

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No. 596/2014.

**10 December 2018**

## **Dragon-Ukrainian Properties & Development PLC**

**("DUPD" or the "Company")**

### **Adoption of a new management agreement**

The Board of DUPD announces certain amendments to the investment management arrangements with the Company's investment manager, DCM Limited (the "**Investment Manager**") through the adoption of a new management agreement effective from 1 January 2019 (the "**Fifth Revised Management Agreement**").

The existing management agreement (the "**Fourth Revised Management Agreement**"), which was entered into in late 2016, expires on 31 December 2018. During the term of the Fourth Revised Management Agreement the Company has made distributions to shareholders following disposal of assets, which has reduced the Company's net assets. The Board has therefore decided to enter into a revised management agreement with the Investment Manager with a lower management fee to account for those changes.

Mark Iwashko and Lou van der Heijden (the "Independent Directors") believe these new terms will continue align the interests of the Investment Manager with those of the Company's shareholders and will continue to incentivise the Investment Manager to maximise the disposal proceeds of the Company's properties and cash returns to shareholders in a controlled and timely manner.

The Fifth Revised Management Agreement is essentially the same as the Fourth Revised Management Agreement, with the following key amendments:

#### **Reduction in the Fixed Component of the Investment Manager remuneration (Management Fee)**

- 2019: an annual management fee of US\$0.8m (reduced from US\$1m currently paid under the Fourth Management Agreement)
- 2020: US\$0.8m

#### **Provision for Automatic Reduction of Management Fee in Case of Decrease in Net Asset Value**

During the term of the Fifth Revised Management Agreement, should the ratio of the annual management fee to Net Asset Value (determined as total assets less total liabilities with reference to the Company's officially published financial statements) exceed 3%, the Management Fee will be capped at 3% of NAV for the next 6 month period, and remeasured on publication of the Company's subsequent financial statements.

#### **Unchanged Performance Fee**

The performance fee will remain the same as in the Fourth Revised Management Agreement, being a fixed performance fee of 5 per cent. of all distributions to DUPD shareholders. Distributions will continue to include cash dividends, share buy backs and other returns of capital, and also in-specie distributions.

#### **Term**

The Fifth Revised Management Agreement will become effective on 1 January 2019 and will expire on 31 December 2020.

### **Related Party Transaction**

Under the AIM Rules for Companies, the Manager is deemed to be a related party of the Company, and the entry into the Fifth Revised Management Agreement is deemed to be a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies.

The Independent Directors consider, having consulted with the Company's nominated adviser, Panmure Gordon (UK) Limited, that the terms of the Fifth Revised Management Agreement are fair and reasonable insofar as the Company's shareholders are concerned.

For further information, please contact:

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