



Fundo Imobiliário BTG Pactual Corporate Office Fund



FII BTG Pactual Corporate Office Fund

BRCR11

Monthly Report – June 2021



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) 2.16	Market Cap (R\$/share) 81.00	Equity Value ² (R\$ billion) 2.87	Equity Value ² (R\$/share) 107.80	Monthly Earnings ³ (R\$/share) 0.46	Dividend Yield (12 months) 7.0%
ADTV ¹ (R\$ million/day) 2.96	Shareholders 127,434	Financial Vacancy 10.2%	Physical Vacancy 23.6%	Assets 14	A/AAA 80.1%

Notes: (1) Base date: june 2021; (2) Base date: may 2021; (3) Earnings paid in the report's reference month

Latest News

Tax Reform - FIIs Impacts

In June, the Ministry of Economy submitted to the Congress a second draft of the tax reform text for discussion and resolution, which surprised the market with some proposals. The project was already expected to contain changes in the income tax rates, but the last-minute exclusion of the maintenance of the exemption of income from real estate investments, for individuals, was unexpected. The news brought some uncertainty to the market, leading to a decrease in the FII share prices, but it is important to highlight that the proposal may still be subject to several changes before being approved.

Termination of lease agreements

The Fund received an early termination notice from a tenant at Eldorado who now occupies half a floor of the development. The tenant must comply with all contractual provisions, i.e. if the tenant vacates the property, the Fund will be entitled to notice and the contractual early termination fee. We emphasize that the decision to no longer continue the lease was due to a strategic change in the company's location (city) and site profile.

Also in June, we received an early termination notice from a tenant of Cenesp, who now occupies about a quarter of a floor. Our commercial team has been working actively to overcome the decision and simultaneously commercializing the vacant areas of the complex, which are still being visited by potential tenants.

Latest News

Semiannual Reappraisal

This month, following our commitment to more transparency and visibility to our shareholders, we concluded the semi-annual portfolio reappraisal. Always remembering that in May and November the Fund performs the appraisal of its portfolio, and the evaluation process is conducted by an independent expert. The result of this evaluation, which impacted the financial statements for May, generated an increase of R\$11.4 million in the value of assets. Thus, the Fund's net equity reached R\$2.87 billion or R\$107.80/share.

Shareholder Return

The total return for shareholders last month, considering distributed income and the share value was a negative 1.8%, while the Ibovespa increased by 0.5%. The average daily liquidity on the stock exchange (BRCR11) was R\$3.0 million in the period, and the share price in the secondary market closed the month at R\$81.00 per share. Annualized dividend yield based on the latest distribution was 7.0%.

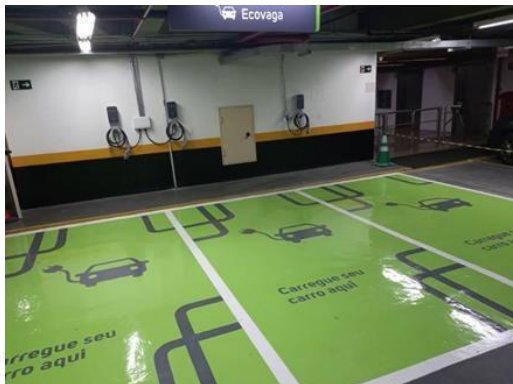
Condominium Management - ESG Actions

Sustainability discussions have gained a great deal of focus last year, when large corporations began to adopt clearer and more detailed criteria and commitments in relation to environmental, social and governance issues. BC Fund, which is known for its pioneering spirit in the real estate fund market and for having a fundamental concern in improving its portfolio, has always relentlessly adopted sustainable practices in its projects, striving to provide its users with a better experience while maintaining a conscious environmental impact..

Our portfolio stands out for its LEED (sustainability) certifications. The Eldorado Business Tower was the first asset in Latin America to achieve the Platinum seal, which is the highest level of certification. Other assets, such as the EZ Towers, Diamond Towers, Senado, Sucupira and CEO, have also been accredited with certifications at different levels.

Some of the practices we adopt include::

- Selective waste collection – Waste management;
- Special parking positions for charging of electric vehicles;
- Conscious use of water – Water reuse and adjustment of irrigation systems;;
- Occupational Safety practices;;
- Codes of Ethics – Anti-Corruption practices

