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Dragon-Ukrainian Properties & Development PLC  
("DUPD" or the "Company" and together with its subsidiaries, the "Group")

#### Update on Riviera Villas project

Dragon-Ukrainian Properties & Development plc, a leading investor in the real estate sector in Ukraine, announces that the office of the First Deputy Prosecutor of Kyiv Region ("Prosecutor") has filed a claim with the Kyiv regional court against the Vyshhorod District State Administration (the "State Administration").

The claim is in relation to the title for 1.16 hectares of freehold land (the "Land") which is part of the Company's Riviera Villas project. The Prosecutor's claim seeks to invalidate the title of the Land belonging to the Company's project entity and transfer it back to the state on the basis that the State Administration violated procedures at the time of the privatization of the Land back in 2005.

The Land forms part of the Riviera Villas residential project, and the Land now has basic infrastructure (roads, utilities etc.) in place, and in the case of certain land plots, partially developed residential properties.

The Company holds a 59.6 per cent shareholding in the Riviera Villas project. The Company's interest in the Riviera Villas project was valued at USD 6.9 million at 31 December 2014 by the independent appraiser DTZ, and represented 7.5 per cent. of the Company's net asset value. The value of the Company's interest in the Land at 31 December 2014 is estimated at USD 0.93 million.

The Company believes that the Prosecutor's claims are unsubstantiated as the Company was not involved in any transactions with the State Administration in relation to the Riviera Villas project, and that the relevant project company acquired the land from 3rd parties in December 2007 as a bona fide purchaser. The Company will, in accordance with the applicable laws, make every effort to protect its interests and shareholders' interests, actively respond to the claim and defend its position vigorously.

Such act by the Prosecutor is viewed by the Company as the direct violation of bona fide purchaser rights as well as rights of foreign investors in Ukraine.

Mark Iwashko, the Chairman of the Board said: "We are very concerned about what we believe are groundless claims on the Land as well as the possibility of an overall precedent of a bona fide purchaser being deprived of its property rights in Ukraine. We are engaging with lawyers to advise us on this matter and defend the Company's position, and will update shareholders on future developments in due course.

While the estimated value of the Land is less than 1% of our NAV we believe the action may cause indirect losses through negative publicity for the Riviera Villas project. We intend to defend our rights vigorously as we believe that the case can set a very dangerous precedent for us and other foreign investors in this country."

For further information, please contact:

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