

São Paulo, August 29, 2023 – The Real Estate Investment Fund – FII BTG Pactual Corporate Office Fund (“BC Fund”) (B3: BRCR11), the largest corporate office real estate investment fund listed on the Brazilian stock exchange, announces today its results for the second quarter of 2023 (2Q23).

2Q23 Highlights

- Lease revenue totaled **R\$57.9 million** in the quarter.
- FFO and adjusted FFO totaled **R\$34.4 million** (R\$1.29/share) in 2Q23.
- The semiannual reappraisal of the assets in the portfolio was concluded in May, with a **positive** impact of **R\$55.0 million** on the value of the properties.
- Net income was positive by **R\$81.1 million** (R\$3.04/share). Excluding the effects of the portfolio reappraisal, net income was positive by **R\$26.0 million** in 2Q23.
- Shareholders’ equity was **R\$2.7 billion** (R\$100.62/share) at the end of 2Q23.
- Total earnings paid out in 2Q23 came to **R\$1.36/share** (R\$36.2 million), according to the policy of monthly distribution of profits calculated on a cash basis.
- In the last 12 and 24 months (base June 2023), shareholder profitability, considering distributed earnings and share value, was **18.5%** and **-1.7%**, respectively.
- The portfolio’s Gross Leasable Area (GLA) corresponded to **239,814 m²** at the end of the quarter, flat from 1Q23.
- Financial vacancy stood at **16.6%** at the end of 2Q23.
- In 2Q23, **1.5%** of the contract portfolio was revised or registered new leases, which led to nominal variations of **5.5%** in lease revenue and **8.2%** considering inflation (leasing spread). Same-area contracted revenue had a nominal variation of **0.6%** in 2Q23 compared to 1Q23.

Conference Call (Portuguese)	Conference Call (English)	Investor Relations
August 30, 2023	August 30, 2023	Email: contato@bcfund.com.br
10:00 a.m. (BR) / 09:00 a.m. (ET)	11:30 a.m. (BR) / 10:30 a.m. (ET)	Phone: +55 11 3383 2000
Phone: +55 11 3181 8565	Phone: +1 412 717 9627	
Presentation and further information available at www.bcfund.com.br		

Recent events – 2Q23

Torre Almirante

New lease agreement

In line with what we were discussing in the previous earnings releases and the absorption curve of our investment thesis, the Fund signed a new lease agreement in the Torre Almirante building in April, totaling a GLA of 403m² for the entire asset. We emphasize that the agreement has a five-year term and will become effective as of mid-April. We also emphasize that the commercial conditions are in line with those practiced in the region. It is also worth noting that the new lease is part of the achievement of active work performed by the Manager's internal team, which continues with several ongoing negotiations for the absorption of the vacant area of its portfolio.

Market Analysis

The first quarter was marked by the continued market recovery, with net absorptions recorded both in São Paulo and Rio de Janeiro. In São Paulo, net absorption reached 12.8 thousand m², accounting for a quarter of the gross absorption of the quarter, indicating that in addition to the expansion phase, we are experiencing regular market activity. In Rio de Janeiro, the process was restricted to new leases, with an absorption of 22.4 thousand m².

Eldorado

New lease agreement

In May, we signed another lease agreement for one floor at the Eldorado Business Center building with an agricultural company. The equivalent BOMA area is 1,927 m². Please note that the Fund's exposure to the floor is 49%. We emphasize that the agreement is valid for 5 years and that its commercial conditions are in line with the latest lease agreements signed for the building, considering that this asset is of high quality. The lease started in July, generating a slight difference compared to the vacancy of the previous tenant, thus maintaining good occupancy of the building.

Diamond Tower

Early terminations

Also in May, the Fund received two notices from tenants of the Diamond Tower building requesting the early termination of their lease agreements. We emphasize that in both cases, if the exits occur, the Fund will be entitled to the penalties provided for in the agreements, which include not only the contractual fines and the return of the leased spaces but also the fulfillment of a notice period.

Semiannual Reappraisal

In June, following our commitment to more transparency and visibility to our shareholders, we concluded the semi-annual reappraisal of our portfolio. We point out that, in May and November of every year, the Fund performs the appraisal of its portfolio, which is conducted by an independent expert. The result of this evaluation, which impacts the financial statements for May, generated an increase of R\$55.0 million in the value of assets. Thus, the Fund's equity reached R\$2.70 billion, or R\$100.62/share.

Eldorado

New lease agreement

In June, the Fund signed a new lease agreement in the Eldorado building for one floor, corresponding to 2,127m². It is also worth noting that the Fund's exposure per floor is 49%. We also emphasize that the new lease is a result of the expansion of a current tenant that previously occupied one floor. Given that the new lease is valid for 60 months, we also extended the original lease term so that both leases are expected to end in 2028.

Torre Almirante

New lease agreement

Following our investment thesis in the asset, the Fund signed a new lease agreement in the Torre Almirante building with a company in the industrial sector in June, totaling a GLA of 377m² for the entire asset. It is worth noting that the Fund's exposure on the floor is 60%. We emphasize that the commercial conditions are in line with those practiced in the region.

Subsequent Events

Eldorado

New lease agreement

In July, the Fund signed a new lease agreement in the Eldorado building with a company in the electricity sector for 50% of a floor, corresponding to 1,030m². It is also worth noting that the Fund's exposure per floor is 49%. We highlight that this new lease has a 5-year term, and the commercial conditions are in line with the conditions practiced for high-quality assets in the region. It is also worth noting that the new lease is part of the achievement of active work performed by the Manager's internal team, which continues with several ongoing negotiations for the absorption of the vacant area of its portfolio.

Obligations

Also in July, the Fund renegotiated a 9-month extension on a debt maturity related to the Diamond Tower building. In addition, due to the macroeconomic scenario, we negotiated the extension of the grace period for interest payments for another 6 months on the first tranche, and for 3 months on the second tranche, resuming interest payments in October. Also in July, we also extended the debt instrument related to the Cidade Jardim building for up to three months. With this, we will match the debt maturity with the entry of funds from the Urbanity CRI, in the amount of R\$130 million.

Comments on the Accounting Information

The preparation of the quarterly information is not required by the accounting practices adopted in Brazil applicable to real estate investment funds. In line with the practices of the companies listed on B3 and considering BC Fund's current shareholder base, the financial statements for the second quarter of 2023 were submitted to a limited audit review conducted by EY, according to Brazilian and international standards for the review of quarterly information.

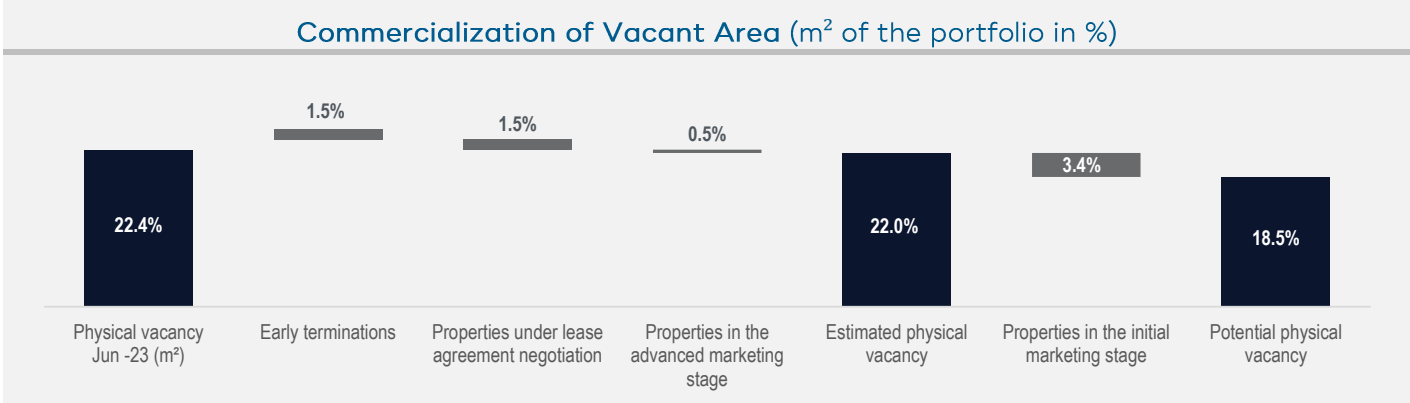
<i>Financial Highlights (million R\$, unless otherwise indicated)</i>	2Q22	2Q23	Var.	6M22	6M23	Var.
Lease Revenue	55.8	57.9	3.8%	110.0	109.8	(0.2%)
Net Income	(60.3)	81.1	n.a.	(44.5)	87.9	n.a.
<i>Net Income per share (R\$ / share)</i>	(2.27)	3.04	n.a.	(1.67)	3.30	n.a.
Net Income (ex-fair value adj.)	3.3	26.0	677.6%	19.2	32.8	71.3%
<i>Net Income (ex-fair value adj.) / share (R\$ / share)</i>	0.13	0.98	677.6%	0.72	1.23	71.3%
FFO	38.9	34.4	(11.5%)	79.4	70.4	(11.2%)
<i>FFO / share (R\$ / share)</i>	1.46	1.29	(11.5%)	2.98	2.64	(11.2%)
Adjusted FFO	38.9	34.4	(11.5%)	79.4	70.4	(11.2%)
<i>Adj. FFO / share (R\$ / share)</i>	1.46	1.29	(11.5%)	2.98	2.64	(11.2%)
Total Distribution	39.2	36.2	(7.5%)	79.1	73.5	(7.1%)
<i>Total Distribution / share (R\$ / share)</i>	1.47	1.36	(7.5%)	2.97	2.76	(7.1%)
Shareholders Equity	2,693.9	2,680.4	(0.5%)	2,693.9	2,680.4	(0.5%)
<i>Shareholders Equity / share (R\$ / share)</i>	101.13	100.62	(0.5%)	101.13	100.62	(0.5%)
Gross Debt	933.7	1,015.7	8.8%	933.7	1,015.7	8.8%
Net Debt	630.3	731.8	16.1%	630.3	731.8	16.1%
<i>Operational Highlights</i>	2Q22	2Q23	Var.	6M22	6M23	Var.
Portfolio GLA (m²)	239,814	239,814	0.0%	239,814	239,814	0.0%
Contracted leasing revenue (R\$ million)	19.9	21.3	6.9%	19.9	21.3	6.9%
Financial Vacancy (EoP)	19.4%	16.6%	(2.8 p.p.)	19.4%	16.6%	(2.8 p.p.)
Delinquency	0.0%	0.0%	n.a.	0.0%	0.0%	n.a.
Same-Area Rent (SAR)	1.7%	0.6%	(0.6 p.p.)	12.4%	0.6%	(0.9 p.p.)
Leasing Spread	(6.0%)	8.2%	n.a.	(14.5%)	(12.7%)	(0.1 p.p.)
<i>% of portfolio (in terms of lease revenue)</i>	7.8%	1.5%	(6.3 p.p.)	9.1%	4.6%	(0.5 p.p.)
<i>Stock Market Highlights</i>	2Q22	2Q23	Var.	6M22	6M23	Var.
Total Number of Shares	26,638,202	26,638,202	0.0%	26,638,202	26,638,202	0.0%
Market Cap	1,648.6	1,779.2	7.9%	1,648.6	1,779.2	7.9%
<i>Share Price - End of period (R\$ / share)</i>	61.89	66.79	7.9%	61.89	66.79	7.9%
<i>Share Price - Average for the period (R\$ / share)</i>	67.77	58.23	(14.1%)	68.32	57.10	(16.4%)
Average Daily Trading Volume (R\$ million)	1.83	1.60	(12.6%)	1.92	1.51	(21.1%)
Number of Shareholders	142,363	155,340	9.1%	142,363	155,340	9.1%
<i>Total Individual Investors</i>	142,003	155,043	9.2%	142,003	155,043	9.2%
<i>Total Institutional Investors</i>	360	297	(17.5%)	360	297	(17.5%)
<i>% of shares held by Individual Investors</i>	70.3%	71.9%	1.6 p.p.	70.3%	71.9%	1.6 p.p.
<i>% of shares held by Institutional Investors</i>	29.7%	28.1%	(1.6 p.p.)	29.7%	28.1%	(1.6 p.p.)