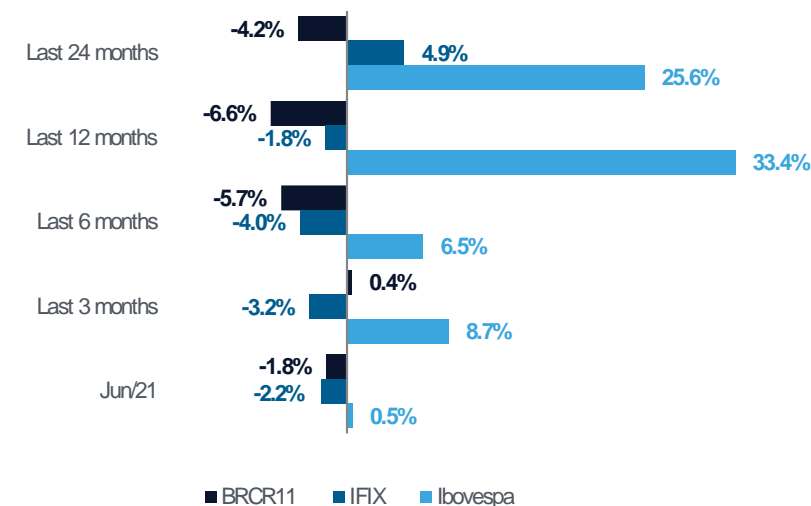


Market Indicators

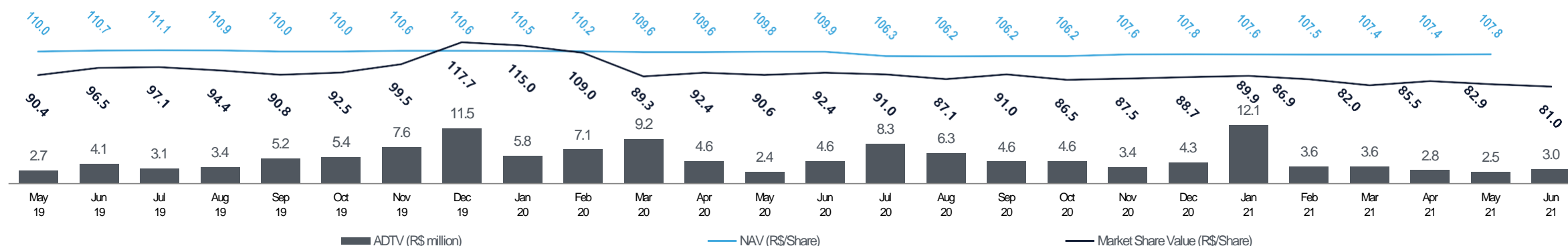
B3's Performance

		NAV	Market
Adjusted Closing Share's Market Value*	[R\$/share]	107.80	81.00
Discount to NAV	[%]	0.0%	-24.9%
Dividend per share	[R\$/share]	0.46	0.46
Monthly profitability	[%]	0.4%	0.6%
Annual profitability (compound)	[%]	5.2%	7.0%
Shares outstanding	[# mn]	26.6	26.6
Market cap	[R\$ mn]	2,871.5	2,157.7
(+) Net debt (Cash)	[R\$ mn]	324.1	324.1
(+) Minorities stake	[R\$ mn]	56.5	56.5
Implicit value of Real Estate assets	[R\$ mn]	3,252.2	2,538.3
Contracted lease revenue	[R\$ mn]	19.3	19.3
Implicit Cap rate	[%]	6.8%	8.7%
Adj. Cap rate (incl. vacant areas)	[%]	7.6%	9.7%
Portfolio GLA	[th m ²]	228.9	228.9
Average per m ²	[R\$/m ²]	14,208	11,090
Total Volume Traded in the month	[R\$ mn]		62.2
Average Daily Trading Volume in the month	[R\$ mn]		3.0
% of Fund Traded in the month	[%]	#	2.5%
% of Fund Traded in the last 12 months	[%]	#	46.4%
Variation from previous month closing	[%]	#	-2.3%
Return for Shareholder (including distribution)	[%]	#	-1.8%

Return for Shareholders⁴



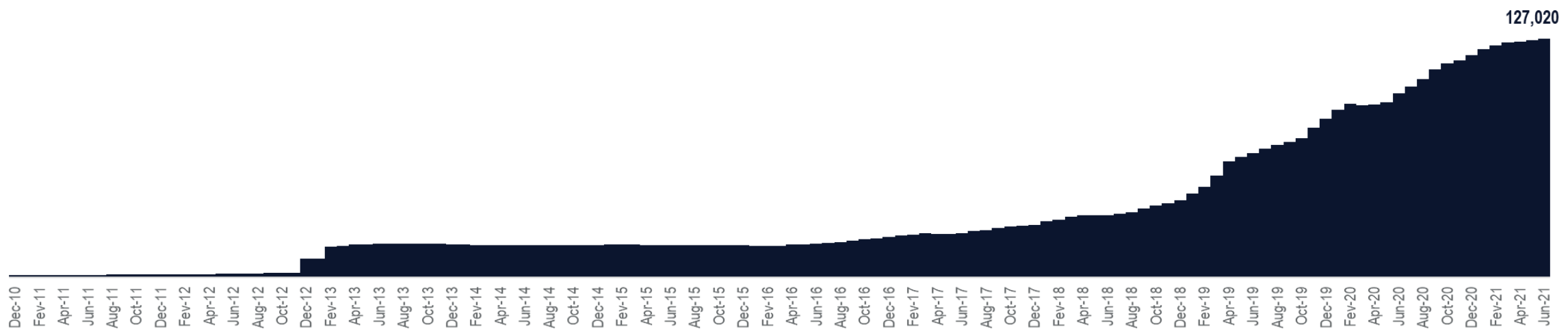
Evolution of the Share Price and Average Daily Trading Volume



