

2.	5.	1.	6.	8.	3.	8.	1.	6.	4.	2.	0.	1.	1.	4.	0.	1.
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Statistical code

0.	1.	-	1.	0.	-	0.	4.	8.	3.	8.	4.
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Company registration number:

**Duna House Holding Nyrt.**

Name of Company

**1016 Budapest, Gellérthegy utca 17., 06 1 555 2222**

address and phone number of  
Company

**Year 2016**

## **Annual Report**

Budapest, 27 March 2017

\_\_\_\_\_  
CEO of the Company  
(representative)

Duna House Holding Nyrt.

Balance sheet Type A

1 / 1

Assets

data in HUF thousands

Sequence no.	Item	Previous year	Adjustments for previous year(s)	Reporting year
a	b	c	d	e
1.	<b>A. Fixed assets (rows 2+10+18)</b>	<b>651,408</b>	<b>0.</b>	<b>1,646,014.</b>
2.	I INTANGIBLE ASSETS (rows 3-9)	1,107.	0.	998.
3.	1. Capitalised value of foundation/ reorganisation	0.	0.	0.
4.	2. Capitalised value of R&D	0.	0.	0.
5.	3. Incorporeal rights (concessions, licences and similar rights)	1,107.	0.	998.
6.	4. Intellectual property	0.	0.	0.
7.	5. Goodwill	0.	0.	0.
8.	6. Prepayments on intangible assets	0.	0.	0.
9.	7. Revaluation of intangible assets	0.	0.	0.
10.	II TANGIBLE ASSETS (rows 11-17)	10,347.	0.	8,599.
11.	1. Land and buildings and related incorporeal rights	388.	0.	361.
12.	2. Equipment, machinery, vehicles	0.	0.	0.
13.	3. Other equipment, fixtures, fittings, tools, vehicles	9,734.	0.	8,238.
14.	4. Livestock	0.	0.	0.
15.	5. Assets in course of construction/reconstruction	225.	0.	0.
16.	6. Advances on investments	0.	0.	0.
17.	7. Revaluation of tangible assets	0.	0.	0.
18.	III FINANCIAL INVESTMENTS (rows 19-28)	639,954.	0.	1,636,417.
19.	1. Long-term participations in affiliated undertakings	639,954.	0.	1,635,417.
20.	2. Long-term loans to affiliated companies	0.	0.	0.
21.	3. Significant long-term participating interest	0.	0.	1,000.
22.	4. Long-term loan to a company in which a significant participating interest is held	0.	0.	0.
23.	5. Other long-term participations	0.	0.	0.
24.	6. Long-term loans to companies otherwise related	0.	0.	0.
25.	7. Other long-term loans	0.	0.	0.
26.	8. Long-term debt securities	0.	0.	0.
27.	9. Value adjustments of financial investments	0.	0.	0.
28.	10. Revaluation difference of financial investments	0.	0.	0.

Budapest, 27 March 2017

\_\_\_\_\_  
 CEO of the Company  
 (representative)

## Balance sheet Type A

1 / 2

## Assets

data in HUF thousands

Sequence no.	Item	Previous year	Adjustments for previous year(s)	Reporting year
a	b	c	d	e
29.	<b>B. Current assets (rows 30+37+46+53)</b>	<b>1,635,148.</b>	<b>0.</b>	<b>1,474,242.</b>
30.	<b>I INVENTORIES (rows 31-36)</b>	<b>34.</b>	<b>0.</b>	<b>1,231.</b>
31.	1. Materials	0.	0.	0.
32.	2. Work in progress and semi-finished goods	0.	0.	0.
33.	3. Livestock	0.	0.	0.
34.	4. Finished goods	0.	0.	0.
35.	5. Goods	34.	0.	1,231.
36.	6. Advances payments on inventories	0.	0.	0.
37.	<b>II RECEIVABLES (rows 38-45)</b>	<b>1,607,047.</b>	<b>0.</b>	<b>935,431.</b>
38.	1. Trade receivables	5.	0.	11.
39.	2. Amounts owed by affiliated undertakings	1,604,997.	0.	585,443.
40.	3. Receivables from undertakings in which the company holds a significant participating interest	0.	0.	347,514.
41.	4. Amounts owed by undertakings otherwise related	0.	0.	0.
42.	5. Bills of exchange receivable	0.	0.	0.
43.	6. Other accounts receivable	2,045.	0.	2,463.
44.	7. Revaluation difference of receivables	0.	0.	0.
45.	8. Positive revaluation difference of derivative transactions	0.	0.	0.
46.	<b>III SECURITIES (rows 47-52)</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
47.	1. Participating interests in affiliated companies	0.	0.	0.
48.	2. Significant participating interest	0.	0.	0.
49.	3. Other participating interests	0.	0.	0.
50.	4. Own shares, own business quotas	0.	0.	0.
51.	5. Debt securities held for trading	0.	0.	0.
52.	6. Revaluation difference of securities	0.	0.	0.
53.	<b>IV LIQUID ASSETS (rows 54-55)</b>	<b>28,067</b>	<b>0.</b>	<b>537,580.</b>
54.	1. Cash in hand, cheques	58.	0.	149.
55.	2. Bank deposits	28,009.	0.	537,431.
56.	<b>C. Deferred assets (rows 57.-59.)</b>	<b>38,054.</b>	<b>0.</b>	<b>82,580.</b>
57.	1. Accrued income	37,819.	0.	82,263.
58.	2. Accrued charges	235.	0.	317.
59.	3. Deferred charges	0.	0.	0.
60.	<b>TOTAL ASSETS (1+29+56)</b>	<b>2,324,610.</b>	<b>0.</b>	<b>3,202,836.</b>

Budapest, 27 March 2017

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 CEO of the Company  
 (representative)

## Balance sheet Type A

1 / 3

## Liabilities

data in HUF thousands

Sequence no.	Item	Previous year	Adjustments for previous year(s)	Reporting year
a	b	c	d	e
61.	<b>D. Equity (rows 62.+64.+65.+66.+67.+68.+71.)</b>	<b>1,561,114.</b>	<b>0.</b>	<b>898,952.</b>
62.	I. SUBSCRIBED CAPITAL	153,050	0	153,050.
63.	Of which, ownership shares repurchased at face value	0.	0.	0.
64.	II. SUBSCRIBED CAPITAL CALLED BUT UNPAID (-)	0.	0.	0.
65.	III. CAPITAL RESERVES	9,479.	0.	9,479.
66.	IV. RETAINED EARNINGS	481,647.	0.	799,273.
67.	V TIED UP RESERVES	0.	0.	0.
68.	VI VALUATION RESERVE	0.	0.	0.
69.	1. Valuation reserve for value adjustments	0.	0.	0.
70.	2. Fair valuation reserve	0.	0.	0.
71.	VII. PROFIT AFTER TAXATION	916,938.	0.	-62,850.
72.	<b>E. Provisions (rows 73-75)</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
73.	1. Provisions for contingent liabilities	0.	0.	0.
74.	2. Provisions for future costs	0.	0.	0.
75.	3. Other provisions	0.	0.	0.
76.	<b>F. Liabilities (rows 77-81)</b>	<b>701,669.</b>	<b>0.</b>	<b>2,281,402.</b>
77.	<b>I. SUBORDINATED LIABILITIES (rows 78-81)</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
78.	1. Subordinated liabilities vis-à-vis affiliated undertakings	0.	0.	0.
79.	2. Subordinated liabilities vis-à-vis undertakings with which the company holds a significant participating interest	0.	0.	0.
80.	3. Subordinated liabilities vis-à-vis undertakings otherwise related	0.	0.	0.
81.	4. Subordinated liabilities vis-à-vis other business entities	0.	0.	0.

Budapest, 27 March 2017

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 CEO of the Company  
 (representative)

## Balance sheet Type A

1 / 4

## Liabilities

data in HUF thousands

Sequence no.	Item	Previous year	Adjustments for previous year(s)	Reporting year
a	b	c	d	e
82.	<b>II. LONG-TERM LIABILITIES (rows 83-91)</b>	<b>4,765.</b>	<b>0.</b>	<b>424,980.</b>
83.	1. Long-term loans received	0.	0.	0.
84.	2. Convertible bonds	0.	0.	0.
85.	3. Debenture loans	0.	0.	0.
86.	4. Investment and development credit	0.	0.	0.
87.	5. Other long-term credit	0.	0.	421,573.
88.	6. Long-term liabilities vis-à-vis affiliated undertakings	0.	0.	0.
89.	7. Long term liabilities vis-à-vis undertakings in which the undertaking holds a significant participating interest	0.	0.	0.
90.	8. Long-term liabilities vis-à-vis undertakings otherwise related	0.	0.	0.
91.	9. Other long-term liabilities	4,765.	0.	3,407.
92.	<b>III CURRENT LIABILITIES (Rows 93-104)</b>	<b>696,904.</b>	<b>0.</b>	<b>1,856,422.</b>
93.	1. Short-term loans	0.	0.	0.
94.	Of which: convertible bonds	0.	0.	0.
95.	2. Short-term loans	0.	0.	120,450.
96.	3. Payments received on account of orders	0.	0.	0.
97.	4. Accounts payable (trade creditors)	1,223.	0.	1,463.
98.	5. Bills of exchange payable	0.	0.	0.
99.	6. Short-term liabilities vis-à-vis affiliated undertakings	672,101.	0.	204,356.
100.	7. Current liabilities vis-à-vis undertakings in which the undertaking holds a significant participating interest	0.	0.	1,499,996.
101.	8. Current liabilities vis-à-vis undertakings otherwise related	0.	0.	0.
102.	9. Other current liabilities	23,580.	0.	30,157.
103.	10. Revaluation difference of liabilities	0.	0.	0.
104.	11. Negative revaluation difference of derivative transactions	0.	0.	0.
105.	G. Accrued and deferred liabilities (rows 106.-108.)	61,827.	0.	22,482.
106.	1. Deferred income	0.	0.	0.
107.	2. Deferred charges	61,827.	0.	22,482.
108.	3. Deferred income	0.	0.	0.
109.	<b>Total liabilities (Rows 61+72+76+105)</b>	<b>2,324,610.</b>	<b>0.</b>	<b>3,202,836.</b>

Budapest, 27 March 2017

\_\_\_\_\_  
CEO of the Company  
(representative)

Statistical code: 25168381-6420-114-01  
 Company registration number: 01-10-048384  
 Duna House Holding Nyrt.

**Profit and Loss Statement**  
 (with the total cost procedure)  
 2 / 1

data in HUF thousands

Sequence no.	Item	Previous year	Adjustments for previous year(s)	Reporting year
a	b	c	d	e
1.	01. Net domestic sales	172,499.	0.	253,120.
2.	02. Net export sales	0.	0.	0.
3.	<b>I. NET SALES REVENUE (01+02)</b>	<b>172,499.</b>	<b>0.</b>	<b>253,120.</b>
4.	03. Variation in stocks of self-manufactured stock	0.	0.	0.
5.	04. Own work capitalised	0.	0.	0.
6.	<b>II OWN PERFORMANCE CAPITALISED (±03+04)</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
7.	<b>III OTHER INCOME</b>	<b>23.</b>	<b>0.</b>	<b>1.</b>
8.	Of this: impairment loss reversed	0.	0.	0.
9.	05. Cost of raw materials	4,908.	0.	8,752.
10.	06. Contracted services	107,114.	0.	194,340.
11.	07. Cost of other services	3,053.	0.	5,531.
12.	08. Cost of goods sold	0.	0.	0.
13.	09. Value of services sold (mediated)	29,461.	0.	37,679.
14.	<b>IV CONSUMABLES AND RAW MATERIALS (05+06+07+08+09)</b>	<b>144,536</b>	<b>0.</b>	<b>246,302.</b>
15.	10. Wages and salaries	15,633.	0.	31,013.
16.	11. Other personnel payments	738.	0.	2,885.
17.	12. Payroll contributions	4,539.	0.	9,563.
18.	<b>V STAFF COSTS (10+11+12)</b>	<b>20,910.</b>	<b>0.</b>	<b>43,461.</b>
19.	<b>VI DEPRECIATION</b>	<b>2,649.</b>	<b>0.</b>	<b>4,075.</b>
20.	<b>VII OTHER OPERATING CHARGES</b>	<b>2,850.</b>	<b>0.</b>	<b>9,785.</b>
21.	Of this: impairment loss	0.	0.	0.
22.	<b>A. OPERATING PROFIT/LOSS (I+II+III-IV-V-VI-VII)</b>	<b>1,577.</b>	<b>0.</b>	<b>-50,502.</b>

Budapest, 27 March 2017

\_\_\_\_\_  
 CEO of the Company  
 (representative)

**Profit and Loss Statement  
(with the total cost procedure)**

2 / 2

data in HUF thousands

Sequence no.	Item	Previous year	Adjustments for previous year(s)	Reporting year
a	b	c	d	e
23.	13. Dividend and profit sharing received (due)	905,708.	0.	0.
24.	Of this: received from affiliated company	863,000.	0.	0.
25.	14. Income from participations, capital gains	47,000.	0.	756.
26.	Of this: received from affiliated company	47,000.	0.	0.
27.	15. Income and capital gains from financial investments (securities, loans)	0.	0.	0.
28.	Of this: received from affiliated company	0.	0.	0.
29.	16. Other interest and similar income received (due)	30,804.	0.	55,088.
30.	Of this: received from affiliated company	29,307	0.	37,158.
31.	17. Other income from financial operations	2,362.	0.	855.
32.	Of this: valuation difference	0.	0.	0.
33.	<b>VIII INCOME FROM FINANCIAL TRANSACTIONS (13+14+15+16+17)</b>	<b>985,874.</b>	<b>0.</b>	<b>56,699.</b>
34.	18. Expenses and capital losses on participations	47,000.	0.	0.
35.	Of this: provided to affiliated company	47,000.	0.	0.
36.	19. Expenses and capital losses on financial investments (securities, loans)	0.	0.	0.
37.	Of this: provided to affiliated company	0.	0.	0.
38.	20. Interest payable and similar charges	22,058.	0.	38,606.
39.	Of this: provided to affiliated company	21,678.	0.	24,380.
40.	21. Impairment of shares, securities and bank deposits	0.	0.	0.
41.	22. Other charges on financial operations	859.	0.	29,821.
42.	Of this: valuation difference	0.	0.	0.
43.	<b>IX EXPENSES ON FINANCIAL TRANSACTIONS (18+19+20+21+22)</b>	<b>69,917.</b>	<b>0.</b>	<b>68,427.</b>
44.	<b>B. P/L FROM FINANCIAL OPERATIONS (VIII-IX)</b>	<b>915,957.</b>	<b>0.</b>	<b>-11,728.</b>
45.	<b>C. PROFIT ON ORDINARY ACTIVITIES (±A±B)</b>	<b>917,534.</b>	<b>0.</b>	<b>-62,230.</b>
46.	X. Tax liability	596.	0.	620.
47.	<b>D. TAXED PROFIT (±C-X)</b>	<b>916,938.</b>	<b>0.</b>	<b>-62,850.</b>

Budapest, 27 March 2017

\_\_\_\_\_  
CEO of the Company  
(representative)

Notes ~~on~~to the annual accounts

DUNA HOUSE HOLDING NYRT.

31.12.2016

Gay DymshizDoron Dymshiz  
Members of the Board of Directors

Budapest, 27 March 2017



## 1. Introduction to the company

According to its deed of foundation, the Company was incorporated on 16 December 2014. The Court of Registry entered the following data of DUNA HOUSE HOLDING Ingatlanforgalmi, - Kezelő és Szolgáltató Zártkörűen Működő Részvénytársaság established through the transformation of DUNA HOUSE HOLDING Ingatlanforgalmi, - Kezelő és Szolgáltató Korlátolt Felelősségű Társaság into the company register under company registration number Cg.01-10-048384 on 25.03.2015.

Company registration number: 01-10-048384

Corporate form: Company limited by shares

Registered on: 25.03.2015

The Company's name: DUNA HOUSE HOLDING Ingatlanforgalmi, - Kezelő és Szolgáltató

Private Company Limited by Shares

Date of change: 31.03.2015

The corporate form of the Zrt. changed in 2015. The new name of the company:  
DUNA HOUSE HOLDING Nyilvánosan Működő Részvénytársaság (Public Limited Company)

Date of change: 28.10.2015

Registered on: 02.11.2015

The Company's equity:

Designation	Amount	Currency
Total	153,050,000	HUF

Type of shares: ordinary shares

Serial no.: A

Number	Nominal value	Currency
3,060,000	50.	HUF

Type of shares: employee share

Serial no.: B

Number	Nominal value	Currency
1,000	50.	HUF

List of shareholders of Duna House Holding Nyrt.

Shareholder:		"A" ISIN: HU0000135090	"B" ISIN: HU0000136288	Total
Medasev Int. Ltd.		1,308,500	0.	1,308,500.
Medasev Holding		980,570.	0.	980,570.
Gay Dymschiz		7,636.	72.	7,708.
Doron Dymschiz		7,636.	72.	7,708.
Ferenc Máté		30,000	151.	30,151.
Kinga Szalay		2,182.	150.	2,332.
Bernadett Szirtes		1,364.	80.	1,444.

Krisztián Fülöp		2,182.	0.	2,182.
Dr András Szabadházy		1,364.	65.	1,429.
Nir Bitkover		2,182.	0.	2,182.
Tamás Ambrus		5,454.	150.	5,604.
Zoltán Tóth		0.	150.	150.
Angelika Fóris		0.	110.	110.
MKC Investment Sp.		72,415.	0.	72,415.
Private and institutional investors		638,515.	0.	638,515.
Total:		3,060,000.	1,000.	3,061,000.

## **2. A profile of associated companies**

In the reporting year the Company held business quotes in the following companies:

Company name	Capital contribution HUF	Participation %
DH Ingatlan Értébecslő Kft.	13,800,000.	100%
DH Franchise Kft.	5,000,000.	100%
Hitelcentrum Kft.	14,650,000.	100%
DH Projekt Kft.	3,000,000.	100%
Reif 2000 Kft.	42,600,000.	100%
Home Management Kft.	21,500,000.	100%
Home Line Center Kft.	252,000,000.	100%
DH Biztosításközvetítő Kft.	5,000,000.	100%
Energetikai Tanúsítvány Kft.	3,000,000.	100%
Smart Ingatlan Kft.	3,000,000.	100%
GDD Commercial Kft.	219,500,000.	100%
Impact Asset Management Alapkezelő Zrt.	202,916,000.	100%
Superior Real EstateKft.	3,000,000.	100%
MyCity Residential Development Kft	1,000,000.	50%
Metro House Franchise S.A	836,451,000.	100%
Duna House Franchise s.r.o	10,000,000.	80%
	1,636,417,000.	

In the reporting year the Company had acquired an ownership stake in 2 new subsidiaries.

Metro House Franchise S.A	836,451,000.	100%
Duna House Franchise s.r.o	10,000,000.	80%

The annual report is signed by Gay Dymshiz and Doron Dymshiz, members of the Board of Directors. The Company earned sales revenues from services in the 2016 business year.

The Company consolidates its members in accordance with IFRS. The consolidated report is available at the Company's registered seat (1016 Budapest, Gellérthegy utca 17) or at its website at [.dunahouse.com/hu/kozzetetelek](http://.dunahouse.com/hu/kozzetetelek)

### **3. General accounting information**

#### Accounting policies

##### 1. Reporting obligations and book-keeping

In keeping with Act C of 2000, the Company prepares annual reports.

The Company uses the double entry method. The Company keeps its books in Hungarian forint. The general ledger cut-off date is 31 January.

Balance sheet date: 27 March. Form of reporting: annual report.

The Company prepares a Type A balance sheet.

##### 2. The form of the profit and loss statement

The Company uses the total cost method in order to calculate its operating profit/loss. It prepares a Type A profit and loss account.

The Company records its costs in a breakdown by cost type in the general ledger.

##### 3. Valuation rules

Measurement of tangible and intangible assets; principles underlying the recognition of amortisation:

The Company records its tangible and intangible assets at their historical cost less depreciation. It determines historical cost in accordance with Section 47–51 of the Accounting Act. Depreciation is accounted for on the basis of gross value with the straight-line method commencing on the date of capitalisation.

Tangible and intangible assets with an individual value of below HUF 100,000 are written off in a lump sum upon their being put into use.

Accelerated depreciation:

The Company only recognises accelerated amortisation if the value of an asset is permanently low as it is no longer needed.

No accelerated amortisation was recognised.

The Company did not avail itself of the opportunity to measure its assets at a fair market value.

### Principles of measuring receivables

The Company treats delivered services as recognised receivables if neither they nor the documents are disputed by the parties. Receivables are measured at their book value except receivables in a foreign currency.

Doubtful receivables are receivables that are either overdue or in respect of which a legal proceeding aimed at their recovery was launched before the authorisation date. Furthermore, receivables are doubtful receivables if they are owed by parties against whom a bankruptcy or liquidation proceeding was launched before the authorisation date.

We treat receivables from our partners as unrecoverable if they are recorded as forgiven receivables in an agreement with creditors during a bankruptcy proceeding; or if, based on the declaration of the administrator or liquidator, they are unrecoverable, and such declaration is received before the authorisation date.

The following also qualify as unrecoverable receivables: any amount that remains unpaid upon the completion of a liquidation or dissolution proceeding (with any amount already paid taken into account), receivables from parties whose whereabouts is unknown (if such fact can be credibly proven before the authorisation date), any receivables that are not or only partially in a foreclosure proceeding, time-barred receivables, receivables from parties residing abroad (if an authorisation by the foreign exchange control authority is received before the authorisation date) and small-amount receivables the recovery of which would mean unreasonably large expenses.

We recognise unrecoverable receivables as lending losses and charge them to the profit of the year concerned.

The rules governing the measurement of receivables in a foreign currency are as follows:

Transactions conducted in a foreign currency must be settled at the mid-rate quoted by the National Bank of Hungary on the date of delivery.

At year-end, all transactions in a foreign currency must be translated into HUF at the exchange rate prevailing at the balance sheet date. All foreign currency-denominated items must be recorded at the exchange rate prevailing at the balance sheet date in the balance sheet. If, at the end of the year, the aggregated total of exchange rate differences of foreign currency transactions is negative, they must be recognised as other financial expenses. If, however, the aggregated total of exchange rate differences of foreign currency transactions is positive, they must be recognised as other income from financial operations and must be added to the current year's profit.

