



Fundo Imobiliário BTG Pactual Corporate Office Fund



## FII BTG Pactual Corporate Office Fund

BRCR11

Monthly Report – September 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) <b>1.97</b>	Market Cap (R\$/share) <b>73.79</b>	Equity Value <sup>2</sup> (R\$ billion) <b>2.87</b>	Equity Value <sup>2</sup> (R\$/share) <b>107.52</b>	Monthly Earning <sup>3</sup> (R\$/share) <sup>3</sup> <b>0.46</b>	Dividend Yield (12 months) <b>7.7%</b>
ADTV <sup>1</sup> (R\$ million/day) <b>2.12</b>	Shareholders <b>130,136</b>	Financial Vacancy <b>18.1%</b>	Physical Vacancy <b>24.8%</b>	Assets <b>14</b>	A/AAA <b>77.2%</b>

# Latest News

## Market Overview

According to our estimates, September was indeed an important milestone in the Covid immunization campaign throughout Brazil. More than 74% of the adult population of São Paulo, the city with the largest exposure of the Fund, has already been vaccinated, with Rio de Janeiro just behind it. This important progress, boosted by the anticipation of many doses, created a new dynamic to the ongoing leases processes. We have noticed that companies have an imminent need to resume their plan to return to offices. Thus, processes on stand-by that were waiting for instructions, are quickly resumed and should lead to new and important rentals in the short term.

## Industry Overview

The equity market, a category that includes real estate funds, is being directly impacted by the uncertainties of the macroeconomic scenario and interest rate hikes, which mainly aimed at controlling inflation. Because of such a challenging scenario, when we look exclusively at the perspective of dividends, the industry continues to deliver very good returns, as an example, BC Fund's dividend yield was above 7% in the last few months. We should also remember the distinguished feature of income tax exemption for individuals. The decrease in share prices offered good positioning opportunities, aiming for a potential capital gain in the medium term.

# Latest News – Continued

## Termination of Lease Agreement

This month, the Fund received an early termination notice from a tenant at Montreal, who currently occupies four floors. The tenant must comply with all contractual provisions, i.e. upon leaving the premises, the Fund will be entitled to prior notice (expected for the first quarter of 2022) and a contractual penalty for early termination. It is worth noting that in the second quarter, the Rio market showed positive net absorption, including Barra da Tijuca, a region where the asset is located, thus showing good recovery, which, in the opinion of main research analysts, should continue in the next few months.

## Return for Shareholders

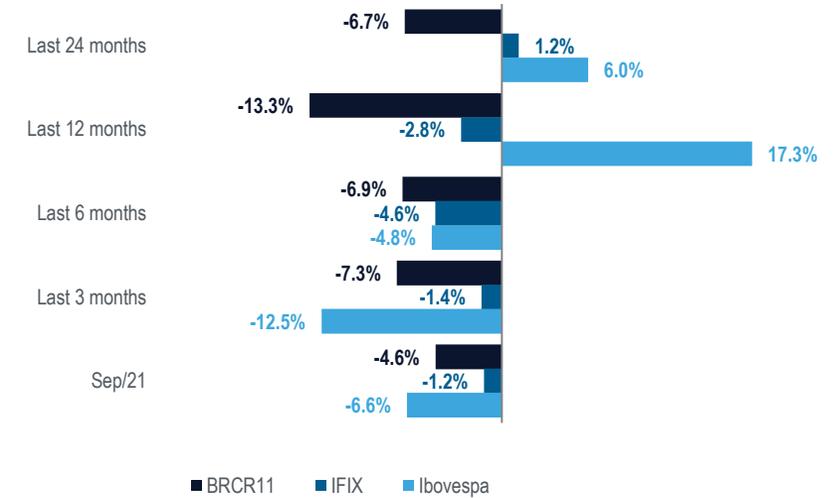
The total return for shareholders, considering distributed income and share value, was negative by 4.6% last month, while the Ibovespa fell by 6.6%. The average daily liquidity on the stock exchange (BRCR11) was R\$2.1 million in the period, and the share price in the secondary market closed the month at R\$73.79 per share. Based on the last return for shareholders, the annualized dividend yield comes to 7.7%.