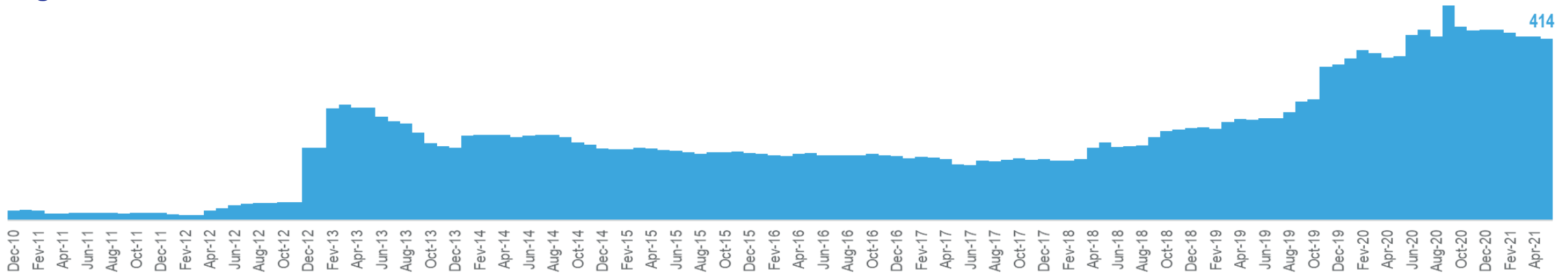
Notes: (4) Includes share's appreciation in the period (the Closing Value on the last day of the month M/Closing Value of the last day of the month M-1) + Income received by the shareholder during the period

Evolution of the Number of Shareholders

Individuals



Legal Entities



Individuals currently hold 70% of the Fund's share base, while companies hold 30% of the shares

Financial and Operational Performance

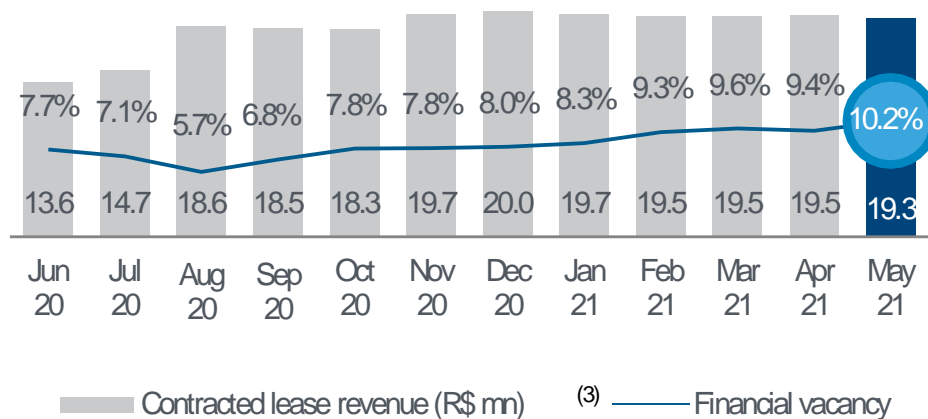
In May 2021, the financial vacancy of our portfolio accounted for 10.2% of potential lease revenue, and 23.6% of total GLA in m². The increase in physical vacancy compared to the previous month was due to scheduled exits at Diamond Tower, Eldorado and Sucupira. We would like to remind you that in April we signed a new lease agreement for the Eldorado building, effective as of September, which will significantly reduce the Fund's vacancy.

In late May 2021, vacancy totaled 35,891 m² in the CENESP building; 10,225 m² in the Diamond Tower building; 4,532 m² in the Eldorado building; 1,507 m² in the Sucupira building; 828 m² in the BFC building; 586 m² in the EZ Towers building; and 525 m² in the Transatlântico building.

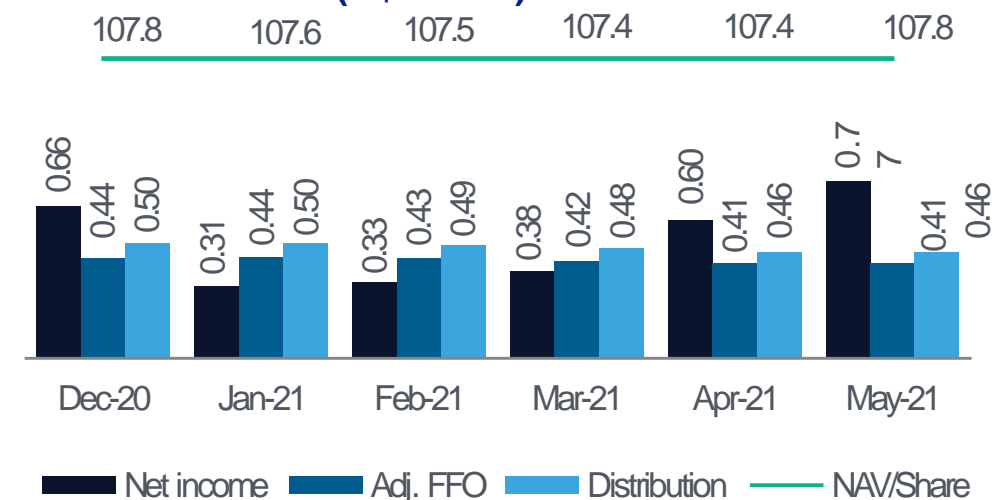
Over the next three months, 18.1% of the agreements will be readjusted for inflation, and any agreement will be renewed.