Comments from the Manager

Similar to the previous year, in 1H23 we focused on intensifying commercial leasing efforts. Following one of our active management pillars, we always seek to review our commercial strategies to keep ourselves updated and in close contact with the main brokers, therefore enabling greater exposure to our vacant areas. The efforts during the first six months resulted in six new lease agreements, adding more than 8,000 m² of gross absorption to our portfolio and highlighting our active work in the pursuit of tenants with the profile of our buildings. It is also worth featuring the new lease agreement for a company in the financial sector at the Diamond Tower building, which marks the beginning of a shift in tenant profile in the region. The lease, of more than 4,000 m², marked our largest lease in this asset since its acquisition in mid-2020, after being subject to the lengthening of the restrictive measures imposed at the time and deliveries of new inventory in the region. Furthermore, we also executed a new contract at the Eldorado building in July, adding 500 m² of absorption to the portfolio, in one of the assets with a significant share in terms of financial vacancy. With the agreement, its vacant area is equivalent to one floor only, with the Fund's exposure being 49% only. In terms of market statistics, the segment of high-quality buildings (A/AAA) in the São Paulo region ended the second half with a physical vacancy rate of 22.5%, while the Fund had an approximate vacancy of 22.7%, considering the new leases signed. It is also worth noting that if we exclude Cenesp, which is a Class B asset with a high share of GLA and, therefore, not directly comparable, the vacancy rate in the city of São Paulo would be around 9.2%. In the Rio de Janeiro market, the vacancy rate was 28.0%, while the Fund ended the semester with a vacancy rate of 19.7%, concentrated in only one of the five assets held by the Fund, which continues to show an absorption curve as expected.

At the financial level, the Fund was impacted by the maintenance of Copom's monetary tightening in the first semester, which culminated with increased costs associated with obligations, when compared to the same period in 2022. However, we foresee positive news on this front in the next few months, either through signals of a reduction in the Selic rate, which started in August, with a cut of 0.5 percentage points, or through a potential resurgence of the real estate market given the economic scenario, bringing higher liquidity to the sector. Nevertheless, even though reductions in the indexes of our debts are expected in the short/medium term, we still believe that a deleveraging process in the Fund should increase the value of our portfolio. Considering that the maturity of the obligation tied to Cidade Jardim is expected to occur in the third quarter and settled with funds from the Urbanity CRI, maturing in September. Furthermore, we expect interesting cash inflow opportunities through divestments, allowing us to minimize expenses associated with acquisition obligations. As mentioned in the previous quarters, in our view, our portfolio currently has assets that are already performing, with positive Leasing Spreads over the years and repressed capital gain. In any case, the Fund has healthy leverage, below 30% when considering our portfolio's net debt, and therefore we have room to maturely carry out these strategic moves, extracting the maximum value from potential negotiations.

The Fund ended 2Q23 with physical vacancy of 22.4% of the portfolio, slightly higher than in 1Q23, due to the end of the notice period of a tenant at the EZ Towers building, partially offset by new leases in the Eldorado, Torre Almirante, and Diamond Tower buildings. On the contrary of the Fund’s absorption process, we have tenants at the EZ Towers and Diamond Tower buildings under termination notice, but our internal team is still making efforts to possibly reverse this, while simultaneously working on absorbing the potentially vacant areas. On the other hand, also in June, about 1.5% of the Fund's properties were under advanced negotiations, already in the process of exchanging lease agreement drafts (“Properties at the negotiation stage of commercialization”). Of this percentage, some contracts have already been signed and effective as of July. Others are still pending signatures and should be announced to the market shortly. 0.5% of the assets are in advanced commercialization stages, i.e. without the exchange of lease agreement drafts, but we are already establishing the commercial conditions for a potential lease (“Properties at an advanced stage of commercialization”). In this sense, if the properties at the Advanced Stage of Commercialization are effectively leased, the Fund’s vacancy rate would drop to 22.0% (“Estimated physical vacancy”). It is important to mention that 3.4% of the Fund’s properties are in the initial stage of commercialization (“Properties in the initial stage of commercialization”). If these Properties in the initial stage of commercialization are also effectively leased, the Fund’s vacancy rate will drop to 18.5% (“Potential physical vacancy”). This scenario is presented below.



Notes:

Office Marketbeat (Cushman & Wakefield) – 2Q23 Rio de Janeiro and São Paulo Reports – Available on its website.

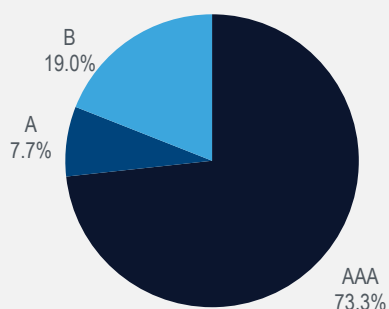
Operational Performance

Breakdown of the asset portfolio

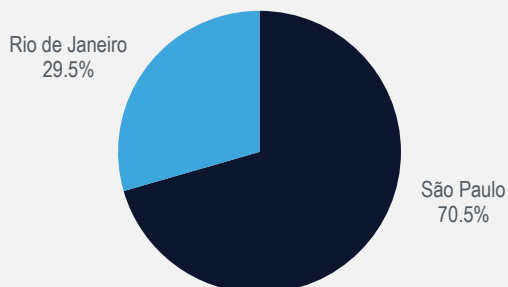
At the end of the quarter, the portfolio's GLA corresponded to 239,814 m² (considering Cenesp's exposure percentage), in line with 1Q23.

Portfolio assets (based on contracted lease revenue in June 2023)

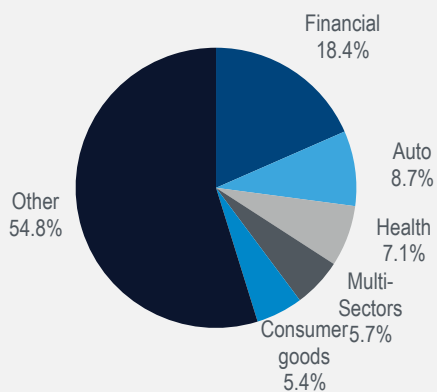
By asset type



By location



By tenant's sector of activity



By tenant concentration

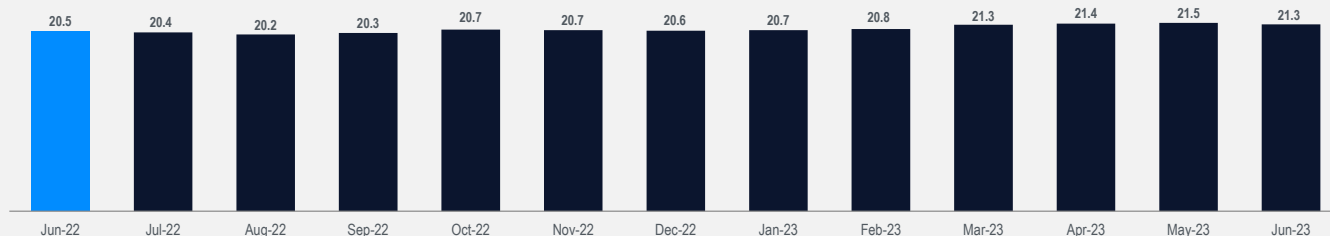
- In June 2023, the Fund's main tenant accounted for approximately 15.1% of contracted lease revenue, with an atypical lease agreement.
- A relevant portion of GLA concentration in Rio de Janeiro is due to the exposure of an atypical lease agreement.
- In June 2023, the Fund had 80 lease agreements.

Contracted Lease Revenue

The monthly contracted lease revenue totaled R\$21.3 million in June 2023, up by 4.1% over June 2022, with the annual variation being positively impacted by the efforts to secure new leases, mainly in the Diamond Tower and Torre Almirante buildings, in addition to lease agreement replacements at the Eldorado building over the past 12 months.