# Market Indicators

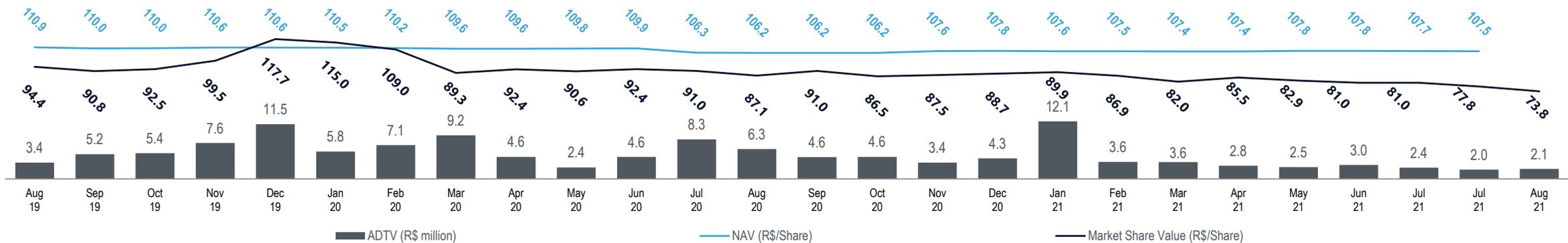
## B3's Performance

		NAV	Market
Adjusted Closing Share's Market Value*	[R\$/share]	107.52	73.79
Discount to NAV	[%]	0.0%	-31.4%
Dividend per share	[R\$/share]	0.46	0.46
Monthly profitability	[%]	0.4%	0.6%
Annual profitability (compound)	[%]	5.3%	7.7%
Shares outstanding	[# mn]	26.6	26.6
Market cap	[R\$ mn]	2,864.1	1,965.6
(+) Net debt (Cash)	[R\$ mn]	315.1	315.1
(+) Minorities stake	[R\$ mn]	56.5	56.5
Implicit value of Real Estate assets	[R\$ mn]	3,235.7	2,337.2
Contracted lease revenue	[R\$ mn]	17.3	17.3
Implicit Cap rate	[%]	6.1%	8.4%
A dj. Cap rate (incl. vacant areas)	[%]	7.5%	10.3%
Portfolio GLA	[th m <sup>2</sup> ]	228.9	228.9
Average per m <sup>2</sup>	[R\$/m <sup>2</sup> ]	14,136	10,211
Total Volume Traded in the month	[R\$ mn]		44.5
Average Daily Trading Volume in the month	[R\$ mn]		2.1
% of Fund Traded in the month	[%]	#	19%
% of Fund Traded in the last 12 months	[%]	#	35.1%
Variation from previous month closing	[%]	#	-5.2%
Return for Shareholder (including distribution)	[%]	#	-4.6%

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



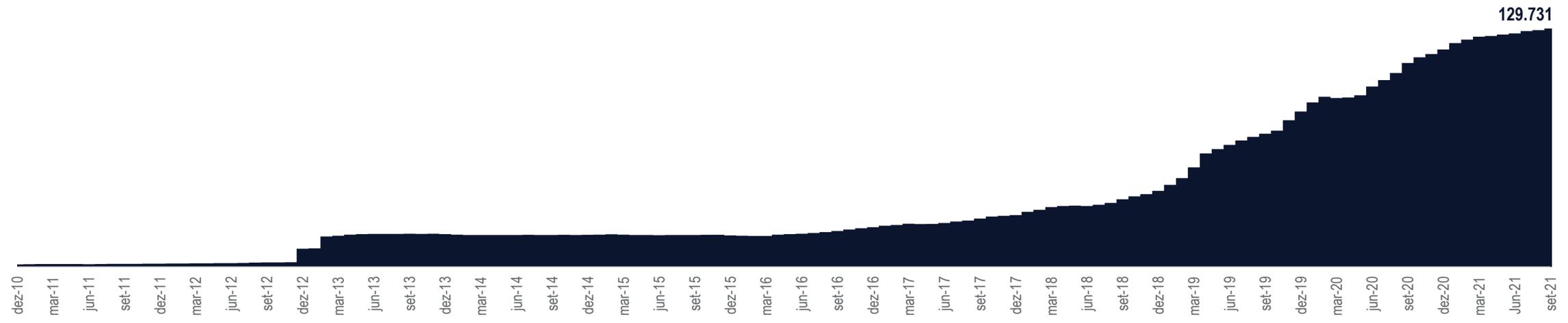
## Evolution of the Share Price and Average Daily Trading Volume



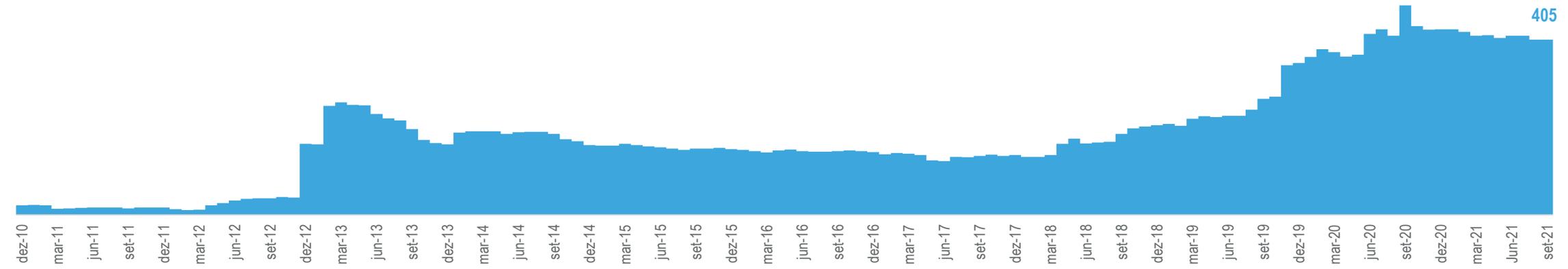
Notes: (4) Includes share's appreciation in the period (the Closing Value on the last day of the month M/Closing Value of the last day of the month M-1) + Income received by the shareholder during the period

