

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

27 October 2017

Dragon-Ukrainian Properties & Development plc

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

Sale of Obolon Residences project

Dragon-Ukrainian Properties & Development plc, a leading investor in the real estate sector in Ukraine, is pleased to announce that it has agreed to sell the Company's remaining interest in the Obolon Residences project to Cheriton Overseas Limited, an unrelated party. This is the same party that acquired the rights to develop phase 2 of the Obolon Residences project in February 2015.

The consideration of USD 9 million is payable in cash in four instalments with the final instalment due by 30 April 2018.

In the short term, the monies will be retained for working capital purposes.

The sale of the Company's interest in Obolon Residences is through the sale of the rights and shares of certain companies that own and manage the Obolon Residences project, including the unsold inventory in relation to phase one, as well as assignment to Cheriton Overseas Limited of all outstanding inter-company loans balances that were due to the Company and its retained subsidiaries.

The corporate rights of the company that owns the Ukrainian entity developing the Obolon Residences project will be pledged to the Company until the final instalment of the consideration is paid.

Following this announcement, the Company and DCM Limited will have no ongoing responsibilities to the development or sales & marketing of the Obolon Residences project.

The fair value of the Obolon Residences project as at 30 June 2017 (fair value of loan receivables as referred to in the unaudited financial statements of the Company) was USD 15.3 million, and as such a loss on disposal of USD 6.3 million will be recorded. The loss for the year ended 31 December 2016 for the Company's investment in Obolon Residences was USD 949K being the fair value loss.

As set out in the 1 December 2016 announcement, as a result of the sale of the Obolon Residences project, the management fee payable to DCM Limited will be reduced to US\$1.00m per annum, and accordingly the management fee for the year ending 31 December 2017 will be reduced on a pro rata basis from the date of this announcement.

The Company's investing policy states that the Board will seek to return to shareholders the net proceeds of property realisations subject to retention of funds necessary for the financing of the remaining portfolio and short-term general working capital purposes. Given the instalment basis of the consideration, the Board has decided that an immediate distribution to shareholders is not appropriate at this stage but will consider this matter in due course.

Mark Iwashko, the Chairman, stated:

“We had previously taken the decision to proceed with developing phase 3, however, we were also mindful of alternative options to monetise our investment in the Obolon Residences project. Whilst we believed that the project would deliver compelling risk-adjusted returns, this would be over a number of years. The disposal, however, provides cash consideration in the short-term, and reduces development risk for DUPD shareholders. We believe the disposal is the right decision for shareholders and is also fully supported by Dragon Capital.”

For further information, please contact:

Dragon Ukrainian Properties & Development Plc (www.dragon-upd.com)

Mark Iwashko (Chairman) +380 (50) 381 8811

DCM Limited (Investment Manager)

Volodymyr Tymochko +380 44 490 7120

Panmure Gordon (UK) Limited

Richard Gray / Andrew Potts +44 (0)20 7886 2500