Contracted lease revenue is a non-accounting measure corresponding to the total value of the lease agreements in effect in the reference month, excluding discounts, grace periods, fines, and other adjustments impacting the book value of the lease revenue.

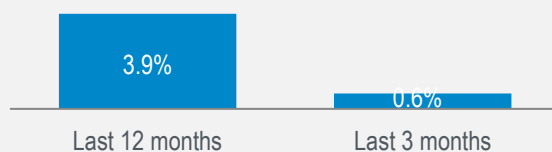
Monthly Evolution of Contracted Lease revenue (in R\$ million)



Same-area rent had a nominal increase of 3.9% in 2Q23 over 2Q22. Compared to 1Q23, same-area rent increased by 0.6%. It is worth mentioning that this increase was mainly due to the successful pass-through of annual inflation provided in the contracts and in line with industry regulations.

Same-Area Rent (SAR) is a non-accounting indicator corresponding to the total amount of lease agreements in effect in the reference month in a given area that was already leased by the same tenant at the end of the same period the year before or at the end of the previous quarter, excluding discounts, grace periods, fines and other adjustments impacting the book value of lease revenue.

Variation of Same-Area Rent (SAR)

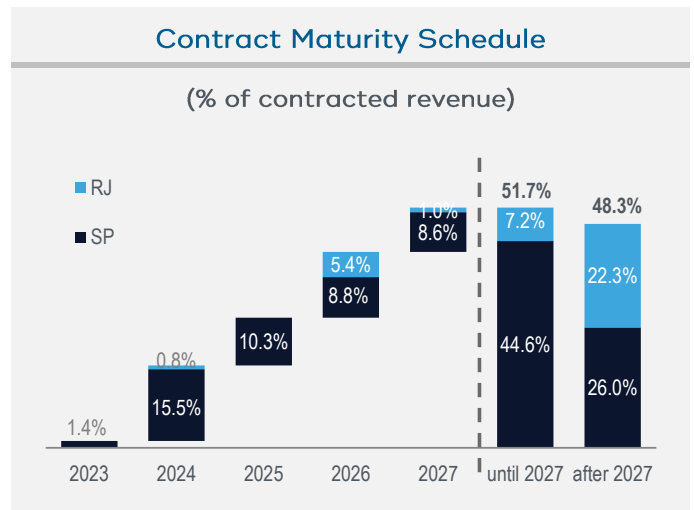
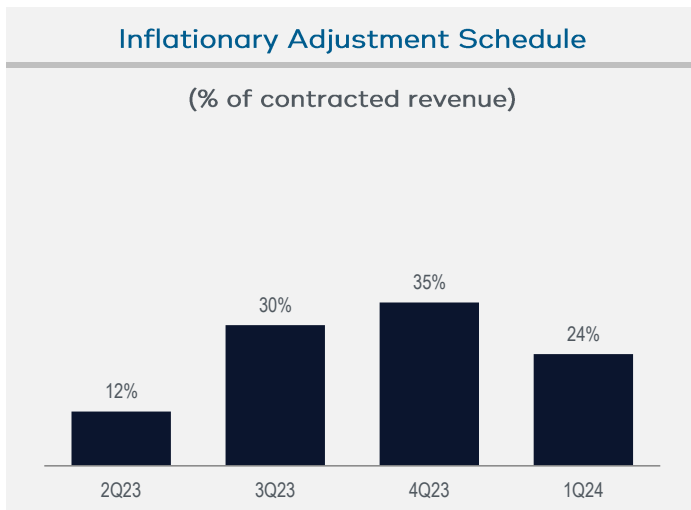
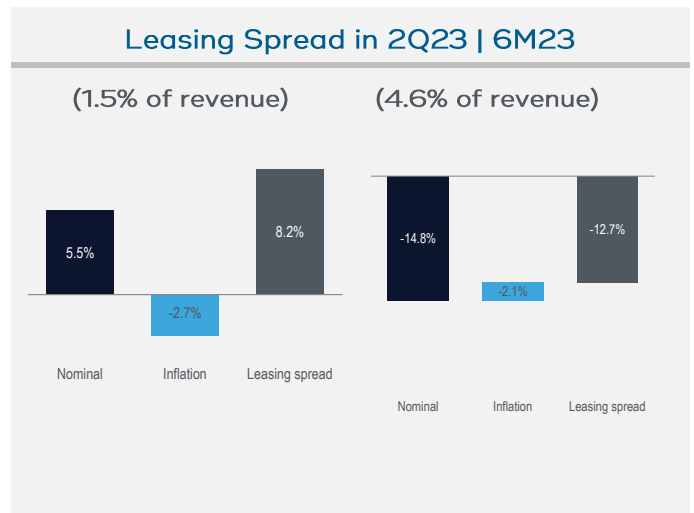
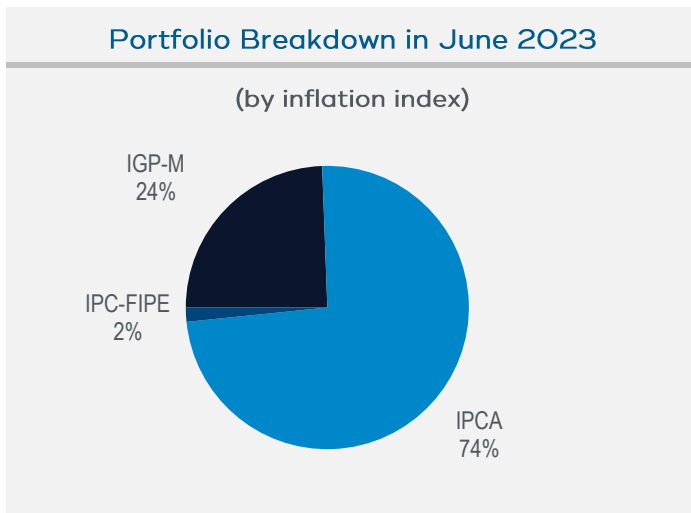


Renewals and Reviews

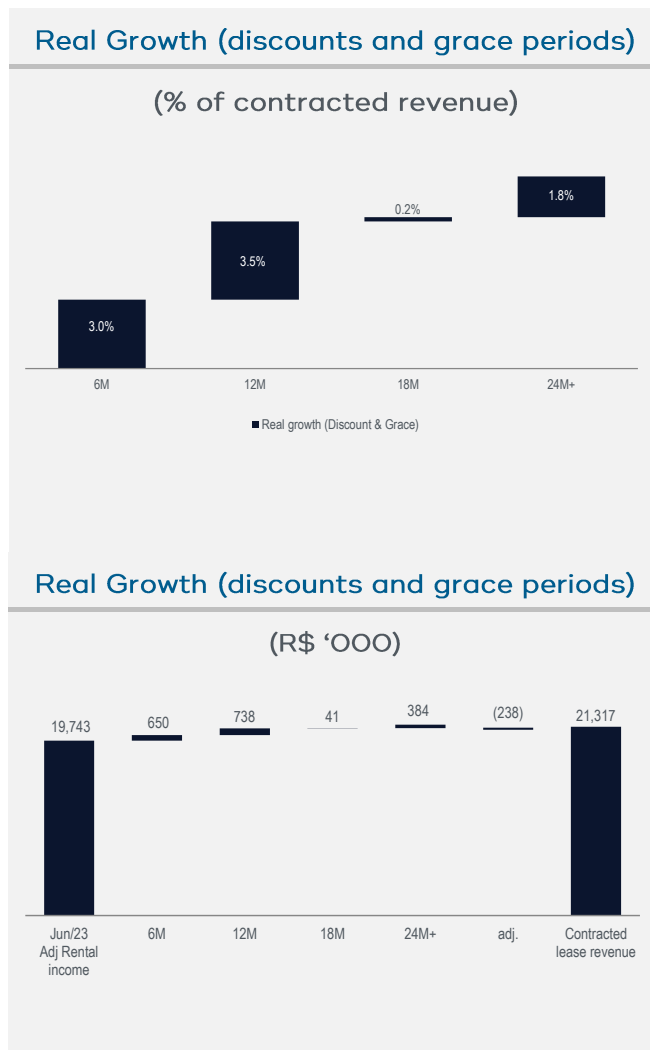
The equivalent of 1.5% of contracted lease revenues was renewed, reviewed, or came from new leases in 2Q23, resulting in a nominal increase of 5.5%. Considering the effect of inflation, the leasing spread was 8.2% given the deflationary movement during the period.

The leasing spread was mainly impacted by the new lease in the Diamond Tower building. It is worth noting that the contractual basis of the new lease agreement is in line with the recovery of the AAA market, along with the competitive advantages of the asset in the region where it is located.

Only 1.4% of the Fund's agreements mature by the end of 2023 and almost 50% mature after 2027.



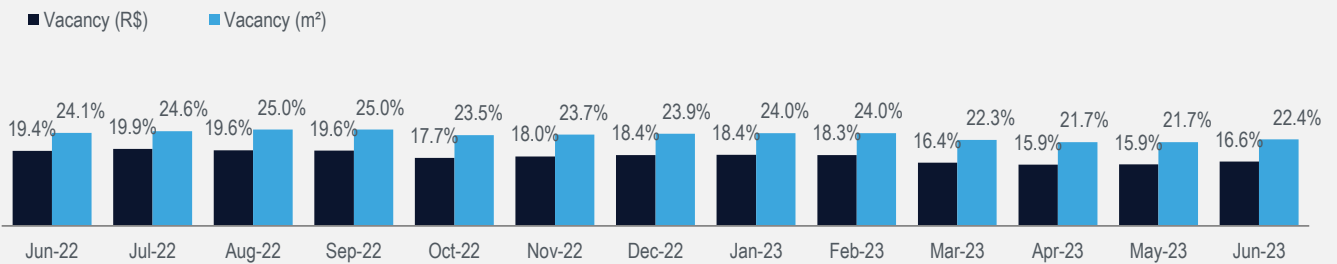
As a result of the new lease agreements, and in line with market practices, discounts or grace periods were granted to new tenants. The Fund should be impacted in the coming quarters by the conversion of contracted revenue into lease revenue from newly closed agreements. We estimate that, in the next 6 months, 3.0% of the current contracted revenue will be converted into lease revenue due to the expiration of discounts and grace periods.