Net income per share was a positive R\$0.77 in May 2021. Adjusted FFO(4) was R\$0.41/share, and the amount distributed as return for shareholders totaled R\$0.46/share.

Evolution of the Financial Vacancy and Contracted Lease Revenue ⁽⁵⁾



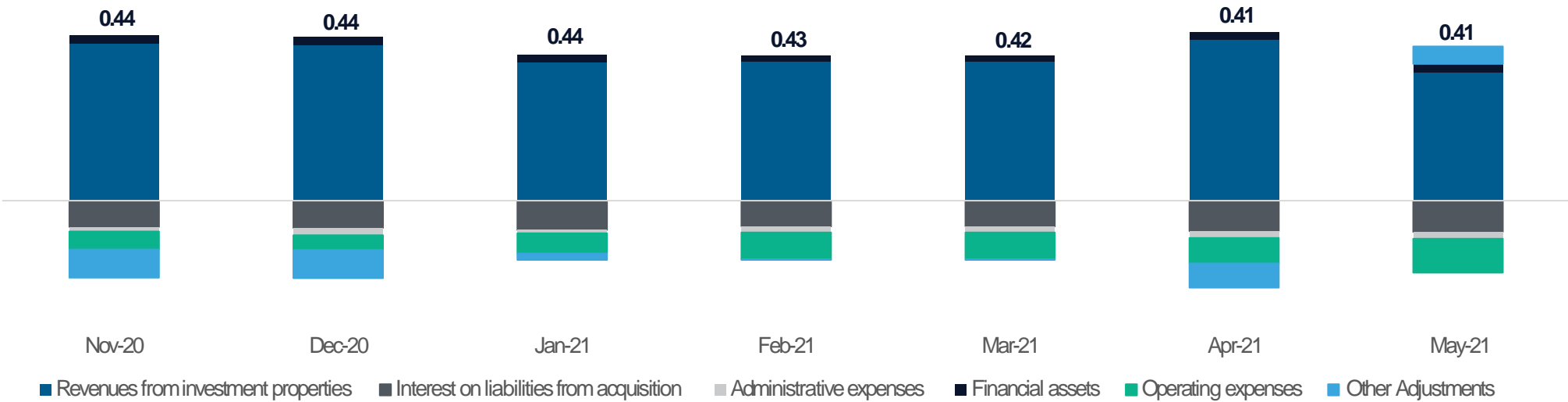
Result Indicators (R\$/Share) ⁽⁶⁾⁽⁷⁾



Notes: (5) Non-accounting measure that corresponds to the total lease agreements in force in the reference month, excluding discounts, grace periods, fines, and other adjustments that impact the lease accounting revenue. (6) Adjusted FFO is a non-accounting measure that corresponds to net income, excluding (adding) the effects of the gain (loss) on the sale of investment property, gain with fair value of investment property, non-recurring income and expenses, and non-cash financial expenses.; (7) Monthly management figures adjusted according to the result of the quarterly auditing process

FFO Breakdown

FFO⁶ is a non-accounting indicator for the cash flow from operations, based on the asset's net income. FFO incurs real estate and financial revenues, deducting interest, administrative, and operating expenses, and non-recurring revenues and expenses. In March, the Fund's FFO totaled R\$0.41/share.



Notes: (6) Adjusted FFO is a non-accounting measure that corresponds to net income, excluding (adding) the effects of the gain (loss) on the sale of investment property, gain with fair value of investment property, non-recurring income and expenses, and non-cash financial expenses;

Financial Information

Consolidated Income Statement

(R\$ thousand)	Apr21	May21	Last 12 months
Lease Revenue	18,595	17,640	209,295
Provision for impairment of trade receivables	30	-	2,823
Other Revenues from Properties	3,039	(388)	6,276
Adjustment to Fair Value	-	11,370	44,154
Financial Expenses of Properties	(4,089)	(4,218)	(38,388)
Administrative Expenses of Properties	(929)	(890)	(8,547)
Results from Properties	16,646	23,514	215,613
Revenues from CRI, LCI and other FII Shares	986	1,059	10,525
Adj. to Fair Value of CRI, LCI and other FII Shares	1,713	(2,392)	(7,874)
Other Financial Assets	62	76	938
Fund's Operating Income (Expenses)	(3,433)	(4,590)	(34,122)
Minority Interest ⁽⁸⁾	(27)	2,866	3,465
Net Income	15,947	20,534	188,546
Adjusted FFO	11,006	11,038	138,256
Adjusted FFO / share (R\$/Share)	0.41	0.41	5.12
Distribution to Shareholders	12,254	12,254	142,502

Balance Sheet

(R\$ thousand)	May21	% of Assets
Assets	3,620,131	100.0%
Properties	3,049,178	84.2%
LCI	-	0.0%
CRI	130,204	3.6%
Other FII Shares	120,378	3.3%
Lease Receivable	44,224	1.2%
Fixed Income	31,354	0.9%
Other Assets	244,793	6.8%
Liabilities	692,045	19.1%
Income to be Distributed	25,886	0.7%
Liabilities from Acquisition of Properties	639,032	17.7%
Other Liabilities	27,127	0.7%
Equity	2,871,540	79.3%
Minority Interest⁽³⁾	56,546	1.6%
Total Liabilities and Equity	3,620,131	100.0%

