

12 September 2013

Dragon-Ukrainian Properties & Development PLC
("DUPD" or the "Company")

Investment in Arricano Real Estate plc

Dragon-Ukrainian Properties & Development plc notes the announcement issued today by Arricano Real Estate plc ("Arricano") regarding the commencement of trading of Arricano's shares on admission to the Alternative Investment Market of the London Stock Exchange plc ("AIM") and publication of Arricano's Admission Document.

Arricano is one of the leading real estate developers in Ukraine and specialises in operating shopping centres. Arricano is engaged in all cycles of retail real estate development, from the acquisition of land plots for development to delivery and operation of shopping centres.

Arricano raised gross proceeds of US\$24 million on its admission to AIM at US\$2.33 per share ("Placing Price"), and the market capitalisation of Arricano at the Placing Price was approximately US\$241 million. In addition to the fundraising, Arricano acquired a portfolio of development properties for an aggregate value of approximately US\$66million, payable through the issue of 28,350,214 ordinary shares in Arricano (the "Acquisition"). Arricano intends to use the net proceeds of the placing to continue the development of its existing portfolio of operating assets, as well as the new properties acquired pursuant to the Acquisition, and to fund future short-term working capital requirements.

Volodymyr Tymochko, a representative of Dragon Capital Partners Limited, DUPD's investment manager, has been appointed a non-executive director of Arricano, and will be the Company's representative on the Arricano board of directors.

As set out in DUPD's 5 August 2013 announcement, DUPD held a 20% interest in Arricano (16.67% direct interest and a 3.33% indirect interest through a 20% interest in Weather Empire Limited, which DUPD acquired in July 2013).

DUPD transferred its ownership in Weather Empire Limited to Retail Real Estate S.A. ("RRE") (a company owned by Hillar Teder, the founder of Arricano) on 12 August 2013. Following this share reorganisation and prior to the issue of further shares in Arricano, DUPD held a 20% direct interest in Arricano, equating to 12,924,000 shares.

On Arricano's admission to AIM, DUPD holds a direct interest of 12,924,000 ordinary shares, equating to 12.51% of Arricano's issued share capital, and no indirect interests. DUPD's shares in Arricano are not subject to any form of lock-in or orderly market arrangement, but are subject to certain provisions as contained in DUPD's relationship agreement with Arricano.

At the Placing Price, DUPD's shareholding is valued at US\$30,112,920, as compared to the carrying value at 31 December 2012 in DUPD's financial statements of US\$32,716,000.

DUPD has entered into a relationship agreement with Arricano, which will govern the ongoing relationship and dealings between the major shareholders of Arricano in the interests of good corporate governance. Certain other major shareholders of Arricano have also entered into relationship agreements. Further details of the DUPD relationship agreement with Arricano can be found in Arricano's admission document dated 6 September 2013 (the "Admission Document").

Further details on Arricano can be found in the Admission Document, which is available at www.arricano.com.

For further information, please contact:

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Further information

“**Admission**” is defined throughout this announcement as “admission of Arricano’s ordinary shares, issued and to be issued pursuant to the placing of 10,300,423 ordinary shares at the Placing price and the acquisition of the Prospect/Krasnotkatska development property, the Petrivka development property, the Rozumovska development property and the Lukianivka development property pursuant to the four agreements dated 5 September 2013 entered into between the Company and Vunderbuilt S.A. (the “Development Properties”), to trading on AIM becoming effective in accordance with the AIM Rules, and has the same meaning as set out in Arricano’s Admission Document.

Additional extracts from Arricano’s Admission Document

Financial Information

Arricano’s Admission Document included the following financial information:

Arricano - for the three years ended 31 December 2010, 2011 and 2012, together with interim results for the 6 months ended 30 June 2013; and

Development Properties - for the two years ended 31 December 2011 and 2012, together with interim results for the 6 months ended 30 June 2013.

Property Valuation Report

A property valuation report was prepared by CBRE Limited and Expandia LLC covering Arricano’s existing property portfolio and the Development Properties.

