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If you have sold or transferred your shares in Dragon – Ukrainian Properties & Development plc please forward this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or transferred part of your registered holding of shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

DRAGON – UKRAINIAN PROPERTIES & DEVELOPMENT PLC (the “Company”)
(Incorporated in the Isle of Man with registered number 119018C)

Directors:

Aloysius Wilhelmus Johannes van der Heijden (*Chairman*)
Tomas Fiala
Fredrik Svinhufvud
Boris Erenburg

Registered Office:

Standard Bank House
One Circular Road
Douglas, Isle of Man
IM1 1SB

**REQUEST FOR SHAREHOLDER AUTHORITY TO MAKE FURTHER MARKET PURCHASES OF OWN SHARES
NOTICE OF AN EXTRAORDINARY GENERAL MEETING**

Dear Shareholder,

Introduction

Following the repurchase by the Company of a total of 24,000 Ordinary Shares (“**Ordinary Shares**”) at a price of 30 pence per share as a result of the Tender Offer published by the Company on 25 October 2011 (the “**Tender Offer**”), the directors of the Company (the “**Directors**”) consider that it remains in the best interests of the shareholders of the Company (the “**Shareholders**”) for the Company to make further purchases of Ordinary Shares.

While the Directors continue to have the authority to buy back Ordinary Shares at prices of up to 35 pence Sterling per share, the value of the Ordinary Shares rose over the period during which the Tender Offer was open. The mid-market price of an Ordinary Share at the close of business on 16 November 2011 (being the latest practicable date prior to the publication of this circular) was 39.12 pence.

The Directors are therefore requesting a further authority from Shareholders (as required by section 13 of the Companies Act 1992 of the Isle of Man as amended (the “**Revised Authority**”)) for the Company to purchase up to 8,331,000 Ordinary Shares, representing 7.08 per cent of the 117,692,515 Ordinary Shares in issue on 16 November 2011 at prices not exceeding 25% above the average of the middle market quotations taken from the AIM market of the London Stock Exchange for the 20 trading days prior to 6 December 2011. Upon the purchase of any Ordinary Shares under the Revised Authority, such Ordinary Shares would be treated as being immediately cancelled as required by Isle of Man law and would not be held as treasury shares.

Reasons for the Revised Authority

The Revised Authority is aimed at maximising Shareholder value in the longer term by taking advantage of the current market environment where the price of the Ordinary Shares are currently being traded at a significant discount to the net asset value per ordinary Share of the Company, which was United States Dollars (“**USD**”) 2.49 at 30 June 2011. The Company has no borrowings recorded on its balance sheet and continues to have a strong cash position which the Directors believe will allow it to fund its existing commitments and foreseeable operating expenditures over the longer term. The Company’s cash balances at 30 June 2011 were USD 38.4 million.

In the event that Shareholders grant the Revised Authority to the Company, the Directors intend to use the Revised Authority by making a further tender offer to eligible shareholders. It is the Directors' current intention to publish a circular and tender form containing the terms of such an offer after the Extraordinary General Meeting.

Terms of the Authority

The terms of the Authority are that the Company will be required to pay a minimum (exclusive of expenses) of not less than the par value for each Ordinary Share and a maximum of not more than 25% above the average of the middle market quotations taken from the AIM market of the London Stock Exchange for the 20 trading days prior to 06 December 2011 per Ordinary Share.

Purchases would be financed from the Company’s cash resources and made out of its distributable profits. The audited financial statements of the Company as at 31 December 2010 show that the Company has distributable profits of approximately USD 12.4m. The Company’s interim results published on 11 August 2011 show that as at 30 June 2011, the Company’s distributable profits were approximately USD 9.75 million.

Action to be taken

A notice (the “**Notice**”) convening an extraordinary general meeting of the Company (the “**Extraordinary General Meeting**”) to be held at Standard Bank House, One Circular Road, Douglas, Isle of Man IM1 1SB on 11:25 am on 12 December 2011 is set out at the end of this document together with a form of proxy (the “**Form of Proxy**”). Whether or not you intend to be present at the Extraordinary General Meeting you are requested to complete the Form of Proxy in accordance with the instructions printed thereon and to return it to the Company’s registrars, **Standard Bank Trust Company (Isle of Man) Limited, Standard Bank House, One Circular Road, Douglas, Isle of Man, IM1 1SB** as soon as possible and, in any event, so that it is received no later

than 11:25 am on 10 December 2011 in accordance with the Company's articles of association. The completion and return of a Form of Proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you wish to do so.

Recommendation

The Directors consider that the resolution to be proposed at the Extraordinary General Meeting and set out in the attached Notice is in the best interests of the Shareholders as a whole. Accordingly, the Directors unanimously recommend that the Shareholders vote in favour of the resolution.