Portfolio

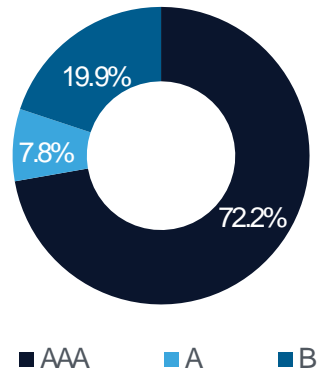
Eldorado	BFC	Senado	CJ	Cenesp	Sucupira	Diamond	Volkswagen	Burity	Transatlântico	Montreal	MV9	CEO	EZ
													
Asset	Class	Location	Acquisition	Fund Ownership	GLA (m²)	Vacancy (m²)	Lease (R\$ '000)	R\$/m²	% of Potential Revenue ⁽⁹⁾	Main Tenants ⁽⁷⁾			
BFC	A	São Paulo	Mar-10	23%	9,984	8.3%	1,183	129.2	6.4%	Grupo Pan, Itaú, WeWork			
Burity	B	São Paulo	Apr-11	100%	10,550	0.0%	794	75.3	2.7%	Banco GMAC, Grupo Pan			
CENESP ⁽⁹⁾	B	São Paulo	Jul-08	31%	64,480	55.7%	960	33.6	12.0%	Ernst & Young, Acticall, BB			
CEO Office	AAA	R. de Janeiro	Feb-19	27%	4,782	0.0%	406	85.0	1.7%	Tim			
Cidade Jardim	AAA	São Paulo	Feb-19	50%	7,458	0.0%	1,371	183.9	5.7%	Aqua, Banco ABC, Felsberg, Patria			
Diamond Tower	AAA	São Paulo	Jul-20	100%	36,918	27.8%	4,894	132.6	23.9%	Samsung, Cargill			
Eldorado	AAA	São Paulo	Apr-09	34%	22,246	20.4%	2,811	158.7	16.3%	ACE Seguradora, Anbima, LinkedIn			
EZ Towers - B	AAA	São Paulo	Oct-20	16%	7,520	7.8%	954	126.9	4.9%	UnitedHealth, Marsh			
Montreal	A	R. de Janeiro	Dec-07	100%	6,439	0.0%	329	51.2	1.9%	Estácio, Patrys			
MV9	B	R. de Janeiro	Feb-19	100%	15,174	0.0%	759	50.0	5.3%	INPI			
Senado	AAA	R. de Janeiro	Feb-19	20%	19,035	0.0%	2,735	143.7	10.0%	Petrobras			
Sucupira	AAA	São Paulo	Nov -19	21%	7,534	20.0%	771	120.9	4.2%	Sanofi			
Transatlântico	B	São Paulo	Mar-08	28%	4,208	12.5%	215	58.3	1.1%	Mattel, Rockwell			
Volkswagen	B	São Paulo	Jan-08	100%	12,560	0.0%	1,117	89.0	4.0%	Volkswagen			
Total					228,888	23.6%	19,299	103.8	100.0%				

Notes: (9) Considering full GLA; (10) Considers the monthly RMG values for the Diamond Tower, EZ Tower and income supplement of Sucupira; (11) Considering the potential market-to-market income for each asset determined by the semi-annual revaluation of the Fund's real estate portfolio conducted by Cushman & Wakefield, in May 2021; (12) Considers tenants based on contracted rental revenue
Base date May 2021