# 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

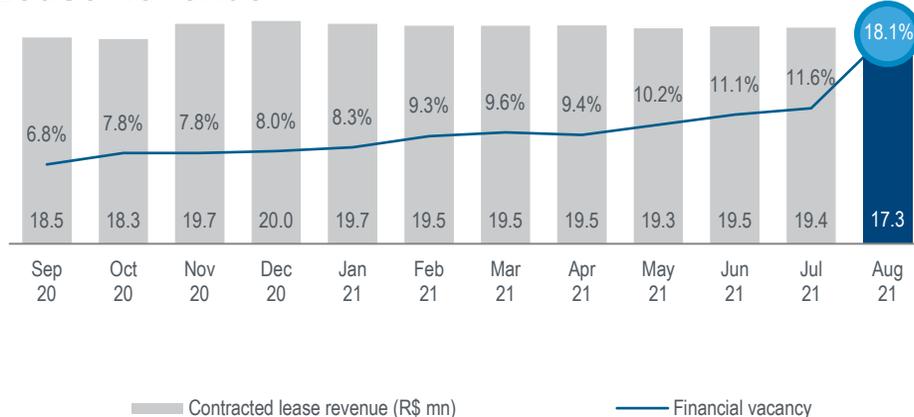
In August 2021, the financial vacancy of the portfolio accounted for 18.1% of potential lease revenue, and 24.8% of total GLA in m2. The increase in financial vacancy compared to the previous month was because the Diamond Tower building reached the guaranteed limit. It is worth mentioning that we signed a new lease agreement at the Eldorado building in April, effective as of the next month, reducing the Fund's vacancy as of September. It is also worth noting that, since June, the future tenant has already been responsible for condominium and IPTU expenses of the area subject of the contract, significantly reducing the Fund's vacant area carrying costs.

In late August 2021, vacancy totaled 35,891 m<sup>2</sup> at CENESP; 11,281 m<sup>2</sup> at Diamond Tower; 6,066 m<sup>2</sup> at Eldorado; 1,507 m<sup>2</sup> at Sucupira; 828 m<sup>2</sup> at BFC; 586 m<sup>2</sup> at EZ Towers; and 525 m<sup>2</sup> at Transatlântico.

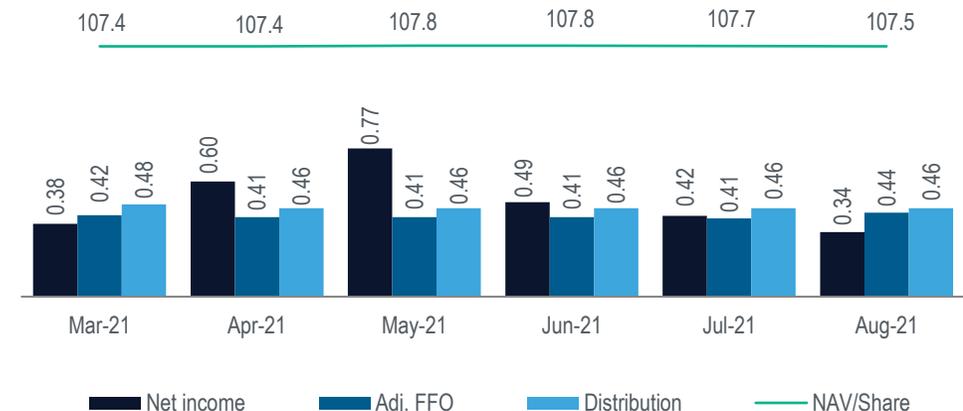
Over the next three months, 32.7% of the agreements will be adjusted for inflation, and 0.1% of the agreements will be under renewal in the period.

Net income per share was positive by R\$0.34 in August 2021. Adjusted FFO (4) was R\$0.44/share, and the amount distributed as a return for shareholders totaled R\$0.46/share.

