

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

MATERIAL FACT

Private Capital Increase

PDG Realty S.A. Empreendimentos e Participações – In Judicial Reorganization (“Company” or “PDG”), in accordance with Article 157, paragraph fourth of Law No. 6,404/76 and pursuant to the terms of CVM Rule No. 358/2002, hereby informs the shareholders and the market in general that, on the date hereof, the Company’s Extraordinary Shareholders’ Meeting (“Shareholders’ Meeting”) approved the capital increase of the through private subscription (“Capital Increase”).

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 proposed Capital Increase corresponds 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. Pursuant to Article 170, first paragraph, III of Law No. 6,404/76, the issuance price corresponds to the weighted average of price at closing of the common stock issued by the Company on BM&FBOVESPA S.A. in the last 90 (ninety) trading days immediately prior to the publication of the judicial decision that confirmed the Plan (December 18, 2017).

The Capital Increase shall be performed through capitalization of claims held by Unsecured Creditors (Credores Quirografários, as defined by the Plan) and ME/EPP Creditors (Credores ME/EPP, as defined by the Plan) who validly chose to convert their claims into shares of the Company, according to the terms and conditions set forth in the Plan.

Pursuant to Article 171, second paragraph of Law No. 6,404/76, the shareholders are entitled to exercise their preemptive rights to subscribe the new shares pro rata to their respective stake in the Company’s capital stock within 45 (forty-five days) from the day following the publication of the notice to the shareholders informing the approval of the Capital Increase by the Shareholders’ Meeting. Shareholders who validly exercise their preemptive rights must pay for the new shares in national currency at subscription. In this case, the amount payable by the shareholders shall be delivered in a pro rata basis to the holders of the capitalized claims, in accordance with Article 171, second paragraph of Law No. 6,404/76. The delivery of the new shares and/or the amount payable by shareholders as per the exercise their preemptive rights to creditors who validly chose this payment form shall represent full payment of such creditors, as

set forth in the Plan, and therefore discharges the Company of any obligation before these creditors.

The Capital Increase represents a key step in the implementation of the Plan and to the adjustment of Company's corporate capital structure, allowing the Company to pursue its economic and financial recovery. Moreover, it is a fundamental measure to assure the success of the judicial reorganization, as it will enable the Company to restructure claims held by creditors of classes III and IV of Article 41 of Law No. 11.101/05 (*Credores Quirografários* and *Credores ME/EPP*, respectively, as defined by the Plan) who validly elected this payment form, according to the terms and conditions set forth in the Plan.

Furthermore, the Company informs that the Shareholders' Meeting approved the increase of the authorized capital limit to 50,000,000 (fifty million) common shares, in order to provide agility and efficiency to capital increases potentially carried out in the future.

The Shareholders' Meeting also approved an amend to the Company's By-laws to modify (i) the minimum and maximum numbers of members of the Board of Directors to, respectively, 3 (three) members and 5 (five) members; and (ii) the minimum number of independent directors to at least 2 (two) – or 20% (twenty per cent), whichever is the greater – members of the Board of Directors. This proposal aims to optimize and adjust the Company's administrative structure, as well as reflect the new requirements of the Regulation of the New Market, updated on January 02, 2018.

The Minutes of the Shareholders Meeting and the amended By-laws are available in the CVM's IPE System (www.cvm.gov.com.br).

The Company will keep its shareholders and the market informed on the matters regarding this Material Fact.

São Paulo, March 15th, 2018.

Vladimir Kundert Ranevsky

Chief Executive Officer, Vice President of Finance and Investors Relations