Litigation

Arricano and two of its major shareholders, DUPD and RRE, were previously engaged in a dispute. DUPD had alleged, inter alia, that the Company and RRE breached certain warranties and corporate governance provisions contained in a shareholders’ agreement which has now been terminated. Arricano, DUPD and RRE were parties to three arbitration proceedings under the rules of the London Court of International Arbitration in respect of such dispute and DUPD obtained injunctions in the Cypriot courts under application number 29/1012 restraining Arricano from proceeding with an initial public offering at that time (through freezing Arricano’s share register and other restrictions). Pursuant to the terms of a settlement deed dated 8 July 2013 (described in paragraph 11.3) thereto, Arricano, DUPD, Sigma Real Estate Limited (“SRE”) and RRE have agreed to be automatically and irrevocably released from all claims against each other with effect from Admission with respect to certain disputes, including this dispute regarding the shareholders’ agreement. The parties further agreed that with immediate effect upon Arricano’s Admission that the Company shall be automatically and irrevocably released from all claims relating to the disputes and that it shall be deemed to accept this release in full satisfaction of its claims against the other parties. The parties also agreed to have all injunctions and interim or final orders and awards granted or imposed against Arricano terminated within 14 (fourteen) days of the date of this settlement deed. Arricano did not pay, or agree to pay, any compensation (in cash or otherwise) or undertake any form of indemnification or guarantee to DUPD or RRE under the terms of the deed of settlement or otherwise in connection with the settlement of the dispute. Under the terms of the deed of settlement, the former shareholders’ agreement has been terminated with effect from Admission with no ongoing liability to Arricano. The

injunctions obtained pursuant to application number 29/1012 have subsequently been lifted in accordance with the deed of settlement and the claims were fully settled on 10 July 2013.

Settlement Deed

On 8 July 2013, Arricano and three of its major shareholders, DUPD, RRE and SRE, entered into a deed of settlement with respect to certain matters, including a previous dispute relating to an alleged breach by Arricano and RRE of certain warranties and corporate governance provisions contained in a shareholders' agreement and the proceedings relating to Stockman Interhold S.A. Pursuant to the terms of the settlement deed, the parties have agreed to be automatically and irrevocably released from all claims against each other with effect from Admission with respect to the disputes. The parties further agreed that, with immediate effect upon Admission, Arricano shall be automatically and irrevocably released from all claims relating to the disputes and that it shall be deemed to accept this release in full satisfaction of its claims against the other parties. The parties also agreed to have all injunctions and interim or final orders and awards granted or imposed against Arricano terminated and these have since been terminated (see paragraph 9.3 in Part XIV of the Admission Document). Arricano did not pay, or agree to pay, any compensation (in cash or otherwise) or undertake any form of indemnification or guarantee to DUPD, RRE or SRE under the terms of the deed of settlement or otherwise in connection with the settlement of the dispute. Under the terms of the deed of settlement, the former shareholders' agreement has been terminated with effect from Admission with no ongoing liability to Arricano.

The settlement deed also terminated the business success fee deed entered into on 10 September 2010 between RRE, DUPD and Arricano) upon the occurrence of the "ten day announcement" (the release of information specified in Schedule One to the AIM Rules for Companies) in anticipation of Admission (see paragraph 11.2 of Part XIV of the Admission Document for further details). The settlement deed is governed by the laws of England and Wales. On 7 August 2013 and 29 August 2013, Arricano, DUPD, RRE and SRE entered into side agreements to the settlement deed acknowledging the agreed terms of sale of the Prospect/Krasnotkatska development property, the Petrivka development property, the Rozumovska development property and the Lukianivka development property.

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This press release does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares to any person in any jurisdiction in which such an offer or solicitation is unlawful. In particular, Arricano's ordinary shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable laws of the United States, Australia, Canada, Japan and South Africa (the "Restricted Territories") and, may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act ("Regulation S")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, or to any national, resident or citizen of other Restricted Territories. Arricano's ordinary shares are being offered and sold outside the United States in accordance with Regulation S. Neither this press release nor any copy of it may be distributed directly or indirectly to any persons with addresses in the United States (or any of its territories or possessions), other Restricted Territories, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement.