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11 July 2017

Dragon-Ukrainian Properties & Development plc

("DUPD" or the "Company" and together with its subsidiaries, the "Group")

Posting of Circular

The independent directors of the Company (being Mark Iwashko and Aloysius Wilhelmus Johannes van der Heijden) (the "Independent Directors") announce that the Company will today post its circular to shareholders (the "Circular") explaining why they do not believe that DUPD Shareholders should accept the Offer from Dragon Capital Investments Limited ("DCI") at 15 pence per share (the "Offer") due to the following:

- the price is at a significant discount to the last reported net asset value per Share of USD 0.44 (£0.35) at 31 December 2016;
- whilst the net asset value per Share has declined materially over recent years reflecting the macroeconomic and political environment in Ukraine, the Independent Directors believe there is potentially significant upside to the net asset value per Share which may, however, take some time to materialise;
- the net asset value per Share has recently stabilised, moving from USD 0.45 as at 30 June 2016 to USD 0.44 as at 31 December 2016; and
- the price does not represent a sufficient control premium.

Notwithstanding this recommendation, the Independent Directors recognise that the Company's operations are entirely in Ukraine which has suffered from a challenging economic and political climate. The Company's share price has been depressed for an extended period and the Company's Shares have traded significantly below the net asset value per Share. There has also been a notable lack of liquidity in the trading of Shares. Consequently, the Independent Directors wish to provide Shareholders a balanced assessment of the Company's position and prospects in the Circular to allow Shareholders to make an informed decision with regard to the Offer.

A copy of the Circular is available and will be available free of charge for inspection on DUPD's website at www.dragon-upd.com while the Offer remains open for acceptance, subject to certain restrictions relating to persons in any jurisdiction where release, publication or distribution of this document would constitute a violation of the securities law of such jurisdiction.

Capitalised terms used in the Circular have the same meanings in this announcement, save where the context provides otherwise.

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Important notices:

Panmure Gordon (UK) Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for DUPD and the Independent Directors and no

one else in connection with the Offer and will not be responsible to anyone other than DUPD and the Independent Directors for providing the protections afforded to its clients or for providing advice in relation to the Offer or any other matters referred to herein.

The Independent Directors accept responsibility for the information contained in this announcement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Publication on website:

In accordance with Rule 26.1 of the Code, a copy of this announcement will be made available (subject to certain restrictions relating to persons resident in restricted jurisdictions) at www.dragon-upd.com by no later than 12 noon (London time) on 12 July 2017, being the date following the date of this announcement.

Disclosure requirements of the Code:

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Additional information

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to this announcement or otherwise. Any offer, if made, will be made solely by certain offer documentation which will contain the full terms and conditions of any offer, including details of how it may be accepted.

The distribution of this announcement in jurisdictions other than the United Kingdom and the availability of any offer to shareholders of DUPD who are not resident in the United Kingdom may be affected by the laws of relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom or shareholders of DUPD who are not resident in the United Kingdom will need to inform themselves about, and observe, any applicable requirements.