In keeping with its accounting policy, the Company recognises impairment on all its overdue receivables.

We recognise impairment only if it persists and is sizeable in respect of its amount. If the solvency of a debtor improves before the next authorisation date, the corresponding portion of the recognised impairment will be reversed in the following period.

### Measurement of liabilities

Except receivables in foreign currencies, liabilities are stated at their book value in the balance sheet.

The rules governing liabilities in foreign currencies are identical to those applicable to receivables in foreign currencies.

#### 4. Rules of provisioning

Provisions charged to pre-tax profit must be set aside for expected liabilities. Grounds for provisioning include guarantee, litigation, early retirement, severance payment and environmental protection-related obligations.

The Company did not set aside any provision.

#### 5. Accruals

##### Accrued and deferred assets

Costs that are incurred before the balance sheet, but leave business operations in the reporting year unaffected in whole or in part are stated in this category.

Income that cannot be recognised before the balance sheet date, but which affect business operations in the reporting year, are stated in this category.

The contractual amount of any debt assumed free of charge is stated as deferred expenses.

##### Accrued and deferred liabilities

Liabilities that become known between the balance sheet date and the authorisation date are included in this category based on the appropriate accounting documents. Pertaining to the following period, income realised during the reporting year is included in this category.

##### Accrued income:

The following are stated as accrued and deferred liabilities: non-repayable assets and subsidies received for development purposes and recognised as extraordinary income in the reporting year, the amount of any forgiven liability or liability assumed by any third party and the market price of any asset either non-repayable or identified as a surplus.

#### 6. Separation of ordinary or extraordinary items in terms of size and occurrence.

The Company separates ordinary ordinary or extraordinary items as follows:

Items whose size differs markedly from what is customary. Items that are either ad hoc or extraordinary in terms of their occurrence.

#### 7. Definition of major errors

The Company adopts what is defined as major error in the Accounting Act due to the calculation method required by the Act. Errors shall be construed as major in all cases if, in the year when discovered by audits, the aggregate amount of all the errors (whether minus or plus) for the same year and the after-effects thereof - increasing or decreasing the equity - amounts to 2 (two) per cent of the balance sheet total of the year audited, or at least HUF 1 million.

Persons and entities providing accounting services:

Ms Mária Kala chartered accountant is in charge of managing and supervising accounting services and compiling reports. Registration number: 175795 (1075 Budapest, Síp u.24.)

The Company has engaged BDO Magyarország Könyvvizsgáló Korlátolt Felelősségű Társaság (registered seat: 1103 Budapest, Kőér utca 2/A. C. ép., court of registry: Metropolitan Court of Budapest as court of registry, company registration number: 01-09-867785, CoHa number: 002387) chartered auditors to substantiate this report. Appointed auditor personally responsible for audits: Name: Krisztián Péter Kékesi Address: 1158 Budapest, Neptun u. 90. 9. em. 38. CoHA membership number: 007128.

## 1. Balance Sheet

Trends in the Company's equity over the past 2 business year

	Subscribed capital	Subscribed capital called but not paid	Capital reserves	Retained earnings	Tied up reserves	Valuation reserves	B/S profit/loss/Taxed profit	Equity
31 December 2014	3,000.	-	-	304,658.	-	-	317,070.	624,728.
Carry-over of profit/loss				317,070.			- 317,070	-
Profit/loss for fractional periods							6,919.	6,919.
31 March 2015	3,000.	-	-	621,728.	-	-	6919.	631,647.
Carry-over of profit/loss				6,919.			- 6,919	-
Capital increase upon transformation	147,000.			- 147,000				-
Capital increase with premium	3,050.		9,479.					12,529.
Profit/loss for the year							669,338.	669,338.
31 December 2015	153,050.	-	9,479.	481,647.			669,338.	1,313,514.
2016 opening financial settlement/dividends carry-back							247,600.	247,600.
01 Jan 2016	153,050.	-	9,479.	481,647.	-	-	916,938.	1,561,114.
2016 opening financial settlement/dividends carry-back				- 247,600				- 247,600
Carry-over of result				916,938.			- 916,938	-
Additional payments charged to retained earnings				- 351,712				- 351,712
Result for the year							- 62,850	- 62,850
31 December 2016	153,050.	-	9,479.	799,273.	-	-	- 65,850	898,952.

#### Additional payments in 2016

Company	Amount
Duna House Franchise s.r.o	206,111,920.
Smart Ingatlan Kft.	110,000,000.
Superior Real Estate Kft.	25,600,000.
MyCity Kft.	10,000,000.
Total amount of additional payments in 2016:	351,711,920.

The annexes attached show changes in the Company's tangible and intangible assets.

The Company's current assets in the amount of HUF 1,474,242,000 include receivables in the amount of HUF 935,431,000 and liquid assets in the amount of HUF 537,580,000. The former has been deposited into the current account managed by the account-keeping bank and the latter is the Company's petty cash.

HUF 585,443,000 was recorded as receivables from affiliated companies in the balance sheet; of this, HUF 63,000,000 is dividends payable to the Company, HUF 485,029,000 is loan debt owed to the Company and HUF 17,414,000 is accounts receivable. (as detailed in the attached schedule):

Of long-term liabilities, HUF 3,407,000 is lease obligation and HUF 421,573,000 is a long-term loan that the Company used to acquire ownership stakes in 2 new subsidiaries.

Current liabilities amounted to HUF 1,856,422,000, of which HUF 120,450,000 was a short-term loan and HUF 1,463,000 was accounts payable; the remaining portion of other liabilities was HUF 204,356,000 in liabilities vis-à-vis affiliated companies, of which HUF 203,355 represented an obligation related to the buy-back of the Company's own shares; HUF 95,000 was accounts payable and HUF 906,000 down payment. Further details are available in the annex attached.

Other liabilities included HUF 30,157,000 in taxes and contributions (for further details see the annex attached).

In order to capitalise the Company's subsidiaries, the Company made additional payments in the total amount of HUF 351,712,000 charged to the retained earnings.

Accrued and deferred liabilities amounted to HUF 22,482,000 in costs, of which HUF 2,157,000 was stated as investment loan interest in this category.

## 2. Profit and Loss Statement

The Company's income for the year amounted to HUF 253,120,000.

Other services purchased:

Designation	Previous year	Reporting year
Transport, loading, unloading	115.	507.
Office rent	8,168.	12,154.
Parking lot	926.	1,852.
Other (refrigerators, rooms, carpets, showcases, etc.)	83.	877.
Costs of repairs and maintenance	1,517.	4,580.
Cleaning costs	1,213.	3,166.
Sewage charges	20.	212.
Other promotion, advertising	0	12,153.
Taxi fare	64.	912.
Accommodation	0.	2,078.
Off-site assignments	80.	7,063.
Postal charges	40.	36.
Telephone costs	900.	1,354.
Internet subscription	257.	121.
Technical books and periodicals	58.	62.
Training and further training costs	0.	2,925.
Legal services	40,200.	54,658.
Bookkeeping services	1,270.	124.
Financial and business management consultancy	4,175.	10,615.
business management consultancy.	42,920.	60,544.
IT services	1,828.	2,026.
Other services purchased	3,280.	16,320.
Cost of services purchased:	107,114.	194,340.

Within the services purchased, there was a significant increase in legal costs relative to the previous year, which is attributable to the listing of the Company at the stock exchange and the fee of the legal procedures related to ownership shares in 2 new subsidiaries.

Expenses on financial operations in the amount of HUF 68,427,000 comprise HUF 38,606 thousand in interest payable and HUF 29,821,000 in revaluation difference between foreign currency-denominated assets and liabilities.

HUF 56,699,000 was stated as income from financial operation; of this, HUF 55,088,000 was interest received, and HUF 855,000 was the revaluation difference between foreign currency-denominated assets and liabilities.

Interest paid to affiliated companies and interest income received from affiliated companies amounted to HUF 24,380,000 and HUF 37,158,000 respectively.

The Company opted for paying expected minimum tax in order to discharge its corporate tax liability. Its tax liability for the tax year amounted to HUF 620,000.

#### 1. Other supplementary information

The number of the Company's employees was 11. HUF 23,063,000 in wage costs and HUF 7,950,000 in member's income and contractor fee were paid in connection with them.

Staff costs and contributions due on wages amounted to HUF 2,885,000 and HUF 9,563,000 respectively.

The Company proposes that dividends in the amount of HUF 479,260,000 be disbursed.



**Duna House Holding Nyrt.**  
**Business year: 2016**

**Changes in the gross value, accumulated depreciation and net value  
of tangible and intangible assets**

data in HUF thousands

Designation	Gross value					Depreciation							Net value
	Opening value	Increase	Decrease	Reclassification	Closing	Opening value	Increase			Decrease	Reclassification	Closing	
							Ordinary	Accelerated	Small value				
Capitalised value of formation and restructuring					0.							0.	0.
Capitalised value of research and developmnet					0.							0.	0.
Concessions, licences and similar rights	1,546.	150.			1,696.	439.	259.					698.	998.
Trade marks, patents					0.							0.	0.
Goodwill					0.							0.	0.
Prepayments on intangible assets					0.							0.	0.
Revaluation of intangible assets					0.							0.	0.
Small-value intangible assets					0.							0.	0.
<b>INTANGIBLE ASSETS</b>	<b>1,546.</b>	<b>150.</b>	<b>0.</b>	<b>0.</b>	<b>1,696.</b>	<b>439.</b>	<b>259.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>698.</b>	<b>998.</b>
Land and buildings and related incorporeal rights	409.				409.	21.	27.					48.	361.
Equipment, machinery, vehicles					0.							0.	0.
Other equipment, fixtures, fittings, tools, vehicles	11,923.	1,339.			13,262.	2,189.	2,835.					5,024.	8,238.
Livestock					0.							0.	0.
Assets in course of construction/reconstruction	225.		225.		0.	0.						0.	0.
Advances on investments					0.							0.	0.
Revaluation of tangible assets					0.							0.	0.
Small-value tangible assets		954.			954.		954.					954.	0.
<b>TANGIBLE ASSETS</b>	<b>12,557.</b>	<b>2,293.</b>	<b>225.</b>	<b>0.</b>	<b>14,625.</b>	<b>2,210.</b>	<b>3,816.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>6,026.</b>	<b>8,599.</b>
<b>Grand total:</b>	<b>14,103.</b>	<b>2,443.</b>	<b>225.</b>	<b>0.</b>	<b>16,321.</b>	<b>2,649.</b>	<b>4,075.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>6,724.</b>	<b>9,597.</b>

**Duna House Holding Nyrt.**  
**Business year: 2016**

**Changes in the gross value of tangible and intangible assets**

Designation	Gross value				
	Opening value	Increase	Decrease	Reclassification	Closing
Capitalised value of formation and restructuring	0.	0.	0.	0.	0.
Capitalised value of research and developmnet	0.	0.	0.	0.	0.
Incorporeal rights (concessions, licences and similar rights)	1,546.	150.	0.	0.	1,696.
Intellectual property	0.	0.	0.	0.	0.
Goodwill	0.	0.	0.	0.	0.
Prepayments on intangible assets	0.	0.	0.	0.	0.
Revaluation of intangible assets	0.	0.	0.	0.	0.
Small-value intangible assets	0.	0.	0.	0.	0.
<b>INTANGIBLE ASSETS</b>	<b>1,546.</b>	<b>150.</b>	<b>0.</b>	<b>0.</b>	<b>1,696.</b>
Land and buildings and rights to Immovable assets	409.	0.	0.	0.	409.
Technical equipment, machinery, vehicles	0.	0.	0.	0.	0.
Other equipment, fixtures, fittings, tools, vehicles	11,923.	1,339.	0.	0.	13,262.
Livestock	0.	0.	0.	0.	0.
Assets in course of construction/reconstruction	225.	0.	225.	0.	0.
Advances on investments	0.	0.	0.	0.	0.
Revaluation of tangible assets	0.	0.	0.	0.	0.
Small-value tangible assets	0.	954.	0.	0.	954.
<b>TANGIBLE ASSETS</b>	<b>12,557.</b>	<b>2,293.</b>	<b>225.</b>	<b>0.</b>	<b>14,625.</b>
<b>Grand total:</b>	<b>14,103.</b>	<b>2,443.</b>	<b>225.</b>	<b>0.</b>	<b>16,321.</b>

Duna House Holding Nyrt.

Business year: 2016

Changes in the depreciation and net value of tangible and intangible assets

Designation	Depreciation							Net value
	Opening value	Increase			Decrease	Reclassification	Closing	
		Ordinary	Accelerated	Small value				
Capitalised value of formation and restructuring	0.	0.	0.	0.	0.	0.	0.	0.
Capitalised value of research and developmnet	0.	0.	0.	0.	0.	0.	0.	0.
Concessions, licences and similar rights	439.	259.	0.	0.	0.	0.	698.	998.
Trade marks, patents	0.	0.	0.	0.	0.	0.	0.	0.
Goodwill	0.	0.	0.	0.	0.	0.	0.	0.
Prepayments on intangible assets	0.	0.	0.	0.	0.	0.	0.	0.
Revaluation of intangible assets	0.	0.	0.	0.	0.	0.	0.	0.
Small-value intangible assets	0.	0.	0.	0.	0.	0.	0.	0.
<b>INTANGIBLE ASSETS</b>	<b>439.</b>	<b>259.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>698.</b>	<b>998.</b>
Land and buildings and rights to Immovable assets	21.	27.	0.	0.	0.	0.	48.	361.
Technical equipment, machinery, vehicles	0.	0.	0.	0.	0.	0.	0.	0.
Other equipment, fixtures, fittings, tools, vehicles	2,189.	2,835.	0.	0.	0.	0.	5,024.	8,238.
Livestock	0.	0.	0.	0.	0.	0.	0.	0.
Assets in course of construction/reconstruction	0.	0.	0.	0.	0.	0.	0.	0.
Advances on investments	0.	0.	0.	0.	0.	0.	0.	0.
Revaluation of tangible assets	0.	0.	0.	0.	0.	0.	0.	0.
Small-value tangible assets	0.	954.	0.	0.	0.	0.	954.	0.
<b>TANGIBLE ASSETS</b>	<b>2,210.</b>	<b>3,816.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>6,026.</b>	<b>8,599.</b>
<b>Grand total:</b>	<b>2,649.</b>	<b>4,075.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>6,724.</b>	<b>9,597.</b>

Duna House Holding Nyrt.

Business year: 2016

Trends in depreciation

Method of write-off	Previous year	Reporting year	Change %
<b>Depreciation</b>	2649.	4075.	153.83.
Straight-line	2,649.	3,121.	117.82.
Degrressive			0.00.
Performance-based			0.00.
In absolute terms			0.00.
Recognised as a lump sum		954.	0.00.
<b>Accelerated depreciation</b>			0.00.
<b>Accelerated depreciation reversed</b>			0.00.
<b>Total:</b>	<b>2649.</b>	<b>4075.</b>	<b>153.83.</b>

0.

0.

Duna House Holding Nyrt.  
 Business year: 2016

Other receivables and other current liabilities detailed

<b>Other accounts receivable</b>	<b>data in HUF thousand</b>
Advances paid	151.
Corporate tax	752.
Late payment penalty	10.
VAT	1,325.
Trade creditors	84.
Advances on Pay-Pall and other	141.
<b>Total</b>	<b>2,463.</b>

<b>Other current liabilities</b>	<b>data in HUF thousand</b>
Business tax	122.
Current account overdraft	2.
Personal Income Tax	2,155.
Health contribution	84.
Vocational training contribution	48.
Tax on company car	44.
Income settlement account	2,178.
Pension insurance	317.
Health insurance and labour market contribution	256.
Social taxes Tax	858.
Lease financing	1,930.
Dividends due to employees	22,015.
Deposit	
other	148.
<b>Total</b>	<b>30,157.</b>

Duna House Holding Nyrt.  
Business year: 2016

Composition of assets

data in HUF thousands

Designation	Previous year		Reporting year		Change %
	Amount (HUF th)	Share (%)	Amount (HUF th)	Share (%)	
<b>Fixed assets</b>	651,408	28.02.	1,646,014.	51.39.	252.69.
Intangible assets	1,107.	0.05.	998.	0.03.	90.15.
Tangible assets	10,347.	0.45.	8,599.	0.27.	83.11.
Financial investments	639,954.	27.53.	1,636,417.	51.09.	255.71.
<b>Current assets</b>	1,635,148.	70.34.	1,474,242.	46.03.	90.16.
Inventories	34.	0.00.	1,231.	0.04.	3,620.59.
Accounts receivable	1,607,047.	69.13.	935,431.	29.21.	58.21.
Securities	0.	0.00.	0.	0.00.	
Liquid assets	28,067	1.21.	537,580.	16.78.	1,915.35.
<b>Accrued and deferred assets</b>	38,054.	1.64.	82,580.	2.58.	217.01.
<b>TOTAL ASSETS</b>	2,324,610.	100.00.	3,202,836.	100.00.	137.78.

Composition of liabilities

data in HUF thousands

Designation	Previous year		Reporting year		Change %
	Amount (HUF th)	Share (%)	Amount (HUF th)	Share (%)	
<b>Equity</b>	1,561,114.	67.16.	898,952.	28.07.	57.58.
Subscribed capital	153,050.	6.58.	153,050.	4.78.	100.00.
Subscribed capital called but not paid (-)	0.	0.00.	0.	0.00.	
Capital reserves	9,479.	0.41.	9,479.	0.30.	100.00.
Retained earnings	481,647.	20.72.	799,273.	24.96.	165.95.
Tied up reserves	0.	0.00.	0.	0.00.	
Valuation reserves	0.	0.00.	0.	0.00.	
After-tax profit	916,938.	39.44.	-62,850.	-1.96.	-6.85.
<b>Provisions</b>	0.	0.00.	0.	0.00.	
<b>Liabilities</b>	701,669.	30.18.	2,281,402.	71.23.	325.14.
Subordinated liabilities	0.	0.00.	0.	0.00.	
Long-term liabilities	4,765.	0.20.	424,980.	13.27.	8,918.78.
Short-term liabilities	696,904.	29.98.	1,856,422.	57.96.	266.38.
<b>Accrued and deferred liabilities</b>	61,827.	2.66.	22,482.	0.70.	36.36.
<b>TOTAL LIABILITIES</b>	2,324,610.	100.00.	3,202,836.	100.00.	137.78.

Duna House Holding Nyrt.

Business year: 2016

Composition of fixed assets

data in HUF  
thousands

Designation	Previous year		Reporting year		Change %
	Amount (HUF th)	Share (%)	Amount (HUF th)	Share (%)	
<b>Intangible assets</b>	<b>1,107.</b>	<b>0.17.</b>	<b>998.</b>	<b>0.06.</b>	<b>90.15.</b>
Capitalised costs of formation and reorganisation/restructuring	0.	0.00.	0.	0.00.	
Capitalised value of research and development	0.	0.00.	0.	0.00.	
Incorporeal rights (concessions, licences and similar rights)	1,107.	0.17.	998.	0.06.	90.15.
Intellectual property	0.	0.00.	0.	0.00.	
Goodwill	0.	0.00.	0.	0.00.	
Prepayments on intangible assets	0.	0.00.	0.	0.00.	
Revaluation of intangible assets	0.	0.00.	0.	0.00.	
<b>Tangible assets</b>	<b>10,347.</b>	<b>1.59.</b>	<b>8,599.</b>	<b>0.52.</b>	<b>83.11.</b>
Land and buildings and related incorporeal rights	388.	0.06.	361.	0.02.	93.04.
Equipment, machinery, vehicles	0.	0.00.	0.	0.00.	
Other equipment, fixtures, fittings, tools, vehicles	9,734.	1.49.	8,238.	0.50.	84.63.
Livestock	0.	0.00.	0.	0.00.	
Assets in course of construction/reconstruction	225.	0.03.	0.	0.00.	0.00.
Payments on account	0.	0.00.	0.	0.00.	
Revaluation of tangible assets	0.	0.00.	0.	0.00.	
<b>Financial investments</b>	<b>639,954.</b>	<b>98.24.</b>	<b>1,636,417.</b>	<b>99.42.</b>	<b>255.71.</b>
Long-term participations in affiliated undertakings	639,954.	98.24.	1,635,417.	99.36.	255.55.
Long-term loans to affiliated companies	0.	0.00.	0.	0.00.	
Permanent participating interest	0.	0.00.	1,000.	0.06.	
Long-term loan to a company in which a significant participating interest is held	0.	0.00.	0.	0.00.	
Other long-term participations	0.	0.00.	0.	0.00.	
Long-term loans to undertakings otherwise related	0.	0.00.	0.	0.00.	
Other long-term loans	0.	0.00.	0.	0.00.	
Long-term debt securities	0.	0.00.	0.	0.00.	
Value adjustments of financial investments	0.	0.00.	0.	0.00.	
Revaluation difference of financial investments	0.	0.00.	0.	0.00.	
<b>Total Fixed Assets</b>	<b>651,408</b>	<b>100.00.</b>	<b>1,646,014.</b>	<b>100.00.</b>	<b>252.69.</b>

