

PDG REALTY S.A. EMPREENDIMENTOS E PARTICIPAÇÕES
IN JUDICIAL REORGANIZATION
Publicly Held Corporation

CNPJ/MF nº 02.950.811/001-89
NIRE 33.300.285.199 | Código CVM 2047-8

NOTICE TO THE SHAREHOLDERS

Confirmation of Capital Increase

PDG Realty S.A. Empreendimentos e Participações – in judicial reorganization (“Company” or “PDG”), announces to its Shareholders and the market that, in Meeting held on June 15, 2018 the Board of Directors of the Company confirmed, unanimously and without restrictions, the capital increase approved by the Company’s Extraordinary Shareholders’ Meeting held on second call, on March 15, 2018 (“Capital Increase”).

The Capital Increase was fully subscribed and paid up, corresponding to R\$ 74.190.291,45 (seventy-four million, one hundred and ninety thousand, two hundred and ninety-one reais and forty-five cent), upon the issuance, for private subscription, of 31.476.993 (thirty-one million, four hundred and seventy-six thousand, nine hundred and ninety-three) common, nominative, and with no par value shares, which shall be identical to and assign the same rights assigned to the other common shares issued by the Company, at the issuance price of R\$ 2,36 (two reais and thirty six cents) per share.

As previously informed, the Capital Increase is one of the steps to perform the reorganization provided by the judicial reorganization plan presented by the Company and other companies of its economic group, which was approved in the Creditors’ Meeting held on November 30, 2017, confirmed by means of a judicial decision published in the Official Gazette on December 18, 2017 (“Plan”).

The Capital Increase was performed through capitalization of credits held by unsecured creditors of classes III and IV as defined on the article 41 of Law No. 11,101/05 (*Credores Quirografários* and *Credores ME/EPP*, as defined by the Plan) against the Company which validly chose to convert their credits into the Company’s capital stock, according to the terms and conditions set forth in the Plan.

Pursuant to Article 171, paragraph second of Law No. 6,404/76, the shareholders were entitled to exercise their preemptive rights to subscribe the new shares pro rata to their respective stake in the Company’s capital stock. The shareholders who validly exercised their preemptive rights paid for the new shares in national currency at the act of subscription. On April 30, 2018, the term for the exercise of preemptive rights on the context of the Capital Increase expired. Within this period, 70.145 (seventy thousand, one hundred and forty-five) shares were subscribed by the shareholders who validly exercised their preemptive rights. In accordance with Article 171, paragraph second of Law No. 6,404/76, the amount paid by the shareholders was delivered in a pro rata basis to the holders of the capitalized credits.

The remaining 31.406.848 (thirty-one million, four hundred and six thousand, eight hundred and forty-eight) shares were subscribed by the holders of the unsecured credits of classes III and IV of article 41 of Law No. 11,101/05. As previously disclosed, there was no apportionment of the leftover shares among the Company's shareholders according to article 171, paragraph 7o Law No. 6,404/76, as it is incompatible the Capital Increase. The delivery of (i) the amount payable by shareholders as per the exercise their preemptive rights; and (ii) the new shares subscribed by the creditors represents full payment of such creditors, discharging the Company of any obligation before these creditors.

Due to the Capital Increase, the capital stock of the Company was increased from R\$ 4.970.079.848,04 (four billion, nine hundred and seventy million, seventy-nine thousand, eight hundred and forty-eight reais and four cents), represented by 49.192.557 (forty-nine million, one hundred and ninety-two thousand, five hundred and fifty-seven) common, nominative, and with no par value shares, to R\$ 5.044.270.139,49 (five billion, forty-four million, two hundred and seventy thousand, center and thirty-nine reais and forty-nine cents), represented by 80.669.550 (eighty million, six hundred and sixty-nine thousand, five hundred and fifty) common, nominative, and with no par value shares.

The 31.476.993 (thirty-one million, four hundred and seventy-six thousand, nine hundred and ninety-three) common, nominative, and with no par value shares will be credited on behalf of the subscribers within 5 (five) business days as from confirmation of Capital Increase.

For additional information, shareholders may contact the custodian bank (Itaú) through the investors service channels, as indicated below, or contact their securities brokerage firm directly.

Custodian Bank (Itaú):
(11) 3003-9285 (capitals and metropolitan areas)
0800 7209285 (other locations)
On working days from 9am to 6pm.

Further clarifications may also be obtained through the Company's Investor Relations channel at ri@pdg.com.br.

São Paulo, June 28, 2018.

Vladimir Kundert Ranevsky
Chief Executive Officer, Chief Financial Officer and Investors Relations