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



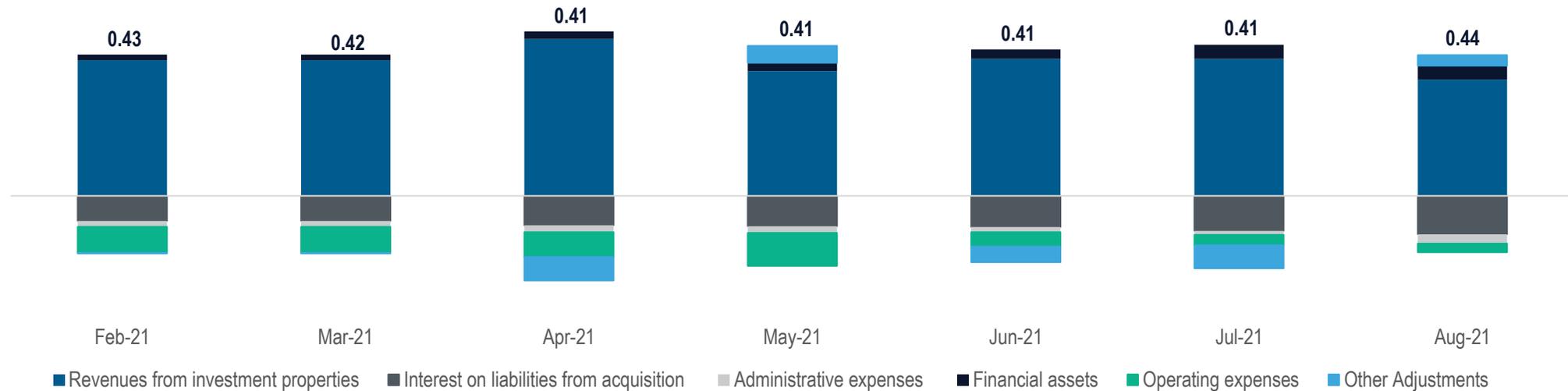
## Result Indicators (R\$/Share) <sup>(6)(7)</sup>



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 impacting the book value of leasing revenue. (6) FFO is a non-accounting metric 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) Management values adjusted based on the result of the quarterly auditing process.

# FFO Composition

FFO<sup>6</sup> is a non-accounting indicator which indicates the cash flow from operations, based on the Net Income from assets. It includes the real estate and financial revenues, deducting interest, administrative, and operational expenses; and it also excludes non-recurring revenues and expenses. In July, the Fund's FFO totaled R\$0.41/share.



(6) FFO is a non-accounting metric 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. The accounting effect of the interest expenses of the Diamond Tower's obligation was excluded in August because of the grace period in effect;

# Financial Information

## Annual Consolidated Income

<i>(R\$ thousand)</i>	Jul21	Aug21	Last 12 months
Lease Revenue	18,071	16,082	216,646
Provision for impairment of trade receivables	-	-	4,379
Other Revenues from Properties	834	(14)	7,568
Adjustment to Fair Value	-	-	44,154
Financial Expenses of Properties	(4,858)	(5,331)	(48,067)
Administrative Expenses of Properties	(525)	(1,265)	(9,268)
<b>Results from Properties</b>	<b>13,522</b>	<b>9,472</b>	<b>215,412</b>
Revenues from CRI, LCI and other FII Shares	1,845	1,737	13,290
Adj. to Fair Value of CRI, LCI and other FII Shares	(2,613)	(1,172)	(10,545)
Other Financial Assets	101	162	455
Fund's Operating Income (Expenses)	(1,462)	(1,228)	(30,752)
Minority Interest <sup>(8)</sup>	(215)	(37)	3,747
<b>Net Income</b>	<b>11,178</b>	<b>8,934</b>	<b>191,607</b>
<b>Adjusted FFO</b>	<b>10,845</b>	<b>11,624</b>	<b>137,191</b>
Adjusted FFO / share (R\$/Share)	0.41	0.44	5.15
Distribution to Shareholders	12,254	12,254	148,972

## Annual Balance Sheet

<i>(R\$ thousand)</i>	Aug21	% of Assets
<b>Assets</b>	<b>3,621,759</b>	<b>100.0%</b>
Properties	3,049,886	84.2%
LCI	-	0.0%
CRI	130,307	3.6%
Other FII Shares	116,640	3.2%
Lease Receivable	52,099	1.4%
Fixed Income	43,953	1.2%
Other Assets	228,874	6.3%
<b>Liabilities</b>	<b>701,191</b>	<b>19.4%</b>
Income to be Distributed	29,156	0.8%
Liabilities from Acquisition of Properties	646,258	17.8%
Other Liabilities	25,777	0.7%
<b>Equity</b>	<b>2,864,064</b>	<b>79.1%</b>
<b>Minority Interest <sup>(3)</sup></b>	<b>56,504</b>	<b>1.6%</b>
<b>Total Liabilities and Equity</b>	<b>3,621,759</b>	<b>100.0%</b>