**Duna House Holding Nyrt.**  
**Business year: 2016**

**Composition of current assets**

data in HUF thousands

Designation	Previous year		Reporting year		Change %
	Amount (HUF th)	Share (%)	Amount (HUF th)	Share (%)	
<b>I Inventory</b>	<b>34.</b>	<b>0.00.</b>	<b>1,231.</b>	<b>0.08.</b>	<b>3,620.59.</b>
Materials	0.	0.00.	0.	0.00.	
Work in progress and semi-finished goods	0.	0.00.	0.	0.00.	
Livestock	0.	0.00.	0.	0.00.	
Finished goods	0.	0.00.	0.	0.00.	
Goods	34.	0.00.	1,231.	0.08.	3,620.59.
Advances and prepayments	0.	0.00.	0.	0.00.	
<b>II. Accounts receivable</b>	<b>1,607,047.</b>	<b>98.28.</b>	<b>935,431.</b>	<b>63.45.</b>	<b>58.21.</b>
Trade receivables from goods transport and services	5.	0.00.	11.	0.00.	220.00.
Receivables from affiliated undertakings	1,604,997.	98.16.	585,443.	39.71.	36.48.
Receivables from undertakings in which a significant participation is held	0.	0.00.	347,514.	23.57.	
Receivables from undertakings otherwise related	0.	0.00.	0.	0.00.	
Bills of exchange receivable	0.	0.00.	0.	0.00.	
Other accounts receivable	2,045.	0.13.	2,463.	0.17.	120.44.
Revaluation difference of receivables	0.	0.00.	0.	0.00.	
Positive valuation difference of derivative transactions	0.	0.00.	0.	0.00.	
<b>III Securities</b>	<b>0.</b>	<b>0.00.</b>	<b>0.</b>	<b>0.00.</b>	
Participating interests in affiliated companies	0.	0.00.	0.	0.00.	
Significant participating interest	0.	0.00.	0.	0.00.	
Other participating interests	0.	0.00.	0.	0.00.	
Own shares and own partnership shares	0.	0.00.	0.	0.00.	
Debt securities for trading purposes	0.	0.00.	0.	0.00.	
Revaluation difference of securities	0.	0.00.	0.	0.00.	
<b>V Liquid Assets</b>	<b>28,067</b>	<b>1.72.</b>	<b>537,580.</b>	<b>36.46.</b>	<b>1,915.35.</b>
Cash in hand, cheques	58.	0.00.	149.	0.01.	256.90.
Bank deposits	28,009.	1.71.	537,431.	36.45.	1,918.78.
<b>Total current assets</b>	<b>1,635,148.</b>	<b>100.00.</b>	<b>1,474,242.</b>	<b>100.00.</b>	<b>90.16.</b>

**Composition of accrued and deferred assets**

data in HUF thousands

Designation	Previous year		Reporting year		Change %
	Amount (HUF th)	Share (%)	Amount (HUF th)	Share (%)	
Accrued income	37,819.	99.38.	82,263.	99.62.	217.52.
Pre-paid expenses	235.	0.62.	317.	0.38.	134.89.
Deferred charges	0.	0.00.	0.	0.00.	
<b>Total accrued and deferred assets</b>	<b>38,054.</b>	<b>100.00.</b>	<b>82,580.</b>	<b>100.00.</b>	<b>217.01.</b>



Duna House Holding Nyrt.  
Business year: 2016

Composition of equity

data in HUF thousands

Designation	Previous year		Reporting year		Change %
	Amount (HUF th)	Share (%)	Amount (HUF th)	Share (%)	
Subscribed capital	153,050.	<b>9.80.</b>	153,050.	<b>17.03.</b>	<b>100.00.</b>
<b>Of which, ownership shares repurchased at face value</b>	0.	<b>0.00.</b>	0.	<b>0.00.</b>	
Subscribed capital called but not paid (-)	0.	<b>0.00.</b>	0.	<b>0.00.</b>	
Capital reserves	9,479.	<b>0.61.</b>	9,479.	<b>1.05.</b>	<b>100.00.</b>
Retained earnings	481,647.	<b>30.85.</b>	799,273.	<b>88.91.</b>	<b>165.95.</b>
Tied up reserves	0.	<b>0.00.</b>	0.	<b>0.00.</b>	
Valuation reserves	0.	<b>0.00.</b>	0.	<b>0.00.</b>	
After-tax profit	916,938.	<b>58.74.</b>	-62,850.	<b>-6.99.</b>	<b>-6.85.</b>
<b>Total equity</b>	<b>1,561,114.</b>	<b>100.00.</b>	<b>898,952.</b>	<b>100.00.</b>	<b>57.58.</b>

Composition of provisions

data in HUF thousands

Designation	Previous year		Reporting year		Change (%)
	Amount (HUF th)	Share (%)	Amount (HUF th)	Share (%)	
Provisions for contingent liabilities	0.		0.		
Provisions for future costs	0.		0.		
Other provisions	0.		0.		
<b>Total provisions</b>	<b>0.</b>		<b>0.</b>		

**Duna House Holding Nyrt.**  
**Business year: 2016**  
**Composition of liabilities**

data in HUF thousands

Designation	Previous year		Reporting year		Change (%)
	Amount (HUF th)	Share (%)	Amount (HUF th)	Share (%)	
<b>Subordinated liabilities</b>	0.	0.00.	0.	0.00.	
Subordinated liabilities vis-à-vis affiliated undertakings	0.	0.00.	0.	0.00.	
Subordinated receivables from undertakings in which a significant participation is held	0.	0.00.	0.	0.00.	
Subordinated receivables from undertakings otherwise related	0.	0.00.	0.	0.00.	
Subordinated liabilities vis-à-vis economic operators	0.	0.00.	0.	0.00.	
<b>Long-term liabilities</b>	4,765.	0.68.	424,980.	18.63.	8,918.78.
Long-term loans	0.	0.00.	0.	0.00.	
Convertible bonds	0.	0.00.	0.	0.00.	
Debts from bond issuances	0.	0.00.	0.	0.00.	
Investment and development credit	0.	0.00.	0.	0.00.	
Other long-term credit	0.	0.00.	421,573.	18.48.	
Long-term liabilities vis-à-vis affiliated undertakings	0.	0.00.	0.	0.00.	
Long-term liabilities vis-à-vis undertakings in which a significant participation is held	0.	0.00.	0.	0.00.	
Long-term receivables from undertakings otherwise related	0.	0.00.	0.	0.00.	
Other long-term liabilities	4,765.	0.68.	3,407.	0.15.	71.50.
<b>Current liabilities</b>	696,904.	99.32.	1,856,422.	81.37.	266.38.
Short-term loans	0.	0.00.	0.	0.00.	
Of which: convertible bonds	0.	0.00.	0.	0.00.	
Short-term loans	0.	0.00.	120,450.	5.28.	
Advances received from customers	0.	0.00.	0.	0.00.	
Trade accounts payable	1,223.	0.17.	1,463.	0.06.	119.62.
Bills of exchange payable	0.	0.00.	0.	0.00.	
Current liabilities vis-à-vis affiliated undertakings	672,101.	95.79.	204,356.	8.96.	30.41.
Current liabilities vis-à-vis undertakings in which a significant participation is held	0.	0.00.	1,499,996.	65.75.	
Current liabilities vis-à-vis undertakings otherwise related	0.	0.00.	0.	0.00.	
Other current liabilities	23,580.	3.36.	30,157.	1.32.	127.89.
Revaluation difference of liabilities	0.	0.00.	0.	0.00.	
Negative valuation difference of derivatives transactions	0.	0.00.	0.	0.00.	
<b>Total liabilities</b>	701,669.	100.00.	2,281,402.	100.00.	325.14.

**Composition of accrued and deferred liabilities**

data in HUF thousands

Designation	Previous year		Reporting year		Change (%)
	Amount (HUF th)	Share (%)	Amount (HUF th)	Share (%)	
Deferred income	0.	0.00.	0.	0.00.	
Accrued and deferred costs and expenditures	61,827.	100.00.	22,482.	100.00.	36.36.
Deferred income	0.	0.00.	0.	0.00.	
<b>Accrued expenses</b>	61,827.	100.00.	22,482.	100.00.	36.36.

Duna House Holding Nyrt.  
 Business year: 2016

### LIQUIDITY INDICATORS

Name of indicator	Calculation method	Previous year HUF th	Reporting year HUF th	Previous year %	Reporting year %	Change %
Liquidity indicator I (Current ratio)	<u>Current assets</u> Short-term liabilities	<u>1,635,148.</u> 696,904.	<u>1,474,242.</u> 1,856,422.	234.63.	79.41.	33.85.
Liquidity indicator II (Quick ratio)	<u>Current assets-inventories</u> Short-term liabilities	<u>1,635,114.</u> 696,904.	<u>1,473,011.</u> 1,856,422.	234.63.	79.35.	33.82.
Liquidity indicator II	<u>Liquid assets + securities</u> Short-term liabilities	<u>28,067</u> 696,904.	<u>537,580.</u> 1,856,422.	4.03.	28.96.	719.02.
Liquidity indicator II	<u>Liquid Assets</u> Short-term liabilities	<u>28,067</u> 696,904.	<u>537,580.</u> 1,856,422.	4.03.	28.96.	719.02.

**INDICATORS OF THE FINANCIAL STRUCTURE**

Name of indicator	Calculation method	Previous year HUF th	Reporting year HUF th	Previous year %	Reporting year %	Change %
Loan coverage ratio	<u>Accounts receivable</u> Short-term liabilities	<u>1,607,047.</u> 696,904.	<u>935,431.</u> 1,856,422.	230.60.	50.39.	21.85.
Level of indebtedness	<u>Liabilities</u> Total Assets	<u>701,669.</u> 2,324,610.	<u>2,281,402.</u> 3,202,836.	30.18.	71.23.	235.99.
Dynamic liquidity	<u>Operatin loss/profit + depreciation</u> Short-term liabilities	<u>1,577.</u> 696,904.	<u>-50,502.</u> 1,856,422.	0.23.	-2.72.	-1202.19.
Trade debtors-to-trade creditors ratio	<u>Trade debtors</u> Trade creditors	<u>5.</u> 1,223.	<u>11.</u> 1,463.	0.41.	0.75.	183.91.
Processing period of accounts receivable	<u>Average portfolio of accounts receivable</u> Net sales	<u>458,469.</u> 172,499.	<u>427,044.</u> 253,120.	970.10.	615.80.	63.48.
Processing period of accounts payable	<u>Average portfolio of accounts payable</u> Material costs	<u>120.</u> 144,536.	<u>1,271,239.</u> 246,302.	0.30.	1883.88.	624262.71.

**DEBT SERVICE**

Name of indicator	Calculation method	Previous year HUF th	Reporting year HUF th	Previous year %	Reporting year %	Change %
Interest coverage ratio	<u>Operatin loss/profit + depreciation</u> Interest paid and kjr	<u>1,577.</u> 22,058.	<u>-50,502.</u> 38,606.	7.15.	-130.81.	-1829.74.
EBIDTA margin	<u>Operatin loss/profit + depreciation</u> Interest paid and kjr	<u>4,226.</u> 22,058.	<u>-46,427.</u> 38,606.	19.16.	-120.26.	-627.70.
Cash flow coverage	<u>After-tax profit/loss + amortisation</u> Interest paid and kjr	<u>919,587.</u> 22,058.	<u>-58,775.</u> 38,606.	4168.95.	-152.24.	-3.65.
Debt service ability	<u>After-tax profit/loss + amortisation</u> Liabilities	<u>919,587.</u> 701,669.	<u>-58,775.</u> 2,281,402.	131.06.	-2.58.	-1.97.

Duna House Holding Nyrt.  
Business year: 2016

#### INDICATORS OF FINANCIAL POSITION

Name of indicator	Calculation method	Previous year HUF th	Reporting year HUF th	Previous year %	Reporting year %	Change %
Non-current asset ratio	<u>Fixed assets</u>	<u>651,408</u>	<u>1,646,014.</u>	28.02.	51.39.	183.40.
	Total Assets	2,324,610.	3,202,836.			
Ratio of current assets	<u>Current assets</u>	<u>1,635,148.</u>	<u>1,474,242.</u>	70.34.	46.03.	65.44.
	Total Assets	2,324,610.	3,202,836.			
Coverage ratio of fixed assets	<u>Equity</u>	<u>1,561,114.</u>	<u>898,952.</u>	239.65.	54.61.	22.79.
	Fixed assets	651,408	1,646,014.			
Coverage of tangible assets	<u>Equity</u>	<u>1,561,114.</u>	<u>898,952.</u>	15087.60.	10454.15.	69.29.
	Tangible assets	10,347.	8,599.			
Equity ratio (ratio of owners' equity to total assets)	<u>Equity</u>	<u>1,561,114.</u>	<u>898,952.</u>	67.16.	28.07.	41.79.
	Total liabilities	2,324,610.	3,202,836.			
Ratio of current liabilities	<u>Short-term loans</u>	<u>696,904.</u>	<u>1,856,422.</u>	29.98.	57.96.	193.34.
	Total liabilities	2,324,610.	3,202,836.			
Ratio of long-term liabilities	<u>Long-term liabilities</u>	<u>4,765.</u>	<u>424,980.</u>	0.20.	13.27.	6473.23.
	Total liabilities	2,324,610.	3,202,836.			
Ratio of liabilities	<u>Liabilities</u>	<u>701,669.</u>	<u>2,281,402.</u>	30.18.	71.23.	235.99.
	Total liabilities	2,324,610.	3,202,836.			

#### EFFICIENCY OF ASSET OPERATION

Name of indicator	Calculation method	Previous year HUF th	Reporting year HUF th	Previous year %	Reporting year %	Change %
Turnover of assets	<u>Net sales</u>	<u>172,499.</u>	<u>253,120.</u>	0.07.	0.08.	106.50.
	Total Assets	2,324,610.	3,202,836.			
Tangible assets turnover	<u>Net sales</u>	<u>172,499.</u>	<u>253,120.</u>	16.67.	29.44.	176.57.
	Tangible assets	10,347.	8,599.			
Inventory turnover	<u>Net sales</u>	<u>172,499.</u>	<u>253,120.</u>	5073.50.	400.19.	7.89.
	Average stocks	34.	633.			
Equity turnover	<u>Net sales</u>	<u>172,499.</u>	<u>253,120.</u>	0.11.	0.28.	254.82.
	Equity	1,561,114.	898,952.			

**Duna House Holding Nyrt.**  
**Business year: 2016**

**Scaled liquidity balance**

	Previous year	Reporting year
<b>Assets</b>		
<b>I.</b> Liquid assets + Securities	<b>28,067</b>	<b>537,580.</b>
Liquid Assets	28,067	537,580.
Securities (included in current assets)		
<b>II.</b> Accounts receivable	<b>1,607,047.</b>	<b>935,431.</b>
Trade receivables from goods transport and services	5.	11.
Bills receivable	0.	0.
Other accounts receivable	1,607,042.	935,420.
Securities	0.	0.
<b>III</b> Inventories	<b>34.</b>	<b>1,231.</b>
Stocks purchased	34.	1,231.
Self manufactured stocks	0.	0.
<b>IV</b> Accrued and deferred assets	<b>38,054.</b>	<b>82,580.</b>
<b>V</b> Other assets	<b>651,408</b>	<b>1,646,014.</b>
Intangible assets	1,107.	998.
Tangible assets	10,347.	8,599.
Financial investments	639,954.	1,636,417.
<b>Total assets:</b>	<b>2,324,610.</b>	<b>3,202,836.</b>

	Previous year	Reporting year
<b>Liabilities</b>		
<b>I.</b> Current liabilities (1 month)	<b>23,580.</b>	<b>30,157.</b>
Accounts and bills of exchange payable	<b>1,223.</b>	<b>1,463.</b>
Accounts payable	1,223.	1,463.
Bills of exchange payable	0.	0.
<b>III.</b> Other current liabilities	<b>672,101.</b>	<b>1,824,802.</b>
Short-term loans	0.	0.
Short-term loans	0.	120,450.
Other current liabilities	672,101.	1,704,352.
Evaluation difference	0.	0.
<b>IV</b> Provisions and accrued and deferred liabilities	<b>61,827.</b>	<b>22,482.</b>
Provisions	0.	0.
Accrued expenses	61,827.	22,482.
<b>V</b> Other liabilities	<b>1,565,879.</b>	<b>1,323,932.</b>
Long-term liabilities	4,765.	424,980.
Equity	1,561,114.	898,952.
<b>Total liabilities:</b>	<b>2,324,610.</b>	<b>3,202,836.</b>

**Indicators computed on the basis of liquidity balance**

	Previous year			Reporting year		
	Assets	Liabilities	%	Assets	Liabilities	%
Liquidity indicator I	28,067	23,580.	119.03.	537,580.	30,157.	1782.60.
Liquidity indicator II	1,635,114.	24,803.	6592.40.	1,473,011.	31,620.	4658.48.
Liquidity indicator III	1,635,148.	696,904.	234.63.	1,474,242.	1,856,422.	79.41.
Liquidity indicator IV	1,673,202.	758,731.	220.53.	1,556,822.	1,878,904.	82.86.

**Profit/Loss**

data in HUF  
thousands

Item	Previous year		Reporting year	
	HUF th	Operating profit/loss in %	HUF th	Operating profit/loss in %
Operating profit (loss)	1,577.	100.00.	-50,502.	100.00.
Profit/loss from financial transactions	915,957.	58082.24.	-11,728.	23.22.
Profit or loss before tax	917,534.	58182.24.	-62,230.	123.22.
Tax payable	596.	37.79.	620.	-1.23.
After-tax profit	916,938.	58144.45.	-62,850.	124.45.

**Trends in profitability**

Return on sales	<u>Operating profit/loss</u>	<u>1,577.</u>	0.91.	<u>-50,502.</u>	-19.95.
	Net sales	172,499.		253,120.	
Return on Equity	<u>Operating profit/loss</u>	<u>1,577.</u>	0.10.	<u>-50,502.</u>	-5.62.
	Equity	1,561,114.		898,952.	
Return on assets	<u>Operating profit/loss</u>	<u>1,577.</u>	0.07.	<u>-50,502.</u>	-1.58.
	Total assets	2,324,610.		3,202,836.	

Duna House Holding Nyrt.

Business year: 2016

**Trends in the cost structure**  
**Profit and loss account with the total cost method**

Item	Previous year		Reporting year	
	HUF th	%	HUF th	%
Net sales	172,499.	99.99.	253,120.	100.00.
Variation in self-manufactured stock	0.	0.00.	0.	0.00.
Own work capitalised	0.	0.00.	0.	0.00.
<b>Gross sales revenue</b>	<b>172,499.</b>	<b>99.99.</b>	<b>253,120.</b>	<b>100.00.</b>
Other income	23.	0.01.	1.	0.00.
<b>Total income</b>	<b>172,522.</b>	<b>100.00.</b>	<b>253,121.</b>	<b>100.00.</b>
Cost of raw materials	4,908.	2.84.	8,752.	3.46.
Contracted services	107,114.	62.09.	194,340.	76.78.
Cost of other services	3,053.	1.77.	5,531.	2.19.
Cost of goods sold	0.	0.00.	0.	0.00.
Value of services sold (mediated)	29,461.	17.08.	37,679.	14.89.
<b>Material costs</b>	<b>144,536.</b>	<b>83.78.</b>	<b>246,302.</b>	<b>97.31.</b>
Wages and salaries	15,633.	9.06.	31,013.	12.25.
Other personnel payments	738.	0.43.	2,885.	1.14.
Payroll contributions	4,539.	2.63.	9,563.	3.78.
<b>Staff costs</b>	<b>20,910.</b>	<b>12.12.</b>	<b>43,461.</b>	<b>17.17.</b>
Depreciation	2,649.	1.54.	4,075.	1.61.
Other operating charges	2,850.	1.65.	9,785.	3.87.
<b>Total costs and expenses</b>	<b>170,945.</b>	<b>99.09.</b>	<b>303,623.</b>	<b>119.95.</b>
<b>Operating profit/loss</b>	<b>1,577.</b>	<b>0.91.</b>	<b>-50,502.</b>	<b>-19.95.</b>



Duna House Holding Nyrt.

Business year: 2016

Trends in costs and expenses

data in HUF  
thousands

Designation	Previous year	Reference year	Change %
Cost of raw materials	4,908.	8,752.	178.32.
Contracted services	107,114.	194,340.	181.43.
Cost of other services	3,053.	5,531.	181.17.
Cost of goods sold	0.	0.	0.00.
Value of services sold (mediated)	29,461.	37,679.	127.89.
<b>Total material costs</b>	<b>144,536.</b>	<b>246,302.</b>	<b>170.41.</b>
Wages and salaries	15,633.	31,013.	198.38.
Other personnel payments	738.	2,885.	390.92.
Payroll contributions	4,539.	9,563.	210.69.
<b>Total staff costs</b>	<b>20,910.</b>	<b>43,461.</b>	<b>207.85.</b>
Depreciation	2,649.	4,075.	153.83.
Other operating charges	2,850.	9,785.	343.33.
<b>Operating costs and expenses</b>	<b>170,945.</b>	<b>303,623.</b>	<b>177.61.</b>
Charges on financial operations:	69,917.	68,427.	97.87.
<b>Costs and expenses</b>	<b>240,862.</b>	<b>372,050.</b>	<b>154.47.</b>

Duna House Holding Nyrt.  
Business year: 2016

Indicators

data in HUF thousands

Indicators	Generation	Preceding period		Reporting period		Change
		(HUF th)	(%)	(HUF th)	(%)	(%)
Fixed asset ratio	<u>Fixed assets</u>	651,408	28.02.	1,646,014.	51.39.	183.40.
	Total Assets	2,324,610.		3,202,836.		
Current asset ratio	<u>Current assets + Prepayments and accrued income</u>	1,673,202.	71.98.	1,556,822.	48.61.	67.53.
	Total Assets	2,324,610.		3,202,836.		
Equity ratio	<u>Equity</u>	1,561,114.	67.16.	898,952.	28.07.	41.79.
	Total liabilities	2,324,610.		3,202,836.		
Ratio of liabilities	<u>Liabilities</u>	701,669.	30.18.	2,281,402.	71.23.	235.99.
	Total liabilities	2,324,610.		3,202,836.		
Capital intensity	<u>Total Assets</u>	2,324,610.	148.91.	3,202,836.	356.29.	239.27.
	Equity	1,561,114.		898,952.		
Capital turnover ratio	<u>Net sales</u>	172,499.	11.05.	253,120.	28.16.	254.82.
	Equity	1,561,114.		898,952.		
Liquidity indicator I (Current ratio)	<u>Current assets</u>	1,635,148.	234.63.	1,474,242.	79.41.	33.85.
	Short-term liabilities	696,904.		1,856,422.		
Liquidity indicator II (Quick ratio)	<u>Current assets-inventories</u>	1,635,114.	234.63.	1,473,011.	79.35.	33.82.
	Short-term liabilities	696,904.		1,856,422.		
Liquidity indicator III	<u>Liquid assets + Securities</u>	28,067	4.03.	537,580.	28.96.	719.02.
	Short-term liabilities	696,904.		1,856,422.		
Liquidity indicator IV	<u>Liquid Assets</u>	28,067	4.03.	537,580.	28.96.	719.02.
	Short-term liabilities	696,904.		1,856,422.		
Equity efficacy	<u>After-tax profit</u>	916,938.	58.74.	-62,850.	-6.99.	-11.90.
	Equity	1,561,114.		898,952.		
Return on sales	<u>Operating profit/loss</u>	1,577.	0.91.	-50,502.	-19.95.	-2,182.41.
	Net sales	172,499.		253,120.		
Return on Equity	<u>Operating profit/loss</u>	1,577.	0.10.	-50,502.	-5.62.	-5,561.28.
	Equity	1,561,114.		898,952.		
Return on assets	<u>Operating profit/loss</u>	1,577.	0.07.	-50,502.	-1.58.	-2,324.30.
	Total assets	2,324,610.		3,202,836.		

