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If you have sold or transferred your shares in Dragon – Ukrainian Properties & Development plc please forward this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or transferred part of your registered holding of shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

DRAGON – UKRAINIAN PROPERTIES & DEVELOPMENT PLC
(Incorporated in the Isle of Man with registered number 119018C)

Directors:

Aloysius van der Heijden (*Chairman*)
Tomas Fiala
Fredrik Svinhufvud
Boris Erenburg

Registered Office:

Standard Bank House
One Circular Road
Douglas, Isle of Man
IM1 1SB

**PROPOSED AUTHORITY TO MAKE MARKET PURCHASES
NOTICE OF AN EXTRAORDINARY GENERAL MEETING**

Dear Shareholder,

Introduction

The Directors consider that it would be in the interests of all Shareholders for the Company to have the right to purchase its own Ordinary Shares in the Market. The board is therefore proposing an authority for the Company to purchase up to 5,693,149 Ordinary Shares, representing 4% per cent. of the 142,328,716 Ordinary Shares in issue at the date of this circular. 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.

Reasons for the Authority

This authority is aimed at maximising shareholder value in the longer term by taking advantage of the current market environment where the Company's shares are traded at a significant discount to its Net Asset Value. The Company has no leverage in its balance sheet and has a strong cash position which will allow it to fund all of its existing commitments and operating expenditures over the longer term.

The Directors will only exercise the power to make market purchases of Ordinary Shares if they believe that it is in the best interests of Shareholders generally and that it will enhance the net asset value per share and/or the earnings per share of the Company. If the Directors do utilise the authority they will neither be encouraging nor recommending shareholders to buy or sell Ordinary Shares, nor in any way suggesting that it is an appropriate time to deal in such shares.

Terms of the Authority

The terms of this authority are that the Company will be required to pay a minimum (exclusive of expenses) of not less than 1 p for each share and a maximum of not more than 105 per cent of the average middle market price of an Ordinary Share for the five business days immediately preceding any such purchase.

Purchases would be financed from the Company's cash resources and made out of its distributable profit. As at 31 December 2007, the Company's distributable profit was USD 53.1 million.

Action to be taken

A Form of Proxy is enclosed. Whether or not you intend to be present at the Extraordinary General Meeting you are requested to complete the Form of Proxy in accordance with the instructions printed thereon and to return it to the Company's registrars, Standard Bank Trust Company (Isle of Man) Limited, Standard Bank House, One Circular Road, Douglas, Isle of Man, IM1 1SB as soon as possible and, in any event, so that it is received no later than 11:30 am on July 29, 2008 in accordance with the Company's Articles of Association. The completion and return of a Form of Proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you wish to do so.

Recommendation

The Directors consider that the business to be considered in resolutions 1 and 2 are in the best interests of the Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of resolutions 1 and 2 to be proposed at the Extraordinary General Meeting.

Yours sincerely

Aloysius van der Heijden
Chairman

DRAGON – UKRAINIAN PROPERTIES & DEVELOPMENT PLC
(Incorporated in the Isle of Man with registered number 119018C)

NOTICE OF AN EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the Company will be held at 11:30 am on July 31 2008 at Standard Bank House, One Circular Road Douglas, Isle of Man, IM1 1SB for the purpose of considering and, if thought fit, passing the following resolution which will be proposed to be passed as a COMPOSITE SPECIAL RESOLUTION.

That:

- (1) the Company generally be and is hereby authorised for the purposes of Section 13 of the Companies Act 1992 to make market purchases (as defined in Section 13(2) of the said Act) of Ordinary Shares provided that:
 - (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 4% of the Company's issued share capital;
 - (b) the minimum price which may be paid for such Ordinary Shares is the nominal amount thereof;
 - (c) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares shall be 105% per cent above the average of the middle market quotations taken from the AIM appendix to the Daily Official List of London Stock Exchange plc for the five business days before the purchase is made;
 - (d) the authority hereby conferred shall (unless previously renewed or revoked) expire at the date of the next annual general meeting of the Company that is held after the date on which this resolution is passed;
 - (e) the Company may make a contract to purchase its own Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract; and
- (2) any one director (or, if necessary, any two directors) and/or the secretary of the Company be authorised to do all acts, matters and things and negotiate, agree, amend, sign, execute (with or without the affixing of the common seal), date and deliver all agreements, deeds, contracts, notices, forms, certificates, returns and other documents of every description which any such person(s) may consider to be necessary, desirable or incidental in relation to all or any of the matters referred to in this composite special resolution.

By Order of the Board

Martin Jones
Secretary

Dated July 8, 2008

NOTES:

1. A member entitled to attend and vote at the Extraordinary General Meeting is also entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. The proxy need not be a member of the Company.
2. To be effective, the instrument appointing a proxy and any authority under which it is executed (or notarially certified copy of such authority) must be deposited at Standard Bank House, One Circular Road, Douglas, Isle of Man IM1 1SB not less than 48 hours before the time for holding the Extraordinary General Meeting. A Form of Proxy is enclosed with this Notice. Completion and return of the Form of Proxy will not preclude members of the Company holding ordinary shares from attending and voting in person at the Extraordinary General Meeting.
3. Pursuant to the Uncertificated Securities Regulations 2005, the time by which a person must be entered on the register of members in order to have the right to attend and vote at the Extraordinary General Meeting is 11:30 am on July 29, 2008 (being not more than 48 hours prior to the time fixed for the Extraordinary General Meeting) or, if the Extraordinary General Meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the Extraordinary General Meeting.

DRAGON – UKRAINIAN PROPERTIES & DEVELOPMENT PLC (“COMPANY”)

FORM OF PROXY FOR THE EXTRAORDINARY GENERAL MEETING

I/We
of with Account Designation
a member/members of the Company, hereby appoint the chairman of the meeting or ⁽¹⁾
as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Standard Bank House,
One Circular Road, Douglas, Isle of Man IM1 1SB at 11:30 am on July 31, 2008 and at any adjournment thereof.

If you wish to instruct your proxy as to how to vote on your behalf please indicate by an "X" in the appropriate box below.

COMPOSITE SPECIAL RESOLUTION

	FOR	AGAINST	VOTE WITHHELD	DISCRETIONARY
<p>(1) That the Company generally be and is hereby authorised for the purposes of Section 13 of the Companies Act 1992 to make market purchases (as defined in Section 13(2) of the said Act) of Ordinary Shares provided that:</p> <p>(a) the maximum number of Ordinary Shares hereby authorised to be purchased is 4% of the Company's issued share capital;</p> <p>(b) the minimum price which may be paid for such Ordinary Shares is the nominal amount thereof;</p> <p>(c) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares shall be 105% per cent above the average of the middle market quotations taken from the AIM appendix to the Daily Official List of London Stock Exchange plc for the five business days before the purchase is made;</p> <p>(d) the authority hereby conferred shall (unless previously renewed or revoked) expire at the date of the next annual general meeting of the Company that is held after the date on which this resolution is passed; and</p> <p>(e) the Company may make a contract to purchase its own Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract.</p>				
<p>2. Any one director (or, if necessary, any two directors) and/or the secretary of the Company be authorised to do all acts, matters and things and negotiate, agree, amend, sign, execute (with or without the affixing of the common seal), date and deliver all agreements, deeds, contracts, notices, forms, certificates, returns and other documents of every description which any such person(s) may consider to be necessary, desirable or incidental in relation to all or any of the matters referred to in this composite special resolution.</p>				

Signed

Date

NOTES

1. You may appoint a proxy of your own choice by deleting the words 'the chairman of the meeting' and inserting the name and address of your proxy in the space provided.
2. Unless otherwise instructed, a proxy may vote as he sees fit, or abstain from voting on any business (including amendments to resolutions) which may properly come before the meeting.
3. If the appointor is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
4. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.
5. To be valid, this Form of Proxy must be completed signed and lodged with the Company's Registrars, Standard Bank Trust Company (Isle of Man) Limited, Standard Bank House, One Circular Road, Douglas, Isle of Man IM1 1SB not less than 48 hours before the time fixed for holding the Extraordinary General Meeting or adjourned Extraordinary General Meeting in accordance with the Company's Articles of Association..
6. A proxy need not be a member of the Company.
7. Completion and return of this Form of Proxy does not preclude a member of the Company from subsequently attending and voting in person at the Extraordinary General Meeting.