

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, in addition to the notice to the market disclosed on October 16, 2020 and December 18, 2020, hereby informs the shareholders and the market in general that the Board of Directors, on the date hereof, approved to submit to Extraordinary Shareholders’ Meeting, to be held on March 10th, 2021 on first call (“Shareholders’ Meeting”), a proposal to (i) the capital increase of the Company, through private subscription (“Capital Increase”) and (ii) to the issuance of subscription warrant, to be attributed, as an additional advantage, to certain labor creditors that take part in the capital increase (“Subscription Warrant”).

The Capital Increase is a mean of reorganization provided by the judicial reorganization plan (“Plan”) and its amendment (“Amendment”) presented by the Company and other companies of its economic group, which were approved in the Creditors’ Meeting and confirmed by court under the process nº 1016422-34.2017.8.26.0100, before the 1st Court of Bankruptcy and Judicial Reorganization in Judiciary District of São Paulo.

The proposed Capital Increase corresponds to R\$ 301.745.591,08 (three hundred and one million, seven hundred and forty-five thousand, five hundred and ninety-one reais and eight cents), upon the issuance, for private subscription, of 48.048.661 (forty-eight million, forty-eight thousand, six hundred and sixty-one) 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\$ 6,28 (six reais and twenty eight 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 the closing price of the Company’s common shares in the Brazilian stock exchange (*B3 S.A. – Brasil, Bolsa, Balcão*), in the last 90 (ninety) trading days immediately prior to the approval of the Capital Increase by the Board of Directors, which took place on this date.

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

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 30 (thirty) days from the day following the publication of the notice to the shareholders informing the approval of the Capital Increase. The shareholders who validly exercise their preemptive rights must pay for the new shares in national currency at subscription. In this case, the amount paid 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, not being applicable, in this case, Article 171, paragraph seven, for being incompatible with Capital Increase's nature. The delivery of the new shares and/or the amount paid by the shareholders, as a result of the exercise of their preemptive rights, to the creditors who validly chose this payment option shall represent full payment of such creditors, granting the Company wide, general and unrestricted discharge.

In attention to the provisions of the Amendment, the Board of Directors also approved the issuance of Subscription Warrant, which will be attributed, as an additional advantage, to the Labor Creditors who opted to subscribe the shares according to the Capital Increase. In total, 3 (three) Subscription Warrants will be issued, in a single serie, at an exercise price of R\$ 3,14 (three reais and fourteen cents) for each share subscribed as result of the exercise of the Subscription Warrant, amounting to 50% (fifty per cent) of the issuance price of shares issued in the Capital Increase, pursuant to the Appendix 1.1.5 of the Amendment. Each Subscription Warrant Will give the labor creditors the additional right to subscribe PDG's issuance shares corresponding to 20% (twenty per cent) of the value of the labor credit converted in the Capital Increase.

The Capital Increase represents a key step for the implementation of the Plan and Amendment, as it will enable the Company to restructure claims held by Unsecured Creditors (*Credores Quirografários*), ME/EPP Creditors (*Credores ME/EPP*) and Labor Creditors (*Credores Trabalhistas*), who validly elected this payment option, according to the terms and conditions set forth in the Plan and Amendment. Therefore, the Capital Increase contributes to the adjustment of the Company's corporate capital structure and pursuit of its economic and financial recovery.

Furthermore, the Company informs that the Board of Directors has also approved to submit to the Shareholders' Meeting the proposal to increase the authorized capital limit to 14.000.000 (fourteen million) common shares, in order to provide agility and efficiency to capital increases potentially carried out in the future.

As a consequence, the Board of Directors of the Company also approved the submission of a proposal to amend the Company's By-laws in order to reflect the Capital Increase and increase of the Company's authorized capital limit.

The information required by law and CVM regulation regarding the Capital Increase and other subjects that will be resolved at the Shareholders' Meeting, notably those required by CVM Rule No. 481/09, are available to shareholders in the Company's head office, in the Company's Investor Relations website (<http://ri.pdg.com.br/>), and 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, February 5, 2021.

Augusto Alves dos Reis Neto
Investors Relations Officer