

MATERIAL FACT

Total Spin-off/Merger of Usina Santa Luiza S.A. and Merger of Pulisic Participações Ltda.

São Paulo, December 10, 2018 - São Martinho S.A., ("São Martinho"/"Company") announces to its shareholders and the general market that, on December 10, 2018, its Board of Directors approved the following transactions: (a) the total spin-off and merger of the spun-off portions of Usina Santa Luiza S.A. ("USL") by the Company and by Cosan S.A. ("Cosan") ("Total Spin-off/Merger of USL"); and (b) the merger of Pulisic Participações Ltda. ("Pulisic") by the Company ("Merger of Pulisic"), being the transactions subject to approval by the Extraordinary Shareholders' Meeting of the Company, Cosan and USL and by the Partners' Meeting of Pulisic, which will be called opportunely.

Information on the transactions follows, in accordance with Article 3 of Instruction 565/2015 issued by the Securities and Exchange Commission of Brazil (CVM):

1. IDENTIFICATION OF THE COMPANIES INVOLVED IN THE TRANSACTIONS AND BRIEF DESCRIPTION OF THEIR ACTIVITIES

- **Total Spin-off/Merger of USL:**

(a) São Martinho S.A., corporate taxpayer ID (CNPJ/MF) number 51.466.860/0001-56, with registered office in the City of Pradópolis, State of São Paulo, at Fazenda São Martinho, s/nº, zip code 14850-000. The Company is engaged in the cultivation and processing of sugarcane for the production and trading of ethanol, sugar and their subproducts, and for the cogeneration and trading of electricity.

(b) Cosan S.A., corporate taxpayer ID (CNPJ/MF) number 50.746.577/0001-15, with registered office in the City of São Paulo, State of São Paulo, at Avenida Brigadeiro Faria Lima, 4100, 16th floor, room 01. The company is engaged in the cultivation and processing of sugarcane for the production and trading of ethanol, sugar and their subproducts, and for the cogeneration and trading of electricity.

(c) Usina Santa Luiza S.A., corporate taxpayer ID (CNPJ/MF) number 52.312.774/0001-51, with registered office in the City of Motuca, State of São Paulo, at Rodovia Francisco Malzoni, Km13, Fazenda Santa Cecília. The company, whose core business is general storage, is currently non-operational.

- **Merger of Pulisic:**

(a) São Martinho S.A., corporate taxpayer ID (CNPJ/MF) number 51.466.860/0001-56, with registered office in the City of Pradópolis, State of São Paulo, at Fazenda São Martinho, s/nº, zip code 14850-000. The Company is engaged in the cultivation and processing of sugarcane for the production and trading of ethanol, sugar and their subproducts, and for the cogeneration and trading of electricity.

(b) Pulisic Participações Ltda., corporate taxpayer ID (CNPJ/MF) number 28.932.624/0001-66, with principal place of business in the City of São Paulo, State of São Paulo, at Rua Líbero Badaró, 293, 21st floor, 21-D, room 125, Centro, zip code 01009-000, C. The company, which is a wholly owned subsidiary of São Martinho, is engaged in agribusiness activities on third-party properties.

2. DESCRIPTION AND PURPOSE OF THE TRANSACTIONS

- **Total Spin-off/Merger of USL:**

The total spin-off of USL and the subsequent merger of the portions spun-off by the Company and by Cosan are justified because USL no longer is an operational company and its total spin-off and the subsequent merger of the spun-off portions aims to distribute efficiently its remaining assets among each of its shareholders, which will reduce administrative costs.

The spun-off portions will be absorbed in the proportion of 66.67% by the Company and 33.33% by Cosan, as also will be the Advances for Future Capital Increase. Furthermore, São Martinho will merge all of the other known assets and liabilities of USL. The remaining assets of USL will not be merged proportionately to the shareholders' interests.

USL will be dissolved. São Martinho and Cosan will succeed USL in all of its rights and obligations, in accordance with Articles 227 and 232 of Brazilian Corporate Law, without any capital increase.

- **Merger of Pulisic:**

Pulisic is a wholly owned subsidiary of São Martinho. Its merger will enable the more efficient use of its assets, which will create efficiency and synergy gains and streamline administrative and financial costs.

Pulisic will be dissolved. São Martinho will succeed it in all its rights and obligations, in accordance with Articles 227 and 232 of Brazilian Corporate Law, without any capital increase.

3. MAIN BENEFITS, COSTS AND RISKS OF THE TRANSACTION

Main Benefits:

- **Total Spin-off/Merger of USL:** Efficiency gains and streamlining of administrative and financial costs.
- **Merger of Pulisic:** Concentration of all activities, creating efficiency and synergy gains and streamlining administrative and financial costs.

Costs of the Transaction.

- **Total Spin-off/Merger of USL:** Approximately one hundred fifty thousand reais (R\$150,000.00), including expenses with publications, auditors, valuers, attorneys and other professionals engaged to advise on the transaction.

- **Merger of Pulisic:** Approximately one hundred thousand reais (R\$100,000.00), including expenses with publications, auditors, valuers, attorneys and other professionals engaged to advise on the transaction.

Risks of the Merger:

- **Total Spin-off/Merger of USL:** As per the understanding of the parties, there are no risks involved in the transaction or impacts on the interests of the shareholders and investors of São Martinho and Cosan.
- **Merger of Pulisic:** As per the understanding of the parties, there are no risks involved in the transaction or impacts on the interests of the shareholders and investors of São Martinho.

4. SHARE EXCHANGE RATIO:

- **Total Spin-off/Merger of USL:** Not applicable.
- **Merger of Pulisic:** Not applicable.

5. CRITERIA FOR SETTING THE EXCHANGE RATIO

- **Total Spin-off/Merger of USL:** Not applicable.
- **Merger of Pulisic:** Not applicable.

6. SUBMISSION OF TRANSACTIONS TO BRAZILIAN OR FOREIGN AUTHORITIES

The Total Spin-off and Merger of USL and the Merger of Pulisic will not be submitted to any regulatory or antitrust authorities in Brazil or abroad.

7. FOR TRANSACTIONS INVOLVING PARENT COMPANIES, SUBSIDIARIES OR JOINT VENTURES, PROVIDE THE EXCHANGE RATIO CALCULATED IN ACCORDANCE WITH ARTICLE 264 OF FEDERAL LAW 6,404 OF 1976

- **Total Spin-off/Merger of USL:** Not applicable.
- **Merger of Pulisic:** Not applicable.

8. APPLICABILITY OF WITHDRAWAL RIGHTS AND REIMBURSEMENT AMOUNT

- **Total Spin-off/Merger of USL:** Not applicable.
- **Merger of Pulisic:** Not applicable.

9. OTHER MATERIAL INFORMATION

Required Corporate Approvals:

- **Total Spin-off/Merger of USL:** Extraordinary Shareholders' Meetings of São Martinho, Cosan and USL, to be called opportunely.
- **Merger of Pulisic:** Extraordinary Shareholders' Meetings of São Martinho and Partners' Meeting of Pulisic, to be called opportunely.

Availability of documents for consultation. The documents pertaining to the transactions described above will be available to shareholders for examination, at its registered office, as well as on the Investor Relations section of its website (www.saomartinho.com.br/ir) and on the websites of the Securities and Exchange Commission of Brazil (www.cvm.gov.br) and of B3 – Brasil, Bolsa, Balcão (www.bmfbovespa.com.br), upon initial notification of the Extraordinary Shareholders' Meeting.

Cordially,

Felipe Vicchiato

Chief Financial and Investor Relations Officer

Aline Rothmann Reigada

Investor Relations Manager