

27 July 2007

Dragon - Ukrainian Properties & Development Plc (the "Company" or "DUPD")

### **Investment in Henryland Limited**

Dragon - Ukrainian Properties & Development Plc, one of the largest AIM listed real estate investment companies focused on investments in Ukraine and managed by Dragon Capital Partners Limited ("DCP"), is delighted to announce that it has today entered into a Subscription Agreement with Henryland Group Limited, a British Virgin Islands company ("Henryland"), and a shareholders agreement with Dragon Capital Holding Limited (an associated company of DCP) ("DCH"), Concentra Limited and Sakaropel Limited, to acquire a 38% interest in Henryland, a company seeking to develop 6 modern retail centers in various regions of Ukraine, for US \$12 million. In addition as part of these arrangements the Company has agreed to enter into an option in favour of DCH (the "Call Option") pursuant to which DCH may become entitled to acquire up to 900,000 shares in Henryland from DUPD for a consideration of US\$ 0.01 per share. Further details of the Call Option are set out below.

This project is in line with the investment strategy of DUPD, having its core focus on development and re-development opportunities in commercial and residential real estate in Kiev and other main regional centers of.

#### Highlights:

- The Company has agreed to acquire 12,000,000 shares in Henryland Group Limited, a property development company for the cash consideration of US\$12 million. This will give DUPD an initial holding of 38% in Henryland.
- The project entails attainment of land lease rights on a 4 hectares land plot in Kremenchug with subsequent construction of a 15,000 sq. m retail commercial facility, acquisition of 4.27 hectares land plot in Odessa with subsequent construction of 17,000 sq. m retail commercial facility, acquisition of a 12,312 sq. m real estate asset in Lutsk and acquisition of 3 additional land plots in other regional centers of Ukraine for further development of retail shopping centers.
- The Directors believe that following completion of each facility, a DIY retailer in Ukraine, which is an affiliate of DCP, will lease substantial parts of the premises under long-term leases.
- The Directors believe that the first facility in Lutsk will be completed by Henryland in September, 2007.
- The Directors believe that following completion of all 6 facilities (which is expected to occur during late 2009), investors in Henryland will be able to exit from the investment through a trade sale of the real estate holding company to a 3rd party property investor.

Aloysius Van der Heijden, Chairman of DUPD said: "We are pleased that this is DUPD's first investment since being admitted to AIM at the beginning of June. Henryland is a company which falls directly within our investment strategy and gives DUPD a significant foothold in the Ukrainian retail sector. We are also busy looking at a number of other projects."

Christos Kamtsios, Managing Director of DCP said: "the investment in Henryland marks the first investment of DUPD into the Ukrainian retail sector, a sector which has witnessed remarkable growth in retail turnover over the last 2 years, which has allowed Ukraine to remain in the Top-5 of A.T. Kearney's Global retail development index in 2005, 2006 and 2007."

#### Related Party Transaction

As DCH is currently a shareholder of both Henryland and DUPD and Tomas Fiala is a director of Henryland, DCH, DCP and DUPD, under the AIM rules Henryland is a related party to the Company.

The Directors of DUPD (other than Tomas Fiala ), having consulted with Zimmerman Adams International, the Company's Nominated Adviser, are satisfied that this transaction is fair and reasonable insofar as the Company's shareholders are concerned.

Following completion of the transaction DUPD is expected to own 38% of Henryland, while DCH will own 11.3%. The remaining 50.7% of Henryland will be owned by third party investors.

#### Call Option

The Call Option will be exercisable on the sale of DUPD's entire shareholdings in Henryland. The number of shares over which the Call Option may be exercised by DCH varies where the IRR achieved on such sale (as calculated in accordance with the terms of the call option) exceeds 10 % and range from a minimum of 90,000 shares where the IRR is 11% up to a maximum of 900,000 shares where the IRR equals or exceeds 20%. The overall impact of this may be to reduce the the holding of DUPD in Henryland on exit.

To reflect DCH's role in sponsoring, structuring and facilitating the transaction with Henryland, the other investors in Henryland have also entered into a call option in favour of DCH on similar terms.

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Notes to Editors

**DUPD** is an Isle of Man incorporated company formed to invest in the development of new commercial properties and re-development of existing properties in Ukraine which offer the prospect of attractive returns to its shareholders. Having raised US\$ 208 million at US\$2 per share, DUPD's ordinary shares were admitted to trading on the AIM market of the London Stock Exchange on 1 June 2007.

### **About Dragon Capital Partners**

DCP is the private equity arm of Dragon Capital, a leading Ukrainian financial institution specialising in the provision of investment banking, securities trading, asset management and private equity services. Dragon Capital has received the "Best Equities House in Ukraine" award in 2002, 2004, 2005, 2006 and 2007 by "Euromoney", a leading financial journal.

DCP professionals combine extensive local knowledge and expertise gained through substantial investment activity in the Ukrainian private equity market across a wide spectrum of industries, including real estate.