# Portfolio

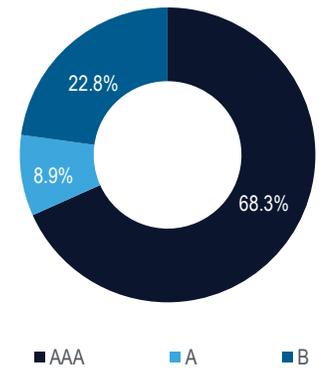


Asset	Class	Location	Acquisition	Fund Ownership	GLA (m <sup>2</sup> )	Vacancy (m <sup>2</sup> )	Lease (R\$ '000)	R\$/m <sup>2</sup>	% of Potential Revenue <sup>(6)</sup>	Main Tenants <sup>(7)</sup>
BFC	A	São Paulo	Mar-10	23%	9,984	8.3%	1,210	132.1	6.4%	Grupo Pan, Itaú, WeWork
Burity	B	São Paulo	Apr-11	100%	10,550	0.0%	794	75.3	2.7%	Banco GMAC, Grupo Pan
CENESP <sup>9</sup>	B	São Paulo	Jul-08	31%	64,480	55.7%	1,018	35.6	12.0%	Ernst & Young, Fidelity, BB
CEO Office	AAA	R. de Janeiro	Feb-19	27%	4,782	0.0%	443	92.6	1.7%	Tim
Cidade Jardim	AAA	São Paulo	Feb-19	50%	7,458	0.0%	1,431	191.8	5.7%	Aqua, Banco ABC, Felsberg, Patria
Diamond Tower	AAA	São Paulo	Jul-20	100%	36,918	30.6%	2,941	114.7	23.9%	Samsung, Cargill
Eldorado	AAA	São Paulo	Apr-09	34%	22,246	27.3%	2,536	156.7	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%	326	50.6	1.9%	Estácio, Patry s
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%	259	70.5	1.1%	Mattel, Rockwell
Volkswagen	B	São Paulo	Jan-08	100%	12,560	0.0%	1,117	89.0	4.0%	Volkswagen
<b>Total</b>					<b>228,888</b>	<b>24.8%</b>	<b>17,294</b>	<b>99.8</b>	<b>100.0%</b>	

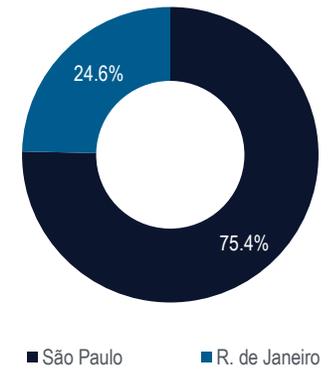
Notes: (9) Considers the entire asset; (10) Considers the monthly minimum guaranteed income (MGI) for the EZ Tower building and the additional guaranteed income of the Sucupira building; (11) Considers the potential revenue to market for each asset, calculated by the semi-annual appraisal of the Fund's real estate portfolio carried out by Cushman & Wakefield in May 2021; (12) Considers tenants based on contracted rental income  
Reference date: August 2021

# Portfolio

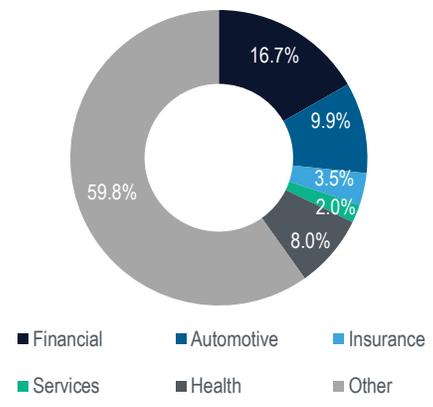
Revenue by Asset Class  
(% Total Contracted Revenue)<sup>10</sup>



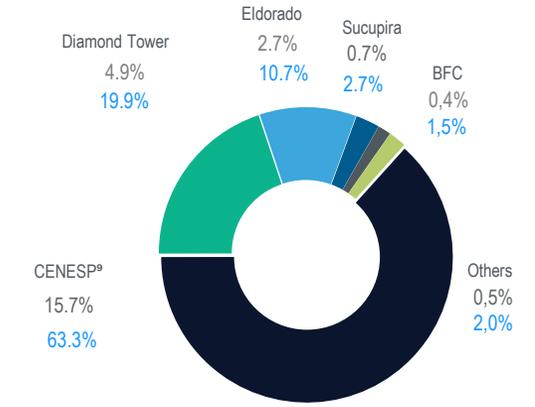
Revenue by Region  
(% Total Contracted Revenue)<sup>10</sup>



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



Breakdown - Vacancy by Asset  
(% al Gross Leasable Area)