Duna House Holding Nyrt.

Business year: 2016

For corporate tax base increasing or decreasing items

Items decreasing the tax base	data in HUF thousands
Of losses accrued and deferred in the previous years, amount written-off in the tax year	
Amount of provisions for contingent liabilities and costs recognised as income in the tax year concerned	
Provisions for environmental protection-related obligations	
Accelerated depreciation reversed in the tax year	
Depreciation under the tax act and computed book value of derecognised assets	3837.
Development reserve, reported as allocated reserve on the last day of the tax year	
Dividend and profit-sharing received	
Non-repayable benefits and aid	
Amount of impairment recognised as an item increasing the tax base in previous years as at the write-off of irrecoverable receivables	
<b>Items decreasing the tax base</b>	<b>3837.</b>
<b>Items increasing the tax base</b>	
Provisions for contingent liabilities and future costs	
Depreciation recognised in accordance with the Accounting Act and the book value of derecognised assets	4075.
Costs and charges not related to the business or gainful activity	
Fine established in a binding resolution recognised as expense	5473.
Impairment recognised on debts in the tax year	
Debts not qualifying as irrecoverable debts	
<b>Items increasing the tax base</b>	<b>9548.</b>
<b>Calculated corporate tax</b>	<b>620.</b>

Duna House Holding Nyrt.  
Business year: 2016

### Headcount and wages

Data, number of  
persons HUF  
thousand

Designation	Previous year		Reference year		Change %	
	Fő	Wages	Fő	Wages	Fő	Wages
Physical	0.	0.	0.	0.	0.00.	0.00.
White-collar	5.	15,633.	11.	31,013.	220.00.	198.38.
<b>Total</b>	<b>5.</b>	<b>15,633.</b>	<b>11.</b>	<b>31,013.</b>	<b>220.00.</b>	<b>198.38.</b>

Duna House Holding Nyrt.  
 Business year: 2016

Trends in profitability

Name of indicator	Calculation method	Previous year HUF th	Reporting year HUF th	Previous year %	Reporting year %	Change %
Return on equity (ROE)	$\frac{\text{After-tax profit}}{\text{Equity}}$	<u>916,938.</u> 1,561,114.	<u>-62,850.</u> 898,952.	58.74.	-6.99.	-11.90.
Return on sales (ROS)	$\frac{\text{After-tax profit}}{\text{Revenue}}$	<u>916,938.</u> 172,499.	<u>-62,850.</u> 253,120.	531.56.	-24.83.	-4.67.
Return on assets (ROA)	$\frac{\text{After-tax profit}}{\text{Total assets}}$	<u>916,938.</u> 2,324,610.	<u>-62,850.</u> 3,202,836.	39.44.	-1.96.	-4.97.
After-tax profit/Working capital	$\frac{\text{After-tax profit}}{\text{Current assets} - \text{current liabilities}}$	<u>916,938.</u> <u>938,244.</u>	<u>-62,850.</u> <u>-382,180.</u>	97.73.	16.45.	16.83.

Duna House Holding Nyrt.

Business year: 2016

Trends in overdue receivables

Overdue receivables	Amount (in HUF thousand)	Distribution (%)
within 30 days	0.	0.00.
between 31 and 90 days	11	68.75
between 91 and 180 days	0.	0.00.
between 181 and 360 days	0.	0.00.
over 360 days	5.	31.25.
<b>Total receivables</b>	<b>16.</b>	<b>100.00.</b>

Duna House Holding Nyrt.

Business year: 2016

Share of profit/loss

Item	Previous year		Reporting year	
	HUF th	Operating profit (loss) in %	HUF th	Operating profit (loss) in %
Operating profit (loss)	1,577.	100.00.	-50,502.	100.00.
Profit on financial transactions	915,957.	58082.24.	-11,728.	23.22.
Profit or loss before tax	917,534.	58182.24.	-62,230.	123.22.
Tax liabilities	596.	37.79.	620.	-1.23.
After-tax profit	916,938.	58144.45.	-62,850.	124.45.

Duna House Holding Nyrt.

Business year: 2016

### Changes in financial investments

data in HUF thousands

Designation	Opening balance	Increase	Decrease	Closing
Long-term participations in affiliated undertakings	639,954.	995,463.		1,635,417.
Long-term loans to affiliated companies				0.
Significant long-term participating interest	0.	1,000.		1,000.
Long-term loans to companies in which a significant participation is held				0.
Other long-term participations				0.
Long-term loans to undertakings otherwise related				0.
Other long-term loans				0.
Long-term debt securities				0.
<b>Historical cost</b>	<b>639954.</b>	<b>996463.</b>	<b>0.</b>	<b>1,636,417.</b>
Long-term participations in affiliated undertakings				0.
Long-term loans to affiliated companies				0.
Significant long-term participating interests				0.
Long-term loans to companies in which a significant participation is held				0.
Other long-term participations				0.
Long-term loans to undertakings otherwise related				0.
Other long-term loans				0.
Long-term debt securities				0.
<b>Impairment loss %</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
<b>Balance sheet value</b>	<b>639954.</b>	<b>996463.</b>	<b>0.</b>	<b>1,636,417.</b>

### Change in securities

Designation	Opening balance	Increase	Decrease	Closing
Participating interests in affiliated companies				0.
Significant participating interest				0.
Other participating interests				0.
Own shares and own partnership shares				0.
Debt securities held for trading				0.
<b>Historical cost</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
Participating interests in affiliated companies				0.
Significant participating interest				0.
Other participating interests				0.
Own shares and own partnership shares				0.
Debt securities held for trading				0.
<b>Impairment loss %</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
<b>Balance sheet value</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>



Duna House Holding Nyrt.

Business year: 2016

### Changes in equity

data in HUF  
thousands

Designation	Share capital	Subscribed capital	Subscribed capital called up but unpaid	Capital reserves	Retained earnings	Tied up reserves	Valuation reserves	B/S profit/loss Taxed profit
<b>Opening balance as at the beginning of the year</b>	<b>1,313,514.</b>	<b>153,050.</b>		<b>9,479.</b>	<b>481,647.</b>			<b>669,338.</b>
<b>Reallocation of components of equity (+/-)</b>								
Carry-over of profit/loss from the previous year to retained earnings	0.							
Increase of registered capital charged to retained earnings and capital reserves	0.							
Carry-over between retained earnings and capital reserves	0.							
Other changes/2016 opening financial settlement/dividends carry-back	247,600.							247,600.
Other changes/2016 opening financial settlement/carry-over of profit/loss	0.				916,938.			-916,938.
Other changes/2016 opening financial settlement/dividends authorised	-247,600.				-247,600.			
<b>Total</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>669,338.</b>	<b>0.</b>	<b>0.</b>	<b>-669,338.</b>
<b>Changes in equity</b>								
Increase or reduction of registered capital	0.							
Contribution to retained earnings, capital reserves or tied up reserves	0.							
Capital reserves or retained earnings handed over	-351,712.				-351,712.			
Capital reserves or retained earnings taken over	0.							
After-tax profit	-62,850.							-62,850.
	0.							
<b>Total</b>	<b>-414,562.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>-351,712.</b>	<b>0.</b>	<b>0.</b>	<b>-62,850.</b>
<b>Closing balance as at year-end</b>	<b>898,952.</b>	<b>153,050.</b>	<b>0.</b>	<b>9,479.</b>	<b>799,273.</b>	<b>0.</b>	<b>0.</b>	<b>-62,850.</b>

Duna House Holding Nyrt.  
Business year: 2016

Changes in balance sheet data

data in HUF thousands

	Designation	Previous year	Reporting year	Change	Change %
<b>01.</b>	<b>A. Fixed assets</b>	<b>651,408</b>	<b>1,646,014.</b>	<b>994,606.</b>	<b>252.69.</b>
02.	I. Intangible assets	1,107.	998.	-109.	90.15.
03.	II. Tangible assets	10,347.	8,599.	-1,748.	83.11.
04.	III. Financial investments	639,954.	1,636,417.	996,463.	255.71.
<b>05.</b>	<b>B. Current assets</b>	<b>1,635,148.</b>	<b>1,474,242.</b>	<b>-160,906.</b>	<b>90.16.</b>
06.	I. Inventory	34.	1,231.	1,197.	3,620.59.
07.	II. Accounts receivable	1,607,047.	935,431.	-671,616.	58.21.
08.	III. Securities	0.	0.	0.	0.00.
09.	IV. Liquid Assets	28,067	537,580.	509,513.	1,915.35.
<b>10.</b>	<b>C. Prepayments and accrued income</b>	<b>38,054.</b>	<b>82,580.</b>	<b>44,526.</b>	<b>217.01.</b>
<b>11.</b>	<b>TOTAL ASSETS</b>	<b>2,324,610</b>	<b>3,202,836.</b>	<b>878,226.</b>	<b>137.78.</b>
<b>12.</b>	<b>D. Equity</b>	<b>1,561,114.</b>	<b>898,952.</b>	<b>-662,162.</b>	<b>57.58.</b>
13.	I. Subscribed capital	153,050.	153,050.	0.	100.00.
14.	II. Subscribed capital called but not paid (-)	0.	0.	0.	0.00.
15.	III. Capital reserves	9,479.	9,479.	0.	100.00.
16.	IV. Retained earnings	481,647.	799,273.	317,626.	165.95.
17.	V Tied up reserves	0.	0.	0.	0.00.
18.	VI Valuation reserves	0.	0.	0.	0.00.
19.	VII. Profit or loss for the year	916,938.	-62,850.	-979,788.	-6.85.
<b>20.</b>	<b>E. Provisions</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.00.</b>
<b>21.</b>	<b>F. Liabilities</b>	<b>701,669.</b>	<b>2,281,402.</b>	<b>1,579,733.</b>	<b>325.14.</b>
22.	I Subordinated liabilities	0.	0.	0.	0.00.
23.	II. Long-term liabilities	4,765.	424,980.	420,215.	8,918.78.
24.	III. Short-term liabilities	696,904.	1,856,422.	1,159,518.	266.38.
<b>25.</b>	<b>G. Accruals and deferred income</b>	<b>61,827.</b>	<b>22,482.</b>	<b>-39,345.</b>	<b>36.36.</b>
<b>26.</b>	<b>TOTAL LIABILITIES</b>	<b>2,324,610.</b>	<b>3,202,836.</b>	<b>878,226.</b>	<b>137.78.</b>

### Cash flow statement

data in HUF thousands

Sequence no.	Item	Previous year	Reporting year
a	b	c	d
<b>I.</b>	<b>Changes in liquid assets from ordinary operation</b>	<b>-635,667.</b>	<b>66,845.</b>
01.	Profit before tax +/-	917,534.	-62,230.
02.	Recognised depreciation +	2,649.	4,075.
03.	Recognised impairment losses and reversals +/-		0.
04.	Difference between provisions generated and provisions released +/-		0.
05.	Proceeds from the sale of fixed assets +/-		0.
06.	Change in trade creditors +/-	989.	240.
07.	Changes in other short-term liabilities +/-	505,133.	-461,168.
08.	Changes in accrued and deferred liabilities +/-	22,783.	-39,345.
09.	Changes in trade receivables +/-	-5.	-6.
10.	Change in current assets (excluding accounts receivable and liquid assets) +/-	-1,827,257.	670,425.
11.	Changes in accrued and deferred assets ±	-9,297.	-44,526.
12.	Tax paid and payable (on profits) -	-596.	-620.
13.	Dividend paid and payable -	-247,600.	0.
<b>II</b>	<b>Changes in cash from investments</b>	<b>651,414.</b>	<b>-998,681.</b>
14.	Purchase of fixed assets -	-254,294.	-998,681.
15.	Sale of fixed assets +		0.
16.	Dividend and profit-sharing received +	905,708.	0.
<b>III</b>	<b>Cash flow from financing operations</b>	<b>11,040.</b>	<b>1,441,349.</b>
17.	Income from the issue of shares and capital increase +	12,529.	1,499,996.
18.	Income from the issue of bonds and debt securities +		0.
19.	Borrowings +		602,248.
20.	Cancellation, termination and redemption of long-term loans granted and bank deposits +		0.
21.	Non-repayable cash received +		0.
22.	Cancellation of shares, disinvestment (capital reduction) -		0.
23.	Redeemed bonds and debt securities -		0.
24.	Loan repayment -	-1489.	-72,567.
25.	Long-term loans granted and bank deposits -		0.
25.	Liquid assets transferred free of charge -		-351,712.
26.	Change in accounts payable to founders and other long-term liabilities +/-		-236,616.
<b>IV</b>	<b>Change in liquid assets (rows ±I.±II.±III.)</b>	<b>26,787.</b>	<b>509,513.</b>

Budapest, 27 March 2017

CEO of the Company  
(representative)

Duna House Holding Nyrt.

Business year: 2016

COMPOSITION OF CASH FLOW

Designation	Amount	Share
<b>Liabilities</b>		
Continuous operation	674,740.	24.30.
Investments	0.	0.00.
Financial operations	2,102,244.	75.70.
<b>Total liabilities</b>	<b>2,776,984.</b>	<b>100.00%</b>
<b>Utilisation</b>		
Continuous operation	607,895.	26.81.
Investments	998,681.	44.04.
Financial operations	660,895.	29.15.
<b>Total amount used up</b>	<b>2,267,471.</b>	<b>100.00%</b>
<b>Cash flow</b>	<b>509,513.</b>	

**Assets and liabilities, accrued and deferred assets and liabilities as at 31.12.2016**

<b>Associated undertaking</b>	
	Balance
DH Franchise Kft.	15,572,047.
DH Projekt Kft.	684,486.
Hitelcentrum Kft.	855,607.
Impact Asset Zrt.	302,158.
<b>Domestic accounts receivable</b>	<b>17,414,298.</b>
Impact Asset Zrt. short-term loans	
GDD Commercial Kft. short-term loans	127,100,000.
Home Line Center Kft. short-term loans	165,000,000.
Appraiser short-term loans	1,000,000.
Metrohouse Franchise S.A. short-term loans	170,329,246.
Center Reality s.r.o. short-term loans	21,600,000.
<i>Short-term loan debt owed by affiliated companies</i>	<i>485,029,246.</i>
GDD Commercial Kft. dividends	63,000,000.
<i>Dividend receivables affiliated companies</i>	<i>63,000,000.</i>
<b>Loan and dividend debt owed by affiliated companies</b>	<b>548,029,246.</b>
Down payment provided GDD Commercial Kft.	20,000,000.
<b>Other receivables, down payment provided</b>	<b>20,000,000.</b>
Home Line Center Kft. interest	32,035,770.
Értékbecslő KFT interest	1,455.
GDD Properties Kft. interest	1,060,300.
GDD Commercial Kft.	19,030,981.
Smart Ingatlan Kft. interest	9,207,274.
Metrohouse Franchise S.A. interest	925,376.
Center Reality s.r.o. interest	274,181.
Duna House Franchise s.r.o	1,716,658.
<b>Accrued and deferred assets</b>	<b>64,251,995.</b>
DH Franchise Kft.	-95,250.
<b>Suppliers - affiliated companies</b>	<b>-95,250.</b>
Medasev Int. (Cyprus) Ltd.	-203,355,000.
<b>Liabilities related to Treasury shares</b>	<b>-203,355,000.</b>
Down payment received Impact Asset Zrt.	-906,000.
<b>Other receivables, down payment received</b>	<b>-906,000.</b>
<b>Company in which a significant participation is held</b>	
Pusztakúti12. Kft.	9,152
<b>Domestic accounts receivable</b>	<b>9,152.</b>
MyCity Development	347,504,675.
<b>Loan debt owed by undertakings in which a significant participation is held</b>	<b>347,504,675.</b>
MyCity Development interest	4,795,883.
<b>Accrued and deferred assets</b>	<b>4,795,883.</b>
Medasev Holding Kft.	-1,499,996,470.
<b>Liabilities related to the amount paid for the purpose of capital increase</b>	<b>-1,499,996,470.</b>

## 2015. Rearrangement

## Annual Report Balance Sheet Type "A"

Seq. no.	Assets	2015 closing	Financial settlement	2016 opening
1.	<b>A. Fixed assets (rows 2+10+18)</b>	651,408	0.	651,408
2.	<b>I Intangible assets (rows 3-9)</b>	1,107.	0.	1,107.
3.	1. Capitalised value of formation and restructuring		0.	0.
4.	2. Capitalised value of R&D		0.	0.
5.	3. Incorporeal rights (concessions, licences and similar rights)	1,107.	0.	1,107.
6.	4. Intellectual property		0.	0.
7.	5. Goodwill		0.	0.
8.	6. Prepayments on intangible assets		0.	0.
9.	7. Value adjustments of intangible assets		0.	0.
10.	<b>II Tangible assets (rows 11-17)</b>	10,347.	0.	10,347.
11.	1. Land and buildings and related incorporeal rights	388.	0.	388.
12.	2. Equipment, machinery, vehicles		0.	0.
13.	3. Other equipment, fixtures, fittings, tools, vehicles	9,734.	0.	9,734.
14.	4. Livestock		0.	0.
15.	5. Assets in course of construction/reconstruction	225.	0.	225.
16.	6. Advances on investments		0.	0.
17.	7. Value adjustments of tangible assets		0.	0.
18.	<b>III Financial investments (Rows 19-26)</b>	639,954.	0.	639,954.
19.	1. Long-term participations in affiliated undertakings		639,954.	639,954.
20.	2. Long-term loans to affiliated companies		0.	
X	Significant long-term participating interests			
X	Long-term loan to a company in which a significant participating interest is held			
21.	3. Other long-term participations	639,954.	-639,954.	
22.	4. Long-term loans to companies otherwise related		0.	
23.	5. Other long-term loans		0.	
24.	6. Long-term debt securities		0.	
25.	7. Value adjustments of financial investments		0.	
26.	8. Revaluation difference of financial investments		0.	
27.	<b>B. Current assets (Rows 28+35+43+49)</b>	1,635,148.	0.	1,635,148.
28.	<b>I Inventories (Rows 29-34)</b>	34.	0.	34.
29.	1. Materials		0.	0.
30.	2. Work in progress and semi-finished goods		0.	0.
31.	3. Livestock		0.	0.
32.	4. Finished goods		0.	0.
33.	5. Goods	34.	0.	34.
34.	6. Advances payments on inventories		0.	0.
35.	<b>II Receivables (Rows 36-42)</b>	1,607,047.	0.	1,607,047.
36.	1. Trade debtors	5.	0.	5.
37.	2. Receivables from affiliated undertakings	1,604,997.	0.	1,604,997.
X	Receivables from undertakings in which the company holds a significant participating interest			
38.	3. Receivables from undertakings otherwise related		0.	
39.	4. Bills of exchange receivable		0.	
40.	5. Other accounts receivable	2,045.	0.	2,045.
41.	6. Revaluation difference of receivables		0.	
42.	7. Positive revaluation difference of derivative transactions		0.	
43.	<b>III Securities (rows 44-48)</b>	0.	0.	0.
44.	1. Participating interests in affiliated companies		0.	
X	Significant participating interest			
45.	2. Other participating interests		0.	
46.	3. Own shares and own partnership shares		0.	
47.	4. Debt securities held for trading		0.	
48.	5. Revaluation difference of securities		0.	
49.	<b>IV Liquid assets (Rows 50-51)</b>	28,067	0.	28,067
50.	1. Cash in hand, cheques	58.	0.	58.
51.	2. Bank deposits	28,009.	0.	28,009.
52.	<b>C. Deferred assets (rows 53.-55.)</b>	38,054.	0.	38,054.
53.	1. Accrued income	37,819.	0.	37,819.
54.	2. Accrued charges	235.	0.	235.
55.	3. Deferred charges		0.	0.
56.	<b>Total assets (Rows 1+27+52)</b>	2,324,610.	0.	2,324,610.