Portfolio

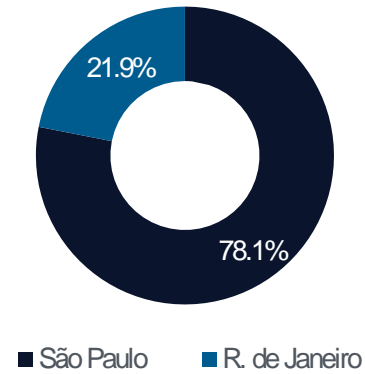
Revenue by Asset Class

(% Total Contracted Revenue)¹⁰



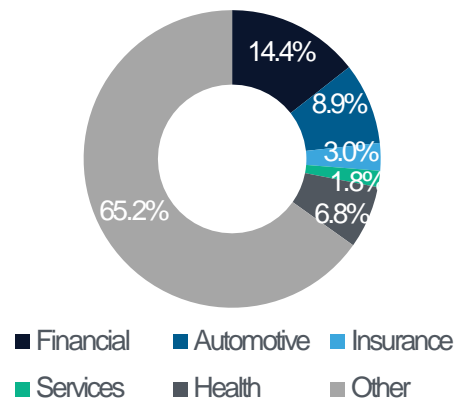
Revenue by Region

(% Total Contracted Revenue)¹⁰



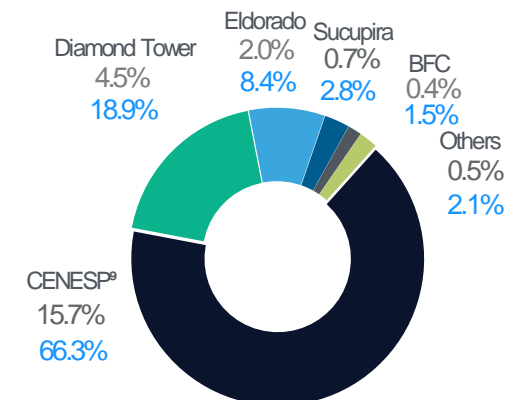
Revenue by Sector

(% Total Contracted Revenue)¹⁰



Breakdown - Vacancy by Asset

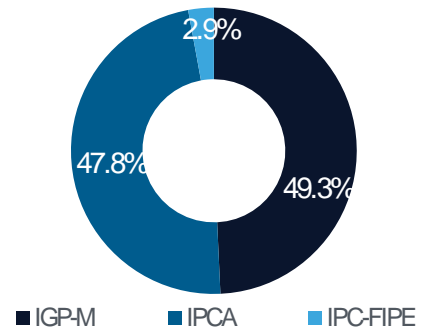
(% al Gross Leasable Area)