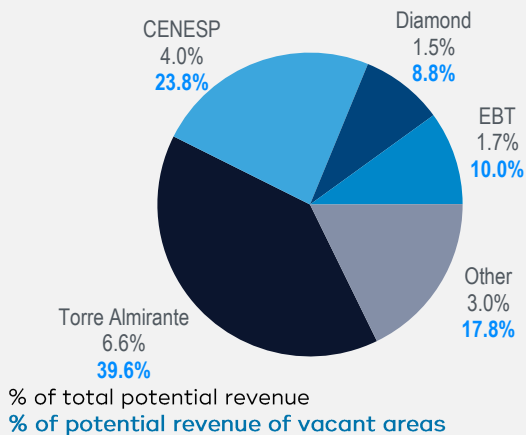
Vacancy

The financial vacancy was 16.6% at the end of 2Q22, an increase over 1Q23, due to the partial early termination of a tenant at the EZ Towers building who was in a notice period, according to the notice to the market disclosed by the company. It is worth noting that compared to 2Q22, the balance of new lease agreements is positive given the absorption efforts at the Diamond Tower, Eldorado, and Torre Almirante buildings. At the end of the quarter, vacant areas corresponded to 27,498 m² at CENESP, 13,886 m² at Torre Almirante, 3,077 m² at Diamond Tower, 2,909 m² at EZ Towers, 2,455 m² at Eldorado, 1,507 m² at Sucupira, 525 m² at Transatlântico, and 274 m² at BFC.

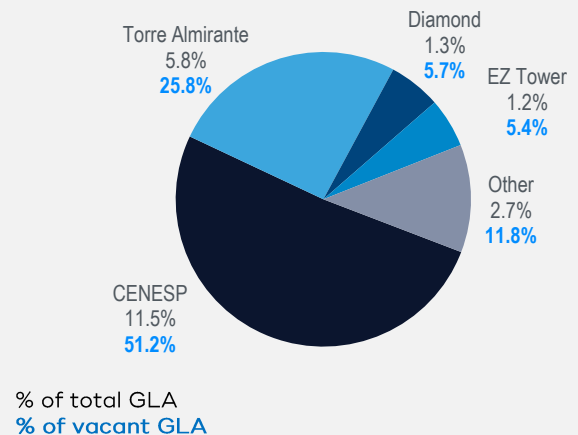
Physical and Financial Vacancy of the Portfolio



Breakdown of Financial Vacancy



Breakdown of Physical Vacancy



Delinquency

Given the high quality of our portfolio and tenants, the delinquency rate has always been historically low. At the end of 2Q23, the provision for doubtful accounts was R\$1.6 million, in line with previous quarters. We highlight that a significant portion of this provision was due to Gafisa's delinquency, as disclosed in a Notice to the Market in December 2018. It is also worth mentioning the maintenance of the high level of the Fund's compliance during the entire pandemic period. Our active management allowed us to anchor the Fund on a high-quality portfolio, in addition to conducting a previous study of potential tenants, analyzing the credit risk of each one and the collaterals offered. Therefore, the portfolio continues with successful agreements with renowned companies.

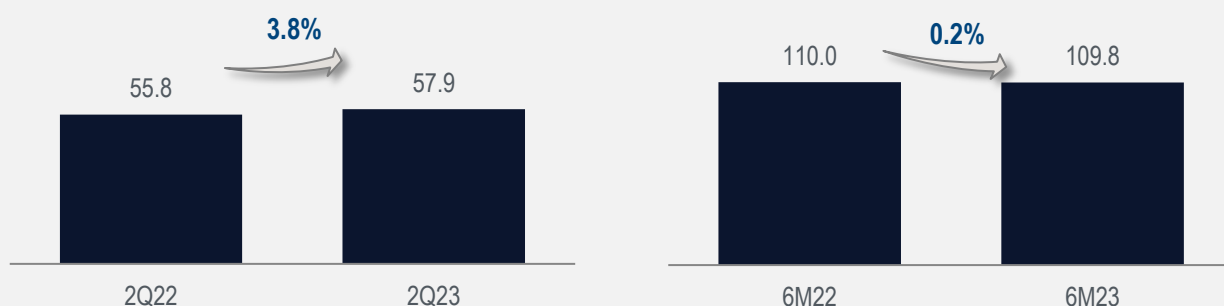
Financial Performance

Revenue

Revenue from investment properties, which includes lease revenue, in addition to fines and interest received in the period, totaled R\$110.8 million in 2Q23, a significant increase over 2Q22. The main events that impacted revenue were:

- The growth in lease revenue, given the new leases over the last 12 months;
- The semi-annual asset reappraisal, which had a positive impact this quarter (R\$55.0 million).

Lease revenue (R\$ million) ⁽¹⁾



(in R\$ '000)	2Q22	2Q23	Var.	6M22	6M23	Var.
Revenue from properties	(9,832)	110,849	n.a.	42,590	160,921	277.8%
Rental income	55,830	57,925	3.8%	109,965	109,797	(0.2%)
(-) Provision - receivables	-	(6)	n.a.	-	(23)	n.a.
Fines and interest received	251	-	n.a.	684	509	(25.6%)
Adjustment to fair value	(63,694)	55,039	n.a.	(63,694)	55,039	n.a.
Discounts granted	(2,219)	(2,109)	(5.0%)	(4,365)	(4,401)	0.8%

Notes:

(1) No distinction is made between gross and net revenue since there is no taxation on lease revenue nor capital gains on the sale and/or reappraisal of assets.

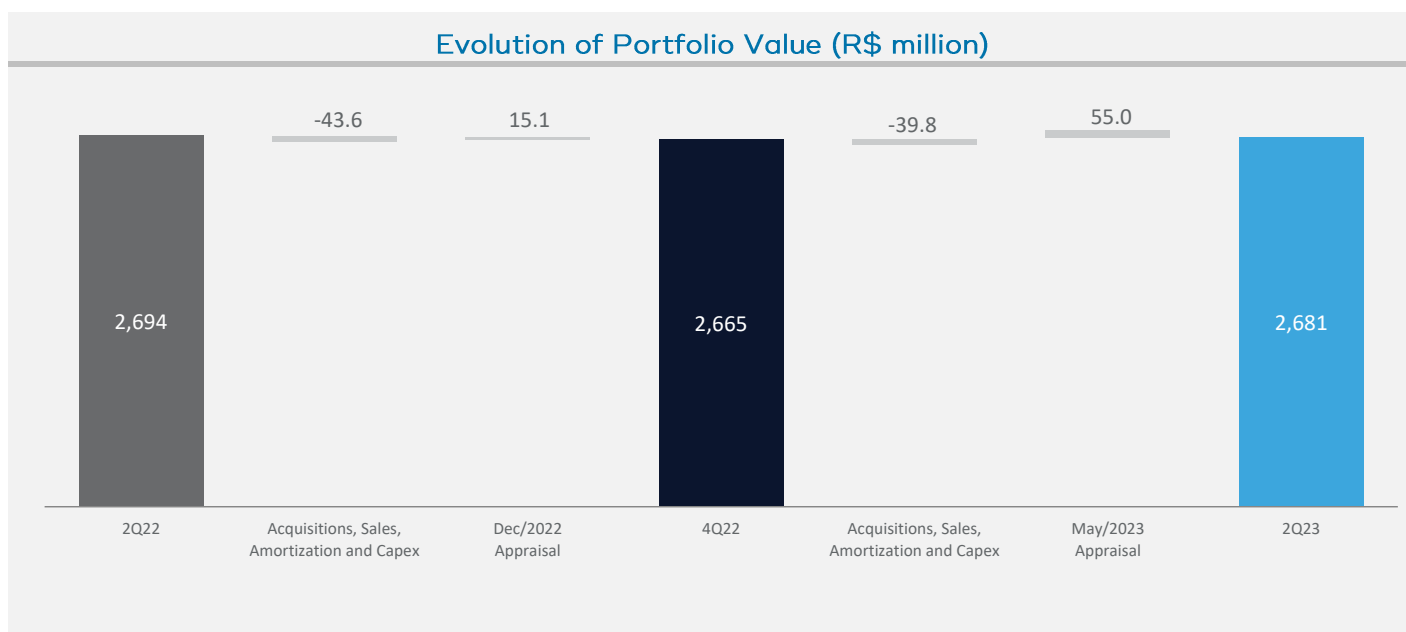
Portfolio Appraisal

On a six-month basis, in May and November, a full reappraisal of the Fund's asset portfolio is carried out, the result of which is used to determine the book value of BC Fund's properties.

The appraisal conducted in May 2023 by Cushman & Wakefield used one or more methods listed below to determine the assets' value, depending on the characteristics of the properties and the market: (i) direct comparison of market data; (ii) direct capitalization method; and (iii) discounted cash flow method.

Based on the May 2023 appraisal, the value of the Fund's portfolio was R\$2.7 billion.

The value of the portfolio in June 2023 represents a cap rate of 9.9% over the current contracted revenue and 12.2% considering the potential revenue of the currently vacant areas.



