

20 April 2020

Dragon-Ukrainian Properties & Development Plc

(the “Company” or “DUPD”)

Proposed Cancellation

Notice of Extraordinary General Meeting

Purchase Facility for Minority Shareholders

DUPD announces that a circular containing details of the proposed Cancellation, together with a notice of extraordinary general meeting, will be posted to shareholders today. A copy of the Circular will be available on the Company's website (<https://www.dragon-upd.com>) later today.

DUPD also notes that the Dragon Capital Group, the Company's majority shareholder with an interest of approximately 59.9 per cent. in the Company's issued share capital, has agreed to arrange for the establishment of a Purchase Facility for the holders of the Company's Ordinary Shares not currently owned by the Dragon Capital Group at 10 pence per share. Further details on the Purchase Facility are set out below.

Background

Following discussions with the Dragon Capital Group, the Company's majority and controlling shareholder, the Directors believe that it is in the best interests of the Company to seek Cancellation.

This announcement sets out the reasons for, and implications of, Cancellation and provides further details on the process for Cancellation and the Purchase Facility.

Cancellation is conditional upon the respective Cancellation Resolution being passed at the Extraordinary General Meeting.

Notice of General Meeting

The Extraordinary General Meeting will be held at Horizon Park, 4-V Mykoly Grinchenka street, Kyiv, Ukraine, 03038 at 11.00 a.m. (London time) on 6 May 2020, notice of which will be set out in the Circular, to be posted to shareholders today.

Under business closure measures imposed by the Isle of Man Government in response to the COVID-19 outbreak, there is an obligation to minimise all meetings and gatherings. In addition, as of 27 March 2020, the Isle of Man's borders were closed to passengers. As a result, the Extraordinary General Meeting cannot take place in the Isle of Man (where the Company's shareholder meetings have historically been held). The Extraordinary General Meeting will instead be held in Kyiv, Ukraine (where the Chairman was at the time at which international travel restrictions were imposed and is based now). Due to international travel restrictions currently in place, you will not be permitted to attend the Extraordinary General Meeting in person. Shareholders who wish to vote on the Cancellation Resolution should therefore complete and submit a Form of Proxy.

In the current circumstances completion and return of a Form of Proxy is the only way your vote will be counted at the General Meeting. Proxy appointments are not available through CREST.

Purchase Facility

The Dragon Capital Group has agreed to provide the following Purchase Facility to Minority Shareholders to sell their Ordinary Shares to the Dragon Capital Group, via its wholly-owned subsidiary DRGN Limited, on the basis summarised below and set out further in this announcement and in the Circular to be posted to Shareholders today.

The key terms of the Purchase Facility are:

- a purchase price of 10 pence per Ordinary Share;
- the Purchase Facility shall remain open from 7 May 2020 until 1.00 p.m. on 28 May 2020; and

- any sale of Ordinary Shares by Minority Shareholders will be free of trading costs to the seller applied by the Receiving Agent on behalf of the Dragon Capital Group or the Company, which will be borne by the Dragon Capital Group.

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

For further information, please contact:

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FURTHER INFORMATION

1. Introduction

Following discussions with the Dragon Capital Group, DUPD's majority and controlling shareholder, the Board has determined to convene an Extraordinary General Meeting with the purpose of proposing the cancellation of trading of the Ordinary Shares on AIM. The Dragon Capital Group has proposed to the Board that it believes that it is in the best interests of the Company to seek the Cancellation and that the Company should continue thereafter as an unquoted company. Under the AIM Rules, a proposal to cancel the trading of the Company's securities on AIM is conditional on requisite notice being given to the London Stock Exchange and on the consent of Shareholders holding not less than 75 per cent. of the votes cast on a resolution to that effect proposed at a general meeting.

The Dragon Capital Group currently owns or controls 65,507,463 Ordinary Shares, representing approximately 59.9 per cent. of the Company's issued share capital. Tomas Fiala, a non-executive director of the Company, is the sole shareholder, managing director and ultimate controller of the Dragon Capital Group.

The Independent Directors are aware that the Dragon Capital Group has the ability, as a result of the level of its aggregate shareholding in the Company, to formally requisition the convening of a general meeting for the purpose of proposing the Cancellation. Accordingly, the Independent Directors have concluded that to demand a formal requisition from the Dragon Capital Group would only serve to increase the Company's costs in a situation where no advantage would be gained by the Company in so doing. For this reason, the Independent Directors have agreed to publish the Circular and to convene the General Meeting. In accordance with the AIM Rules, the Company has also given notice to AIM of the proposed Cancellation.

Shareholders should note that the Dragon Capital Group has confirmed to the Board its intention to vote in favour of the Cancellation Resolution at the General Meeting. Given the level of the Dragon Capital Group's shareholding, the Independent Directors believe it is likely that the Cancellation Resolution will pass. Furthermore, as the Dragon Capital Group is able to acquire further interests in Ordinary Shares without incurring any obligation to make a general offer to all shareholders under Rule 9 of the Takeover Code, it is open to the Dragon Capital Group, if the Cancellation Resolution does not pass, to seek to increase its shareholding so that it may be in a position to pass 75% Resolutions of the Company in the future. This does not, however, preclude Shareholders from voting (by proxy) at the Extraordinary General Meeting and Shareholders are actively encouraged to do so.

The Independent Directors and the Dragon Capital Group are aware that the proposed Cancellation, should it be approved by Shareholders at the Extraordinary General Meeting, would make it considerably more difficult

to buy and sell Ordinary Shares in the Company following the Cancellation. Therefore, the Dragon Capital Group has agreed to arrange for the establishment of a purchase facility with a view to acquiring any or all of the 43,854,052 Ordinary Shares it does not currently own from any Minority Shareholders (if they are Qualifying Shareholders) wishing to sell their Ordinary Shares. In order to treat all Shareholders equally, the Dragon Capital Group, via its wholly-owned subsidiary DRGN, is prepared to offer the same price of 10 pence per Ordinary Share, for a limited period, that is for the duration of the Sale Period. Shareholders will have a period of approximately three weeks to sell their Ordinary Shares to DRGN.