Portfolio

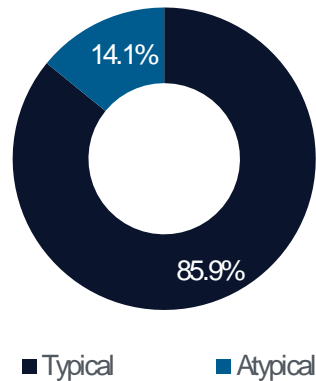
Readjustment Rates

(% Total Contracted Revenue)¹⁰



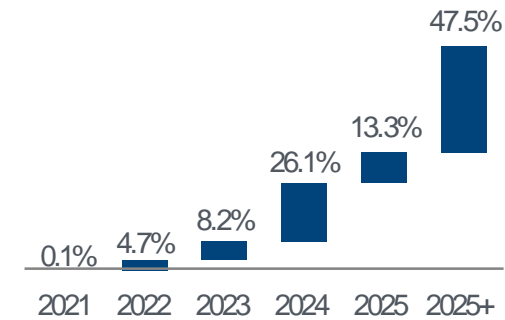
Type of Agreements

(% Total Contracted Revenue)¹⁰



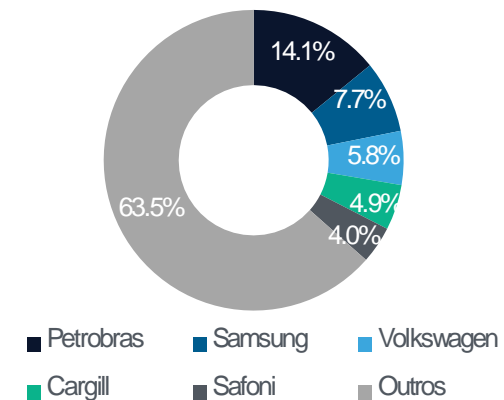
Maturity Schedule

(% Total Contracted Revenue)¹⁰



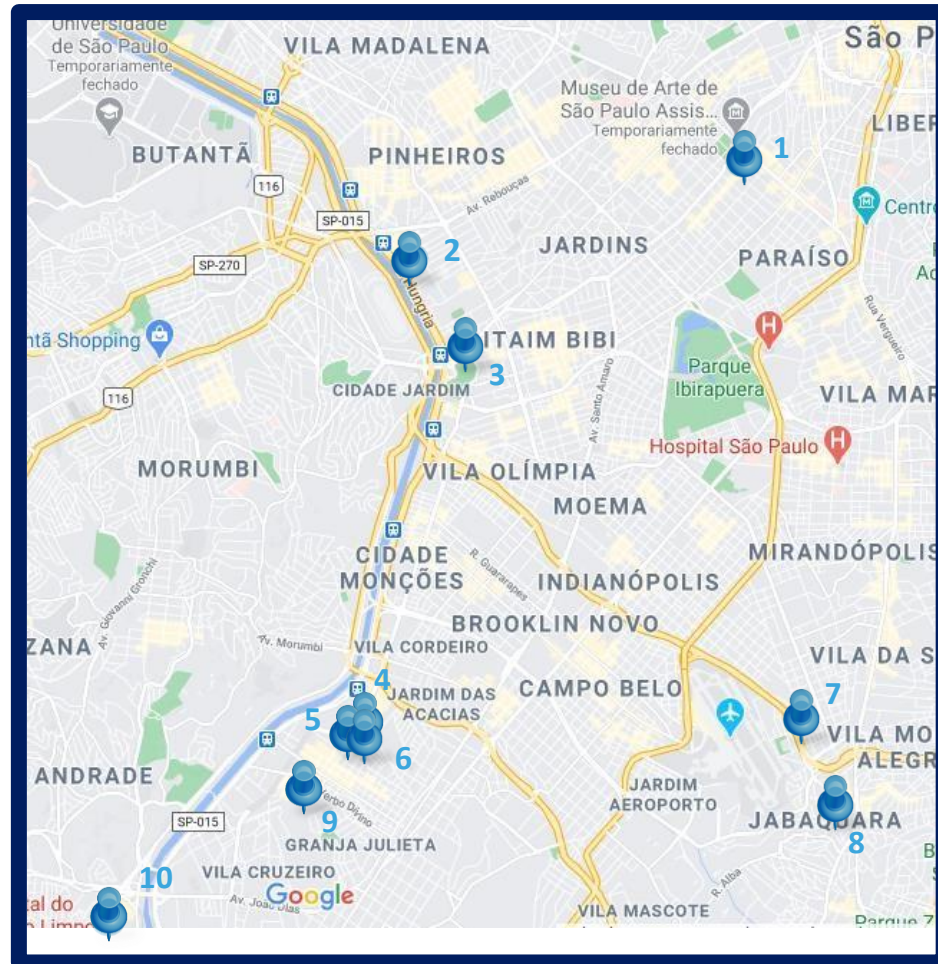
Main Tenants

(% Total Contracted Revenue)¹⁰



Geographical Portfolio Presentation

São Paulo



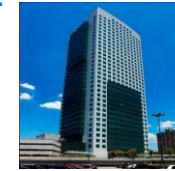
1



BFC

Class: A
GLA: 9,984 m²
Occupancy: 91.7%

2



Eldorado

Class: AAA
GLA: 22,248 m²
Occupancy: 79.6%

3



Cidade Jardim

Class: AAA
GLA: 9,984 m²
Occupancy: 100%

4



Diamond Tower

Class: AAA
GLA: 36,198 m²
Occupancy: 72.2%

5



Sucupira

Class: AAA
GLA: 7,534 m²
Occupancy: 80.0%

6



EZ Towers(B)