Seq				
	<b>Liabilities</b>		0.	
57.	<b>D. Equity (Rows 58+60+61+62+63+64+67)</b>	<b>1,313,514.</b>	<b>247,600.</b>	<b>1,561,114.</b>
58.	I. Subscribed capital	153,050.	0.	153,050.
59.	Of which, ownership shares repurchased at face value		0.	
60.	II Subscribed capital called but not paid (-)		0.	
61.	III. Capital reserves	9,479.	0.	9,479.
62.	IV. Retained earnings	481,647.	0.	481,647.
63.	V. Tied up reserves		0.	
64.	<b>VI Valuation reserves</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
65.	1. Valuation reserves for adjustments		0.	
66.	2. Fair valuation reserves		0.	
67.	VII Balance sheet profit/loss/After-tax profit (2016)	669,338.	247,600.	916,938.
68.	<b>E. Provisions (Rows 69-71)</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
69.	1. Provisions for contingent liabilities		0.	0.
70.	2. Provisions for future costs		0.	0.
71.	3. Other provisions		0.	0.
72.	<b>F. Liabilities (Rows 73+ 77+ 86)</b>	<b>949,269.</b>	<b>-247,600.</b>	<b>701,669.</b>
73.	<b>I Subordinated liabilities (rows 74-76)</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
74.	1. Subordinated liabilities in affiliated undertakings		0.	
	Subordinated liabilities vis-à-vis undertakings with which the company holds a significant participating interest			
75.	2. Long term liabilities vis-à-vis undertakings otherwise related		0.	
76.	3. Subordinated liabilities vis-à-vis other business entities		0.	
77.	<b>II Long-term liabilities (rows 78-85)</b>	<b>4,765.</b>	<b>0.</b>	<b>4,765.</b>
78.	1. Long-term loans		0.	
79.	2. Convertible bonds		0.	
80.	3. Debenture loans		0.	
81.	4. Investment and development credit		0.	
82.	5. Other long-term credit		0.	
83.	6. Long-term liabilities vis-à-vis affiliated undertakings		0.	
	Long term liabilities vis-à-vis undertakings in which the undertaking holds a significant participating interest			
X	7. Long term liabilities vis-à-vis undertakings otherwise related		0.	
85.	8. Other long-term liabilities	4,765.	0.	4,765.
86.	<b>III Current liabilities (Rows 87-99)</b>	<b>944,504.</b>	<b>-247,600.</b>	<b>696,904.</b>
87.	1. Short-term loans		0.	
88.	Of this: convertible bonds		0.	
89.	2. Short-term loans		0.	
90.	3. Payments received on account of orders		0.	
91.	4. Accounts payable (trade creditors)	1,223.	0.	1,223.
92.	5. Bills of exchange payable		0.	
93.	6. Short-term liabilities vis-à-vis affiliated undertakings	776,676.	-104,575.	672,101.
	Current liabilities vis-à-vis undertakings in which the undertaking holds a significant participating interest			
X	7. Current liabilities vis-à-vis undertakings otherwise related		0.	
95.	8. Other current liabilities	166,605.	-143,025.	23,580.
96.	9. Revaluation difference of liabilities		0.	
97.	10. Negative revaluation difference of derivative transactions		0.	
98.	<b>G. Accrued and deferred liabilities (rows 101.-103.)</b>	<b>61,827.</b>	<b>0.</b>	<b>61,827.</b>
99.	1. Deferred income		0.	0.
100.	2. Deferred charges	61,827.	0.	61,827.
101.	3. Deferred income		0.	0.
102.	<b>Total liabilities</b>	<b>2,324,610.</b>	<b>0.</b>	<b>2,324,610.</b>

**Profit and Loss Account Type "A"**  
**(Total Cost Method)**

Seq. no.	Designation	2015 closing	accounting	2016 opening
1.	01. Net domestic sales	172,499.	0.	172,499.
2.	02. Net export sales		0.	0.
3.	<b>I Net sales revenues (01+02)</b>	<b>172,499.</b>	<b>0.</b>	<b>172,499.</b>
4.	03. Variation in self-manufactured stock		0.	0.
5.	04. Own work capitalised		0.	0.
6.	<b>II. Own performance capitalised (+03+04)</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
7.	<b>III. Other income</b>	<b>23.</b>	<b>0.</b>	<b>23.</b>
8.	Of this: impairment reversed	0.	0.	0.
9.	05. Cost of raw materials	4,908.	0.	4,908.
10.	06. Contracted services	107,114.	0.	107,114.
11.	07. Cost of other services	3,053.	0.	3,053.
12.	08. Cost of goods sold		0.	0.
13.	09. Cost of services sold (mediated)	29,461.	0.	29,461.
14.	<b>IV Consumables and raw materials (05+06+07+08+09)</b>	<b>144,536</b>	<b>0.</b>	<b>144,536.</b>
15.	10. Wages and salaries	15,633.	0.	15,633.
16.	11. Other personnel payments	738.	0.	738.
17.	12. Payroll contributions	4,539.	0.	4,539.
18.	<b>V Staff costs (10+11+12)</b>	<b>20,910.</b>	<b>0.</b>	<b>20,910.</b>
19.	VI Depreciation	2,649.	0.	2,649.
20.	VII Other expenses	2,850.	0.	2,850.
21.	Of this: impairment	0.	0.	0.
22.	<b>A. Operating profit/loss (I+II+III-IV-V-VI-VII)</b>	<b>1,577.</b>	<b>0.</b>	<b>1,577.</b>
23.	13. Dividend and profit share received (due)	905,708.	0.	905,708.
24.	Of this: received from affiliated company	863,000.	0.	863,000.
25.	14. Capital gains on the sale of participations		0.	
26.	Of this: received from affiliated company		0.	
X	Income from participations, capital gains		47,000.	47,000.
X	Of this: received from affiliated company		47,000.	47,000.
27.	15. Interest and capital gains on financial instruments		0.	
28.	Of this: received from affiliated company		0.	
X	Income and capital gains from financial investments (securities, loans)		0.	
X	Of this: received from affiliated company		0.	
29.	16. Other interest and similar income received (due)	30,804.	0.	30,804.
30.	Of this: received from affiliated company	29,307.	0.	29,307.
31.	17. Other income from financial operations	2,362.	0.	2,362.
32.	Of this: valuation difference		0.	
33.	<b>VIII Income from financial transactions (13+14+15+16+17)</b>	<b>938,874.</b>	<b>47,000.</b>	<b>985,874.</b>
34.	18. Capital losses on financial investments		0.	
35.	Of this: provided to affiliated company		0.	
X	Expenses and capital losses on participations		47,000.	47,000.
X	Of this: provided to affiliated company		47,000.	47,000.
X	Expenses and capital losses on financial investments (securities, loans)		0.	
X	Of this: provided to affiliated company		0.	
36.	19. Interest payable and similar charges	22,058.	0.	22,058.
37.	Of this: provided to affiliated company	21,678.	0.	21,678.
38.	20. Impairment of shares, securities and bank deposits		0.	
39.	21. Other charges on financial operations	859.	0.	859.
40.	Of this: valuation difference		0.	
41.	<b>IX Expenses on financial transactions (lines 18+19+20+21)</b>	<b>22,917.</b>	<b>47,000.</b>	<b>69,917.</b>
42.	<b>B. Profit/loss on financial operations (VIII-IX)</b>	<b>915,957.</b>	<b>0.</b>	<b>915,957.</b>
43.	<b>C. Profit on ordinary operation (±A±B)</b>	<b>917,534.</b>	<b>-917,534.</b>	
44.	X. Extraordinary income	47,000.	-47,000.	
45.	XI Extraordinary expenses	47,000.	-47,000.	
46.	<b>D. Extraordinary profit/loss (X-XI)</b>	<b>0.</b>	<b>0.</b>	
47.	<b>E. Pre-tax profit (+C+D)</b>	<b>917,534.</b>	<b>0.</b>	<b>917,534.</b>
48.	XII Tax liability	596.	0.	596.
49.	<b>F. Taxed profit (+E-XII)</b>	<b>916,938.</b>	<b>0.</b>	<b>916,938.</b>
50.	22. Retained earnings for dividend and profit sharing		0.	
51.	23. Dividend and profit-sharing authorised	247,600.	247,600.	
52.	<b>G. Balance sheet P/L (+F+22-23)</b>	<b>669,338.</b>	<b>669,338.</b>	





**DUNA HOUSE HOLDING NYRT.'s  
BUSINESS REPORT  
ON THE BUSINESS ACTIVITY IN 2016**

## 1. Group description

Duna House Holding Nyrt. hereinafter: the Company or the Group was incorporated in 2003, its principal activity being estate agency services. It has been a leading service provider in the services sector, in particular, in the real estate and financial services sector, in Hungary for years now. The Group's flagship is a national network of real estate agencies, which started operating in 2003. Now it employs over 1,400 persons serving customers. By acquiring Metrohouse Group in April 2016, Duna House Group entered the Polish market. Through the acquisition of three Prague-headquartered companies in September 2016, it also entered the real estate market in the Czech Republic.

The Company's registered seat is at 1016 Budapest, Gellérthehy u. 17.

The core activities of the Company include:

- selling and operating franchise systems
- estate agency services
- credit brokerage
- insurance brokerage
- real estate appraisal and related estate agency services
- energy performance certification and related estate agency services
- real estate management
- selling and letting of own real estate
- residential real estate fund management
- real estate development

### 1.1 Consolidated companies

#### **As a Subsidiary**

	address	<b>2016</b>	<b>2015</b>
Duna House Biztosításközvetítő Kft.	1016 Budapest, Gellérthehy u. 17.	100%	100%
Hitel Centrum Kft.	1016 Budapest, Gellérthehy u. 17.	100%	100%
DH Projekt Kft.	1016 Budapest, Gellérthehy u. 17.	100%	100%
Duna House Ingatlan Értékbecslő Kft.	1016 Budapest, Gellérthehy u. 17.	100%	100%
Duna House Franchise Kft.	1016 Budapest, Gellérthehy u. 17.	100%	100%
Energetikai Tanúsítvány Kft.	1016 Budapest, Gellérthehy u. 17.	100%	100%
Superior Real Estate Kft.	1016 Budapest, Gellérthehy u. 17.	100%	100%
Home Management Kft.	1016 Budapest, Gellérthehy u. 17.	100%	100%
REIF 2000 Kft.	1016 Budapest, Gellérthehy u. 17.	100%	100%
GDD Commercial Kft.	1016 Budapest, Gellérthehy u. 17.	100%	100%

SMART Ingatlan Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Impact Alapkezelő Zrt.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Home Line Center Kft.	1016 Budapest, Gellérthegy u. 17.	100%	100%
Metrohouse Franchise S.A.	00-832 Warszawa, Zelazna 28/30 Polska (Poland)	100%	-
Metrofinance Sp. z.o.o	00-832 Warszawa, Zelazna 28/30 Polska (Poland)	100%	-
MH Południe Sp. z.o.o	00-832 Warszawa, Zelazna 28/30 Polska (Poland)	100%	-
Metrohouse Usługi Wspólne S.A	00-832 Warszawa, Zelazna 28/30 Polska (Poland)	100%	-
MH Warszawa Sp. z.o.o	00-832 Warszawa, Zelazna 28/30 Polska (Poland)	100%	-
Duna House Franchise s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	-
Duna House Hypoteky s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	-
Center Reality s.r.o.	140 00 Praha 4, Michelská 300/60 (Czech Republic)	80%	-

**As an associated company and joint venture**

	address	2016	2015
MyCity Residential Development Kft. <sup>1</sup>	1016 Budapest, Gellérthegy u. 17.	50%	-
Pusztakúti 12. Kft. (*)	1016 Budapest, Gellérthegy u. 17.	50%	-
Reviczky 6-10. Kft. (*)	1016 Budapest, Gellérthegy u. 17.	50%	-
Zsinór 39 Kft. (*)	1016 Budapest, Gellérthegy u. 17.	50%	-
IH Project X Kft. (*)	1016 Budapest, Gellérthegy u. 17.	50%	-
Hunor utca 24 Kft.	1016 Budapest, Gellérthegy u. 17.	25%	-

(\*) Subsidiaries of MyCity Residential Development Kft.

<sup>1</sup> Investment House Kft. In the second half of 2016 it was renamed as MyCity Residential Development Kft.

## 2. Markets and economic environment

### 2.1 Real estate market

The full size of Hungary's residential property market is determined by (i) the number of transactions in a given period, (ii) trends in the price of residential property, (iii) the share of transactions conducted through real estate agencies in the total number of transactions and (iv) the commission paid by sellers to real estate agents. Letting of residential property constitutes a less important part of real estate services.

#### Total transactional value, Hungary

	2013	2014	2015	2016 Q1–Q3*
Number of transactions – second-hand property (number)	86,418	110,480	130,732	96,777
Number of transactions – new property (number)	2,295	3,309	3,369	2,528
Average residential property prices – second-hand property (million HUF)	9.7	10.3	11.6	12.2
Average residential property prices – new property (million HUF)	16.1	17	18.3	19.2
Total transactional value – second-hand property (million HUF)	838,255	1,137,944	1,516,491	1,180,679
Total transactional value – new property (million HUF)	36,950	56,253	61,653	48,538
<b>Total transactional value – total (million HUF)</b>	<b>875,204</b>	<b>1,194,197</b>	<b>1,578,144</b>	<b>1,229,217</b>
<i>Change – Total transactional value – total</i>	<i>1%</i>	<i>36%</i>	<i>32%</i>	

\* CSO 2016 Preliminary Q1–Q3 data excluding Q4 data

Source: CSO, the company's own calculations based on CSO data

The total transactional value of the Hungarian residential property market had fallen by 54% by 2009 relative to 2007; after a consistent slow decrease during the four years that followed it started to pick up vigorously in 2014.

A home purchase subsidy scheme for families with children referred to as CSOK was launched on 1 July 2015, with a somewhat lacklustre start, though. Only around 10% of loan applicants applied for CSOK in the first months, with Budapest residents representing a 60% share. The share of CSOK in the total loan portfolio had risen to 20% by end-2015, with the share of the population in the provinces accounting for 60%. The CSOK application process was simplified and made easier in early 2016. The amount of subsidy for second-hand residential property rose, the requirement of an energy certificate was cancelled and, regarding new homes, applicants undertaking to raise 3 children are eligible for as much as HUF 10 million in non-refundable subsidy plus HUF 10 million in preferential home loans.

Pursuant to a government decree adopted in late 2015, VAT on new homes was lowered temporarily from 27% to 5%. As a result, demand for CSOK-subsidised new homes started to catch up with CSOK-boosted supply.

In April 2016, Duna House Group acquired Warsaw-headquartered Metrohouse Group thereby entering the Polish market. Having acquired a majority stake in three Prague-headquartered companies, Duna House also started operating in the Czech property market.

The 2008 financial crisis affected the Polish market less severely than the Hungarian market. Unlike Hungary's economy, the Polish one never fell into recession in the crisis years. Trends in the respective residential property markets of the two countries corroborate the fact that the crisis hit the Polish

market less severely than the Hungarian market. By 2012, the number of transactions had fallen to half of the 2008 figure; by contrast, a similar indicator rose in Poland. A stable residential property market in Poland was the result of favourable demographic trends: the number of births, net migration and the number of marriages all changed for the better.

## 2.2 Credit market

### Home loan portfolio and newly disbursed home loans, Hungary

HUF billion	2013	2014	2015	2016
Home loan disbursed	157	244	358	467.2
Changes – y/y	-28%	55%	47%	30%

Source: NBH

The amount of newly disbursed home loans was rather low between 2012 Q2 and 2014 Q2, with the average quarterly amount of the home loans disbursed by banks amounting to HUF 37 billion in that period. It was a mere fraction of pre-crisis newly disbursed loans, and loan amortisation also fell behind the pre-crisis level.

New home lending took off in 2014 Q2 after first a fall and then stagnation in the preceding years. New disbursements of home loans by banks rose by 55% in 2014 and 47% in 2015 on a year earlier. Such marked rise in disbursed loans was boosted by bank's more lax lending policy, households' growing willingness to consume and invest and significantly lower credit costs.

As regards loan contracts after 21 March 2016, a government decree put a cap of 2% on commission payable by banks to credit brokers on brokering home mortgage loans. As average commission was above 4% before the adoption of the 'commission ceiling', therefore, this change also hit Duna House's profitability in the financial brokerage segment adversely. This adverse impact was partially counterbalanced by a major change in the network commission scheme and its adaptation to the new regulatory environment, a sharper focus on the brokerage of building society contracts and the very fact that a take-off in the lending market continues to affect the profitability of the segment beneficially.

The Polish acquisition was reflected in financial brokerage as early as 2016: it made a positive contribution in terms of profit from ordinary operation to the consolidated profit earned in the segment. One of the characteristics of the credit market in Poland is that no objective public data are available on the share of lending through credit brokers or trends in the commission paid to them.

### 3. The Group's financial and equity situation

#### 3.1 Profit and Loss Statement

with the total cost procedure

2 / 1

data in HUF thousands

Sequence no.	Item	Previous year	Adjustments for previous year(s)	Reporting year
a	b	c	d	e
1.	01. Net domestic sales	172,499.	0.	253,120.
2.	02. Net export sales	0.	0.	0.
3.	<b>I. NET SALES REVENUE (01+02)</b>	<b>172,499.</b>	<b>0.</b>	<b>253,120.</b>
4.	03. Variation in stocks of self-manufactured stock	0.	0.	0.
5.	04. Own work capitalised	0.	0.	0.
6.	<b>II OWN PERFORMANCE CAPITALISED (±03+04)</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
7.	<b>III OTHER INCOME</b>	<b>23.</b>	<b>0.</b>	<b>1.</b>
8.	Of this: impairment loss reversed	0.	0.	0.
9.	05. Cost of raw materials	4,908.	0.	8,752.
10.	06. Contracted services	107,114.	0.	194,340.
11.	07. Cost of other services	3,053.	0.	5,531.
12.	08. Cost of goods sold	0.	0.	0.
13.	09. Value of services sold (mediated)	29,461.	0.	37,679.
14.	<b>IV CONSUMABLES AND RAW MATERIALS (05+06+07+08+09)</b>	<b>144,536</b>	<b>0.</b>	<b>246,302.</b>
15.	10. Wages and salaries	15,633.	0.	31,013.
16.	11. Other personnel payments	738.	0.	2,885.
17.	12. Payroll contributions	4,539.	0.	9,563.
18.	<b>V STAFF COSTS (10+11+12)</b>	<b>20,910.</b>	<b>0.</b>	<b>43,461.</b>
19.	<b>VI DEPRECIATION</b>	<b>2,649.</b>	<b>0.</b>	<b>4,075.</b>
20.	<b>VII OTHER OPERATING CHARGES</b>	<b>2,850.</b>	<b>0.</b>	<b>9,785.</b>
21.	Of this: impairment loss	0.	0.	0.
22.	<b>A. OPERATING PROFIT/LOSS (I+II+III-IV-V-VI-VII)</b>	<b>1,577.</b>	<b>0.</b>	<b>-50,502.</b>

**DUNA HOUSE HOLDING NYRT.  
BUSINESS REPORT FOR 2016**

data in HUF thousands

Sequence no.	Item	Previous year	Adjustments for previous year(s)	Reporting year
a	b	c	d	e
23.	13. Dividend and profit sharing received (due)	905,708.	0.	0.
24.	Of this: received from affiliated company	863,000.	0.	0.
25.	14. Income from participations, capital gains	47,000.	0.	756.
26.	Of this: received from affiliated company	47,000.	0.	0.
27.	15. Income and capital gains from financial investments (securities, loans)	0.	0.	0.
28.	Of this: received from affiliated company	0.	0.	0.
29.	16. Other interest and similar income received (due)	30,804.	0.	55,088.
30.	Of this: received from affiliated company	29,307	0.	37,158.
31.	17. Other income from financial operations	2,362.	0.	855.
32.	Of this: valuation difference	0.	0.	0.
33.	<b>VIII INCOME FROM FINANCIAL TRANSACTIONS (13+14+15+16+17)</b>	<b>985,874.</b>	<b>0.</b>	<b>56,699.</b>
34.	18. Expenses and capital losses on participations	47,000.	0.	0.
35.	Of this: provided to affiliated company	47,000.	0.	0.
36.	19. Expenses and capital losses on financial investments (securities, loans)	0.	0.	0.
37.	Of this: provided to affiliated company	0.	0.	0.
38.	20. Interest payable and similar charges	22,058.	0.	38,606.
39.	Of this: provided to affiliated company	21,678.	0.	24,380.
40.	21. Impairment of shares, securities and bank deposits	0.	0.	0.
41.	22. Other charges on financial operations	859.	0.	29,821.
42.	Of this: valuation difference	0.	0.	0.
43.	<b>IX EXPENSES ON FINANCIAL TRANSACTIONS (18+19+20+21+22)</b>	<b>69,917.</b>	<b>0.</b>	<b>68,427.</b>
44.	<b>B. P/L FROM FINANCIAL OPERATIONS (VIII-IX)</b>	<b>915,957.</b>	<b>0.</b>	<b>-11,728.</b>
45.	<b>C. PROFIT ON ORDINARY ACTIVITIES (±A±B)</b>	<b>917,534.</b>	<b>0.</b>	<b>-62,230.</b>
46.	X. Tax liability	596.	0.	620.
47.	<b>D. TAXED PROFIT (±C-X)</b>	<b>916,938.</b>	<b>0.</b>	<b>-62,850.</b>



### 3.2 Assets and liabilities

#### Balance sheet Type A

data in HUF thousands

Sequence no.	Item	Previous year	Adjustments for previous year(s)	Reporting year
a	b	c	d	e
1.	<b>A. Fixed assets (rows 2+10+18)</b>	<b>651,408</b>	<b>0.</b>	<b>1,646,014.</b>
2.	I INTANGIBLE ASSETS (rows 3-9)	1,107.	0.	998.
3.	1. Capitalised value of foundation/ reorganisation	0.	0.	0.
4.	2. Capitalised value of R&D	0.	0.	0.
5.	3. Incorporeal rights (concessions, licences and similar rights)	1,107.	0.	998.
6.	4. Intellectual property	0.	0.	0.
7.	5. Goodwill	0.	0.	0.
8.	6. Prepayments on intangible assets	0.	0.	0.
9.	7. Revaluation of intangible assets	0.	0.	0.
10.	II TANGIBLE ASSETS (rows 11-17)	10,347.	0.	8,599.
11.	1. Land and buildings and related incorporeal rights	388.	0.	361.
12.	2. Equipment, machinery, vehicles	0.	0.	0.
13.	3. Other equipment, fixtures, fittings, tools, vehicles	9,734.	0.	8,238.
14.	4. Livestock	0.	0.	0.
15.	5. Assets in course of construction/reconstruction	225.	0.	0.
16.	6. Advances on investments	0.	0.	0.
17.	7. Revaluation of tangible assets	0.	0.	0.
18.	III FINANCIAL INVESTMENTS (rows 19-28)	639,954.	0.	1,636,417.
19.	1. Long-term participations in affiliated undertakings	639,954.	0.	1,635,417.
20.	2. Long-term loans to affiliated companies	0.	0.	0.
21.	3. Significant long-term participating interest	0.	0.	1,000.
22.	4. Long-term loan to a company in which a significant participating interest is held	0.	0.	0.
23.	5. Other long-term participations	0.	0.	0.
24.	6. Long-term loans to companies otherwise related	0.	0.	0.
25.	7. Other long-term loans	0.	0.	0.
26.	8. Long-term debt securities	0.	0.	0.
27.	9. Value adjustments of financial investments	0.	0.	0.
28.	10. Revaluation difference of financial investments	0.	0.	0.