Costs and Expenses

(in R\$ '000)	2Q22	2Q23	Var.	6M22	6M23	Var.
Cost of Investment properties	-	-	n.a.	(167)	-	n.a.
Cost of sold investment properties	-	-	n.a.	(167)	-	(100.0%)
Expenses over Properties	(4,623)	(4,355)	(5.8%)	(8,803)	(8,851)	0.5%
Comissions	(213)	(401)	88.3%	(295)	(469)	59.0%
Management of properties expenses	-	(27)	n.a.	(28)	(54)	92.9%
Condominium expenses	(4,093)	(3,872)	(5.4%)	(8,006)	(8,098)	1.1%
Maintenance	(317)	(55)	(82.6%)	(474)	(230)	(51.5%)
G&A	(7,205)	(5,397)	(25.1%)	(13,450)	(11,628)	(13.5%)
Consulting/Management fee	(5,347)	(4,632)	(13.4%)	(10,805)	(9,101)	(15.8%)
Administration fee - Fund	(1,625)	(1,455)	(10.5%)	(3,245)	(2,883)	(11.2%)
Property tax expenses	(1,746)	(1,577)	(9.7%)	(3,234)	(3,162)	(2.2%)
Other operating expenses	1,513	2,267	49.8%	3,834	3,518	(8.2%)

- Commission expenses are related to (i) brokerage services for the renewal and/or review of lease agreements, (ii) brokerage fees for the commercialization of vacant areas; and (iii) brokerage services for the acquisition and sale of assets.

- Property management expenses are related to property management services and correspond to a percentage of the revenue generated by each property.

- Condominium, repair, maintenance, and conservation expenses are incurred by the Fund to cover such expenses generated by the vacant areas of its portfolio.

- Management expenses refer to BTG Pactual's management services and correspond to 1.5% p.a. of the Fund's market value (currently at a discount, at 1.1% p.a.), in line with the trading price of its shares on B3, which is daily calculated and provisioned and monthly paid.

- The Fund's administration fee refers to BTG Pactual's management services and corresponds to 0.25% p.a. of the Fund's market value, based on the trading price of its shares on B3, which is daily calculated and provisioned and added to the amounts paid to the Fund's bookkeeping agent.

- Tax expenses refer to the municipal, state, and federal taxes incurred by the Fund. Most of which refer to the payment of IPTU (municipal property tax) charged on the portfolio's vacant areas.

- Other operating expenses/income refer to sundry expenses, such as utility bills related to the vacant areas, CVM inspection fees, custody expenses, B3, auditing, asset reappraisals, various taxes, legal advisory services, notary fees, and others.

Financial Result

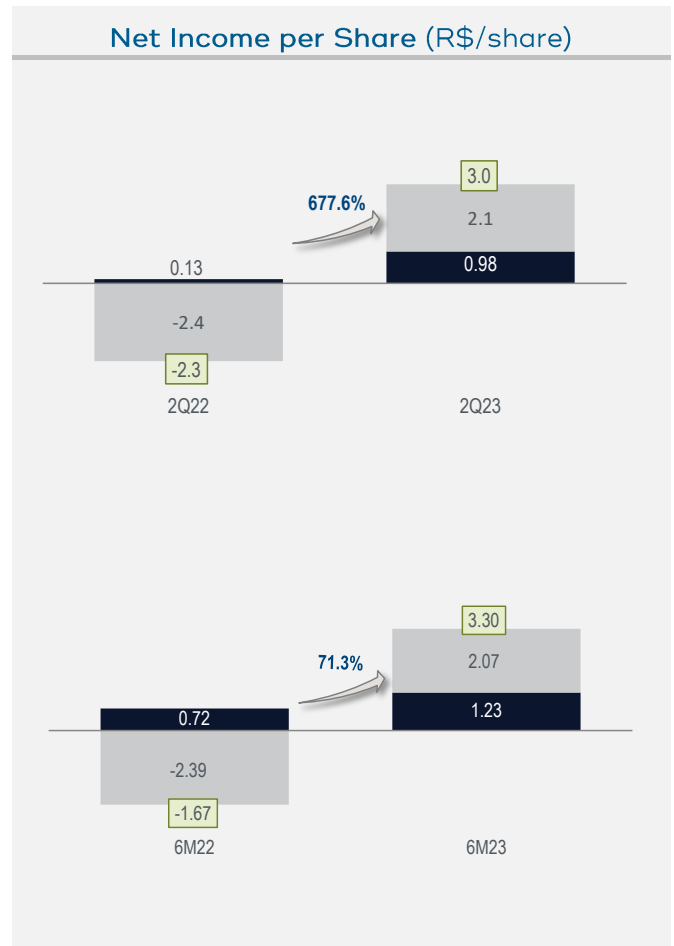
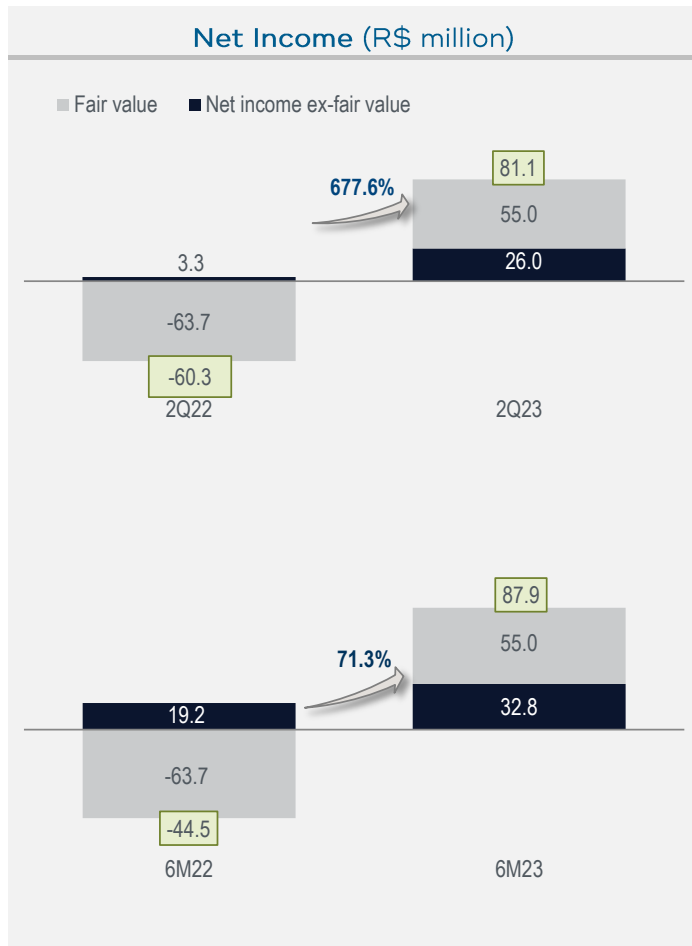
(in R\$ '000)	2Q22	2Q23	Var.	6M22	6M23	Var.
Interest and inflation indexation on liabilities	(40,239)	(37,842)	(6.0%)	(71,523)	(75,902)	6.1%
Interest	(40,239)	(37,842)	(6.0%)	(71,523)	(75,902)	6.1%
Profit from real-estate financial assets	1,213	17,980	1382.3%	5,564	22,413	302.8%
Income from Mortgage Backed Securities (CRIs)	4,216	4,530	7.4%	7,794	9,210	18.2%
Income from Mortgage Notes (LCIs)	-	-	n.a.	-	-	n.a.
Income from FII shares	752	7,675	920.6%	4,106	10,694	160.4%
Gains on sale / MTM - CRI and other FII shares	(3,755)	5,775	n.a.	(6,336)	2,509	n.a.
Other financial assets	997	947	(5.0%)	2,025	2,108	4.1%
Income from fixed-income fund shares	1,289	1,208	(6.3%)	2,514	2,525	0.4%
Expenses from income tax on financial investments	(292)	(261)	(10.6%)	(489)	(417)	(14.7%)
Financial income	(38,029)	(18,915)	(50.3%)	(63,934)	(51,381)	(19.6%)

Interest expenses related to acquisitions and funding totaled R\$37.8 million in 2Q23, down by 6% from 2Q22, given the deflationary economic process over the last few months.

Financial income in 2Q23, on a cash view, also recorded good growth compared to the same period in 2022. The yield of our Mortgage-Backed Securities (CRI) – and our income from fixed-income fund shares – rose because of the increase in the CDI rate. We also emphasize that income from Real Estate Units significantly increased due to the accounting recognition of the fine of a tenant at the EZ Towers building.

Net Income

Net income was positive by R\$81.1 million in 2Q23 (R\$3.04/share). Excluding the effect of the reappraisal of the real estate portfolio, net income totaled R\$26.0 million (R\$0.98/share), up by 677.6% over 2Q22, mainly boosted by non-cash accounting factors, such as the fair value adjustment of Real Estate Fund units that will appreciate in the next few months.



FFO and Adjusted FFO

The Fund's FFO totaled R\$34.4 million in 2Q23, down 11.5% from 2Q22. FFO is not a measure recognized by accounting practices adopted in Brazil, and its methodology may vary in comparison with other companies. The main items that influenced FFO this quarter, based on net income, were:

- The semi-annual asset reappraisal;
- The result of the fair value adjustment of FII shares;
- Decrease in non-recurring revenue.

The Fund's managers believe that the accounting effects of the monetary restatement of the outstanding balance of the liabilities have no cash effect. Therefore, the managers use adjusted FFO (FFO minus non-cash effects on liabilities) to analyze operating cash flow. In 2Q23, non-cash financial expenses were not relevant, and adjusted FFO totaled R\$34.4 million, or R\$1.29/share, up 11.5% over 2Q22.

