

19 January 2010

DRAGON - Ukrainian Properties & Development PLC

("DUPD" or the "Company" and together with its subsidiaries, the "Group")

Trading Update

Dragon - Ukrainian Properties & Development plc, a leading investor in the real estate sector in Ukraine, is pleased to provide an update on its operations and results of its portfolio appraisal ahead of the full audited financial statements for the year ending 31 December 2009, expected to be released by April 2010.

Valuation and Financial Highlights:

- * The value of the Company's portfolio was appraised by CB Richard Ellis and amounted to USD 85.0 million as at 31 December 2009, indicating a 1.8% decrease, compared to USD 86.5 (as at 30 June 2009). This is, mainly due to a decrease in shareholding in the Avenue Shopping Mall project as described in the operational highlights below.
- * As in all previous periods, the Company's USD 120 million investment in its landbank was not subject to appraisal, as the board has conservatively elected to hold these investments at cost.
 - * Cash, held in several leading European banks, stood at USD 85.8 million as at 31 December, 2009.
- * No bank debt at Company or Group level.

Operational Highlights:

- * The Company is benefiting from the stabilisation of real estate prices and rentals during 4Q 2009. In addition, the market has witnessed the first signs of recovery, evidenced by increasing demand for quality properties. During the last four months of the year - the end of the sales season, DUPD has successfully pre-sold 11 homes in its Green Hills project which will generate revenues of USD 2.9 million for the Company, making Green Hills one of the most successful residential projects in the market based on number of homes sold.. For 2010, we expect sales to remain strong for both Green Hills as well as the Riviera Villas project, which has subsequently started its sales effort with its first pre-sale (approx. USD 0.8 million) concluded in December 2009.
- * The Company was able to realise its first sale in its commercial property portfolio by agreeing terms of sale of its Ukrainian subsidiary (under Glangate Ltd) that previously acquired land lease rights to a land plot in Sevastopol, and recently completed development of project documentation and received a construction permit. The subject property was sold to one of the leading local retailers for USD 1.95 million, representing a 3% premium to the property's book value as at 30 June 2009.
- * Due to delays on certain deliverables by the Company's partner in the Avenue Shopping Mall project, and given current market conditions, the Company decided to exercise its option to cancel the share capital increase of USD 5 million in Hindale Executive Investments Ltd, thus decreasing its stake in the project from 50.01% to 18.77%. These funds have been added to the Company's total uncommitted cash balance and are available for new investments at the discretion of the Company's Board.
- * On 24 December 2009, the Company successfully received project documentation approval from the Kyiv Architectural Council on one of its largest projects - Obolon Residential Towers, and submitted the project documentation to the State Detailed Expertise for final approval. Management expects to complete the pre-construction stage of the project development and to receive a construction permit in March-April 2010.

Chris Kamtsios, Senior Partner & Managing Director of Dragon Capital Partners Ltd ("DCP or the "Investment Manager") commented:

"Being completely debt-free and having a substantial cash balance, we are able to concentrate on proper and timely execution of our existing projects and not deviate from our initial strategy of setting new quality standards for the Ukrainian real estate market. Our focus on quality coupled with advanced stages of project documentation and permitting processes on most of the projects in our portfolio will allow the Company to take advantage of the market revival, which we expect to continue during the course of the year.

"At the same time, we keep working on assessing various opportunities to invest into properties that match our investment criteria and are already operational or require reasonable levels of financing to complete the final stage of construction."

Enquiries:

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