

PDG REALTY S.A. Empreendimentos e Participações

Under Court-supervised Reorganization

Publicly Held Corporation

CNPJ/MF No. 02.950.811/0001-89

NIRE 35.300.158.954 | Code CVM 20478

MATERIAL FACT

Reverse Stock Split

PDG Realty S.A. Empreendimentos e Participações – Under Court-supervised Reorganization (BM&FBOVESPA: PDGR3), a publicly held company, under the CNPJ/MF number 02.950.811/0001-89 (“Company”), located at Avenida Doutor Cardoso de Melo, 1,955, 6th floor, Vila Olímpia, city of São Paulo, São Paulo, Zip Code 04548-005. The Company is registered as a public company under the category “A”, in accordance to the Comissão de Valores Mobiliários (“CVM”, or the Brazilian Securities and Exchange Commission) under the CVM Code 20478 (“Company”), in accordance with Article 157, paragraph fourth of Law No. 6,404/76 and CVM Rule No. 358/2002 and in continuity to the Material Fact disclosed on August, 29th 2018, informs the shareholders and the market in general as follows:

- Whereas, in compliance with Letter of Notification No. 1557/2018-SAE, whereby the Company was required to take measures to set the Company’ share price to a level above R\$ 1.00, aiming to be in accordance to item 5.2f of “Regulamento para Listagem de Emissores e Admissão à Negociação de Valores Mobiliários” and items 5.1.2 and 5.2 of “Manual do Emissor”. The Company began to work on the preparation and submission to the shareholders of the Reverse Stock Split proposal, having submitted the Reverse Split proposal in the proportion of 20 (twenty) shares to 1 (one) share;
- Whereas the Extraordinary General Meeting called for November 5, 2018 to deliberate on the aforementioned Reverse Stock Split proposal, did not take place, since it was verified the attendance of only 20.3% of the voting capital, percentage that is insufficient to hold the Extraordinary General Meeting considering its agenda pursuant to article 135 of Law 6,404/76;
- Whereas the shares issued by the Company were, since October 23, 2018, traded above R\$1.00 per share. Reaching, at its close on 11/01/2018, the price of R\$ 1.26 (one real twenty-six cents) per share.

The Company's management, in the exercise of its fiduciary duties and acting in the best interest of the Company and its shareholders, informs the shareholders and the market in general that it is going to monitor the stock price variation in the next days, and, if it's necessary it will re-evaluate the Reverse Stock Split proposal presented to the shareholders, considering that, in its opinion, if the proposal is implemented in the current form, the share prices would reach a substantially high level, damaging the shares' liquidity and, consequently, the shareholders.

Accordingly, the Company's management informs that up to November 30th, 2018, it intends to monitor the stock market price and, then decide on the holding of the second call of the Extraordinary General Meeting, for subsequent deliberation of this matter by its shareholders.

The Company will keep its shareholders and the market informed on the development of the subject-matter of this Material Fact, in accordance with the rules and deadlines established by the applicable legislation.

São Paulo, November 5, 2018.

Vladimir Kundert Ranevsky

CEO, CFO and IRO

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