<i>(in R\$ '000, unless otherwise indicated)</i>	2Q22	2Q23	Var.	6M22	6M23	Var.
Net income	(60,348)	81,057	n.a.	(44,525)	87,871	n.a.
(-) Adjustment at fair value	63,694	(55,039)	n.a.	63,694	(55,039)	n.a.
(-) Gains in the sale of properties	-	-	n.a.	167	-	n.a.
(-) Gains on sale / MTM - CRI and other FII shares	3,755	(5,775)	n.a.	6,294	(2,554)	n.a.
(+) Non-recurring expenses	31,752	14,129	(55.5%)	53,726	40,164	(25.2%)
(=) FFO	38,853	34,372	(11.5%)	79,356	70,442	(11.2%)
FFO / share (R\$ / share)	1.46	1.29	(11.5%)	2.98	2.64	(11.2%)
(+) Non-cash financial expenses	-	-	n.a.	-	-	n.a.
(=) Adjusted FFO	38,853	34,372	(11.5%)	79,356	70,442	(11.2%)
Adjusted FFO / share (R\$ / share)	1.46	1.29	(11.5%)	2.98	2.64	(11.2%)

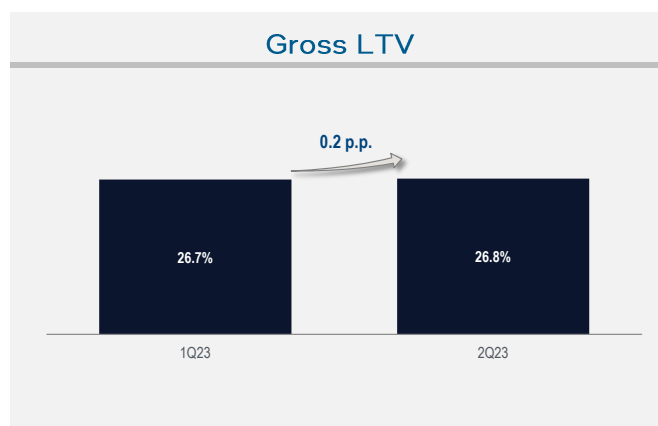
Liabilities and Cash and Cash Equivalents

Liabilities from the acquisition of properties and funding totaled R\$1,015.7 million at the end of 2Q23, while cash and cash equivalents totaled R\$283.8 million.

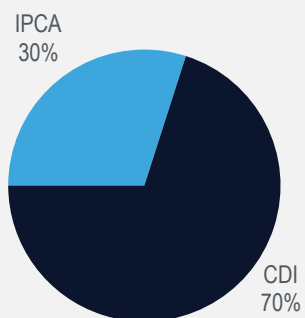
(in R\$ '000)	Cost	Orig. Term	Maturity	1Q23	2Q23
Liabilities from acquisition of properties				992,994	1,015,669
Cidade Jardim	IPCA + 6.55% p.a.	6 years	Oct/2023	120,000	120,000
Diamond Tower	CDI + 2.95% p.a.	3 years	Apr/2024	581,221	593,145
Torre Almirante	CDI + 2.60% p.a.	12 years	Dec/2033	114,147	118,471
Torre Almirante	IPCA + 7.10% p.a.	15 years	Dec/2036	177,627	184,053
Liabilities from funding				-	-
Gross Debt				992,994	1,015,669
(-) Cash and Financial investments				(203,690)	(179,046)
(-) Shares of Other FIs (Market)				(102,268)	(104,775)
Net Debt				687,036	731,848

In June 2023, leverage remained at levels that are in line with the Fund's best practices, with gross LTV of 26.8% and net LTV of 19.4% (the Fund must maintain its net LTV below 30.0%).

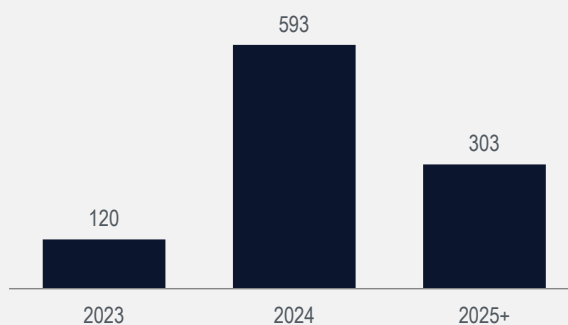
It is also worth noting that the Fund recently renegotiated a 9-month extension on a debt maturity related to the Diamond Tower building, which matures in April 2024, and the 3-month extension of the debt related to the Cidade Jardim building, which may be settled by October 2023.



Adjustment Index



Amortization Schedule (R\$ million)

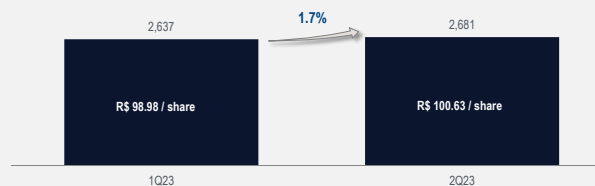


Equity

Equity totaled R\$2.7 billion in 2Q23, up 1.7% over 1Q23.

The book value per share increased from R\$98.98/share in June 2022 to R\$100.62/share at the end of June 2023.

Evolution of Equity (R\$ million)

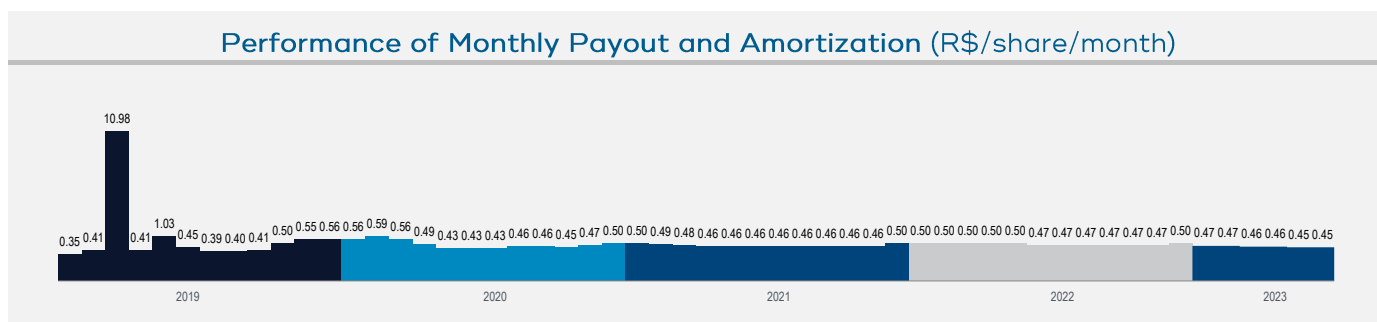


Payout

In 2Q23, the average amount distributed per share was R\$0.45/share/month, representing a payout ratio of R\$1.36/share in the quarter. The total amount distributed in 2Q22 was R\$36.2 million.

In terms of dividend yield, the Fund reported an annualized return of 8.4% p.a. in June, in line with the corporate real estate industry.

It is worth noting that since 2016, we have been distributing monthly income based on the weighted moving average of the Fund's Adjusted FFO for the six-month period and adjusting the cash effect in the last month of the current six-month period.

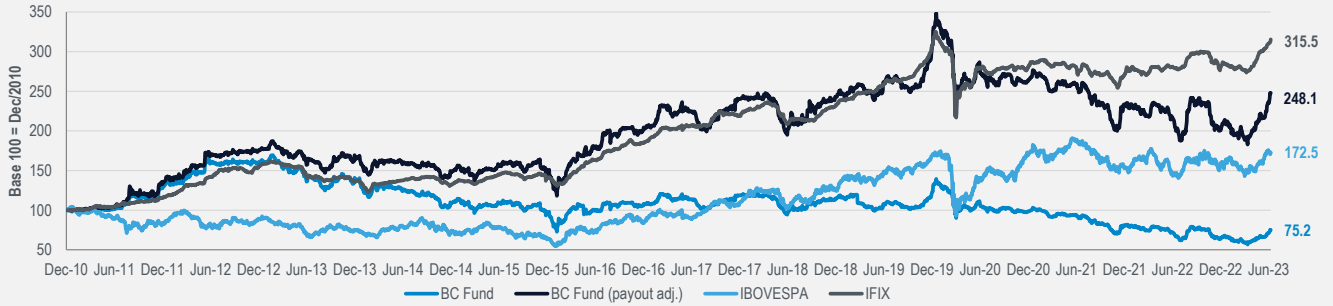


Capital Market

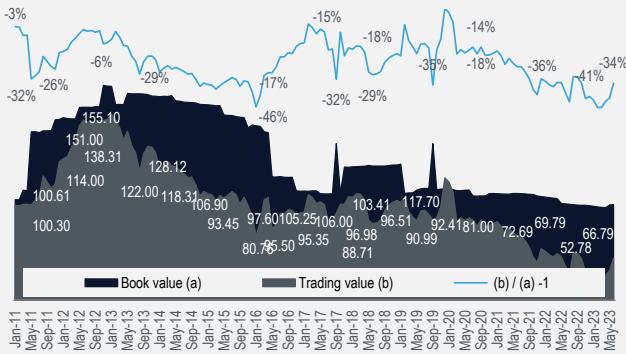
In the last 12 and 24 months (base June 2023), the profitability of BC Fund's shares (BRCR11), considering distributed earnings and the share value, was 18.5% and -1.7%, respectively. In the same periods, the Ibovespa varied by 19.8% and -6.9%, respectively.

In the quarter, share profitability came to 29.6%, while the Ibovespa and IFIX registered positive variations of 15.9% and 14.3%, respectively.

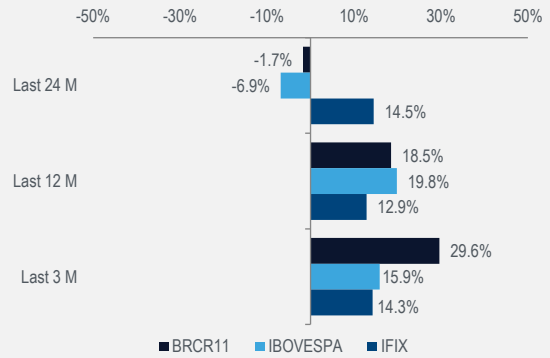
Share Performance (Base 100 – December 2010)



Book Value vs. Market Cap.



