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17 November 2011

**Dragon - Ukrainian Properties & Development plc
(the "Company")**

Notice of Extraordinary General Meeting

Dragon-Ukrainian Properties & Development plc, a leading real estate investor and developer in Ukraine, is pleased to announce a proposed return of capital.

The directors of the Company (the "Directors") consider that it would be in the best interests of the shareholders of the Company (the "Shareholders") to have the right to purchase its own ordinary shares ("Ordinary Shares"). The Directors are therefore requesting an authority from the Shareholders (as required by section 13 of the Companies Act 1992 of the Isle of Man as amended (the "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.

The authority for the purchase by the Company of up to 8,331,000 Ordinary Shares is at a price of no less than 1 penny (being the nominal amount thereof) and no higher than 25% above the average middle market quotation (exclusive of expenses) taken from the AIM appendix to the Daily Official List of the London Stock Exchange for the 20 business days prior to the day the purchase is made with an expiry date of the conclusion of the next Annual General Meeting.

In that regard, the Company will be shortly posting a circular to Shareholders convening an Extraordinary General Meeting to be held on 12 December 2011 to propose an 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. It is the intention of the Board that, on purchase of any shares under this Authority, such shares would be cancelled as required by Isle of Man law and would not be held as treasury shares.

The 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 USD2.49 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 USD38.4 million.

In the event that Shareholders grant the Authority to the Company, the Directors intend to use the Authority by making a tender offer to eligible shareholders.

The circular will shortly be available on the Company's website at <http://www.dragon-upd.com/investor-information/important-information/admission-document-and-circulars>.

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