

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

**Changes to the Management Agreement**

Dragon-Ukrainian Properties & Development plc, a leading investor in the real estate sector in Ukraine, is pleased to announce changes to the management agreement (“MA”) between the Company and its manager Dragon Capital Partners (“DCP” or the “Manager”) related to the fees payable to the Manager.

The principal changes contained in the revised MA dated 23 April 2010 (the “Revised MA”) relate to the calculation of the performance fee. The original MA provided for two levels of performance fee based on increases in Net Asset Value. The top level of fee entitled the Manager to 25% of the amount by which the NAV increased in any one year above 35% of the previous high water mark. This fee has now been completely removed. The lower level of fee entitled the Manager to 20% of the amount by which the NAV increased in any one year above 10% of the previous high water mark.

The existing performance fee arrangements have been replaced by a share price measure starting at £1.085 (being the weighted average share price of the Company’s two fundraisings), and a NAV growth measure starting at \$2.49 (being the 31 December 2007 NAV, the last period for which a performance fee was paid to the Manager). Subject to the achievement of certain hurdles set out below, the Manager will be entitled to a fee of 10% of such excess for the share price performance and a fee of 10% of such excess for the NAV performance.

The Board considers that the revised MA better aligns the interests of the Manager with the Company’s performance and is thus in the best interests of the Company.

Entering into the Revised MA is considered to be a related party transaction pursuant to rule 13 of the AIM Rules for Companies.

The Board (excluding Tomas Fiala due to his interest in the Manager) consider, having consulted with Panmure Gordon, the Company’s Nominated Adviser, that entering into the Revised MA is fair and reasonable insofar as the Company’s shareholders are concerned.

For further information, call:

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**Key changes to the Revised MA**

**A. Terms of the Performance Fee**

(i) Previous performance fee

The previous performance fee was calculated by reference to an increase in NAV. The Manager was entitled to a percentage of NAV growth above certain hurdles, as set out below:

<b>Growth in NAV</b>	<b>Performance fee</b>
Under 10%	0
Over 10% but less than 35%	20% of the amount of NAV growth above the hurdle
35% or over	an additional 25% of the amount of NAV growth above the hurdle

(ii) Revised performance fee

Under the Revised MA the performance fee for the Manager will now be assessed against growth in NAV and also growth in share price and remunerated for each separately.

The revised performance fee includes separate calculations for both NAV performance and share price performance, as set out below:

1) NAV Performance Fee:

<b>Growth in NAV</b>	<b>Performance fee</b>
Under 10%	0%
10% or over	10% of the amount of NAV growth above the hurdle

2) Share Performance Fee:

<b>Growth in Share Price</b>	<b>Performance fee</b>
Final Share Price below or equal to £1.085	0%
Final Share Price above £1.085 or High Watermark	10% of such excess over 10% growth

#### *Payment of performance fee*

30% of the performance fee will remain payable to the Manager in cash within [10] business days following publication of the Company's [audited financial results] for the relevant accounting reference period. The balance will be satisfiable, as before, by the issue of ordinary shares credited as fully paid. However under the Revised MA the price of those shares will be equal to the closing NAV per ordinary share at the end of the relevant accounting reference period rather than the original formula of the price being the average middle market closing price over the last 20 business days in the accounting period in relation to which the performance fee was being paid.

#### *High Watermark*

While the original MA incorporated a high water mark for NAV growth the Revised MA extends the high water mark to also apply to the calculation of performance fees for share price growth.

The NAV Performance Fee high watermark is the highest previously achieved NAV at the end of a previous accounting reference period for which a NAV Performance Fee has been paid, which is \$2.49, being the 31 December 2007 NAV, the last period for which a performance fee was paid to the Manager.

The Share Performance Fee high watermark has been initially set at £1.085, being the weighted average placing price of the Company's two fundraisings, and for subsequent accounting reference periods (provided that the Final Share Price is higher than £1.085) it is the higher of (i) the closing share price on the first business day of the accounting reference period and (ii) the Final Share Price. The Final Share Price for any accounting reference period is calculated as the average closing mid-market share price for the ten days before and ten days immediately following the date on which the audited accounts of the Company are published in accordance with its duty to do so under Rule 19 of the AIM Rules for Companies.

## **B. Terms of the Management Fee**

The management fee is paid semi-annually in arrears at a rate of 1.5 per cent. of management fee gross asset value ("MFGAV").

The previous MFGAV was the aggregate of the consolidated non-current and current assets of the Company adjusted to reflect the fair market value of its properties and, where forward funding commitments granted by the Company exist, the aggregate amount of sums committed to the relevant developments less its consolidated liabilities (excluding bank or third party indebtedness).

Under the terms of the Revised MA, the MFGAV is the aggregate of the consolidated non-current and current assets of the Company adjusted to reflect the fair market value of its properties less its consolidated liabilities (excluding bank or third party indebtedness and the value of the management fee to be paid to the Manager in respect of the relevant accounting reference period).

### **Net Asset Value**

The definition of net asset value has been amended to remove reference to forward funding commitments and also to add back any dividends payable.

"NAV" was previously defined as the aggregate of the consolidated non-current and current assets of the Company adjusted to reflect the fair market value of its properties and where forward funding commitments granted by the Company exist, the aggregate amount of sums committed to the relevant developments less its consolidated liabilities provided that, in respect of the Company's first accounting reference period, the opening NAV is equal to the net proceeds of the placing receivable by the Company.

"NAV" is now defined as the consolidated non-current and current assets of the Company adjusted to reflect the fair market value of its properties after adding back any dividends declared or paid in relation to such period and less the consolidated liabilities of the Company.

### **Other provisions**

The Revised MA also provides that in relation to the payment of the share element of any performance fees payable to the Manager, the Company agrees that, subject to any applicable legislation and shareholder consent, it will make reasonable efforts to purchase from its shareholders an equal number of ordinary shares to the element of the performance fee payable in ordinary shares to the Manager in respect of any relevant accounting reference period.

The Revised MA also includes pro-rata provisions for the calculation of the management fee and performance fee in the event of further issues of shares. The Revised MA also amends the initial revised MA dated 12 March 2010.

For the avoidance of doubt, the Revised MA is effective for the year ended 31 December 2010.