Returns in the last 3, 12, and 24 months (June/23)



The share closing price of R\$66.79 on June 30, 2023 represented:

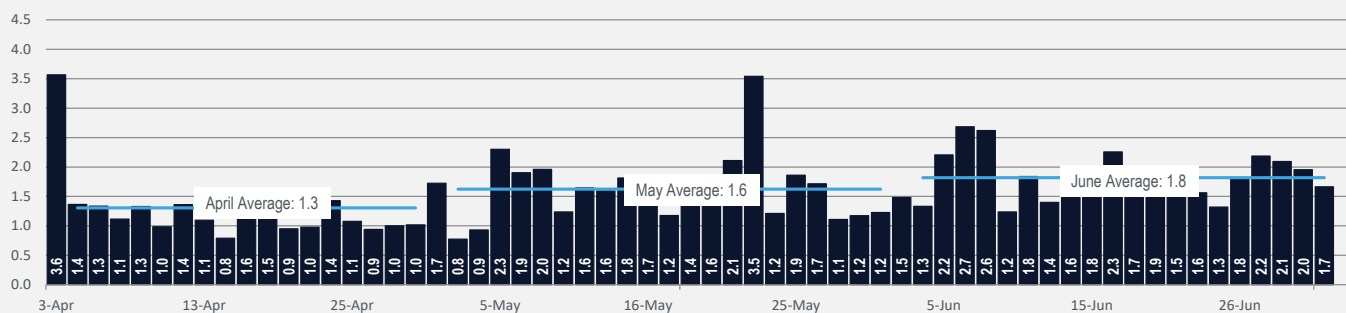
- A 33.6% decrease from the book value per share.
- Distribution of annualized earnings of 8.4% p.a.
- Implied portfolio cap rate of 9.9% (considering contracted revenue in June 2023). Considering potential revenue from vacant areas, the implied cap rate is 12.2%.
- Average GLA of R\$10,471/m².

Valuation at Market Prices

		Jun-23	Jun-22
NAV / share	[R\$ / share]	100.62	101.13
Share price	[R\$ / share]	66.79	61.89
Discount to NAV	[%]	(33.6%)	(38.8%)
Monthly payout	[R\$ / share]	0.45	0.47
Monthly profitability	[% p.m.]	0.67%	0.76%
Annual profitability (linear)	[% p.a.]	8.1%	9.1%
Annualized profitability	[% p.a.]	8.4%	9.5%
Shares outstanding	[#]	26,638,202	26,638,202
Market cap	[R\$ mn]	1,779.2	1,648.6
Net debt (Cash)	[R\$ mn]	731.8	630.3
Minorities stake	[R\$ mn]	58.8	56.5
Enterprise Value	[R\$ mn]	2,569.8	2,335.5
Contracted lease	[R\$ mn]	21.3	19.9
Implied Cap rate	[%]	9.9%	10.0%
Cap rate with vacant areas	[%]	12.2%	12.5%
Portfolio GLA	[m ²]	239,814	239,814
Average per m ²	[R\$ / m ²]	10,471	9,503

In 2Q23, BRCR11's average daily traded volume was R\$1.6 million.

Average Daily Trading Volume on B3 (R\$ million)



Consolidated Financial Statements

Consolidated Income Statement

(R\$ '000)	2Q22	2Q23	Var.	6M22	6M23	Var.
Investment properties	(9,832)	111,452	n.a.	42,590	160,921	277.8%
Rental income	55,830	57,925	3.8%	109,965	109,797	(0.2%)
(-) Provision for impairment of trade receivables	-	(6)	n.a.	-	(23)	n.a.
Income from fines and interest received	251	-	n.a.	684	509	(25.6%)
Discounts granted	(2,219)	(2,109)	(5.0%)	(4,365)	(4,401)	0.8%
Adjustment to fair value	(63,694)	55,039	n.a.	(63,694)	55,039	n.a.
Cost of Investment properties	-	-	n.a.	(167)	-	n.a.
Cost of sold investment properties	-	-	n.a.	(167)	-	n.a.
Reversal of adjustment at fair value of sold investment p	-	-	n.a.	-	-	n.a.
Interest and inflation indexation on liabilities	(40,239)	(37,842)	(6.0%)	(71,523)	(75,902)	6.1%
Interest on liabilities from acquisition of properties	(40,239)	(37,842)	(6.0%)	(71,523)	(75,902)	6.1%
Expenses over Properties	(4,623)	(4,355)	(5.8%)	(8,803)	(8,851)	0.5%
Comissions	(213)	(401)	88.3%	(295)	(469)	59.0%
Administration fee - property	-	(27)	n.a.	(28)	(54)	92.9%
Condominium expenses	(4,093)	(3,872)	(5.4%)	(8,006)	(8,098)	1.1%
Maintenance	(317)	(55)	(82.6%)	(474)	(230)	(51.5%)
Profit from investment properties	(54,694)	69,255	n.a.	(37,903)	76,168	n.a.
Income from Mortgage Backed Securities (CRIs)	4,216	4,530	n.a.	7,794	9,210	18.2%
Income from FII shares	752	7,675	920.6%	4,106	10,694	160.4%
Adjustment to market value of other FII shares	(3,776)	5,753	n.a.	(6,336)	2,509	n.a.
Adjustment to fair value (CRI)	21	22	n.a.	-	45	n.a.
Profit from real-estate financial assets	1,213	17,980	1382.3%	5,606	22,458	300.6%
Profit from real-estate activities	(53,481)	87,235	n.a.	(32,297)	98,626	n.a.
Income from fixed-income fund shares	620	876	41.3%	1,037	1,499	44.6%
Income from overnight repurchase agreements	669	332	(50.4%)	1,477	1,026	(30.5%)
Expenses from income tax on financial investments	(292)	(261)	(10.6%)	(489)	(417)	(14.7%)
Other financial assets	997	947	(5.0%)	2,025	2,108	4.1%
Management expenses	(5,347)	(4,632)	(13.4%)	(10,805)	(9,101)	(15.8%)
Administration fee - Fund	(1,625)	(1,455)	(10.5%)	(3,245)	(2,883)	(11.2%)
Property tax expenses	(1,746)	(1,577)	(9.7%)	(3,234)	(3,162)	(2.2%)
Other operating expenses	1,513	2,267	49.8%	3,834	3,518	(8.2%)
Operating income (expenses)	(7,205)	(6,000)	(16.7%)	(13,450)	(11,628)	(13.5%)
Profit for the period (before minorities)	(59,689)	82,182	n.a.	(43,722)	89,106	n.a.
Minorities' stake	(659)	(1,125)	70.7%	(803)	(1,235)	53.8%
Net income	(60,348)	81,057	n.a.	(44,525)	87,871	n.a.
Number of shares	26,638,202	26,638,202	0.0%	26,638,202	26,638,202	0.0%
Earnings per share - R\$	(2.27)	3.04	n.a.	(1.67)	3.30	n.a.

Consolidated Balance Sheet

ASSETS (R\$ '000)	1Q23	% over Total Assets	2Q23	% over Total Assets	Var.
Current assets	310,829	8.2%	309,148	8.1%	(0.5%)
Financial investments	168,169	4.5%	175,357	4.6%	4.3%
Rentals receivables	40,014	1.1%	48,539	1.3%	21.3%
Other assets	25,777	0.7%	7,150	0.2%	(72.3%)
Receivable on sale of real estate	76,869	2.0%	78,102	2.0%	1.6%
Non-current assets	99,024	2.6%	104,775	2.7%	5.8%
Financial investments	99,024	2.6%	104,775	2.7%	5.8%
Investment properties	3,359,360	89.1%	3,415,865	89.2%	1.7%
Buildings	3,359,360	89.1%	3,415,865	89.2%	1.7%
TOTAL ASSETS	3,769,213	100.0%	3,829,788	100.0%	1.6%
LIABILITIES AND EQUITY (R\$ '000)	1Q23	% over liabilities and	2Q23	% over liabilities and	Var.
Current liabilities	799,409	21.2%	811,735	21.2%	1.5%
Income to be distributed	21,068	0.6%	15,435	0.4%	(26.7%)
Taxes and contributions payable	15	0.0%	15	0.0%	0.0%
Provisions and trade payable	15,654	0.4%	14,629	0.4%	(6.5%)
Liabilities from acquisition of properties	762,672	20.2%	781,656	20.4%	2.5%
Non-current liabilities	275,434	7.3%	278,619	7.3%	1.2%
Provisions and trade payable	5,928	0.2%	5,998	0.2%	1.2%
Liabilities from funds in guarantee	3,395	0.1%	3,461	0.1%	1.9%
Liabilities from acquisition of properties	266,111	7.1%	269,160	7.0%	1.1%
TOTAL LIABILITIES	1,074,843	28.5%	1,090,354	28.5%	1.4%
Equity	2,636,540	69.9%	2,680,639	70.0%	1.7%
Paid-up shares	2,321,750	61.6%	2,321,750	60.6%	0.0%
Shares placement expenses	(55,682)	(1.5%)	(55,682)	(1.5%)	0.0%
Reserve for contingencies	8,710	0.2%	8,958	0.2%	2.8%
Carrying value adjustment to fair value	498,179	13.2%	504,252	13.2%	1.2%
Accumulated profit	(136,417)	(3.6%)	(98,639)	(2.6%)	(27.7%)
Minority Stake	57,830	1.5%	58,795	1.5%	1.7%
TOTAL LIABILITIES AND EQUITY	3,769,213	100.0%	3,829,788	100.0%	1.6%

Consolidated Cash Flow

(R\$ '000)	6M22	6M23	Var %
Receipt of net rental revenues	54,142	57,580	6.3%
Receipt of fines and interest	671	501	(25.3%)
Payment of commissions	(112)	(454)	305.4%
Payment/Reimbursement of IPTU	(1,309)	(792)	(39.5%)
Payments of consulting expenses	(188)	(101)	(46.3%)
Payments of management fee	(10,129)	(8,224)	(18.8%)
Payment of legal advice	(108)	(481)	345.4%
Payments of administration expenses - Fund	(2,529)	(2,102)	(16.9%)
Payments of administration expenses - Property	(28)	(54)	92.9%
Payment of condominium expenses	(2,597)	(2,102)	(19.1%)
Payment of maintenance and repair expenses	(457)	(205)	(55.1%)
Payment of tax expenses (IR on financial revenues)	(355)	(228)	(35.8%)
General payments	3,341	916	(72.6%)
Cash flows from operating activities	40,342	44,254	9.7%
Income from fixed-income fund shares	259	339	30.9%
Income from overnight repurchase agreements	1,427	909	(36.3%)
Amortization/Contribution of unconsolidated controlled entity	(3,450)	(2,999)	(13.1%)
Acquisition of rental properties (improvements and registration)	(385)	(249)	(35.3%)
Receipt of income from real estate funds invested	3,864	2,564	(33.6%)
Income from unconsolidated controlled entity	10,717	18,388	71.6%
Amortization of mortgage backed securities	7,801	9,255	18.6%
Cash flows from investing activities	20,233	28,207	39.4%
Payment of interest and monetary restatement over term acqu	(1,103)	(22,640)	1952.6%
Profits distributed	(79,115)	(73,521)	(7.1%)
Income Tax Withheld at Source (IRRF) paid	(1)	-	n.a.
Payment for CCI	-	19,233	n.a.
Payment of expenses with fiduciary agen	(554)	(723)	31%
Net cash used in financing activities	(80,773)	(77,651)	(3.9%)
Changes in cash and cash equivalents	(20,197)	(5,190)	

Appendix A – Asset Portfolio



Appendix B – About the Fund

BC Fund (Fund) is the largest corporate office real estate investment fund listed on the Brazilian stock exchange. Its shares have been traded on B3's organized market since its IPO, in December 2010, under the ticker BRCR11. BC Fund was created in June 2007 and, since then, has excelled in actively managing a portfolio to primarily invest in commercial income properties strategically located in the most important cities in Brazil. The target investment assets include commercial properties or real estate rights in completed properties or those in the final stages of construction.

BC Fund's current portfolio comprises 15 Class AAA and A office buildings located in São Paulo and Rio de Janeiro. The properties are leased to a variety of renowned national and multinational companies such as WeWork, Volkswagen, LinkedIn, and Petrobras, among others. BC Fund seeks, through its equity stake in each asset, to actively participate in the management of its properties to make them more attractive for occupancy by current and future tenants, as well as ensure they are updated and modern. In addition, BC Fund has investments in other assets, such as shares of other Real Estate Investment Funds (FII), Mortgage Notes (LCI), and Mortgage-Backed Securities (CRI), whose earnings are tax-exempt.

BC Fund's active management policy is based on four pillars: (i) the efficient negotiation of lease agreements to market value in the minimum intervals permitted by law; (ii) investments in property expansions, improvements, and retrofits to obtain higher lease revenue and lower vacancy rates; (iii) the efficient recycling of the current property portfolio to increase revenue and generate capital gains; and (iv) positive leverage in the acquisition of new properties and/or shares of other real estate investment funds, ensuring greater flexibility regarding managing cash reserves and maximizing shareholder return.

FIIs are structured investment vehicles whose primary purpose is to invest in real estate to promote and develop the industry. One of the main advantages of investing in an FII is the 100% exemption of taxes levied on revenue and income of real estate-backed assets, ensuring potentially higher revenue than companies operating in the same

sector, which are generally subject to revenue tax of 9.25% and a real income tax rate of 34%. Furthermore, FII payouts to individual investors are also tax-exempt, provided that certain legal requirements are met.

Other potential advantages of investing in FII shares rather than in companies operating in the real estate sector or directly investing in properties include: (i) savings from the non-payment of taxes, labor charges and/or executive bonus payments, since FIIs are prohibited from directly hiring employees, (ii) more predictable and constant cash flows since FII revenues are mainly derived from the leasing of their properties, (iii) the predictability of and the ability to pay expenses with service providers, whose compensation is normally established as a percentage of the FII's financial performance, (iv) protected assets, in the sense that the Funds are prohibited from using their portfolio properties as collateral or acting as a co-obligor in any transaction, (v) potentially higher liquidity on stock exchange transactions and a substantially lower and widespread investment through the acquisition of shares; and (vi) greater transparency in addition to a simple information collection process.

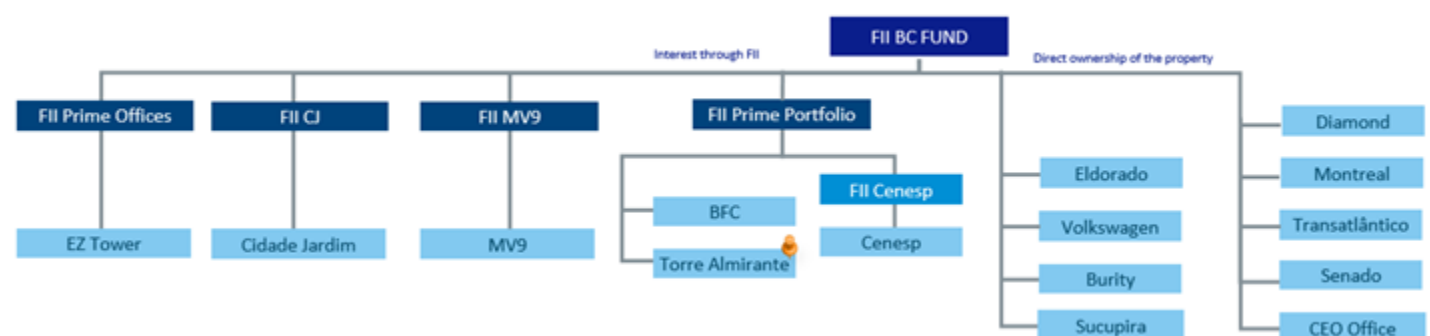
The Fund's monthly payout policy reflects management's strategic decisions, based on the macroeconomic scenario in Brazil and the prospects for the real estate sector. In 2016, when the market signaled falling interest rates, the Fund reduced its cash through capital amortization and changed its monthly distribution policy, previously based on fixed earnings. BC Fund currently pays earnings based on the legal minimum limit, currently at 95% of its six-month result, calculated on a cash basis, under the Fund's regulations and legislation in force.

Although FIIs are prohibited from taking on debt, they can still leverage their assets by buying real estate in installments or assigning future credit receivables. The guarantees offered in these transactions are not binding in relation to the shareholders nor do they result in the creation of any obligation against BC Fund, which is not jointly liable for the solvency of the assigned credit.

BC Fund selects its acquisitions based on the constant monitoring of the corporate office real estate market mainly in Rio de Janeiro and São Paulo, rigorous due diligence of the properties, and the ability of the fund administrator and manager (both controlled by Banco BTG Pactual) to prospect and recommend the best investment opportunities. Frequent investments in the mapping of commercial office space supply and demand allow BC Fund to identify real estate acquisition opportunities with substantial appreciation potential. BC Fund's portfolio turnover demonstrates that even in periods of economic uncertainty in the real estate market, as in 2009 and 2010, BC Fund was able to identify and take advantage of good investments, and, as in 2015 and 2016, periods with a lower volume of real estate transactions, the Fund made divestments with significant capital gains to its shareholders. In 2018, with the resumption of the real estate market, the Fund also made divestitures and positive acquisitions for its portfolio. This movement gained traction in 2019 and 2020.

BC Fund stands out in the FII market for its pioneering and innovative characteristics, always maintaining a close relationship with investors and mitigating asymmetries. Among the measures taken in this regard, the most important are the Fundamentals Spreadsheet, updated and made available to the market on its website on a monthly basis, and the creation of the Monitoring Committee, composed of a group of shareholders aligned for the benefit of the Fund and its close relationship with investors, who meet periodically to discuss paths and strategies for the Fund's portfolio.

BC Fund's Organizational Structure



Appendix C – Glossary

GLA – Gross Leasable Area: Corresponds to the area effectively leased and, therefore, generating revenue. It is used as a basis for calculating the metrics related to the portfolio area.

BOMA Area: The main method for measuring area adopted for the sale of space in corporate office buildings. It allows a better comparison between properties' areas, taking into account space that is for the exclusive use of the standalone units as well as that which provides general support for the condominium.

Cap rate: Corresponds to the monthly revenue from a property on an annualized basis (12 months) divided by the value of the property.

CDB: Certificate of Deposits.

CRI: Mortgage-Backed Securities.

FFO – Funds From Operations: A non-accounting measure corresponding to net income, minus (plus) the effects of gains (losses) from the sale of investment properties, gains from the fair value of investment properties, and nonrecurring revenues and expenses. FFO is calculated by the Fund's administrators and has no standard definition and thus may not correspond to those of other funds or companies in the same industry.

Adjusted FFO: Corresponds to FFO plus non-cash financial expenses from the monetary restatement of debt.

LCI: Mortgage Notes.

Leasing Spread: The real increase (above inflation) of the lease amount at the close of the period over the lease amount for the same area at the beginning of the period due to contract reviews or new leases.

LTV – Loan to Value (gross): Gross debt over total assets minus minority interests.

LTV – Loan to Value (net): Gross debt minus cash and cash equivalents over total assets minus cash and cash equivalents.

IGP–M: General Market Price Index, calculated and published by the Getúlio Vargas Foundation on a monthly basis.

IPCA: Extended National Consumer Price Index, announced by the IBGE (Brazilian Institute of Geography and Statistics) on a monthly basis.

IPO: Initial Public Offering. The Fund's IPO took place in December 2010.

Market Cap: Corresponds to the Fund's value in the secondary market, equivalent to the number of shares multiplied by the closing price of the share on the last business day of the corresponding period.

Contracted lease revenue: A non-accounting indicator 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 lease revenue.

Same-Tenant Rent – STR: A non-accounting measure that corresponds to the total amount of lease agreements in force in the reference month in a given area that was already leased by the same tenant at the end of the same period the year before or at the end of the previous quarter, excluding discounts, grace periods, fines and other adjustments that affect the accounting lease revenue.

Financial Vacancy: The estimated percentage representing the potential monthly lease revenue from vacant areas over the portfolio's total monthly lease revenue plus the potential monthly lease revenue from vacant areas.

Book Value of the Share: Corresponds to the book value of the Fund's equity divided by the number of outstanding shares.