

The present document is a free translation of the Management Proposal for the Extraordinary Meeting of the Shareholders of PDG Realty S.A. Empreendimentos e Participações, to be held on December 18, 2013, and its being distributed for information purposes only.

PDG REALTY S.A. EMPREENDIMENTOS E PARTICIPAÇÕES

Publicly Held Company
CNPJ/MF No. 02.950.811/0001-89
Rua da Quitanda, No. 86, 4th floor (part), Center,
CEP 20.091-005, Rio de Janeiro – RJ

MANAGEMENT PROPOSAL FOR THE EXTRAORDINARY SHAREHOLDERS' MEETING TO BE HELD ON DECEMBER 18, 2013

Dear Shareholders,

The Management of PDG Realty S.A. Empreendimentos e Participações ("Company" or "PDG Realty"), pursuant to Law No. 6,404 as of December 15, 1976, as amended ("Corporations Law"), to CVM Instruction No. 481 as of December 17, 2009 ("ICVM 481") and to the Company's bylaws, hereby submits the present proposal ("Proposal") in connection with the Extraordinary Shareholders' Meeting to be held at first call, on December 18, 2013, at 10 am, at the Company's headquarters ("General Meeting").

1. PROPOSAL OBJECT

You are invited to attend the General Meeting in order to examine proposal of a new Stock Option Plan of the Company ("Stock Option Plan") presented by the Board of Directors of the Company on November 4, 2013, in replacement of the stock option plan approved on the Extraordinary Shareholders' Meeting held on January 9, 2007 and amended on the Extraordinary Shareholders' Meeting held on December 21, 2007.

The Management of the Company has suggested the approval of the Stock Option Plan, in lieu of the plan currently in force, with the purpose to adjust the grating of share purchase options issued by the Company to its current situation, having been, thus, the Stock Option Plan extended to employees and managers of the companies controlled by the Company, the terms for the disposal of the shares acquired in the context of the Stock Option Plan have been modified, as well as other matters, such as the termination causes of the granting options' contracts, among others, what justifies the drafting of a new stock option plan for the Company.

2. MANGEMENT PROPOSAL

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Approve the new Stock Option Plan, pursuant to the terms set forth in the draft attached hereto as Exhibit II.

The information required by article 13 of ICVM 481 is attached hereto in the form of Exhibit I to this Proposal..

3. ADDITIONAL MANAGEMENT CONSIDERATIONS

For the above reasons, the Management of the Company submits this Proposal to the consideration of the Shareholders, recommending its **full approval**.

As the General Meeting brings forth discussion of topics of interest to shareholders and the Company, only those who prove their capacity as shareholders or representatives of shareholders in accordance with the applicable law may attend and participate in the General Meeting, pursuant to article 126 of the Corporations Law.

Shareholders' capacity shall be proved by means of the presentation of originals or certified copies of the following documents: (1) proper document of identity of the shareholder or representative thereof; (2) receipt issued by the depositary agent of the shares owned by such shareholder, or in custody; and (3) in the event of shareholder representation, power of attorney notarized and granted within less than one (1) year, for attorney in fact who is a shareholder or director of the Company, lawyer or financial institution, the manager of investment funds to represent the owners (Corporations Law, article 126, first paragraph and article 10, first paragraph of the bylaws of the Company).

As proof of identity, the Company shall accept the General Registry Identity Card (RG), the Brazilian Driver's License (CNH), passport, identity cards issued by professional councils and functional cards issued by government bodies, provided that bearing a photo of the cardholder.

Representatives of shareholders that are legal entities shall submit certified copies of the following documents, duly registered with the competent body (Civil Registry of Legal Entities or Board of Trade, as applicable): (1) bylaws or articles of association; and (2) corporate action of election of the officer who shall (a) attend the general meeting as a representative of the legal entity, or (b) grant power of attorney to the third party attorney in fact who shall represent the legal entity shareholder at the General Meeting.

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Shareholders' documents issued abroad shall be notarized by Notary Public, legalized at the Brazilian Consulate, translated by a certified translator registered in the Board of Trade, and registered in the Registry of Deeds and Documents, in accordance with the legislation in force.

Aiming at better organization of the General Meeting, the Company recommends the submission to the Company's headquarters, addressed to the Investor Relations Department, of a simple copy of the above-mentioned documents pursuant to second paragraph, of article 10 of the Company's bylaws, three (3) days prior to the General Meeting. Copy of documentation may be forwarded to the email ri@pdg.com.br or by fax: +55 (011) 3296-6289.

It is worth noting that shareholders may attend the General Meeting even when failing to submit such documents as referred to above, upon presentation of such documents at the opening of the General Meeting, pursuant to second paragraph of article 5 of ICVM 481 and second paragraph of article 10, in fine, of the Company's bylaws.

The call notice of the General Meeting and this proposal, including report containing justification and analysis of the information regarding the Stock Option Plan, are available to shareholders for consultation at the Company's headquarters and the websites of the Company (<http://www.pdg.com.br/ri>), BM&FBOVESPA (<http://www.bmfbovespa.com.br>) and CVM (<http://www.cvm.gov.br>) on the world wide web, pursuant to provisions of the Corporations Law and CVM regulations.

The Management is henceforth available to Shareholders for any clarifications referring to the Proposal and the matters to be examined and discussed in the General Meeting, through any of the contact channels of the Investor Relations Department listed below:

Phone: (11) 3296-6289

E-mail: ri@pdg.com.br

Gilberto Sayão da Silva
Chairman of the Board of Directors

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EXHIBIT I

(Information pursuant to Exhibit 13 of ICVM 481)

STOCK OPTION PLAN

1. Stock Option Plan

Pursuant to the draft of Exhibit II.