Yours faithfully
Aloysius Wilhelmus Johannes van der Heijden
Chairman

DRAGON – UKRAINIAN PROPERTIES & DEVELOPMENT PLC
(Incorporated in the Isle of Man with registered number 119018C)

NOTICE OF AN EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the Company will be held at 11:25 am on 12 December 2011 at Standard Bank House, One Circular Road Douglas, Isle of Man, IM1 1SB for the purpose of considering and, if thought fit, passing the following resolution which will be proposed to be passed as a SPECIAL RESOLUTION.

Special Business

That the Company generally be and is hereby authorised for the purposes of Section 13 of the Companies Act 1992 (as amended) to make market purchases (as defined in Section 13(2) of the said Act) of ordinary shares in the capital of the Company ("**Ordinary Shares**") provided that:

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 8,331,000 representing 7.08% of the Company's issued share capital on 16 November 2011;
- (b) the minimum price which may be paid for such Ordinary Shares is the nominal amount thereof;
- (c) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares shall be 25% above the average of the middle market quotations as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange for the 20 trading days prior to 06 December 2011;
- (d) the authority hereby conferred shall (unless previously renewed or revoked) expire at the date of the next annual general meeting of the Company that is held after the date on which this resolution is passed;
- (e) the Company may make a contract to purchase its own Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract

By Order of the Board

Ciaran Lawlor

Secretary

Dated: 16 November 2011

Action to be taken

A reply paid Form of Proxy is enclosed. Whether or not you intend to be present at the Extraordinary General Meeting you are requested to complete the Form of Proxy in accordance with the instructions printed thereon and to return it to the Company's registrars, Standard Bank Trust Company (Isle of Man) Limited, Standard Bank House, One Circular Road, Douglas, Isle of Man, IM1 1SB as soon as possible and, in any event, so that it is received no later than 11:25 am on 10 December 2011 in accordance with the Company's Articles of Association. The completion and return of a Form of Proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you wish to do so.

NOTES:

1. A member entitled to attend and vote at the Extraordinary General Meeting is also entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. The proxy need not be a member of the Company.
2. To be effective, the instrument appointing a proxy and any authority under which it is executed (or notarially certified copy of such authority) must be deposited at Standard Bank House, One Circular Road, Douglas, Isle of Man IM1 1SB not less than 48 hours before the time for holding the Extraordinary General Meeting. A Form of Proxy is enclosed with this Notice. Completion and return of the Form of Proxy will not preclude members of the Company holding ordinary shares from attending and voting in person at the Extraordinary General Meeting.
3. The time by which a person must be entered on the register of members in order to have the right to attend and vote at the Extraordinary General Meeting is 11:25 am on 10 December 2011 (being not more than 48 hours prior to the time fixed for the Extraordinary General Meeting) or, if the Extraordinary General Meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the Extraordinary General Meeting.

DRAGON – UKRAINIAN PROPERTIES & DEVELOPMENT PLC (“COMPANY”)

FORM OF PROXY FOR THE EXTRAORDINARY GENERAL MEETING

I/We
of with Account Designation
a member/members of the Company, hereby appoint the chairman of the meeting or ⁽¹⁾ as
my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Standard Bank House, One
Circular Road, Douglas, Isle of Man IM1 1SB at 11:25 am on 12 December 2011 and at any adjournment thereof.

If you wish to instruct your proxy as to how to vote on your behalf please indicate by an "X" in the appropriate box below.

COMPOSITE SPECIAL RESOLUTION

	FOR	AGAINST	VOTE WITHHELD	DISCRETIO NARY
<p>That the Company generally be and is hereby authorised for the purposes of Section 13 of the Companies Act 1992 (as amended) to make market purchases (as defined in Section 13(2) of the said Act) of Ordinary Shares provided that:</p> <p>(a) the maximum number of Ordinary Shares hereby authorised to be purchased is 8,331,000;</p> <p>(b) the minimum price which may be paid for such Ordinary Shares is the nominal amount thereof;</p> <p>(c) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares shall be 25% above the average of the middle market quotations as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange for the 20 trading days prior to 06 December 2011;</p> <p>(d) the authority hereby conferred shall (unless previously renewed or revoked) expire at the date of the next annual general meeting of the Company that is held after the date on which this resolution is passed; and</p> <p>(e) the Company may make a contract to purchase its own Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract.</p>				

Signed

Date

NOTES

1. You may appoint a proxy of your own choice by deleting the words 'the chairman of the meeting' and inserting the name and address of your proxy in the space provided.
2. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
3. If the appointor is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
4. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.
5. To be valid, this Form of Proxy must be completed signed and lodged with the Company's Registrars, Standard Bank Trust Company (Isle of Man) Limited, Standard Bank House, One Circular Road, Douglas, Isle of Man IM1 1SB not less than 48 hours before the time fixed for holding the Extraordinary General Meeting or adjourned Extraordinary General Meeting in accordance with the Company's Articles of Association.
6. A proxy need not be a member of the Company.
7. Completion and return of this Form of Proxy does not preclude a member of the Company from subsequently attending and voting in person at the Extraordinary General Meeting.