The Company expects that the last day of trading of the Company's Ordinary Shares on AIM will be 18 May 2020, with the Cancellation becoming effective at 7.00 a.m. on 19 May 2020.

2. Background and reasons for Cancellation

DUPD's Ordinary Shares have been admitted to trading on AIM since 2007.

The Dragon Capital Group became the majority shareholder in the Company as a result of a mandatory cash offer (the "**2017 Offer**"), at a price of 15 pence per Ordinary Share (the "**2017 Offer Price**") made by DCI in June 2017 for the entire issued and to be issued share capital of DUPD not already owned by the Dragon Capital Group which resulted in the Dragon Capital Group acquiring 66,607,334 Ordinary Shares representing 60.91 per cent of the issued share capital of DUPD. On 10 January 2019 Dragon Capital purchased 294,820 Ordinary Shares and on 16 December 2019 Dragon Capital sold 1,394,691 Ordinary Shares leaving it with an aggregate holding of 65,507,463 Ordinary Shares, representing approximately 59.90% of the issued share capital of the Company. As the Dragon Capital Group holds more than 50 per cent. of the Company's currently issued share capital, it is able to acquire further interests in Ordinary Shares without incurring any obligation to make a general offer to all shareholders under Rule 9 of the Takeover Code.

In the offer document, DCI stated, inter alia, that should it acquire or agree to acquire, by virtue of its shareholding and acceptances of the 2017 Offer, issued share capital carrying 75 per cent. or more of the voting rights of the Company, it reserved the right to procure that the Company apply for the cancellation of trading in the Ordinary Shares on AIM not less than 20 business days following DCI first having acquired or agreed to acquire such issued share capital.

On 17 February 2014, the Shareholders approved a new investment policy, seeking to dispose of the Company's properties in an orderly manner, at such times, on such terms and in such manner as the Board may determine and making clear the Company would not make any investments in new properties. Surplus funds and net proceeds from property realisations would be returned to Shareholders when appropriate.

The Board has maintained the trading of the Ordinary Shares on AIM, distributing surplus capital to shareholders following realisations from time to time. Whilst the Directors believe they have taken appropriate measures to support the sustainability of the Company's business in the current circumstances, a continuation of the current unstable business environment could negatively affect the Company's results and financial position in a manner not currently determinable.

Having kept the matter under review, the Dragon Capital Group, acting in consultation with the Board, has now concluded that it is no longer appropriate for the Company to maintain the trading of its Shares on AIM, an assessment supported by the Independent Directors for the following reasons:

- (a) the majority (in value) of the Company's liquid assets have been disposed of since the Shareholders approved the current investment policy and it is not clear at this stage when the remaining assets will be disposed of;
- (b) no further distributions are planned at this stage;
- (c) the Company has no present intention to conduct a fundraising or to make any acquisitions which would require the issue of further Ordinary Shares;
- (d) only 20,413,912 of the Company's Ordinary Shares (representing approximately 18.7 per cent. of the issued Ordinary Shares) are held in public hands. Consequently, there is very little liquidity in the Ordinary Shares. As at the close of business on 15 April 2020, only 22 share trades have been recorded in the Company's Ordinary Shares, on the London Stock Exchange's website since 30 June 2019. Given the size of the Dragon Capital Group's shareholding there are, in the Independent Directors' view, no other natural buyers of Ordinary Shares which has meant that, in practice, Minority Shareholders have not been able to sell their Ordinary Shares easily;
- (e) minimum share transaction dealing costs from stockbrokers may also dissuade Shareholders from selling their shares in the market. With minimum share transaction costs normally ranging from

approximately £5-£12.50 per trade, the Independent Directors believe this may be a disincentive to trade in the Company's shares and so contribute to the lack of liquidity that the Company is experiencing; and

- (f) at present, the annual costs associated with the maintenance of the trading of Shares on AIM are approximately £240,000, and a disproportionate amount of management time is spent in meeting AIM Rules and related regulatory requirements, including reporting, disclosure and corporate governance requirements.

3. Process for, and principal effects of, the Cancellation

The Directors are aware that certain Shareholders may be unable or unwilling to hold Ordinary Shares in the event that the Cancellation is approved and becomes effective. **Such Shareholders should consider selling their interests, either in the market prior to the Cancellation or pursuant to the Purchase Facility.**

Under the AIM Rules, it is a requirement that the Cancellation must be approved by not less than 75 per cent. of votes cast by Shareholders at a general meeting. Additionally, the Company is required to give at least 20 clear Business Days' notice of Cancellation and Cancellation will not take effect until at least five clear Business Days have passed following the passing of the Resolution.

If the Cancellation Resolution is passed at the Extraordinary General Meeting, it is proposed that the last day of trading in Ordinary Shares on AIM will be 18 May 2020 and that the Cancellation will take effect at 7.00 a.m. on 19 May 2020.

The principal effects of the Cancellation on any Minority Shareholders who do not sell their Ordinary Shares pursuant to the Purchase Facility will be as follows:

(a) Trading, transferability and value of the Ordinary Shares

- there will no longer be a formal market mechanism enabling Shareholders to trade their Ordinary Shares on AIM (or any other recognised market or trading exchange);
- although the Ordinary Shares will remain transferable, the Ordinary Shares will be considerably more difficult to sell compared to shares of companies traded on AIM;
- it is likely that the liquidity and marketability of the Ordinary Shares will be restricted and the value of such Ordinary Shares will likely be adversely affected in the near-term as a consequence. This may not, however, be indicative of the future value of such Ordinary Shares in the long-term; and
- it will be more difficult for Shareholders to determine the market value of their investment in the Company at any given time.

(b) Loss of regulatory protection

- the Company will no longer be subject to the AIM Rules and, accordingly, Shareholders will no longer be afforded the protections given by the AIM Rules. In particular, the Company will not be bound to:
 - make any public announcements of material events, or to announce interim or final results;
 - comply with any of the corporate governance practices applicable to AIM companies;
 - announce substantial transactions and related party transactions; or
 - comply with the requirement to obtain shareholder approval for reverse takeovers and fundamental changes in the Company's business;
- the Company will cease to retain a nominated adviser and broker;
- the Company will no longer be subject to the Market Abuse Regulation regulating inside information;
- the Company will no longer be subject to the Disclosure Guidance and Transparency Rules and will therefore no longer be required to publicly disclose major shareholdings in the Company; and
- the Company will no longer be subject to the Takeover Code, in relation to which further details are set out in paragraph 7 below.

(c) **Independent Directors**

Mark Iwashko and Aloysius van der Heijden do not expect to continue to act as directors of the Company following the Cancellation.

(d) **CREST**

Following completion of the Purchase Facility the Company's CREST facility will be cancelled and, although the Ordinary Shares will remain transferable, they will cease to be transferable through CREST. Shareholders who hold Ordinary Shares in CREST will receive share certificates.

(e) **Communications**

The Company currently intends that it will continue to provide certain facilities and services to Shareholders that they currently enjoy as shareholders of an AIM company following the proposed Cancellation. It is intended that the Company will continue to:

- communicate information about the Company (including annual accounts) to its Shareholders, as required by law; and
- maintain its website, <https://dragon-upd.com>, and to post updates on the website from time to time, although Shareholders should be aware that there will be no obligation on the Company to include all of the information required under AIM Rule 26 or to update the website as required by the AIM Rules.

The above considerations are not exhaustive, and Shareholders should seek their own independent advice when assessing the likely impact of the Cancellation on them.

4. Process for Cancellation

Under the AIM Rules, it is a requirement that Cancellation must be approved by not less than 75 per cent of votes cast by shareholders at a general meeting. Accordingly, the Notice of Extraordinary General Meeting set out in Part III of the Circular contains a 75% Resolution to approve the Cancellation.

Furthermore, Rule 41 of the AIM Rules requires any AIM company that wishes the London Stock Exchange to cancel the admission of its shares to trading on AIM to notify shareholders and to separately inform the London Stock Exchange of its preferred cancellation date at least 20 Business Days prior to such date. In accordance with AIM Rule 41, the Directors (through the Company's nominated adviser, Panmure Gordon) have notified the London Stock Exchange of the Company's intention, subject to the Cancellation Resolution being passed at the Extraordinary General Meeting, to cancel the admission of the Company's Ordinary Shares to trading on AIM on 19 May 2020.

Cancellation will not take effect until at least five clear Business Days have passed following the passing of the Cancellation Resolution. If the Cancellation Resolution is passed at the Extraordinary General Meeting, it is proposed that the last day of trading in Ordinary Shares on AIM will be 18 May 2020 and that Cancellation will take effect at 7.00 a.m. on 19 May 2020.

5. Transactions in the Ordinary Shares following the proposed Cancellation

Shareholders should note that they are able to trade in the Ordinary Shares on AIM prior to the Cancellation and/or pursuant to the Purchase Facility.

While the Ordinary Shares will remain freely transferable, there will be no public market for any Ordinary Shares not sold through the Purchase Facility and they will cease to be transferable through CREST. Shareholders who currently hold Ordinary Shares in uncertificated form (that is, in CREST) will receive share certificates in due course following the Cancellation taking effect.

Share transfers may still be effected after the date of the Cancellation by depositing a duly executed and stamped stock transfer form, together with an appropriate share certificate, with the Company Secretary.

6. Details of the Purchase Facility and action to be taken by Shareholders wishing to take advantage of the Purchase Facility

At the close of business on 16 April 2020 (being the latest practicable date prior to the publication of this announcement):

- (a) the Dragon Capital Group holds, in aggregate, 65,507,463 Ordinary Shares representing 59.9 per cent. of the existing issued Ordinary Shares and voting rights in the Company; and
- (b) the Minority Shareholders hold, in aggregate, 43,854,052 Ordinary Shares in the Company, representing

40.1 per cent. of the existing issued Ordinary Shares and voting rights in the Company.

The Independent Directors and the Dragon Capital Group recognise that cancelling the trading of the Company's Ordinary Shares on AIM will make it significantly more difficult for Minority Shareholders to sell their Ordinary Shares should they so wish. Accordingly, with the support of the Independent Directors, DRGN has agreed to arrange for the establishment of a facility to purchase any or all of the Ordinary Shares it does not currently own from any Minority Shareholder (if they are a Qualifying Shareholder) wishing to sell their Ordinary Shares by following the instructions set out in paragraph 10 below, under the heading "Procedure for selling your Ordinary Shares".

Shareholders who are not Qualifying Shareholders (being Shareholders with a registered address in a Restricted Jurisdiction) will not be able to participate in the Purchase Facility.

The key terms of the Purchase Facility are:

- (i) a purchase price of 10 pence per Ordinary Share;
- (ii) the Purchase Facility shall remain open from 7 May 2020 until 1.00 p.m. on 28 May 2020 (the "**Sale Period**"); and
- (iii) any sale of Ordinary Shares by Minority Shareholders will be free of trading costs to the seller applied by the Receiving Agent on behalf of the Dragon Capital Group or the Company, which will be borne by the Dragon Capital Group.

Minority Shareholders should further note that (i) this is the only price at which DRGN is prepared to acquire Ordinary Shares, (ii) the same price is being made available to all Minority Shareholders (if they are Qualifying Shareholders), and (iii) this price will not be subject to any amendment during the Sale Period.

Minority Shareholders should also note that:

- (a) the purchase price represents a premium of approximately 11 per cent. compared to the 2017 Offer Price, as adjusted for the dividends paid by the Company since the 2017 Offer¹;
- (b) the purchase price represents a discount of approximately 9.1 per cent. to the Closing Price for Ordinary Shares on 16 April 2020, being the last business day prior to the date of this announcement;
- (c) the purchase price represents a discount of approximately 6.5 per cent. compared to the average Closing Price for Ordinary Shares in the six months ending on 16 April 2020, being the latest practicable date prior to the date of this announcement.

The Independent Directors consider that the Purchase Facility:

- provides an opportunity for Minority Shareholders (if they are Qualifying Shareholders) to sell their Ordinary Shares, including for a period of time following the date of the Extraordinary General Meeting;
- gives such Shareholders the ability to sell all or some of the Ordinary Shares held by them (without scaling back) or to sell none of their Ordinary Shares depending on their own liquidity requirements and their view of the future prospects of the Company; and
- provides a return of cash now, compared to the alternative of being exposed to the ongoing risks of the Company.

Subject to the passing of the Cancellation Resolution, it is anticipated that trading in Ordinary Shares on AIM will cease at close of business on 18 May 2020, with cancellation of such trading taking effect from 7.00 a.m. on 19 May 2020. The Sale Period will remain open for a further 21 days until 1.00 p.m. on 28 May 2020.

Minority Shareholders do not have to sell any Ordinary Shares if they do not wish to do so. However, Minority Shareholders who elect not to sell their Ordinary Shares pursuant to the Purchase Facility or otherwise in the market by other means prior to the Cancellation will, on completion of the Cancellation, hold Ordinary Shares in an unquoted public company with no market facility for dealing in the Ordinary Shares after the Cancellation. No price will be publicly quoted for the Ordinary Shares following Cancellation.

The Independent Directors also note that if, pursuant to the Purchase Facility or otherwise, the Dragon Capital Group were to hold an interest in Ordinary Shares representing 75 per cent. or more of the Company's issued

¹ Following an asset realisation, the Company made an initial dividend distribution of USD 0.07 per Ordinary Share, paid on 17 April 2018, followed by an additional dividend distribution of USD 0.02 per Ordinary Share, paid on 16 May 2018.

share capital, it will be in a position to pass 75% Resolutions of the Company. As such, it is possible that, were the Cancellation Resolution not passed at the Extraordinary General Meeting, the Dragon Capital Group may in the future be in a position to requisition and pass a resolution to cancel the admission of the Ordinary Shares to trading on AIM without an obligation to offer any kind of purchase facility.

The procedure for selling Ordinary Shares is set out further in the paragraph headed "Procedure for selling your Ordinary Shares" in paragraph 10 below.

7. Takeover Code

Shareholders are reminded that at the date of this announcement, the Dragon Group holds an interest in 65,507,463 Ordinary Shares, representing approximately 59.9 per cent. of the existing issued Ordinary Shares and voting rights in the Company. Accordingly, members of the Dragon Group are able to acquire further interests in Ordinary Shares without incurring any obligation under Rule 9 to make a general offer.

The Takeover Code currently applies to the Company. Following the Cancellation, as a majority of the Board is not resident in the United Kingdom, Channel Islands or Isle of Man, the Company will cease to be subject to the Takeover Code. This may change should the Board appoint additional directors to the Company so that a majority of the Board is resident in the United Kingdom, Channel Islands or Isle of Man.

A summary of the protections afforded to Shareholders by the Takeover Code, which will be lost on Cancellation, is set out in Part II of the Circular.

8. Financial Information on the Company

Copies of the report and accounts of the Company for each of the three financial years ended 31 December 2016, 2017 and 2018 and the half year report to 30 June 2019 are available from <https://dragon-upd.com/investor-information/important-information/reports>.

9. United Kingdom taxation

The following paragraphs, which are intended as a general guide only and are based on current UK tax legislation and our understanding of Her Majesty's Revenue and Customs practice, summarise certain limited aspects of the UK taxation treatment of the disposal of Shares by Minority Shareholders. They relate only to the position of certain classes of taxpayer and only to those Minority Shareholders who hold their Shares beneficially as an investment (other than under an individual savings account) and who are resident or, in the case of individuals, resident and domiciled in the UK for tax purposes. If you are in any doubt as to your taxation position, or if you are subject to taxation in any jurisdiction other than the UK, you should consult an appropriate independent professional adviser immediately.

(a) UK taxation of chargeable gains ("CGT")

Liability to UK tax on chargeable gains will depend on the individual circumstances of each Ordinary Shareholder. The sale by a Minority Shareholder of his Shares for cash will constitute a disposal for the purposes of UK tax on chargeable gains which may, depending on the Shareholder's individual circumstances (including the availability of exemptions or allowable losses), give rise to a liability to CGT or an allowable loss.

(b) Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No stamp duty or SDRT will be payable by Minority Shareholders as a result of their sale of Ordinary Shares.

10. Procedure for selling your Ordinary Shares

DRGN is willing to purchase Ordinary Shares from Minority Shareholders at a fixed price of 10 pence per Ordinary Share for a fixed time between 7 May 2020 and 1.00 p.m. on 28 May 2020. Panmure Gordon has received written confirmation from DRGN that it has deposited funds with Computershare sufficient to purchase all of the 43,854,052 Ordinary Shares held by Minority Shareholders at that price and that it has irrevocably instructed Computershare to purchase, on DRGN's behalf, up to 43,854,052 Ordinary Shares at a price of 10 pence per Share from those Minority Shareholders who have submitted Purchase Facility Forms to Computershare by 1.00 p.m. on 28 May 2020.

Shareholders do not have to sell any Ordinary Shares if they do not wish to but, once submitted, a Purchase Facility Form or TTE Instruction is irrevocable and cannot be withdrawn.

Subject to the passing of the Cancellation Resolution, after the close of business on 18 May 2020, there will be no public market for any Ordinary Shares not purchased by DRGN pursuant to the Purchase Facility.

(a) Shares held in certificated form

Qualifying Shareholders who hold Ordinary Shares in certificated form and who wish to participate in the Purchase Facility should follow the instructions on the accompanying Purchase Facility Form and return it, together with their share certificate(s) or other documents of title in respect of the Ordinary Shares tendered with their Purchase Facility Form, to the Receiving Agent by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, to arrive by no later than 1.00 p.m. on 28 May 2020.

Completed Purchase Facility Forms must be received by not later than 1.00 p.m. on 28 May 2020.

The execution of the Purchase Facility Form will constitute the irrevocable appointment of any director or officer of the Company as an attorney for the relevant Shareholder and an irrevocable instruction and authorisation for the attorney to complete and execute all or any instruments of transfer and/or other documents at the attorney's absolute discretion in relation to the Ordinary Shares being tendered by that Qualifying Shareholder. Further details of the procedures for the Purchase Facility and settlement are set out in the Circular and, in the case of Qualifying Shareholders selling Ordinary Shares held in certificated form, in the Purchase Facility Form. Further copies of the Purchase Facility Form may be obtained on request from Computershare on +44 370 707 4040. The helpline is open between 9.00 a.m. and 5.30 p.m. (UK time), Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide advice on the merits of the Purchase Facility nor any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(b) Shares held in uncertificated form in CREST

Qualifying Shareholders who hold their interest in Ordinary Shares in uncertificated form in CREST and who wish to sell all or any of their Ordinary Shares under the Purchase Facility should sell electronically through CREST so that the TTE Instruction settles no later than 1.00 p.m. on 28 May 2020. The input and settlement of a TTE Instruction shall constitute an instruction to sell the specified number of Ordinary Shares at the purchase price, by transferring such Ordinary Shares to the relevant escrow account as detailed below.

If a Shareholder is a CREST sponsored member, the Shareholder should refer to his/her CREST sponsor before taking any action. A Shareholder's CREST sponsor will be able to confirm details of the Shareholder's Participant ID and the member account ID under which the Shareholder's Ordinary Shares are held. In addition, only the Shareholder's CREST sponsor will be able to send the TTE Instruction to Euroclear in relation to the Shareholder's Ordinary Shares.

To sell Shares in uncertificated form you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE Instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and which must contain, in addition to the other information that is required for the TTE Instruction to settle in CREST, the following details:

- (i) the ISIN for the Ordinary Shares, which is IM00B1XH2B90;
- (ii) the number of Ordinary Shares to be transferred to an escrow balance;
- (iii) your Member Account ID;
- (iv) your Participant ID;
- (v) the Participant ID of the Receiving Agent, in its capacity as a CREST receiving agent, which is **8RA07**;
- (vi) the member account ID of the escrow agent, which is DRAGON01;
- (vii) the Corporate Action Number of the Purchase Facility, which is allocated by Euroclear and is available by viewing the relevant corporate action detail, in CREST;
- (viii) the intended settlement date for the transfer to escrow. This should be as soon as possible and, in any event, no later than 1.00 p.m. on 28 May 2020;
- (ix) the standard delivery instruction with Priority 80; and
- (x) contact name and telephone number inserted in the shared note field.

Qualifying Shareholders who hold their interest in Ordinary Shares in uncertificated form in CREST and who wish to sell all or any of their Ordinary Shares under the Purchase Facility should sell electronically through CREST so that the TTE Instruction settles no later than 1.00 p.m. on 28 May 2020. After settlement of the TTE Instructions, Shareholders will not be able to access any Ordinary Shares which are the

subject of such TTE Instruction in CREST, for any transaction or charging purposes. The Ordinary Shares will be held by the Receiving Agent until they are transferred to the Receiving Agent as escrow agent for DRGN unless the Purchase Facility becomes void or is terminated. Shareholders are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined above.

If Shareholders are in any doubt as to the procedure for acceptance under the purchase facility, please contact Computershare on +44370 707 4040. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in the UK. Please note that Computershare cannot provide advice on the merits of the Purchase Facility, nor any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Shareholders are reminded that, if he/she are a CREST sponsored member, he/she should contact his/her CREST sponsor before taking any action.

(c) *Terms and Conditions*

Each Shareholder by whom, or on whose behalf, a Purchase Facility Form is executed, irrevocably undertakes, represents, warrants and agrees to and with DRGN (so as to bind him, his personal representatives, heirs, successors and assigns) to the following:

- (i) that the execution of the Purchase Facility Form shall constitute an irrevocable offer to sell the total number of Ordinary Shares specified on the Purchase Facility Form subject to the terms and conditions set out or referred to in the Circular and the Purchase Facility Form;
- (ii) that he is the sole registered legal and beneficial owner of the total number of Ordinary Shares specified on the Purchase Facility Form;
- (iii) that he has the necessary capacity and authority to execute the Purchase Facility Form;
- (iv) that he has full power and authority to sell, assign or transfer the Ordinary Shares and when such Ordinary Shares are purchased by DRGN, DRGN will acquire such Ordinary Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto and such representation and warranty will be true in all respects at the time DRGN purchases such Ordinary Shares as if it had been entered into anew at such time and shall not be extinguished by such purchase;
- (v) that the execution of the Purchase Facility Form will constitute the irrevocable appointment of DRGN and any director of DRGN, or other person nominated by DRGN, as such Shareholder's attorney and an irrevocable instruction and authorisation to the attorney to do all acts and things as may in the attorney's opinion be necessary or expedient for the purpose of, or in connection with, the Ordinary Shares being tendered by the Shareholder pursuant to the Purchase Facility;
- (vi) that he agrees to ratify each and every act or thing which may be done or effected by the attorney or DRGN or any of its directors or any person nominated by DRGN in the proper exercise of his powers and/or authorities hereunder;
- (vii) that he shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by DRGN to be desirable to complete the purchase of the Ordinary Shares by DRGN and/or to perfect any of the authorities expressed to be given hereunder;
- (viii) that the terms and conditions in the Circular shall be deemed to be incorporated in, and form part of, the Purchase Facility Form, which shall be read and construed accordingly;
- (ix) that, such Shareholder, if an Overseas Shareholder, has fully observed any applicable legal requirements and that he may tender his Ordinary Shares under the Purchase Facility under the laws of the relevant jurisdiction;
- (x) that such Shareholder is participating in the Purchase Facility from outside any Restricted Jurisdiction; and
- (xi) that such Shareholder has not received or sent copies or originals of the Circular, the Purchase Facility Form or any related documents in, into or from a Restricted Jurisdiction.

Each Shareholder by whom, or on whose behalf, an electronic acceptance is made by submission of a TTE instruction, irrevocably undertakes, represents, warrants and agrees to and with DRGN (so as to bind him, his personal representatives, heirs, successors and assigns) to the following:

- A. that the input of a TTE Instruction shall constitute an irrevocable offer to sell the total number of Ordinary Shares specified in the TTE Instruction in each case subject to the terms and conditions set

out or referred to in the Circular;

- B. that he is the sole registered legal and beneficial owner of the total number of Ordinary Shares specified in the TTE Instruction;
- C. that he has the necessary capacity and authority to execute the TTE Instruction or to instruct its execution;
- D. that he has full power and authority to sell, assign or transfer the Ordinary Shares (as the case may be) and when such Ordinary Shares are purchased by DRGN, DRGN will acquire such Ordinary Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto and such representation and warranty will be true in all respects at the time DRGN purchases such Ordinary Shares as if it had been entered into anew at such time and shall not be extinguished by such purchase;
- E. that the input of the TTE Instruction will constitute the irrevocable appointment of DRGN and any director of DRGN, or other person nominated by DRGN, as such Shareholder's attorney and an irrevocable instruction and authorisation to the attorney to do all acts and things as may in the attorney's opinion be necessary or expedient for the purpose of, or in connection with, the Ordinary Shares being tendered by the Shareholder pursuant to the Purchase Facility;
- F. that he agrees to ratify each and every act or thing which may be done or effected by the attorney or DRGN or any of its directors or any person nominated by DRGN in the proper exercise of his powers and/or authorities hereunder;
- G. that he shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by DRGN to be desirable to complete the purchase of the Ordinary Shares by DRGN and/or to perfect any of the authorities expressed to be given hereunder;
- H. that if, for any reason, any Ordinary Shares in respect of which a TTE Instruction has been made are, prior to the end of the Sale Period, converted into certificated form the electronic tender in respect of such Ordinary Shares shall cease to be valid and the Shareholder will need to comply with the procedures for tendering Ordinary Shares in certificated form as set out above in respect of the Ordinary Shares so converted, if he wishes to make a valid tender of such Ordinary Shares pursuant to the Purchase Facility;
- I. that, such Shareholder, if an Overseas Shareholder, has fully observed any applicable legal requirements and that he may tender his Ordinary Shares under the Purchase Facility under the laws of the relevant jurisdiction;
- J. that such Shareholder is participating in the Purchase Facility from outside any Restricted Jurisdiction; and
- K. that such Shareholder has not received or sent copies or originals of the Circular, the Purchase Facility Form or any related documents in, into or from a Restricted Jurisdiction.

(d) Settlement

Unless the Purchase Facility becomes void or is terminated or is extended, the outcome of the Purchase Facility is expected to be announced on or about 29 May 2020. The payment of any consideration for Ordinary Shares will be made only after the relevant TTE Instruction has settled or (in the case of Ordinary Shares in certificated form) after the Receiving Agent has received the relevant share certificates and/or other document(s) of title, or an indemnity in lieu thereof, a properly completed and duly executed Purchase Facility Form and any other documents required by the Purchase Facility Form.

Settlement of the consideration to which any Shareholder is entitled pursuant to the Purchase Facility, will be made as follows:

(i) Ordinary Shares in certificated form

Where an acceptance of the Purchase Facility relates to Ordinary Shares in certificated form, a cheque for the consideration will be despatched by first class post expected to be not later than five Business Days after the day that the outcome of the Purchase Facility is announced at the risk of the person entitled thereto. All cash payments will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank. Delivery of cash for the Ordinary Shares will be made by the Receiving Agent. The Receiving Agent will act as agent for DRGN in relation to the Purchase Facility for the purpose of receiving the cash and transmitting such cash to such Shareholders.

(ii) Ordinary Shares held in uncertificated form

Where the Purchase Facility is accepted in relation to Ordinary Shares held in CREST, the consideration will be paid by means of CREST by the Receiving Agent procuring the creation of an assured payment obligation in favour of the payment of accepting Shareholders in accordance with the CREST assured payment arrangements, expected to be not later than five Business Days after the day that the outcome of the Purchase Facility is announced.

(e) *Overseas Shareholders*

The Purchase Facility is not available to Shareholders whose address, as stated on the Register, is in a Restricted Jurisdiction, or who are resident in a Restricted Jurisdiction. The Board shall use its discretion in deciding whether the Purchase Facility is made available to Overseas Shareholders whose address or place of residence is not in a Restricted Jurisdiction.

The availability of the Purchase Facility in, or to persons resident in, jurisdictions outside the United Kingdom or custodians, nominees or trustees for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom may be prohibited or affected by the laws of the relevant overseas jurisdiction. Shareholders who are Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any such Overseas Shareholder wishing to tender Ordinary Shares to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. If you are in any doubt about your position, you should consult your professional adviser in the relevant jurisdiction. Any such Shareholder will be responsible for any such issue, transfer or other taxes payable and the Company and any person acting on their behalf shall be fully indemnified and held harmless by such Shareholder for any such issue, transfer or other taxes such person may be required to pay. No steps have been taken to register or qualify the Purchase Facility or to authorise the offer of the Purchase Facility or the distribution of the Circular, the Purchase Facility Form and any related documents in any territory outside the United Kingdom.

These provisions and any other terms of the Purchase Facility relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion.

Shareholders who are not Qualifying Shareholders (being Shareholders with a registered address in a Restricted Jurisdiction) will not be able to participate in the Purchase Facility.

11. Extraordinary General Meeting and action to be taken

The Extraordinary General Meeting will be held at Horizon Park, 4-V Mykoly Grinchenka street, Kyiv, Ukraine, 03038 commencing at 11.00 a.m. on 6 May 2020. A 75% Resolution will be proposed at the Extraordinary General Meeting to approve the Cancellation.

With regard to Coronavirus (“COVID-19”) and its potential impact on the Extraordinary General Meeting, we are asking Shareholders to comply with certain unprecedented but urgent measures. These recommendations are designed to retain participation by Shareholders in the business of the Extraordinary General Meeting, while balancing health and safety considerations.

Under business closure measures imposed by the Isle of Man Government in response to the COVID-19 outbreak, there is an obligation to minimise all meetings and gatherings. In addition, as of 6 a.m. on Friday 27 March 2020, the Isle of Man’s borders were closed to passengers. The only exceptions to this restriction are the return of Manx residents from overseas and a very limited group of people who are necessary to the Island’s critical national infrastructure or for the preservation of human life.. As a result, the Extraordinary General Meeting cannot take place in the Isle of Man (where the Company's shareholder meetings have historically been held). The Extraordinary General Meeting will instead be held in Kyiv, where the Chairman was at the time of imposing international travel restrictions and is based now, in order to ensure that a quorum can be formed. Due to international travel restrictions currently in place, you will not be permitted to attend the Extraordinary General Meeting in person. Anyone seeking to attend the meeting in person (beyond the two persons designated by the Board as being necessary to form a quorum) will be refused entry. **Shareholders who wish to vote on the Cancellation Resolution should therefore complete and submit a Form of Proxy. Shareholders should appoint the chair of the Extraordinary General Meeting as proxy (as any other proxy will not be allowed to attend the Extraordinary General Meeting unless it is for the purpose of forming the quorum).** In the event that the situation changes, the Board will inform shareholders of any change in these arrangements by way of a regulatory news service announcement.

For the reasons set out above, the vote on the 75% Resolution to be put to the Extraordinary General Meeting will be conducted as a poll. A Form of Proxy for use in connection with the Extraordinary General Meeting will be enclosed with the Circular. Accordingly shareholders are strongly advised to complete, sign and return their Form of Proxy in accordance with the instructions printed thereon so as to be received by the Company Administrator at 2nd Floor, St Mary's Court, 20 Hill Street, Douglas, Isle of Man IM1 1EU, or by email at SIngrassia@bostonmfo.com, not later than 11.00 a.m. on 4 May 2020. **In the current circumstances completion and return of a Form of Proxy is the only way your vote will be counted at the General Meeting as, based on current guidance and travel restrictions, you will be precluded from travelling to and attending the Extraordinary General Meeting in person. Proxy appointments are not available through CREST. CREST members should therefore follow the process set out in this paragraph.**

12. Recommendation

The Independent Directors, taking into account the establishment of the Purchase Facility, consider the Cancellation to be in the best interests of the Shareholders as a whole for the following key reasons:

- (a) the considerable costs associated with the maintenance of the trading of Ordinary Shares on AIM; and**
- (b) the possibility that, were the Cancellation Resolution not passed at the Extraordinary General Meeting, the Dragon Capital Group may in the future be in a position to requisition and pass a resolution to cancel the admission of the Ordinary Shares to trading on AIM without an obligation to offer any kind of purchase facility.**

Accordingly, the Board recommends that Shareholders vote in favour of the Cancellation Resolution.

The Independent Directors consider it appropriate that those Minority Shareholders who are unable or unwilling to hold Shares in the Company following the Cancellation should be given an opportunity to realise their investment in accordance with the terms of the Purchase Facility, notwithstanding the fact that the purchase price represents a discount of approximately 9.1 per cent. to the Closing Price for Ordinary Shares on 16 April 2020, being the latest practicable date prior to the date of this announcement. However, the Independent Directors make no recommendation to Minority Shareholders in relation to the Purchase Facility and recommend that all Minority Shareholders consult their duly authorised independent advisers before they make a decision as to whether to sell some, all or none of their Ordinary Shares, in order to obtain advice relevant to their particular circumstances.

Nevertheless, Shareholders should, when making their decision whether or not to take advantage of the Purchase Facility, bear in mind, *inter alia*, the following:

- the loss of the listing, and resultant liquidity, should Cancellation take effect;**
- the loss of the protections of the AIM Rules, particularly with regard to approvals and disclosure obligations, should Cancellation take effect;**
- the loss of the protections of the Takeover Code, should Cancellation take effect;**
- the Purchase Facility provides a return of cash now, compared to the alternative of being exposed to the ongoing risks of the Company;**
- the purchase price represents a premium of approximately 11 per cent. compared to the 2017 Offer Price, as adjusted for the dividends paid by the Company since the 2017 Offer;**
- the purchase price represents a discount of approximately 9.1 per cent. to the Closing Price for Ordinary Shares on 16 April 2020, being the latest practicable date prior to the date of this announcement;**
- the purchase price represents a discount of approximately 6.5 per cent. compared to the average Closing Price for Ordinary Shares in the six months ending on 16 April 2020, being the latest practicable date prior to the date of this announcement; and**
- should the Dragon Capital Group, pursuant to the Purchase Facility, hold more than 75 per cent. of the Ordinary Shares it will be able to pass 75% Resolutions of the Company.**

Please note that none of the Independent Directors holds Ordinary Shares.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the proposed Cancellation and the Purchase Facility	20 April 2020
Publication and posting of the Circular, the Form of Proxy and the Purchase Facility Form	8.00 a.m. on 20 April 2020
Latest time and date for receipt of online proxy votes or completed Forms of Proxy in respect of the Extraordinary General Meeting	11.00 a.m. on 4 May 2020
Extraordinary General Meeting	11.00 a.m. on 6 May 2020
Sale Period commences	7 May 2020
Expected time and date of Cancellation	7.00 a.m. on 19 May 2020
Latest time and date for receipt of completed Purchase Facility Form and TTE Instruction(s)	1.00 p.m. on 28 May 2020
Sale Period closes	1.00 p.m. on 28 May 2020
Record Time	6.00 p.m. on 28 May 2020
Announcement of take up of the Purchase Facility	on or around 29 May 2020
Cheques despatched and payment through CREST in respect of the Purchase Facility	by 5 June 2020

Notes:

- (1) All of the times referred to in this announcement refer to London time, unless otherwise stated.
- (2) Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and dates will be notified to Shareholders by an announcement through a Regulatory Information Service and/or the Company's website.
- (3) The Cancellation requires the approval of not less than 75% of the votes cast by Shareholders at the Extraordinary General Meeting.

DEFINITIONS

The following definitions apply throughout this announcement, unless the context requires otherwise:

“75% Resolution”	a resolution of the Shareholders passed by a majority of at least 75 per cent. of the voting rights
“AIM”	AIM, the market operated by the London Stock Exchange
“AIM Rules”	the rules and guidance for companies whose shares are admitted to trading on AIM entitled “AIM Rules for Companies” published by the London Stock Exchange, as amended from time to time
“Business Day”	a day (excluding Saturday, Sunday and public holidays in England and Wales) on which banks are generally open for business in London for the transaction of normal banking business
“Cancellation”	the cancellation of admission of the Ordinary Shares to trading on AIM, subject to passing of the Cancellation Resolution and in accordance with Rule 41 of the AIM Rules
“Cancellation Resolution”	the resolution contained in the Notice of Extraordinary General Meeting;
“Circular”	the circular to Shareholders, containing information about the Cancellation, the Purchase Facility and the Extraordinary General

	Meeting
“Closing Price”	the closing middle market quotation of an Ordinary Share as derived from the Daily Official List of the London Stock Exchange
“Company” or “DUPD”	Dragon-Ukrainian Properties and Development Plc, a company incorporated in the Isle of Man with registered number 010832V whose registered office is at 2 nd Floor, St Mary’s Court, 20 Hill Street, Douglas, Isle of Man IM1 1EU
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2006, and any applicable rules made thereunder
“DCI”	Dragon Capital Investments Limited, a company incorporated in Cyprus with registered number 206349 which is part of the Dragon Capital Group
“Directors” or “Board”	the directors of the Company
“Dragon Capital”	Dragon Capital Holding Limited, a company organised under the law of Cyprus, registration number 172042, whose registered office is at Ledra House, Agiou Pavlou 15, Agios Andreas, P.C. 1105, Nicosia, Cyprus
“Dragon Capital Group”	Dragon Capital and its subsidiaries and subsidiary undertakings
“DRGN Limited” or “DRGN”	a company incorporated under the laws of the Republic of Cyprus with registered number HE111306, whose registered office is at Ledra House, Agiou Pavlou 15, Agios Andreas, P.C. 1105, Nicosia, Cyprus which is part of the Dragon Capital Group
“Euroclear”	Euroclear UK & Ireland Limited
“Extraordinary General Meeting”	the extraordinary general meeting of the Company convened for 11.00 a.m. on 6 May 2020 and any adjournment thereof, notice of which is set out in Part III of the Circular
“Form of Proxy”	the form of proxy which accompanies the Circular for use at the Extraordinary General Meeting or at any adjournment thereof
“Independent Directors”	Mark Iwashko and Aloysius van der Heijden, being the Directors who are independent of the Dragon Capital Group
“London Stock Exchange”	London Stock Exchange plc
“Minority Shareholders”	the holders of the 43,854,052 Ordinary Shares not currently owned by the Dragon Capital Group
“Notice of Extraordinary General Meeting” or “Notice”	the notice of Extraordinary General Meeting which is set out in Part III of the Circular
“Ordinary Shares”	ordinary shares of £0.01 each in the capital of the Company, and “Ordinary Share” means any one of them
“Overseas Shareholders”	Shareholders who are citizens or nationals of, or resident in, jurisdictions outside the UK
“Panel”	the Panel on Takeovers and Mergers
“Panmure Gordon”	Panmure Gordon (UK) Limited of One New Change, London EC4M 9AF, the Company’s nominated adviser

“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Purchase Facility”	the mechanism by which DRGN will offer to purchase the Minority Shareholders' Ordinary Shares for a price of 10 pence per Ordinary Share
“Purchase Facility Form”	the Purchase Facility Form accompanying the Circular for use by Qualifying Shareholders who hold their Ordinary Shares in certificated form in connection with the Purchase Facility
“Qualifying Shareholders”	Shareholders on the Register at the Record Time other than those with a registered address in a Restricted Jurisdiction
“Receiving Agent”	Computershare Investor Services PLC or Computershare
“Record Time”	6.00 p.m. on 28 May 2020
“Regulatory Information Service”	has the meaning given to it in the AIM Rules
“Restricted Jurisdiction”	Australia, New Zealand, South Africa, Canada, the United States, Japan or any other jurisdiction where the mailing of the Circular, or the availability of the Purchase Facility into such jurisdiction would constitute a violation of the laws of such jurisdiction
“Sale Period”	the period from 7 May 2020 until 1.00 p.m. on 28 May 2020
“Shareholders”	holders of Ordinary Shares from time to time and “Shareholder” means any one of them
“Takeover Code”	the City Code on Takeovers and Mergers
“TFE Instruction”	a transfer from escrow instruction (as defined by the CREST manual issued by Euroclear)
“TTE Instruction”	a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear)
“United Kingdom”	the United Kingdom of Great Britain and Northern Ireland

A reference to “£” is to pounds sterling, being the lawful currency of the UK.

A reference to “United States Dollars”, “US\$” or “\$” is to United States dollars, being the lawful currency of the United States of America.