Class: AAA
GLA: 7,520 m²
Occupancy: 92.2%

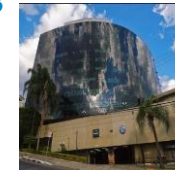
7



Burity

Class: B
GLA: 10,550 m²
Occupancy: 100%

8



Volkswagen

Class: B
GLA: 12,560 m²
Occupancy: 100%

9



Transatlântico

Class: B
GLA: 4,208 m²
Occupancy: 87.5%

10

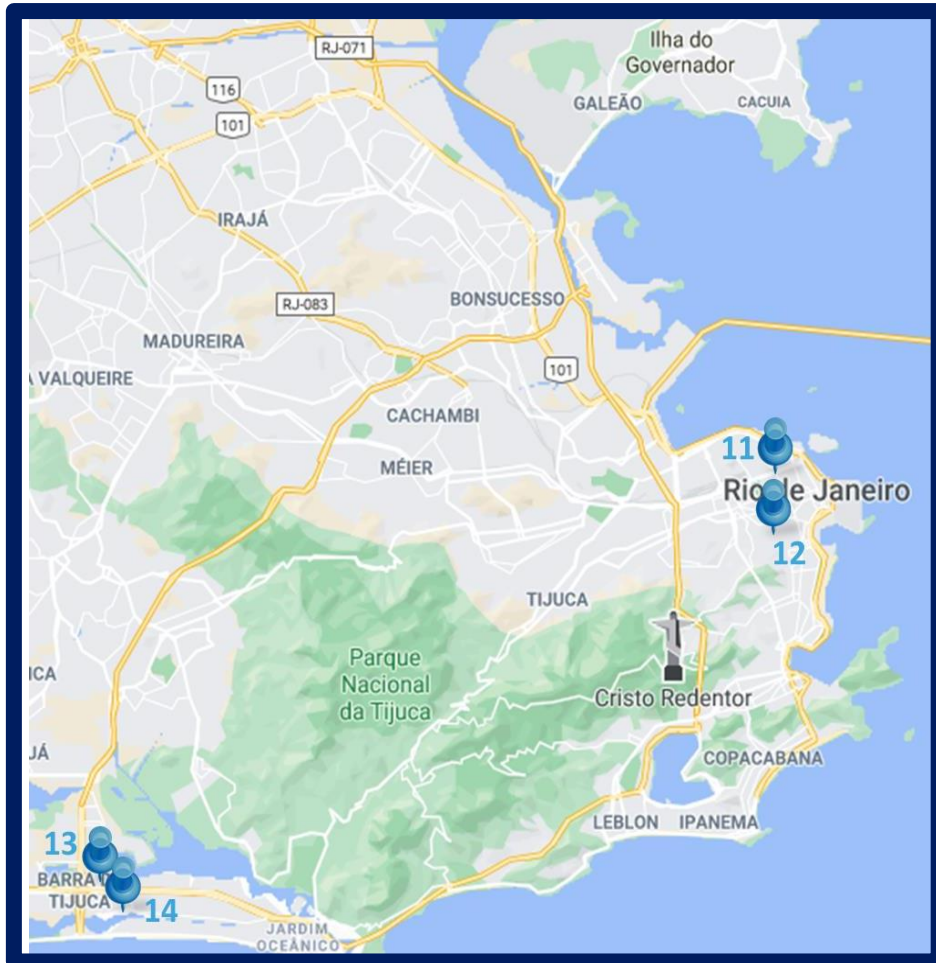


Cenesp

Class: B
GLA: 64,480 m²
Occupancy: 44.3%

Geographical Portfolio Presentation

Rio de Janeiro



11



MV9

Class: B
GLA: 15,174 m²
Occupancy: 100%

12



Senado

Class: AAA
GLA: 19,035 m²
Occupancy: 100%

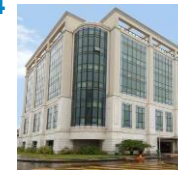
13



CEO Office

Class: AAA
GLA 4,782 m²
Occupancy: 100%

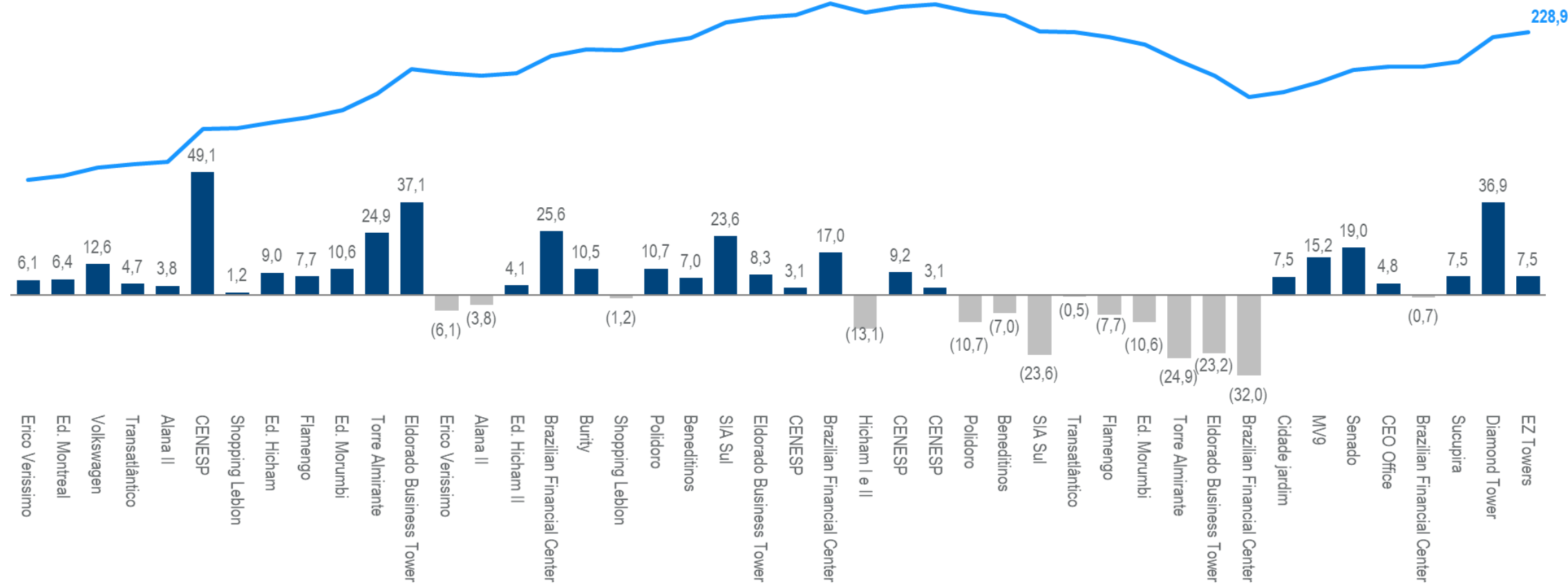
14



Montreal

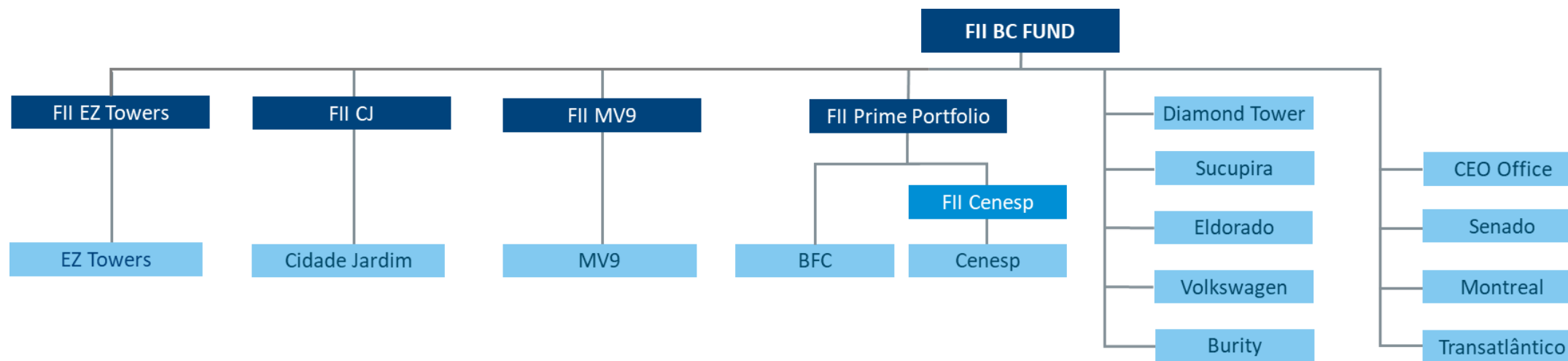
Class: A
GLA: 6,439 m²
Occupancy: 100%

Investments / Divestments Timeline



Note: Bars correspond to invested or divested GLA

Fund's Organizational Structure







Fundo Imobiliário BTG Pactual Corporate Office Fund