**DUNA HOUSE HOLDING NYRT.**  
**BUSINESS REPORT FOR 2016**

Sequence no.	Item	Previous year	Adjustments for previous year(s)	Reporting year
a	b	c	d	e
29.	<b>B. Current assets (rows 30+37+46+53)</b>	1,635,148.	0.	1,474,242.
30.	<b>I INVENTORIES (rows 31-36)</b>	34.	0.	1,231.
31.	1. Materials	0.	0.	0.
32.	2. Work in progress and semi-finished goods	0.	0.	0.
33.	3. Livestock	0.	0.	0.
34.	4. Finished goods	0.	0.	0.
35.	5. Goods	34.	0.	1,231.
36.	6. Advances payments on inventories	0.	0.	0.
37.	<b>II RECEIVABLES (rows 38-45)</b>	1,607,047.	0.	935,431.
38.	1. Trade receivables	5.	0.	11.
39.	2. Amounts owed by affiliated undertakings	1,604,997.	0.	585,443.
40.	3. Receivables from undertakings in which the company holds a significant participating interest	0.	0.	347,514.
41.	4. Amounts owed by undertakings otherwise related	0.	0.	0.
42.	5. Bills of exchange receivable	0.	0.	0.
43.	6. Other accounts receivable	2,045.	0.	2,463.
44.	7. Revaluation difference of receivables	0.	0.	0.
45.	8. Positive revaluation difference of derivative transactions	0.	0.	0.
46.	<b>III SECURITIES (rows 47-52)</b>	0.	0.	0.
47.	1. Participating interests in affiliated companies	0.	0.	0.
48.	2. Significant participating interest	0.	0.	0.
49.	3. Other participating interests	0.	0.	0.
50.	4. Own shares, own business quotas	0.	0.	0.
51.	5. Debt securities held for trading	0.	0.	0.
52.	6. Revaluation difference of securities	0.	0.	0.
53.	<b>IV LIQUID ASSETS (rows 54-55)</b>	28,067	0.	537,580.
54.	1. Cash in hand, cheques	58.	0.	149.
55.	2. Bank deposits	28,009.	0.	537,431.
56.	<b>C. Deferred assets (rows 57.-59.)</b>	38,054.	0.	82,580.
57.	1. Accrued income	37,819.	0.	82,263.
58.	2. Accrued charges	235.	0.	317.
59.	3. Deferred charges	0.	0.	0.
60.	<b>TOTAL ASSETS (1+29+56)</b>	2,324,610.	0.	3,202,836.

**Liabilities**

data in HUF thousands

Sequence no.	Item	Previous year	Adjustments for previous year(s)	Reporting year
a	b	c	d	e
61.	<b>D. Equity (rows 62.+64.+65.+66.+67.+68.+71.)</b>	<b>1,561,114.</b>	<b>0.</b>	<b>898,952.</b>
62.	I. SUBSCRIBED CAPITAL	153,050	0	153,050.
63.	Of which, ownership shares repurchased at face value	0.	0.	0.
64.	II. SUBSCRIBED CAPITAL CALLED BUT UNPAID (-)	0.	0.	0.
65.	III. CAPITAL RESERVES	9,479.	0.	9,479.
66.	IV. RETAINED EARNINGS	481,647.	0.	799,273.
67.	V TIED UP RESERVES	0.	0.	0.
68.	VI VALUATION RESERVE	0.	0.	0.
69.	1. Valuation reserve for value adjustments	0.	0.	0.
70.	2. Fair valuation reserve	0.	0.	0.
71.	VII. PROFIT AFTER TAXATION	916,938.	0.	-62,850.
72.	<b>E. Provisions (rows 73-75)</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
73.	1. Provisions for contingent liabilities	0.	0.	0.
74.	2. Provisions for future costs	0.	0.	0.
75.	3. Other provisions	0.	0.	0.
76.	<b>F. Liabilities (rows 77-81)</b>	<b>701,669.</b>	<b>0.</b>	<b>2,281,402.</b>
77.	<b>I. SUBORDINATED LIABILITIES (rows 78-81)</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
78.	1. Subordinated liabilities vis-à-vis affiliated undertakings	0.	0.	0.
79.	2. Subordinated liabilities vis-à-vis undertakings with which the company holds a significant participating interest	0.	0.	0.
80.	3. Subordinated liabilities vis-à-vis undertakings otherwise related	0.	0.	0.
81.	4. Subordinated liabilities vis-à-vis other business entities	0.	0.	0.

Budapest, 27 March 2017

\_\_\_\_\_  
CEO of the Company  
(representative)

Duna House Holding Nyrt.

Liabilities

data in HUF thousands

Sequence no.	Item	Previous year	Adjustments for previous year(s)	Reporting year
a	b	c	d	e
82.	<b>II. LONG-TERM LIABILITIES (rows 83-91)</b>	<b>4,765.</b>	<b>0.</b>	<b>424,980.</b>
83.	1. Long-term loans received	0.	0.	0.
84.	2. Convertible bonds	0.	0.	0.
85.	3. Debenture loans	0.	0.	0.
86.	4. Investment and development credit	0.	0.	0.
87.	5. Other long-term credit	0.	0.	421,573.
88.	6. Long-term liabilities vis-à-vis affiliated undertakings	0.	0.	0.
89.	7. Long term liabilities vis-à-vis undertakings in which the undertaking holds a significant participating interest	0.	0.	0.
90.	8. Long-term liabilities vis-à-vis undertakings otherwise related	0.	0.	0.
91.	9. Other long-term liabilities	4,765.	0.	3,407.
92.	<b>III CURRENT LIABILITIES (Rows 93-104)</b>	<b>696,904.</b>	<b>0.</b>	<b>1,856,422.</b>
93.	1. Short-term loans	0.	0.	0.
94.	Of which: convertible bonds	0.	0.	0.
95.	2. Short-term loans	0.	0.	120,450.
96.	3. Payments received on account of orders	0.	0.	0.
97.	4. Accounts payable (trade creditors)	1,223.	0.	1,463.
98.	5. Bills of exchange payable	0.	0.	0.
99.	6. Short-term liabilities vis-à-vis affiliated undertakings	672,101.	0.	204,356.
100.	7. Current liabilities vis-à-vis undertakings in which the undertaking holds a significant participating interest	0.	0.	1,499,996.
101.	8. Current liabilities vis-à-vis undertakings otherwise related	0.	0.	0.
102.	9. Other current liabilities	23,580.	0.	30,157.
103.	10. Revaluation difference of liabilities	0.	0.	0.
104.	11. Negative revaluation difference of derivative transactions	0.	0.	0.
105.	G. Accrued and deferred liabilities (rows 106.-108.)	61,827.	0.	22,482.
106.	1. Deferred income	0.	0.	0.
107.	2. Deferred charges	61,827.	0.	22,482.
108.	3. Deferred income	0.	0.	0.
109.	<b>Total liabilities (Rows 61+72+76+105)</b>	<b>2,324,610.</b>	<b>0.</b>	<b>3,202,836.</b>

### 3.3 Consolidated Cash Flow Statement

#### 4. Environmental profession, social responsibility, employment policy

The Company recycles some of the waste generated by it and collect packaging materials separately. Due to the nature of its business activity, the Company does not produce or store any hazardous material.

Our Company's employment policy and ensuring its consistency between the individual countries are currently under way. The increase of the average statistical headcount compared with the comparable period is attributable to an increase in the personnel of the Hungarian operation to 84 people, as well as the acquisition in Poland and the Czech Republic. The number of hours to be worked taken into account, the average number of employees in subsidiaries in Poland was six, while in the case of the Czech subsidiaries the headcount in 2016 was one. Of the HUF 412,871,000 balance of the personnel related expenses, the Polish and Czech subsidiaries' share amounted to HUF 36,872,000.

#### 5. Information on equity and share capital

As at 31 December 2006, the composition of the Company's equity was as follows:

Type of shares	Class of shares	Share series	Number of shares issued	of which: Treasury shares	Nominal value per share	Total nominal value
ordinary shares	-	"A"	3,060,000	0	HUF 50	HUF 153,000,000
preferential	employee shares	"B"	1,000	0	HUF 50	HUF 50,000
<b>Equity:</b>						<b>HUF 153,050,000</b>

Number of voting rights attached to shares:

Share series	Number of shares issued	Number of shares with voting rights	Number of voting rights per share:	Total number of votes	of which, the number of votes per Treasury share	Number of non-voting shares
"A"	3,060,000	3,060,000	50	153,000,000	0	-
"B"	1,000	1,000	50	50,000	0	-
<b>Total</b>	<b>3,061,000</b>	<b>3,061,000</b>	<b>-</b>	<b>153,050,000</b>	<b>0</b>	<b>-</b>

**6. Investors each with a significant direct or indirect ownership share in the Company's equity (including the shares based on a pyramid structure and the cross-shares as well).**

The table below provides a summary of the shareholders each with a significant direct or indirect ownership share in the Company's equity, with the shares based on a pyramid structure and the cross-shares taken into account.

Name of shareholder	Number of shares held (number)	Share in equity (%)
Gay Dymshiz	1,154,957	37.7%
Doron Dymshiz	1,154,957	37.7%
<b>Total equity</b>	<b>3,061,000</b>	<b>100.0%</b>

## 7. Restrictions on the transfer of shares

Prohibition of alienation on ordinary shares

Name of shareholder		Ferenc Máté	Tamás Ambrus	Kinga Szalay	Bernadett Szirtes	Krisztián Fülöp	Dr András Szabadházy	Nir Bitkover	Guy Dymschiz**	Doron Dymschiz**	Total	
Number of ordinary shares held (number)		30,000	5,454	2,182	1,364	2,182	1,364	2,182	1,154,957	1,154,957	2,354,642	
Is alienation prohibited?		yes	yes	yes	yes	yes	yes	yes	yes	yes		
Prohibition of alienation	Beginning of the period	End of the period	Number of shares under prohibition of alienation									
	16.09.2015	31.12.2017*	30,000	5,454	2,182	1,364	2,182	1,364	2,182	1,154,957	1,154,957	2,354,642
	01.01.2018	31.12.2018	27,000	4,363	1,746	1,091	1,746	1,091	1,746	0	0	38,782
	01.01.2019	31.12.2019	24,000	3,272	1,309	818	1,309	818	1,309	0	0	32,837
	01.01.2020	31.12.2020	21,000	2,182	873	546	873	546	873	0	0	26,891
	01.01.2021	31.12.2021	18,000	1,091	436	273	436	273	436	0	0	20,946
	01.01.2022	31.12.2022	15,000	0	0	0	0	0	0	0	0	15,000
	01.01.2023	31.12.2023	12,000	0	0	0	0	0	0	0	0	12,000
	01.01.2024	31.12.2024	9,000	0	0	0	0	0	0	0	0	9,000
	01.01.2025	31.12.2025	6,000	0	0	0	0	0	0	0	0	6,000
01.01.2026	31.12.2026	3,000	0	0	0	0	0	0	0	0	3,000	

\*prohibition of alienation from the signature date of the share purchase contract as inception date, for 1 year from the commencement of trading in the ordinary shares (11 November 2016), however, no later than 31.12.2017.

The table shows the total number of ordinary shares owned directly and indirectly – through, inter alia, Medasev Holding Kft. and Medasev Int. (Cyprus) Ltd – by Guy Dymischiz and Doron Dymischiz.

In paragraph 4.1.8 (b) of the Summary Brochure prepared in connection with the public offering of the shares of Duna House Holding Nyrt. and permitted to be disclosed by the National Bank of Hungary in its resolution no. H-KE-III-716/2016 dated 12 October 2016, Medasev Holding Kft. and Medasev Int. (Cyprus) Ltd. voiced their firm intention that, apart from the shares of Duna House Holding Nyrt. sold within the framework of the public offering, in order to ensure the predictability of a market for them and their stock exchange trading, they would not resell such shares within 1 year from the allocation of the shares and would not vote in support of any proposal based on which, within 1 year from the allocation, apart from the shares of Duna House Holding Nyrt. sold within the framework of the public offering, the equity of Duna House Holding Nyrt. would be raised or securities entitling the holders to subscribe, purchase or take over the shares of Duna House Holding Nyrt., and that it would not enter into any agreement pertaining to the foregoing.

Furthermore, in paragraph 4.1.8 (e) of the said Summary Brochure, Guy Dymischiz and Doron Dymischiz made a commitment to the effect that, apart from the Duna House Holding Nyrt. shares sold within the framework of the public offering, in order to ensure the reliability of the market for and stock exchange trading of such shares, they will not resell such shares within 1 year from the allocation of the shares.



The following prohibitions of alienation stipulated in the relevant contracts apply to the shares held by MKC Investments Sp. z.o.o.

**DH mortgage contract between MKC Investments Sp. z o.o. as Mortgagor and the Company as Mortgagee (21 April 2016)**

Pursuant to the contract, MKC Investments Sp. z o.o. placed the 91,500 Duna House Holding Nyrt. shares held by it with an outside depository and established a mortgage lien on those shares. The mortgage lien serves as collateral securing the obligations of MKC Investments Sp. z o.o. related to the sale of its ownership share in Metrohouse Franchise S.A. The mortgage contract stipulates that, after the first public offering, MKC Investments Sp. z o.o. may sell the mortgaged shares if, concurrently with the sale of the ownership share, part of the proceeds from the sale is paid as a down payment to a blocked account, which, along with the collateral, are deposited. The mortgagee may use the mortgage shares to satisfy its claims by selling them after the public offering or if such offering has already taken place, by purchasing them. Pursuant to the contract, the shares are deposited for 2 years, which period can be extended if the mortgagor raises a claim vis-à-vis the mortgagee that is secured by the mortgaged property.

**Share purchase and lock-up contract between Medasev Holding Kft. and MKC Investments Sp. z o.o. (21 September 2016).**

On 21 September 2016, Medasev Holding Kft. as buyer, MKC Investments Sp. z.o.o. as seller, and the Company and Medasev Int. (Cyprus) Ltd. entered into a share sales contract, pursuant to which, with effect from the date of the commencement of trading in the Company's shares, MKC Anvestments Sp. z.o.o. sells a certain portion of its shares in the Company to Medasev Holding Kft. The number of the shares was calculated in accordance with the following formula:  $91.500 * 3 * (A-B) / C$ , where: A = the number of the shares sold by Medasev Holding Kft. in the sales transaction. B = the number of the shares issued in the course of the capital increase after the sale. C = the combined number of the shares held by Medasev Holding Kft. and Medasev Int. (Cyprus) Ltd. prior to the public sale. The purchase price to be paid for the shares by Medasev Holding Kft. as buyer to MKC Investments Sp. z.o.o. is equal to the purchase price of the shares sold by Medasev Holding Kft. within the framework of the public sale. Under the contract, MKC Investments Sp. z o.o. undertook – within 1 year from the date of the commencement of the stock exchange trading of the shares – not to sell those shares which have not been sold to Medasev Holding Kft. pursuant to the foregoing. The contracting parties agreed that the provision set out in the share purchase agreement concluded by the Company and MKC Investments Sp. z.o.o. on 21 April 21 according to which in the case of a public sale MKC Investments Sp. z o.o. was allowed to sell three times more shares than other shareholders would be repealed.

As at 31 December 2016, the number of the shares held by MKC Investments Sp. z.o.o and under prohibition of alienation was 66,987.

Prohibition of the alienation on preferred employee shares:

Name of shareholder		Ferenc Máté	Tamás Ambrus	Kinga Szalay	Bernadett Szirtes	Krisztián Fülöp	Dr András Szabadházy	Nir Bitkover	Zoltán Tóth	Angelika Fóris	Total
Number of preferred employee shares held (number)		151	150	150	80	0	65	0	150	110	856
Is alienation prohibited?		yes	yes	yes	yes	yes	yes	yes	yes	yes	
*Prohibit	Beginning of the period	Number of shares under prohibition of alienation									
	16.09.2015	151	150	150	80	0	65	0	150	110	856

\*\* The shareholder grants Guy Dymshiz or Doron Dymshiz the right of first refusal in accordance with Section 6:221 and the right of repurchase in accordance with Section 6:224 of Act V of 2013 on the Civil Code for indefinite duration.

## 8. Other issues regarding controlling powers and executive officers

We declare that in respect of the following issues, apart from what is otherwise included in the business report, our Company has nothing more to report:

<ul style="list-style-type: none"><li>• Holders of issued ownership shares embodying special controlling rights and the presentation of such rights</li></ul>
<ul style="list-style-type: none"><li>• Control mechanism under any employee shareholder scheme where controlling rights are not exercised directly by employees</li></ul>
<ul style="list-style-type: none"><li>• Any restriction on voting rights (in particular, restrictions on the voting rights attached to the identified ownership share or on the number of votes, deadlines for exercising voting rights and the systems that help separate, in cooperation with the Company, the financial benefits associated with the ownership shares from the possession of the issued ownership shares)</li></ul>
<ul style="list-style-type: none"><li>• Rules governing the appointment and dismissal of executive officers and the modification of the Statutes</li></ul>
<ul style="list-style-type: none"><li>• The powers of executive officers, in particular, their powers to issue and repurchase shares</li></ul>
<ul style="list-style-type: none"><li>• Any material agreement to which the Company is a party which enters into force, is modified or terminates after a public purchase offer as a result of a change in the entrepreneur's control and their impact unless the disclosure of this information would harm the entrepreneur's lawful interests seriously if such information is not required to be made public by any other legal regulations</li></ul>
<ul style="list-style-type: none"><li>• Any agreement between the Company and its executive officer or its employee which stipulates compensation if the executive officer resigns or the employee quits, if the employment contract of the executive officer or the employee is unlawfully terminated or if the legal relationship is terminated because of a public purchase offer.</li></ul>

## 9. Risk management

The Company's assets contain liquid assets, securities, trade and other receivables and other assets excluding deferred tax assets. The Group's resources include loans and borrowings, supplier and other payables, excluding the gains or losses arising from the revaluation at fair value of taxes and financial liabilities.

The Group is exposed to the following financial risks:

- credit risk
- liquidity risk
- market risk

This Chapter describes the Group's risks specified above, the Group's objectives and policies, measurement of the processes and risk management, as well as the capital management of

the Group. The Board of Directors has overall responsibility for the establishment, supervision and risk management of the Group.

The objective of the Group's risk management policy is to filter out and examine the risks the Group faces, to set the appropriate controls and to monitor the risks. The risk management policy and the system are reviewed so that it does reflect the changed market conditions and the Group's activities.

### **Capital management**

The Group's policy is to preserve the registered capital that is sufficient for investor and creditor confidence in the future to sustain the future development of the Group. The Board of Directors seeks to maintain a policy whereby the Company undertakes a higher exposure arising from the lending activity only with a higher rate of return, based on the advantages provided by a strong capital position and security.

The Group's capital comprises net external funds and the Group's share capital ( the latter comprises registered capital, reserves and the ownership share of non-controlling shareholders).

The Group's capital management strives to ensure that the individual members of the Group are able to engage in their respective operations and maximise profit for the shareholders by striking a balance between loan capital and equity. Furthermore, it also strives to maintain an optimal capital structure in order to reduce capital costs. The Group also carries out monitoring which aims to ensure that its member companies' capital structure complies with the local legal requirements.

The Company's capital risk in 2016 and 2015 is not significant either, as to a considerable extent it finances its activities from its own resources and from the capital increase from the proceeds from the sale of public shares carried out in October 2016 and implemented by the Medasev Holding Kft.

### **Risk arising from the lending**

The risk arising from the lending activity constitutes the risk which arises from the failure of the borrower or partner to fulfil its contractual obligations, which in turn results in a financial loss for the Group. Financial instruments that are exposed to credit risks may be long or short-term placements, cash and cash equivalents, trade and other receivables.

The book value of financial instruments shows the maximum risk exposure. The table below shows the maximum credit risk exposure of the Group on 31 December 2016 and 31 December 2015.

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	31 December 2016	31 December 2015
Trade receivables	286,205	76,126
Other accounts receivable	53,648	40,913
Financial instruments	66,401	48,119
Cash and cash equivalents	1,583,686	415,747
<b>Total</b>	<b>1,989,940</b>	<b>580,905</b>

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### Liquidity risk

Liquidity risk is the risk that the Group is unable to fulfil its financial obligations by the due date. Under the Group's liquidity management approach, there should always be sufficient liquidity available to cover the Group's obligations when they fall due under both standard and stressed circumstances without the Group's incurring unacceptable losses or risking its reputation.

### Market risk

Market risk is the risk that a change in the market prices, such as exchange rates, interest rates and prices of investments in mutual funds will affect the Group's profit or the value of its investments made in financial instruments. Market risk management is aimed at managing market risk exposure and keeping it at an acceptable level while optimising profitability.

### Sensitivity analysis

The Group has concluded that, fundamentally, its profit much depends on key variables of a financial nature and on the interest rate risk, therefore, it has carried out sensitivity analyses in these key variables.

The Group strives to ensure the reduction of the interest rate risk primarily by committing the liquid assets. The Group's currency risk is insignificant, primarily because in all three countries it carries out the sales and purchases in the given country's currency. The Group does not enter into currency hedging transactions.

## 10. Changes after the balance sheet date

### *Increase of the Company's equity*

At its meeting on 16 September 2016, the Company's AGM authorised an equity capital increase of HUF 1.5 billion at most in connection with the public offering of the Company's shares in October. After the public offering of the Company's shares, the Company Court quoting a procedural error refused to register the Company's equity capital increase in the total amount of HUF 18,939,350 in its ruling dated 10 December 2016.

At their extraordinary meeting on 5 January 2017, the Company's shareholders passed a repeat resolution on the equity capital increase that was substantially identical with the first one. The Companies Court registered the capital increase in the register by order No. Cg.01-10-048384/50 dated 1 February 2017.

### *Acquisition of MyCity Group*

To further strengthen its real estate developer activities, on 12 March 2017 DUNA HOUSE signed a contract with the Eldar Investments (H.L.A.) Ltd. in order to obtain an additional 50% business share of MyCity Residential Development Kft. (registered office: (1016 Budapest, Gellérthegy utca 17.; Cg. 01-09-984485; hereinafter: 'MyCity')

After the financial settlement of the contractual terms and conditions, DUNA HOUSE will become a 100% owner of MyCity. The amount of total payment under the contract is EUR 2.2 million, of which EUR 1 million is the purchase price of the business share, and EUR 1.2 million is the purchase price of the shareholder's loan and interest claims against MyCity arising from the previous financing activities of Eldar Investment (HLA) Ltd.

MyCity has four subsidiaries and one jointly controlled company. As the result of the transaction, DANUBE HOUSE gains controlling influence over Pusztakúti 12 Kft., Reviczky 6-10. Kft., Zsinór 39 Kft. and IH Project X Kft., while Hunor utca 24. Kft. becomes a jointly controlled company of DUNA HOUSE. The aim of these project companies is to implement real estate development projects that are being carried out in different points in Budapest (Forest Hill, Reviczky Park, Iris House, MyCity Residence).

In the opinion of DUNA HOUSE's management, property development under the MyCity project is on course for success and has been contributing to property development in general to an increasingly large extent.