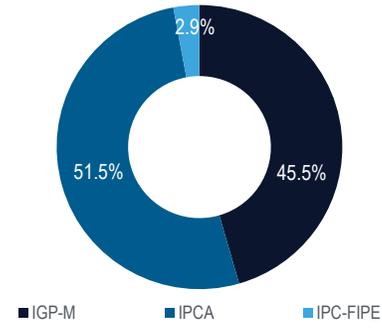


Note: Base date August 2021

# Portfolio

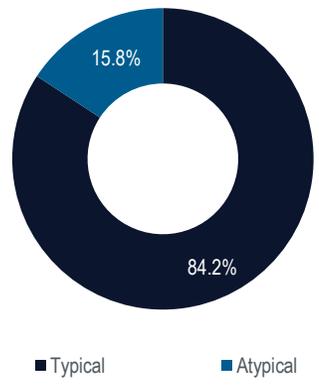
### Readjustment Rates

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



### Type of Agreements

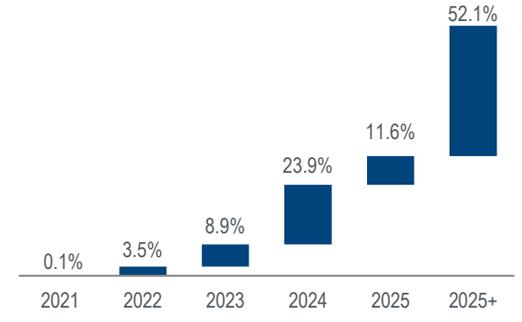
(% Total Contracted Revenue)<sup>10</sup>



