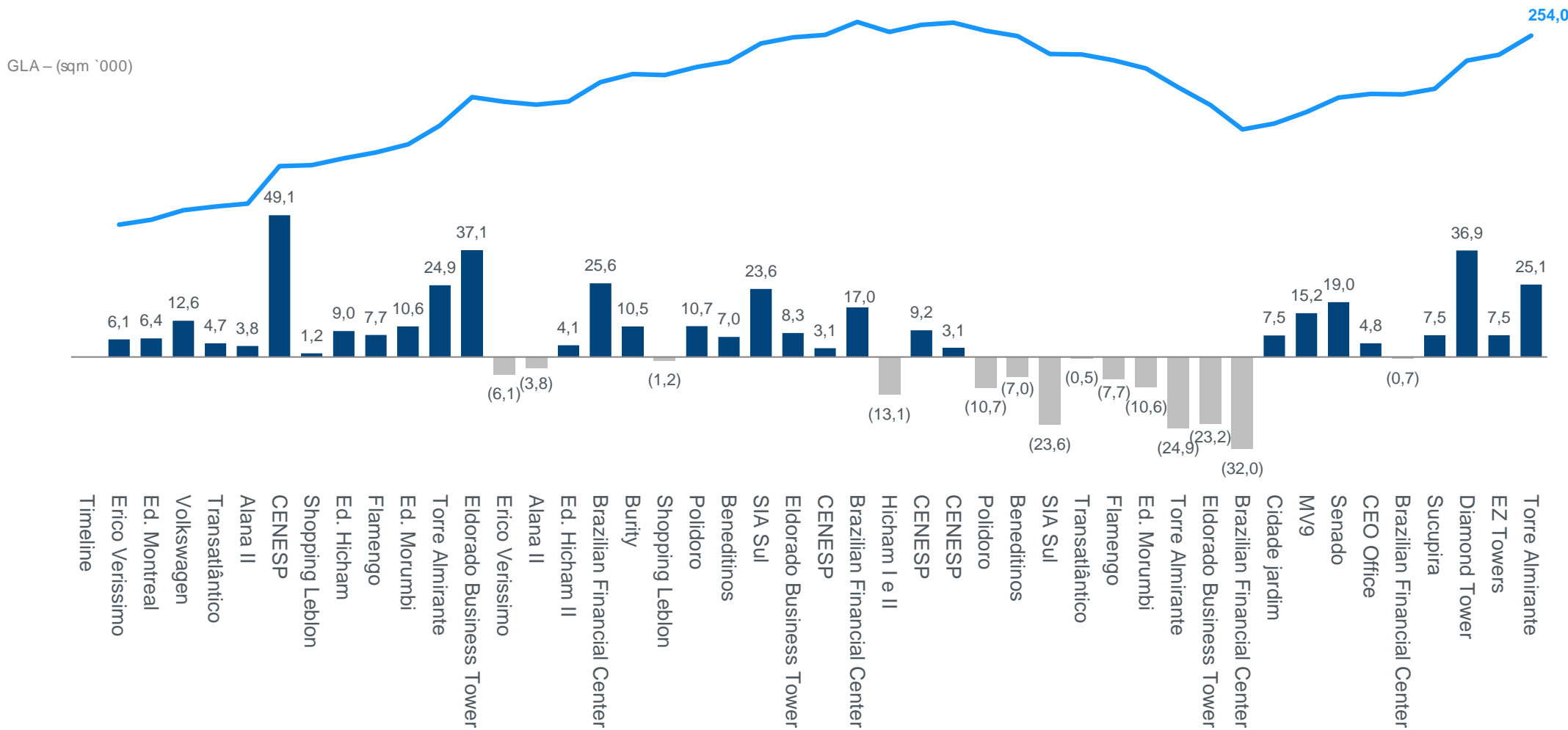


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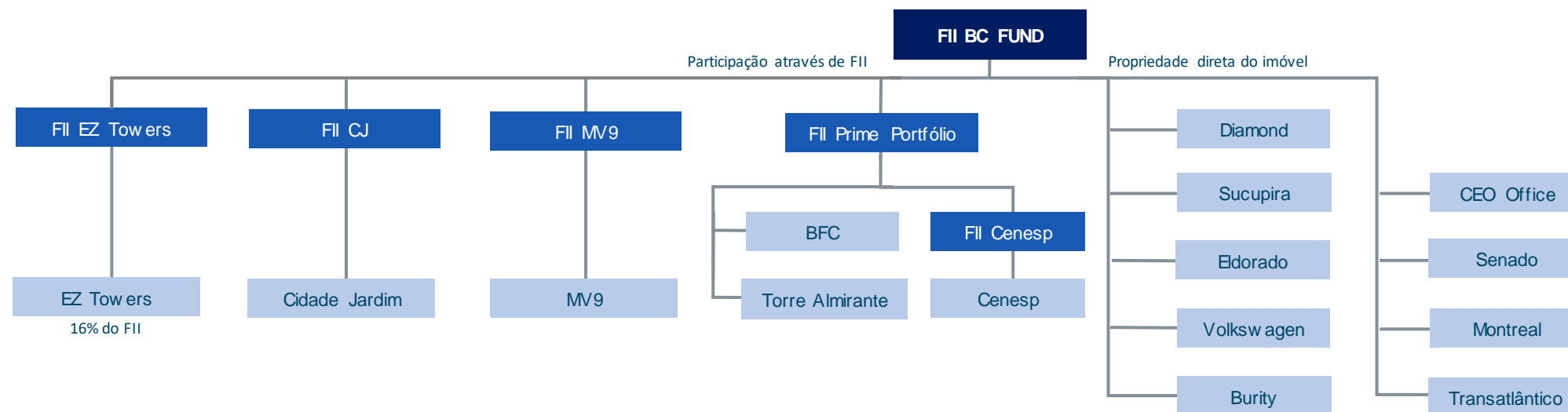
### Torre Almirante

Class: AAA  
GLA: 25,087 m<sup>2</sup>  
Occupancy: 36%

# Investments / Divestments Timeline



# Fund's Organizational Structure





# Disclaimer

Real estate investment funds are not guaranteed by the fund administrator, the portfolio manager, any insurance mechanism, or the Credit Guarantor Fund (FGC). The profitability obtained in the past does not represent a guarantee of future profitability. It is recommended that investors carefully read the investment fund's prospectus and regulations when investing their funds. Investors should be prepared to accept the risks inherent to the various markets in which the investment funds operate and, consequently, possible variations in the equity invested.

The Administrator is not responsible for any errors or omissions in this material, as well as for the use of the information contained herein. Additionally, the Administrator is not responsible for investor decisions regarding the subject matter contained in this material, nor for the act or fact of professionals and experts consulted by it.

The management of all the Funds invested by the BC Fund is performed by its internal team, thus generating greater synergy for the portfolio





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