In the management's view the purchase price of the 50% business share of MyCity is favourable. As a result of the acquisition of MyCity, DUNA HOUSE's risk exposure typical of the property development market has grown in proportion to potentially higher profits. From the risks typical for the real estate development activity the management focuses mainly on the increasing construction related costs. In the management's opinion, increasing construction costs can, at least in part, be counterbalanced by a planned increase in sales prices subsequent to the closing of the pre-sale phase. This is a likely scenario for Reviczky Liget and Forest Hill if the current market conditions do not start deteriorating. There is strong demand for the projects under way and the management does not foresee any adverse market trends.

Having acquired controlling influence over MyCity, DUNA HOUSE fully consolidated both MyCity and its special purpose vehicles (SPVs) (with the exception of Hunor utca 24. Kft.) in its financial statements. As the result of the full consolidation, the consolidated balance sheet of the DUNA HOUSE Group contains, among others, bank loans related to inventories of significant amount as well as investment properties and their financing. These guarantees securing these bank loans are non-recourse guarantees, i.e. their enforceability is limited to MyCity and its special purpose vehicles.

## **11. Declaration on corporate governance**

In light of its length and structural layout, we attach our declaration on corporate governance to this business report (“Responsible Corporate Governance Report”) as an annex. Our declaration on corporate governance constitutes an inseparable part of the business report.

## **12. Declaration on responsibility**

The Board of Directors of the Company prepared this report to the best of their knowledge on the basis of the separate HAS report.

The report provides a true and reliable picture of the Company’s assets, liabilities, financial position and profit/loss, and it does not conceal any fact that may bear relevance to the perception of the Company’s position.

Budapest, 27 March 2017

### **Persons authorised to sign the business report:**

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Doron Dymschiz

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Gay Dymschiz

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Ferenc Máté

## **CORPORATE GOVERNANCE REPORT**

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During the operation **DUNA HOUSE HOLDING Nyilvánosan Működő Részvénytársaság** (headquarters: 1016 Budapest, Gellérthegy utca 17.; commercial register code: Cg. 01-10-048384, hereinafter referred to as "**Company**") fully complies with the applicable legal requirements, in particular, with the provisions of Act V of 2013 on the Civil Code ("**Civil Code**") and of Act CXX of 2001 on capital markets ("**Act on capital markets**"), as well as the regulations of the Budapest Stock Exchange ("**BSE**") and those of the Hungarian National Bank ("**HNB**").

The organisational structure and operating conditions of the Company are contained in the prevailing statutes and rules of procedure of its individual bodies in addition to the fact that the functioning of the Company and of its individual bodies at all times complies with the principles contained in this Corporate Governance Report.

### **I. A Brief Presentation of the Board of Directors' Operation**

The Board of Directors functions as the Company's management.

Among the objectives and activities of the Board of Directors the shareholder value, the efficiency and increasing profitability are of key importance. All these are implemented in such a way that the operation fully complies with the external regulations and business ethics. The powers of the Board of Directors are determined by the legislation, Company's Statutes and Rules of Procedure of the Board of Directors.

The competence of the Board of Directors includes making decisions on all matters which do not fall within the exclusive competence of the General Meeting, including, in particular:

- a) Convening the Company's ordinary and extraordinary general assemblies; adoption of the rules of procedure of the Board;
- b) Submission of the Annual Report in accordance with the Accounting Act and of a proposal for the use of the profit after tax to the Supervisory Board and the General Meeting;
- c) Preparation and submission to the Annual General Meeting of the report on the management, on the Company's financial situation and its business policy;
- d) Making decisions related to the Company's general business and development policy concept, as well as on the annual and medium-term plans;
- e) Making decisions related to the acquisition of another company, or acquisition of a part of its registered capital (share capital) and/or establishment of another company;
- f) Increasing the registered capital on the basis of the General Meeting's authorising resolution;
- g) Making decisions regarding taking or provision of loans;
- h) Acquisition of own shares based on the authorisation of the General Meeting, their disposal;
- i) Making decisions on the acceptance of a public purchase offer made for the own share;
- j) Registering rights, facts and data that are required by law and are to be registered in the company register at the Companies Court;
- k) Authorising the Company's employees to represent the Company in a group of issues;

The Company's organisational structure is developed by the Board of Directors.

The Rules of Procedure are adopted by the Board of Directors itself.

The Board of Directors makes its decisions by a simple majority of votes, unless provided otherwise in respect of certain issues in the rules of procedure of the Board of Directors.



## **Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

Members of the Board of Directors are elected by the General Meeting, and the Board membership is established upon acceptance. The Board of Directors does not have independent members, the Company expects independence only from the Supervisory Board members performing the audit.

The Board membership shall be terminated:

- a) in case of fixed-term mandate, upon expiry of the mandate,
- b) in case of mandates with a terminating condition, upon occurrence of the condition,
- c) upon removal,
- d) upon resignation,
- e) upon the board member's death,
- f) upon limiting a board member's legal capacity in the scope required to carry out his or her activity, or
- g) upon occurrence of an excluding or incompatibility reason affecting the board member.

The Company's Statutes make it possible for the Board members to fill executive and supervisory board positions in business entities whose main economic activity is identical to that of the Company's. The primary reason for this is the circumstance that the Company is a member of the DUNA HOUSE Group within which there are further business organisations whose principal business activities are the same as those pursued by the Company.

Members of the Board:

**Gay Dymischiz**, appointed for an indefinite period with effect from 31 March 2015.

**Doron Dymischiz**, appointed for an indefinite period with effect from 31 March.

**Ferenc Máté**, appointed for a period from 1 March 2015 until 31 March 2017.

**Zoltán Varga**, Board Member, appointed for a period from 31 March 2015 until 1 March 2017.

The Company's representation is performed by the members of the Board of Directors.

For a given category of issues, the Board of Directors may grant the right of representation to the Company's employees. An employee authorised to represent may not transfer his or her right of representation to others.

The Board members shall be entitled to sign on behalf of the Company as follows:

- a) Gay Dymischiz together with any other board member,
  - b) Doron Dymischiz together with any other board member,
  - c) Ferenc Máté together with Gay Dymischiz or with Doron Dymischiz,
  - d) Zoltán Varga together with Gay Dymischiz or with Doron Dymischiz
- in accordance with the specifications contained in the specimen signature or in the signature sample countersigned by an attorney.

The Board of Directors elects its Chairman from among its members.

The Board of Directors exercises its rights and responsibilities as a body. The division of responsibilities and powers among the members of the Board of Directors - including the exercise of employer's rights - is set in the Rules of Procedure adopted by the Board of Directors.

Members of the Board of Directors take part in the Company's General Meeting in an advisory capacity.

A board meeting can be convened by the Chairman of the board or by a member of the board by indicating the reason and purpose of the meeting. Minutes of the meeting must be kept. The Chairman of the Board conducts the board meeting, appoints the person to keep the minutes of the meeting, orders the voting and announces its results. Resolutions are passed by a simple majority.

Every year, the annual ordinary General Meeting includes in its agenda the evaluation of the work performed by the Board of Directors in the previous business year, and makes a decision on the indemnification to be granted to the Board.

## **II. Presenting the Division of Responsibilities and Duties Between the Board of Directors and the Management**

In the periods between the meetings of the Board of Directors, the Company's operational management is performed by the following members of the Company's Board: Doron Dymschiz, Gay Dymschiz and Ferenc Máté, while the strategic management of the Company is the responsibility of board members Gay Dymschiz and Doron Dymschiz.

With individual responsibility, the operational management deals with issues in the context of the legislation in force, the Statutes, the Rules of Procedure of the Board of Directors and in the framework of the decisions made by the General Meeting and the Board of Directors.

The operational management can delegate its powers - generally or by way of ad hoc provisions, in the scope of the company's internal administration - to its managers and employees with a job description with the understanding that the possible limitation of the powers of the members of the Management arising from the membership has no legal effect against third parties.

The Chairman of the Board - in case of hindrance Gay Dymschiz, board member - has the entitlement to make decisions in all matters that do not fall within the competence of the General Meeting or the Board of Directors.

The Chairman of the Board of Directors implements the resolutions and decisions made, and manages the performance of tasks within the scope of activities carried out by the Company.

## **III. A Brief Presentation of the Supervisory Board's Operation**

Following the dual management structure, there is a Supervisory Board at the Company which carries out the supervision of the Company's management and business. The principle of independence is fully enforced with respect to all members of the Supervisory Board.

The Supervisory Board consists of at least three members.

The Supervisory Board establishes its own rules of procedure.

Members of the Supervisory Board are obliged to personally participate in the work of the Supervisory Board.

Members of the Supervisory Board are independent of the legal person's management and cannot be instructed in their activities.

Members of the Supervisory Board are elected by the General Meeting. The Supervisory Board membership is established upon acceptance.

The Supervisory Board membership is terminated:

- a) in case of fixed-term mandate, upon expiry of the mandate,
- b) in case of mandates with a terminating condition, upon occurrence of the condition,
- c) upon removal,
- d) upon resignation,
- e) upon the Supervisory Board member's death;
- f) upon limiting the Supervisory Board member's legal capacity in the scope required to carry out his or her activity;
- g) upon occurrence of an excluding or incompatibility reason affecting the Supervisory Board member.

The powers and duties of the Supervisory Board include, among others, the following:

- a) control the Board
- b) provide opinion on all significant business policy reports as well as on the corporate governance report submitted to the General Meeting
- c) provide opinion on the Company's report prepared in accordance with the Accounting Act and International Financial Reporting Standards, as well as on the Board's proposal for the use of the after-tax

## **Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

profit of the Company

- d) setting up internal audit systems of the Company, management and implementation of the internal control

The Supervisory Board has the entitlement to inspect the Company's documents, accounting registers, the books, to request information from the Board members and the employees, to inspect the Company's payment account, cash-desk and its contracts with the involvement of an expert. The Supervisory Board may request information from the executive officers and from the Company's senior managers.

The General Meeting can make a decision on the Company's financial statements under the Accounting Law only in possession of the Supervisory Board's written report.

At least 21 days prior to the annual ordinary General Meeting, but in any case in time in accordance with applicable laws, the Supervisory Board must prepare a written report to the General Meeting containing conclusions on issues that are within its remit.

If the Supervisory Board considers that the activities of the board violate the law, the Statutes and/or the resolutions of the General Meeting, or otherwise are detrimental to the interests of the company or of the shareholders, it shall convene an extraordinary session of the Assembly and shall propose its agenda.

The Supervisory Board acts as a body. It elects a Chairman from among its members.

The Supervisory Board shall have a quorum if two-thirds, but at least three of its members are present. Its members shall act in person, there shall be no representation in the activities of the Supervisory Board. The members in this capacity cannot be instructed by the Company's shareholders or by their employer. In case of failure or improper fulfilment of their obligation to implement control, the supervisory board members bear responsibility for damages caused to legal entities in conformity with the rules of liability for damage caused by breach of contract to the legal entity.

The Supervisory Board determines the Rules of Procedure itself, to be approved by the General Meeting. It holds sessions as necessary, but at least four times a year.

It can mandate any of its members with an inspection task, or can share the control related tasks among the members on a permanent basis.

The Supervisory Board shall meet at the times it deems necessary, but at least four times a year. The Supervisory Board makes its decisions by a simple majority of those present, unless the Rules of Procedure of the supervisory board provide otherwise.

Members of the Supervisory Board:

**Károly Redling**, appointed for a period from 28 October 2015 until 31 May 2017.

**Balázs Sándorfi**, appointed for a period from 28 October 2015 until 31 May 2017.

**Dr. Hajdu György Martin**, appointed for a period from 28 October 2015 until 31 May 2017.

### **IV. A Brief Presentation of the Audit Committee's Operation**

The Audit Committee is a body assisting the work of the Company's Supervisory Board in the provision of opinion, evaluation and in making recommendations. Its powers are defined by law, the Company's Statutes, the resolutions of the General Meeting and the Rules of Procedure.

The Audit Committee consists of three members elected by the General Meeting from among the members of the Supervisory Board. At least one member of the Audit Committee must have accounting or auditing qualifications.

The competence of the Audit Committee shall cover

## **Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

- a) provision of opinion on the financial statements prepared in accordance with the Accounting Act;
- b) follow-up the audit of the financial statements prepared in accordance with the Accounting Act;
- c) making a proposal for the person of the auditor and his/her remuneration;
- d) Monitoring the enforcement of the professional requirements with respect to the auditor and the requirements related to the auditor's independence and conflict of interest, and - if necessary - making proposals for the supervisory board on measures to take; and
- e) Assisting the work of the Supervisory Board for a proper control of the financial reporting system.

Members of the Supervisory Board:

**Károly Redling**, appointed for a period from 28 October 2015 until 31 May 2017.

**Balázs Sándorfi**, appointed for a period from 28 October 2015 until 31 May 2017.

**Dr. Hajdu György Martin**, appointed for a period from 28 October 2015 until 31 May 2017.

## **V. Statutory Auditor**

The statutory auditor of the Company is elected by the General Meeting.

Keeping the principle of independence in mind, this position shall not be filled by the Company's shareholder, executive officer (member of the Board of Directors), a member of the Supervisory Board, their relative, or by the Company's employee during the existence of such legal status and for three years following its termination.

The appointment of an auditor is for a fixed period which shall not be longer than five years. The auditor may be re-elected. The auditor's mandate can be terminated by recalling by decision of the General Meeting, upon expiry of the period covered by the contract concluded with the auditor, upon the occurrence of the statutory grounds for disqualification, and upon termination by the auditor of the contract.

The Auditor is responsible for carrying out audits in accordance with the standards, and for presenting his/her findings in an independent auditor's opinion as to whether the company's financial statements comply with the relevant legislation, and for providing a true and fair view of the company's assets, liabilities, financial and earnings situation and the economic results of the operation.

The Company's statutory auditor on the date of adoption of this Corporate Governance Report:

**BDO Magyarország Könyvvizsgáló Korlátolt Felelősségű Társaság** (registered office: 1103 Budapest, Kőér utca 2/A. C. ép.; Commercial register code: Cg. 01-09-867785).

Person responsible for the audit: Péter Kékesi (1158 Budapest, Neptun u. 90.).

The statutory auditor is appointed for a period from 28 October 2015 until 31 May 2017. The

Company invites the Auditor to the General Meeting which adopts financial statements.

The auditor did not perform any other activities in addition to the audit activities carried out for the Company.

## **VI. Disclosure Policy**

In order to present the Company's disclosure policy, the fact that shall be primarily emphasized is that the public trading of the Company's shares has not yet started at the Budapest Stock Exchange. Nevertheless, the Company pays special attention to the principle of transparency and to the provision of accurate and fast information establishing the right economic decisions to the shareholders and prospective investors. In this regard, the Company's disclosure policy complies with the relevant provisions of the Act on capital markets and of the BSE, even though on the date of adoption of this Corporate Governance Report they were not binding on the Company.

## **Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

In providing information, the Company ensures that all shareholders and market participants are treated equally. The Company's disclosure related guidelines ensure that the information intended to be published is published as soon as possible.

Each year, the Board of Directors informs the annual ordinary General Meeting of the strategic business objectives of the given business year, and of the policies on the main activities and business ethics. In accordance with the disclosure rules, the Company publishes the proposals prepared for the General Meeting and the resolutions adopted by the General Meeting.

At least twenty-one days prior to the General Meeting, the Company publishes on its website the following

- a) aggregated data on existing shares at the time of the assembly and on the proportion of the voting rights (including separate totals for each class of shares),
- b) proposals relating to the issues included in the agenda, the Supervisory Board reports related to those, as well as draft resolutions, and
- c) forms to be used in voting by proxy if they are not directly sent to the shareholders.

The Company has detailed risk management rules covering all types of risks arising from the nature of its activities. Information on the Company's risk management practices is provided in the annual report.

### **VII. Exercising Shareholders' Rights**

The Company's Board of Directors ensures that shareholders always receive the information necessary to exercise their rights in the right time by promoting accurate, appropriate and timely disclosure of information in compliance with its disclosure policy.

The Board of Directors is obliged to provide information relating to the Company to its shareholders in accordance with the applicable regulations and those laid down in the Statutes. The Board of Directors can make the provision of information subject to making a written declaration of confidentiality.

The Board of Directors may refuse to provide the requested information to a shareholder if that would violate trade secrets of the Company or of its affiliates, if the shareholder requesting information abuses his or her right, or if - despite a call to make a declaration of confidentiality - the shareholder fails to comply with it.

In its share structure the Company applies the principle of "number of votes equal to the nominal value", the same rights are attached to the shares except that the shares owned by employees provide a dividend priority to the shareholders.

The Company's share register is managed by Központi Elszámolóház és Értéktár Zrt. (KELER) in which the company keeps track of the shareholder's (in the case of jointly owned shares - the common representative's) name, place of residence or registered office, for each series of shares the number of the shareholder's shares or temporary shares and the shareholder's stake. If data recorded in an issued share which is also recorded in the share register changes, the management shall amend the share register as well.

For a proof of share ownership the Company accepts securities account statements issued by KELER and by organizations authorised to manage securities accounts, as well as shareholder identifications conducted in accordance with KELER's procedural rules.

Shareholders may exercise their right to participate and vote at the General Meeting in person or by proxy. A shareholder may not exercise his or her right to vote by mail before the General Meeting.

Participation and voting by shareholders in the General Meeting is subject to registration for the shareholder or the proxy by proof of ownership in the Company's share register.

## **Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

The date of making the registration in the share register prior to the General Meeting, as well as other relevant deadlines (eg. closing the share register) are governed by the provisions of the Civil Code and other relevant regulations (eg. General Business Rules of KELER Zrt.) in force.

Having regard to the shareholder's legal relationship, during the term of the Company, the Company can fulfil payment for a shareholder from its own capital in cases defined in the Civil Code and from the current year's profit after tax, as well as from the current year's profit after tax complete with free cumulative reserves.

### **VIII. Annual General Meeting**

The General Meeting is the Company's highest decision-making body.

The General Meeting shall be convened at least once a year (*annual general meeting*) at the Company's head office or other place specified by the Board of Directors. The annual ordinary General Meeting shall be held at the date required by the applicable legislation.

The annual ordinary General Meeting adopts the financial statements prepared in accordance with the Accounting Act and International Financial Reporting Standards, and decides on the use of the profit after tax.

The General Meeting is convened by the Company's Board of Directors by way of publication of the invitation, which also ensures that the invitation for the general meeting is published on the company's website at least thirty days before the opening day of the General Meeting.

The General Meeting shall have a quorum if more than half of the shares embodied by the shareholders and entitled to vote are present. If the General Meeting has no quorum, the reconvened General Meeting shall constitute a quorum in the issues on the original agenda regardless of the proportion of the vote represented by those present. A minimum of ten days has to elapse between the General Meeting with no quorum and the reconvened meeting, but this period may not be longer than twenty-one days.

The Company's statute lists the following under the exclusive competence of the General Meeting:

- a) Deciding on establishing and amending the Statute (unless the law or the Company's statute provides otherwise),
- b) Making decisions on changing the operational form of the company,
- c) Making decisions on the Company's reorganization, merger, demerger or termination without legal successor,
- d) Appointing and/or recalling members of the board of directors, members of the supervisory board and the auditor, determining their remuneration and making decisions related to the major conditions of the agreement to be concluded with the auditor,
- e) Making decisions on the guidelines determining the long-term remuneration of, and incentive system for, the board members, supervisory board members and senior employees,
- f) Approval of financial statements prepared in accordance with the Accounting Act and making decisions on the use of the profit after tax,
- g) Changing the rights attached to individual series of shares, and amending individual share types and classes,
- h) Making decisions on issuing convertible bonds with subscription rights or quick-change bonds,
- i) Making decisions on increasing the registered capital,
- j) Making decisions authorizing the board to increase the registered capital,
- k) Making decisions on decreasing the registered capital,
- l) Making decisions on the exclusion of the preferential right of subscription and on authorising the Board to limit and to exclude the preferential right of subscription,
- m) Making decisions on requesting to delist shares from the stock exchange,
- n) Making decisions on authorising the Board to acquire own shares,
- o) Making decisions on granting indemnification to the members of the Board of Directors,
- p) Making decisions on adopting the corporate governance report.

***Annex to the business report of Duna House Holding Nyrt. – 31 December 2016***

In addition, the exclusive competence of the General Meeting includes decision-making on all issues in which the exclusive competence of the General Meeting is granted by law or the Statutes.

Unless relevant laws or the Company's Statutes provide otherwise, the General Meeting makes its decisions by simple majority.

The Chairman of the Board of Directors may invite any person to the General Meeting, and may ensure to that person the right to provide opinion and comment if in the Chairman's opinion that person's presence is required and it facilitates the provision of information to the shareholders and the adoption of the decisions by the General Meeting.

In accordance with the relevant provisions the Civil Code, an attendance list shall be prepared at the General Meeting. The attendance sheet is authenticated by the signature of the Chairperson of the General Meeting and of the person taking the minutes.

**IX. Remuneration Statement**

According to the Company's Statutes, the General Meeting has the authorisation to determine the fees to be paid to the board members, the supervisory board members and to the members of the Audit Committee.

The Board of Directors continuously evaluates the work of the management. The management have an established system of remuneration which currently consists of a basic salary and a bonus potential. The Company operates a share-based compensation system in accordance with applicable internal rules.

**Corporate Governance Report  
on Compliance with the Corporate Governance Recommendations**

As part of the Corporate Governance Report, by filling out the tables below, the Company declares to what extent the recommendations and suggestions made in the specified sections of the Corporate Governance Recommendations ("CGR") published by Budapesti Értéktőzsde Zrt. were applied by the Company in its corporate governance practices.

By making an overview of the tables, market participants can easily obtain information about the extent to which each company's corporate governance practices are in compliance with the specific requirements included in the CGR, and it also makes the practices of certain companies easily comparable.

**Level of Compliance with the Recommendations**

The Company marks whether it applies the relevant recommendation or not, and if it does not, it provides brief information on the reasons why it does not apply to the specific recommendations.