Note: Base date August 2021

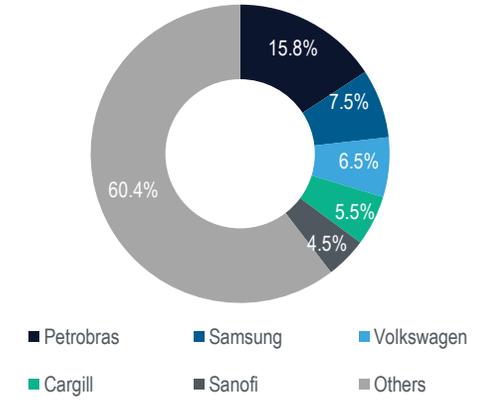
### Maturity Schedule

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



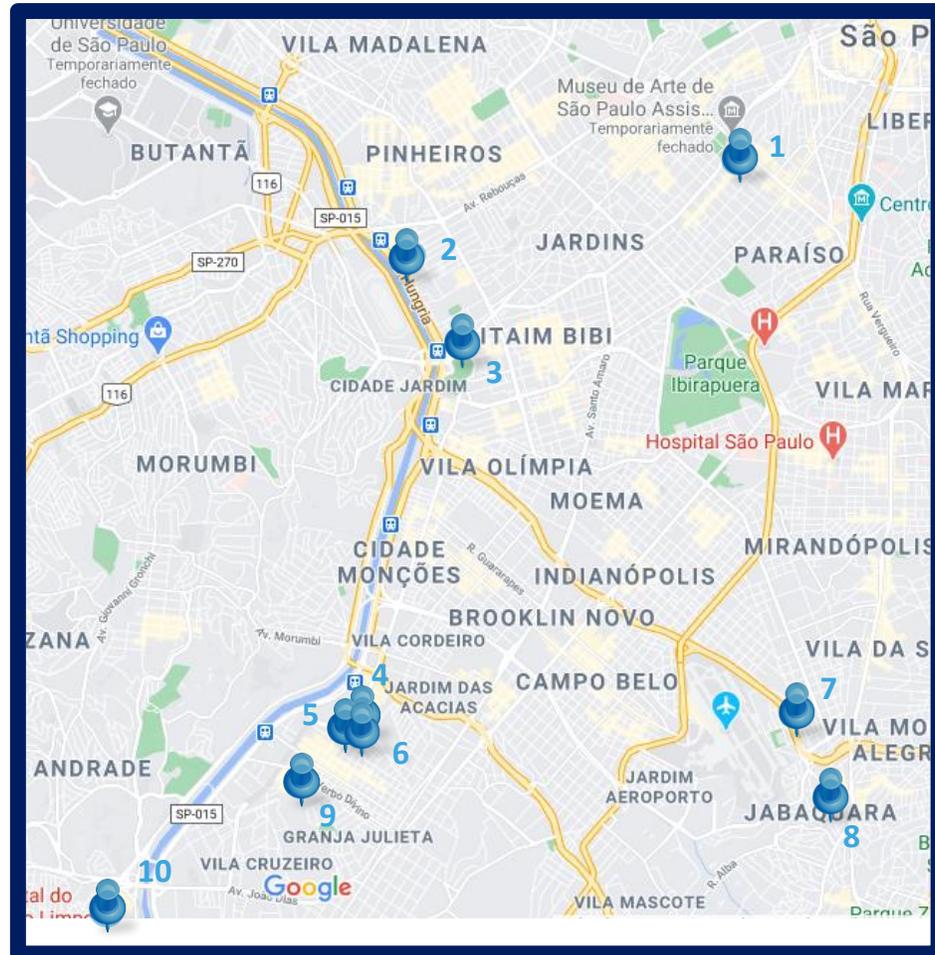
### Main Tenants

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



# Geographical Portfolio Presentation

## São Paulo



1



### BFC

Class: A  
GLA: 9,984 m<sup>2</sup>  
Occupancy: 91.7%

2



### Eldorado

Class: AAA  
GLA: 22,248 m<sup>2</sup>  
Occupancy: 72.7%

3



### Cidade Jardim

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

4



### Diamond Tower

Class: AAA  
GLA: 36,198 m<sup>2</sup>  
Occupancy: 69.4%

5



### Sucupira

Class: AAA  
GLA: 7,534 m<sup>2</sup>  
Occupancy: 80.0%

6



### EZ Towers (B)

Class: AAA  
GLA: 7,520 m<sup>2</sup>  
Occupancy: 92.2%

7



### Burity

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

8



### Volkswagen

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

9



### Transatlântico

Class: B  
GLA: 4,208 m<sup>2</sup>  
Occupancy: 87.5%

10

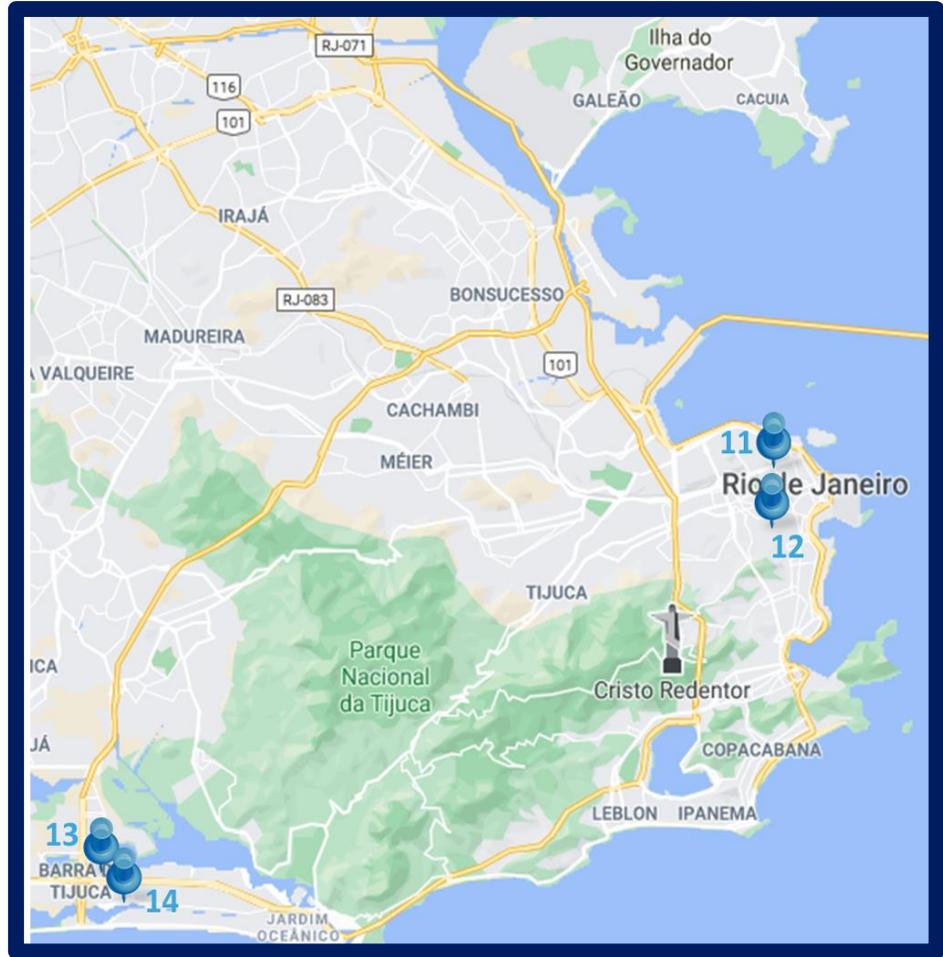


### Cenesp

Class: B  
GLA: 64,480 m<sup>2</sup>  
Occupancy: 44.3%

# 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



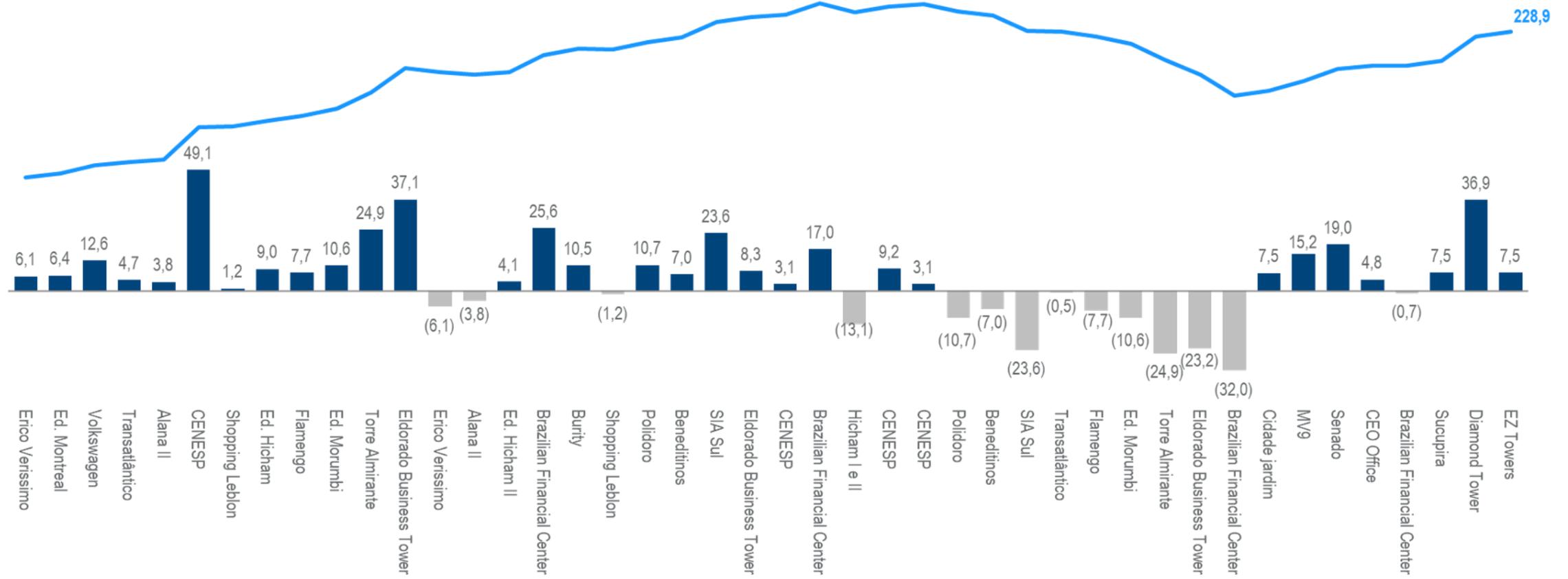
**CEO Office**  
 Class: AAA  
 GLA: 4,782 m<sup>2</sup>  
 Occupancy: 100%

14



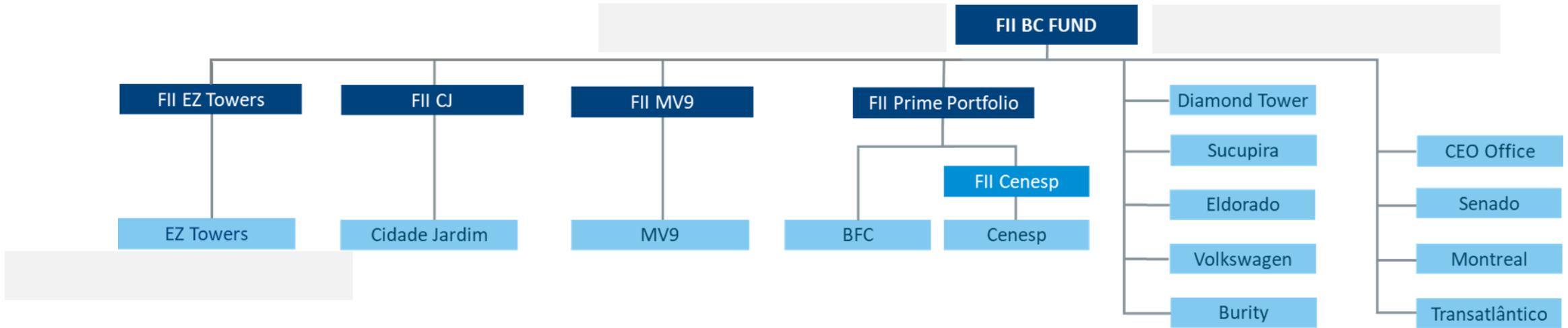
**Montreal**  
 Class: A  
 GLA: 6,439 m<sup>2</sup>  
 Occupancy: 100%

# Investments / Divestments Timeline



Note: Bars correspond to invested or divested GLA

# Fund's Organizational Structure



Note: The management of all Funds invested by BC Fund is made by our internal team, generating greater synergy for the portfolio

# Disclaimer

Investment funds are not guaranteed by the fund manager, portfolio manager, any insurance mechanism or by the Credit Guarantee Fund - FGC. The past yield does not guarantee future yield. We recommend carefully reading the prospectus and the investment fund's investor rules when investing your funds. Investors must be ready to accept risks inherent in the different markets in which the investment funds operate and, thus, possible variations in the invested equity. The Administrator is not responsible for errors or omissions in this material, as well as for the use of the information herein. In addition, the Administrator is not responsible for investor decisions on the subject in this material or for the act or fact of professionals and specialists consulted.

This fund is less than 12 (twelve) months old. For performance evaluation of an investment fund, it is recommended to analyze at least 12 (twelve months).

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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