2. Inform the main characteristics of the proposed plan, identifying:

a. Potential beneficiaries

The managers and employees of the Company or other companies under control of the Company may be elected as beneficiaries of the Stock Option Plan by the Board of Directors of the Company

b. Maximum number of options to be granted

The total number of shares that may be acquired in the context of the Stock Option Plan shall not exceed eight per cent (8%) of the shares representing the total capital stock of the Company, including the shares issued as a result of the exercise of the options based on the Stock Option Plan and each option shall grant the Beneficiary the right to acquire one (1) share.

c. Maximum number of shares comprehended in the plan

Refer to item 2.b above.

d. Conditions of acquisition

Whenever judged convenient, the Board of Directors of the Company shall approve the granting of options, appointing Beneficiaries in favor of which the options shall be granted pursuant to the terms of the Stock Option Plan, establishing the price for the exercise of the options and its payment conditions and imposing any other conditions related to such options, subject to the provisions of the Stock Option Plan.

The granting of options, pursuant to the Stock Option Plan, shall be effected by means of the execution of a option agreement between the Company and the Beneficiary, which shall specify, without prejudice to other conditions set forth by the Board of Directors: (a) the quantity of options

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subject of the granting; (b) the terms and conditions for the acquisition of the right to exercise the options; (c) the final term of exercise of the options; and (d) the price of exercise and payment conditions.

e. Detailed criteria for the establishment of the price of exercise

The price for the exercise of the granted options shall be established by the Board of Directors based on the average quotation of the shares issued by the Company in the BM&FBOVESPA, weighted by the volume of negotiation of the sixty (60) days prior to the granting, deducted by the amount of dividends and interest on capital paid per share by the Company between the date of the granting and the date of exercise of the option.

f. Criteria for the establishment of the term of exercise

Besides the terms and conditions that may be established in the option agreements between the Company and the Beneficiary, at the Board of Directors discretion, the options shall become exercisable in the extent that the Beneficiary remains continuously bound to the Company or other company controlled by the Company, as employee or manager, by the period comprehended between the date of granting and the following dates:

(a) twenty per cent (20%) of the options shall be exercised upon the second anniversary of the date of granting;

(b) twenty per cent (20%) of the options shall be exercised upon the third anniversary of the date of granting;

(c) thirty per cent (30%) of the options shall be exercised upon the fourth anniversary of the date of granting; and

(d) thirty per cent (30%) of the options shall be exercised upon the fifth anniversary of the date of granting.

The options not exercised upon the terms and pursuant to the conditions stipulated shall be deemed automatically extinguished, without indemnification right, subject to the maximum term of the options, that shall be of six (6) years as of the date of granting.

g. Form of liquidation of the options

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The Beneficiary that intends to exercise its option shall communicate the Company, in written, of its intention and indicate the quantity of options it intend to exercise, in accordance with the draft of the communication that shall distributed by the Board of Directors.

h. Criteria and events that, when occurred, shall suspend, alter or extinguish the plan

The Board of Directors shall determine the suspension of the right to exercise the options, whenever verified situations that, according to the law or regulation in force, restrict or hinder the negotiation of shares by the Beneficiaries.

The Board of Directors, in the interest of the Company and its shareholders, shall review the conditions of the Stock Option Plan, provided that it does not alter its respective main principles, nor affect the acquired rights of the Beneficiaries.

Any significant legal change regarding the regulation of the corporations, publicly held companies, labor law and/or tax effects of a stock option plan, shall imply in the total review of the Stock Option Plan.

The Stock Option Plan shall become effective in the date of its approval by the General Meeting of the Company and shall remain in force for an indefinite term, and may be extinguished, at any time, by decision of the General Meeting. The termination of the Stock Option Plan shall not affect the effectiveness of the options still in force granted based on such plan.

3. Justify the proposed plan, explaining

a. The main purposes of the plan.

The purpose of the Stock Option Plan is to allow the Beneficiaries, subject to certain conditions, to acquire shares issued by the Company, aiming to: (a) stimulate the expansion, success and consecution of the corporate purposes of the Company; (b) align the interests of the shareholders of the Company to those of the Beneficiaries; and (c) allow the Company and other companies controlled by the Company to attract and maintain the Beneficiaries.

b. The way by means of which the plan shall contribute to such purposes.

By allowing the employees and managers to become shareholders of the Company, in potentially differentiated conditions, it is expected that such employees and managers to become strongly

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encouraged to effectively compromise with the creation of value and perform its functions in such a way to integrate the interests of the shareholders and, consequently of the Company, to the strategic goals and expansion plans, therefore maximizing the valorization of the Company. Additionally, it is expected that the model adopted be efficient as a retaining mechanism of the managers and employees, in view of, mainly, the sharing of the valorization of the shares issued by the Company.

c. How the plan is inserted in the compensation policy of the Company

The Stock Option Plan is a part of the incentive strategy to the good performance and retention of the managers and employees, compromising those with the creation of value to the Company.

d. How the plan aligns the interests of the beneficiaries and the company in the short, medium and long term

The Stock Option Plan intends to create sustainable value and results to the Company in a growth environment for its employees. In the short term the establishment of goals aligned with results shown annually encourages the good performance of the employees and consequently results in the growth of the Company. In the medium term the improvement in the results and the valorization of the shares reflect in gains to the Beneficiaries and in the long term, the growth in the results helps in the retention of the best professionals.

4. Estimate the expenses of the company resulting from the plan, according to the accounting rules that govern such matter.

The Company estimates that the expenses resulting from the Stock Option Plan shall represent, jointly, during its term, approximately sixty million Brazilian *reais* (R\$ 60,000,000.00).

It is worth mentioning that the amount mentioned above solely represents an estimative based on the premises described above and may present significant variations, accordingly to the price of the shares in the date of granting and other variants set forth in the Stock Option Plan.