- A 1.1.1 The Management Board/Board of Directors made it possible for the shareholders to receive access to the information necessary to exercise their rights at the appropriate time.  
Supported
- A 1.1.2 The Company applies the principle of "one share - one vote".  
No
- Explanation: The Company applies the principle of voting rights proportional to the nominal value of the share, each share representing 50 votes.
- A 1.2.8 The Company ensures that shareholders may participate in the General Meeting by meeting the same criteria.  
Supported
- A 1.2.9 The agenda of the General Meeting includes only issues whose topic was precisely defined and described.  
Supported
- The proposals touched upon the suggestion made by the Supervisory Board, and included a detailed explanation of the effects of the decision.  
Supported
- A 1.2.10 The Shareholders' comments and complementary suggestions made with respect to the items on the agenda were published no later than two days prior to the General Meeting.  
Supported
- A 1.3.8 The shareholders had the possibility to become acquainted with the comments made with respect to the items on the agenda of the General Meeting simultaneously with registration at the latest.  
Supported
- The written comments made with respect to the items on the agenda were published two business days prior to the General Meeting.  
Supported



**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

A 1.3.10 Election and recall of the senior officers took place for each person individually in separate resolutions.  
Supported

A 2.1.1 The responsibilities of the Management Board/Board of Directors include those laid out in Section 2.1.1.  
Supported

A 2.3.1 The Management Board/Board of Directors held regular meetings scheduled in advance.  
Supported

The Supervisory Board held regular meetings scheduled in advance. Supported

The Rules of Procedure of the Management Board/Board of Directors provides for the conducting of unscheduled meetings and decision-making through electronic communications channels.  
Supported

The Rules of Procedure of the Supervisory Board provides for the conducting of unscheduled meetings and decision-making through electronic communications channels.  
Supported

A 2.5.1 The Company's Management Board/Supervisory Board has a sufficient number of independent members to ensure impartiality.  
Supported

The Company does not operate a Management Board implementing a unified management system. Instead, there is a Board of Directors and a Supervisory Board. The control function at the Company is performed by the Supervisory Board, while the executive function by the Board of Directors. All members of the Supervisory Board are independent of the Company.

A 2.5.4 At regular intervals, the Management Board/Supervisory Board (in connection with the CG Report) requested a confirmation of their independent status from those members considered independent.  
Supported

A 2.5.6 The Company has published on its website the guidelines concerning the independence of the Board of Directors/Supervisory Board and the applied criteria of independence.  
No

Explanation: The Company uses the statutory requirements for independence, hence it has not elaborated separate specific guidelines in this regard.

A 2.6.1 A member of the Board of Directors/Management Board informed the Board of Directors/Management Board (Supervisory Board/Audit Committee) if in connection with a transaction of the Company (or any of its subsidiaries) he or she (or another person associated with the member) had a personal interest.  
Supported

**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

A 2.6.2 Transactions between the board and the management members (and persons associated with them) and the company (or its subsidiary) were carried out in compliance with the company's overall business practices, but - compared to the general business practice - based on stricter transparency rules.  
Supported

Transactions under Section 2.6.2 which are different from the company's overall business practice and their terms and conditions were approved by the Supervisory Board (Audit Committee).  
Supported

A 2.6.3 The board member informed the Supervisory Board/Audit Committee (Nomination Committee) if they received a request for board membership or management membership at a company which does not belong to the group.  
Supported

A 2.6.4 The Board of Directors/Management Board developed its guidelines for the flow of information within the company and on the handling of insider information, and monitored compliance with those guidelines.  
Supported

The Management Board/Management Board established its guidelines on insider trading in securities and monitored compliance with those guidelines.  
Supported

A 2.7.1 The Board of Directors/Management Board formulated remuneration guidelines regarding the evaluation and remuneration of the work performed by the Board of Directors/Management Board, the Supervisory Board and the management.  
No

Explanation: The Company has not adopted a remuneration policy.

The Supervisory Board commented on the remuneration guidelines.  
No

Explanation: The Company has not adopted a remuneration policy.

The principles related to the remuneration of the Board of Directors/Management Board and the Supervisory Board and their changes were approved by the General Meeting as a separate agenda item.  
No

Explanation: The Company has not adopted a remuneration policy.

A 2.7.2. The Board of Directors/Management Board evaluated the work it carried out in the given business year.  
Supported

A 2.7.2.1 The Supervisory Board evaluated the work it carried out in the given business year.  
No

**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

A 2.7.3 Supervision of the management's performance and determining its remuneration is within the competence of the Board of Directors/ Management Board.  
Supported

The budget related to the benefits for the members of the management other than the usual benefits as well as their changes were approved by the general meeting as a separate agenda item.

Supported

A 2.7.4 The principles of the share-based remuneration schemes were approved by the General Meeting.  
No

Explanation: Determining the principles of the share-based remuneration schemes is within the powers of the Board of Directors.

Before the decision made by the General Meeting on the share-based remuneration schemes the shareholders received detailed information (at least in line with the provisions of Section 2.7.4)

No

Explanation: The definition of share-based remuneration schemes principles of the Board of Directors of powers

A 2.7.7 The Company prepared the Remuneration Statement and presented it to the General Meeting.  
No

Explanation: The Company did not prepare a remuneration statement.

The Remuneration Statement includes the remuneration of the Board of Directors/Management Board, the Supervisory Board and the individual members of the management.

No

Explanation: The Company did not prepare a remuneration statement.

A 2.8.1 The Board of Directors/Management Board or the committee operated by it is responsible for the overall risk management monitoring and controlling of the Company.  
Supported

With a specified regularity the Board of Directors/Management Board requests information on the efficiency of the risk management procedures.

Supported

The Board of Directors/Management Board has taken the necessary steps to identify the major risk areas.

Supported

A 2.8.3 The Board of Directors/Management Board has formulated the principles regarding the system of internal controls.  
Supported

The system of internal controls established by the management ensures management of the risks which affect the Company and achieving the Company's objectives.

Supported

**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

- A 2.8.4 When developing the system of internal controls, the Board of Directors/Management Board took into consideration the viewpoints listed in Section 2.8.4.  
Supported
- A 2.8.5 It is the management's responsibility and task to establish and maintain a system of internal controls.  
Supported
- A 2.8.6 The company has created an independent internal audit function which has a reporting requirement towards the Audit Committee/Supervisory Board.  
No  
Explanation: The Company's internal audit function is performed directly by the Audit Committee and the Supervisory Board.  
The internal audit group at least once reported to the Audit Committee/Supervisory Board on the risk management, the internal audit mechanisms and the corporate governance functions.  
No  
Explanation: The Company's internal audit function is performed directly by the Audit Committee and the Supervisory Board.
- A 2.8.7 The internal audit activities are performed by the internal audit based on authorisation from the Audit Committee/Supervisory Board.  
No  
Explanation: The Company's internal audit function is performed directly by the Audit Committee and the Supervisory Board.  
The internal audit is organisationally separate from the management which performs the operational management. Supported
- A 2.8.8 The internal audit plan is approved by the Board of Directors/Management Board (Supervisory Board) based on the recommendation of the Audit Committee.  
No  
Explanation: The Company has not adopted an internal audit plan, the internal audit is performed by the Supervisory Board and the Audit Committee.
- A 2.8.9 The Board of Directors/Management Board has prepared its report for the shareholders on the operation of the internal controls.  
No  
Explanation: The Company does not produce such a report.
- A 2.8.10 The Board of Directors/Management Board has developed its procedures related to receiving and processing reports on the operation of internal controls, as well as those on preparing its own report.  
No

**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

Explanation: The Company does not produce such a report.

A 2.8.11 The Board of Directors/Management Board has identified the substantial deficiency in the system of internal controls, and reviewed and re-evaluated the activities related to this.  
Supported

A 2.9.2 The Board of Directors/Management Board, the Supervisory Board and the Audit Committee were in all cases notified, if the auditor's mandate, by its nature, could involve significant expense, could cause a conflict of interest, or may have any other significant impact on the business.  
Supported

A 2.9.3 The Board of Directors/Management Board informed the Supervisory Board that it had entrusted the business organization performing the audit and an external advisor with a task related to an event significantly affecting the Company's operations.  
Supported

In its decision the Board of Directors/Management Board set down in advance the kind of circumstances which significantly affect the Company's operations.

No

Explanation: No preliminary Board decision had been made as to which events are to be regarded as having a significant influence on the company's operations with the view to make a decision based on a consideration of the combination of the event and the other circumstances whether the given event indeed has a significant affect on the operation of the Company.

A 3.1.6 The company has published on its website those tasks which it had delegated to the Audit Committee, the objectives, the rules of procedure and the composition of the committee (indicating the name, brief CV and the date of appointment).  
No

Explanation: The Company is in compliance with all the legal requirements of disclosure and publication. The necessary information can be found on the Company's website and in other places of disclosure as defined in the legislation. The formulated above details delegated to the Audit Committee have not been published separately.

A 3.1.6.1 The company has published on its website those tasks which it had delegated to the Nomination Committee, the objectives, the rules of procedure and the composition of the committee (indicating the name, brief CV and the date of appointment).  
No

Explanation: The Company does not operate a Nomination Committee.

A 3.1.6.2 The company has published on its website those tasks which it had delegated to the Remuneration Committee, the objectives, the rules of procedure and the composition of the committee (indicating the name, brief CV and the date of appointment).  
No

Explanation: The Company does not operate a Remuneration Committee.

**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

A 3.2.1 The Audit Committee/Supervisory Board monitored the efficiency of the risk management, the functioning of the internal control system and the activities of the internal audit as well.  
Supported

A 3.2.3 The Audit Committee/Supervisory Board received accurate and detailed information on the work programme of the internal inspector and of the independent auditor, and received the report on the problems discovered during the audit.  
Supported

A 3.2.4 The Audit Committee/Supervisory Board requested from the new candidate for the auditor the disclosure statement according to Section 3.2.4.  
Supported

A 3.3.1 The Company has a Nomination Committee.  
No

Explanation: The role of the Nomination Committee is performed by the Board of Directors.

A 3.3.2 The Nomination Committee provided for the preparation of the personnel related changes.  
No

Explanation: The role of the Nomination Committee is performed by the Board of Directors.

The Nomination Committee reviewed the procedures for the selection and appointment of the management members.

No

Explanation: The Company has no Nomination Committee.

The Nomination Committee evaluated the activities performed by the board and management members. No

Explanation: The Company has no Nomination Committee.

The Nomination Committee examined all the proposals regarding the nomination of board members which had been submitted by shareholders or the Board of Directors/Management Board.  
No

Explanation: The Company has no Nomination Committee.

A 3.4.1 The Company has a Remuneration Committee.  
No

Explanation: The role of the Remuneration Committee is performed by the Board of Directors.

**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

A 3.4.2 The Remuneration Committee made a proposal for a system of remuneration for the boards and the management (individual level and structure of remuneration), and carries out its monitoring.

No

Explanation: The Company has no Remuneration Committee.

A 3.4.3 The remuneration of the management was approved by the Board of Directors/Management Board based on a proposal made by the Remuneration Committee.

No

Explanation: No Remuneration Committee is operated at the Company.

The Board of Directors'/Management Board's remuneration was approved by the General Meeting based on the proposal of the Remuneration Committee.

No

Explanation: The remuneration shall be approved by the General Meeting, but not based on a proposal of the Remuneration Committee. There is no Remuneration Committee at the Company.

The Remuneration Committee checked the share option system, as well as the system of cost reimbursements and other benefits.

No

Explanation: The Company has no Remuneration Committee.

A 3.4.4 The Remuneration Committee made proposals regarding the remuneration principles.

No

Explanation: The Company has no Remuneration Committee.

A 3.4.4.1 The Remuneration Committee made proposals regarding the remuneration of individual persons.

No

Explanation: The Company has no Remuneration Committee.

A 3.4.4.2 The Remuneration Committee reviewed the terms of the contracts concluded with the members of the management.

No

Explanation: The Company has no Remuneration Committee.

A 3.4.4.3 The Remuneration Committee checked if the Company complied with the obligation to provide information regarding remuneration issues.

No

Explanation: The Company has no Remuneration Committee.

**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

A 3.4.7 The majority of the members of the Remuneration Committee are independent.

No

Explanation: The Company has no Remuneration Committee.

A 3.5.1 The Board of Directors/Management Board disclosed its reasons for merging the Remuneration and the Nomination Committees.

No

Explanation: According to the Company's Statutes, election of the members of the Board of Directors, of the Supervisory Board and the Audit Committee and establishing their remuneration falls within the competence of the General Meeting; the Company does not operate a Remuneration and a Nomination Committee.

A 3.5.2 The Board of Directors/Management Board carried out the tasks of the Nomination Committee, and it provided information on the reasons for doing it.

No

Explanation: According to the Company's Statutes, election of the members of the Board of Directors, of the Supervisory Board and the Audit Committee and establishing their remuneration falls within the competence of the General Meeting.

A 4.1.1 In the Company's disclosure guidelines the Board of Directors/Management Board defined those principles and procedures which ensure that everything concerning the company and the important information that has an impact on the rate of the Company's securities is disclosed in an accurate, complete and timely manner.

Supported

A 4.1.2 In the course of providing information, the Company ensured that all shareholders and operators were treated equally.

Supported

A 4.1.3 In its disclosure guidelines the Company specifies the procedures for electronic and online disclosure.

Supported

The Company develops its website by taking into consideration the disclosure criteria and by bearing in mind the provision of information to investors.

Supported

A 4.1.4 The Board of Directors/Management Board assessed the efficiency of the disclosure processes.

Supported

A 4.1.5 The Company published its corporate events calendar on its website.

No

Explanation: The Company did not made the event calendar available on its website.

A 4.1.6 In its Annual Report and on its website the Company informed the public of its strategic objectives, its main activities, business ethics and about its policies regarding other stakeholders.



**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

No

Explanation: The Company did not provide such information.

- A 4.1.8 In the annual report the Board of Directors/Management Board made a declaration about the nature and size of any other assignments received by the auditing firm responsible for auditing the annual financial statements from the company or its subsidiaries.

No

Explanation: The annual report does not include this.

- A 4.1.9 In its annual report and on its website the Company discloses the information on the professional career of the members of the Board of Directors/Management Board, of the Supervisory Board and the Management.

Supported

- A 4.1.10 The Company provided information on the internal organisation and functioning of the Board of Directors/Management Board and the Supervisory Board.

Supported

- A 4.1.10.1 The Company provided information on the work carried out by the Board of Directors/Management Board and the Management, as well as on the criteria taken into consideration when making assessment of individual members.

Supported

- A 4.1.11 In the remuneration declaration contained in the Annual Report and on the website the Company provided information to the public on the remuneration guidelines applied by it and, within it, about the remuneration of the members of the Board of Directors/Management Board and the Management.

No

Explanation: The Company complied with its obligation to provide information in its Annual Report.

- A 4.1.12 The Board of Directors/Management Board disclosed its risk management policy in which it described the system of internal controls, the applied risk management principles and the fundamental rules, as well as a review of the major risks.

No

Explanation: The Board of Directors did not publish its risk management guidelines.

- A 4.1.13 In order to inform the operators, every year, when releasing its annual report, the Company publishes its corporate governance report.

Supported

- A 4.1.14 On its website the Company publishes the insiders' guidelines on trading in the Company's securities.

No

Explanation: The Company does not publish these risk management guidelines separately on its website.

**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

The Company disclosed the shares members of the Board of Directors/Management Board, of the Supervisory Board and of the Management have in the company's securities as well as the interest they have in the share-based incentive scheme in the annual report and on the Company's website.

No

Explanation: The Company does not publish the above information on its website

A 4.1.15 In the annual report and on its website the Company disclosed the relationship between the members of the Board of Directors/Management Board/Management and any third parties which can affect the company's operations.

Supported

**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

**Level of Compliance with the Suggestions**

The company must indicate whether it applies the relevant recommendation of the FTA, or not (Yes/No).

J 1.1.3	The company has an organisational unit which deals with investor relations.	Supported
J 1.2.1	The Company published on its website the summary document on conducting the General Meeting and on exercising voting rights by the shareholders (including voting via proxy).	Supported
J 1.2.2	The Company's Statutes can be viewed on the Company's website.	Supported
J 1.2.3	The information according to Section 1.2.3 (on the record date of corporate events) has been disclosed on the Company's website.	Supported
J 1.2.4	Information on general meetings according to Section 1.2.4 and documents (invitations, proposals, recommendations, resolutions, minutes) was published on the Company's website.	Supported
J 1.2.5	The Company held its General Meeting in a way that made it possible for the largest number of shareholders to attend.	Supported
J 1.2.6	Within five days of the receipt, in a manner equivalent to the original publication of the invitation to the general meeting, the Company published the additions to the agenda.	Supported
J 1.2.7	The voting procedure applied by the Company ensured that the owners' decision is determined in a clear, concise and fast manner.	Supported
J 1.2.11	At the request of shareholders the Company sent the information on the general meeting electronically as well.	Supported
J 1.3.1	The General Meeting of the Company approved the chairman of the General Meeting before the beginning of the substantive discussion of the items on the agenda.	Supported
J 1.3.2	The Board of Directors/Management Board and the Supervisory Board were represented at the General Meeting.	No
J 1.3.3	The Company's Statutes provide an opportunity that, on the initiative of the Board of Directors/Management Board or the Company's shareholders, a third party can be invited to take part in the general meetings of the company, and can be granted the right to provide comments and opinion at the General Meeting when discussing the related agenda.	Supported
J 1.3.4	The Company did not limit the right of the shareholders attending the General Meeting to request information and to make comments or proposals, and did not pose any prerequisites either.	Supported
J 1.3.5	On its website the Company published within three days its answers to those questions which it was unable to answer in a satisfactory way at the General Meeting. The Company disclosed its explanation for refusing to provide answers.	Supported
J 1.3.6	The Chairman of the General Assembly and the Company ensured that in answering the questions raised at the meeting the information and disclosure related principles enshrined in the laws and those formulated in stock exchange regulations are not violated, but are complied with.	Supported

**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

J 1.3.7	The Company issued a press release on the decisions made at the General Meeting and held a press conference as well.	No
J 1.3.11	On certain amendments of the Statutes the General Meeting of the Company decided in separate resolutions.	Supported
J 1.3.12	The Company published the decisions and the minutes of the General Meeting containing the presentation of draft resolutions and important questions and answers regarding the draft resolutions within 30 days after the General Meeting.	Supported
J 1.4.1	The Company paid the dividends to its shareholders within 10 business days, for which the shareholders provided all the necessary information and documentation.	No
J 1.4.2	The Company disclosed its policy regarding anti-takeover prevention.	Supported
J 2.1.2	The Rules of Procedure of the Board of Directors/Management Board contain the structure of the Board of Directors/Management Board, the tasks related to the preparation and implementation of the meetings and drafting the resolutions, as well as other issues regarding the operation of the Board of Directors/Management Board.	Supported
J 2.2.1	The Supervisory Board details the operation and duties of the board in its rules of procedure of its work schedule, as well as those administrative rules and processes which the Supervisory Board followed.	Supported
J 2.3.2	Board members had access to the proposals of the given meeting at least five days prior to the board meeting.	Supported
J 2.3.3	The procedures regulate the regular or occasional participation at the board meetings of persons who are not board members.	Supported
J 2.4.1	The election of the members of the Board of Directors/Management Board takes place in a transparent way, the information on the candidates was made public at least five days prior to the general meeting.	Supported
J 2.4.2	The composition of the bodies and the number of members comply with the principles set out in Section 2.4.2.	Supported
J 2.4.3	In the Company's introductory programme the newly elected non-operational board members had an opportunity to familiarize themselves with the structure and operations of the Company, as well with as their duties as members of the board.	Supported

**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

J 2.5.2	The division of the Chairman's and the CEO's competences is stipulated in the Company's main documents	No
J 2.5.3	The Company disclosed information on what means it will use in case of combining the office of the Chairman and the CEO to ensure that the Board of Directors/Management Board will stay objective in assessing the Management's activities.	No
J 2.5.5	None of the members of the Company's Supervisory Board held a position in the Company's Board of Directors or Management in the three years prior to their nomination.	Supported

**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

J 2.7.5	Developing the remuneration system for the Board of Directors/Management Board, the Supervisory Board and the Management of the Company serves the strategic interests of the Company and, through this, of the shareholders.	Supported
J 2.7.6	For Supervisory Board members the Company applies a fixed remuneration and does not apply a remuneration component linked to the share price.	Supported
J 2.8.2	The Board of Directors/Management Board developed the risk management principles and the fundamental rules together with those members of the Management who are responsible for planning, implementation and control of the risk management processes, as well as for integrating those into the Company's daily operations.	No
J 2.8.10	When evaluating the system of internal controls, the Board of Directors/Management Board took into account the aspects specified in Section 2.8.10.	No
J 2.8.12	The Company's auditor assessed and evaluated the Company's risk management systems and the risk management activities pursued by the Management, and submitted a report on this to the Audit Committee/Supervisory Board.	No
J 2.9.1	The rules of procedure of the Board of Directors/Management Board includes the procedure to be followed when employing an external advisor.	No
J 2.9.1.1	The rules of procedure of the Supervisory Board includes the procedure to be followed when employing an external advisor.	No
J 2.9.1.2	The rules of procedure of the Audit Committee includes the procedure to be followed when employing an external advisor.	No
J 2.9.1.3	The rules of procedure of the Nomination Committee includes the procedure to be followed when employing an external advisor.	No
J 2.9.1.4	The rules of procedure of the Remuneration Committee includes the procedure to be followed when employing an external advisor.	No
J 2.9.4	The Board of Directors/Management Board can invite the company's auditor to attend in an advisory capacity the meetings on which agenda items of the general meeting are discussed.	Supported
J 2.9.5	The Company's internal audit cooperated with the auditor in order to successfully carry out the audit.	Supported
J 3.1.2	The chairman of the Audit Committee regularly reports to the Board of Directors/Management Board on each of the committee meetings, and the Committee	

**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

	epared at least one report to the Executive Board and the Supervisory Board in the given business year.	Supported
J 3.1.2.1	The chairman of the Nomination Committee regularly reports to the Board of Directors/Management Board on each of the committee meetings, and the Committee prepared at least one report to the Executive Board and the Supervisory Board in the given business year.	No
J 3.1.2.2	The chairman of the Remuneration Committee regularly reports to the Board of Directors/Management Board on each of the committee meetings, and the Committee prepared at least one report to the Executive Board and the Supervisory Board in the given business year.	No

**Annex to the business report of Duna House Holding Nyrt. – 31 December 2016**

J 3.1.4	The Company's committees are made up of members who have the capabilities, expertise and experience required to perform their duties.	Supported
J 3.1.5	The rules of procedure of committees operating at the Company include the aspects detailed in Section 3.1.5.	Supported
J 3.2.2	The members of the Audit Committee/Supervisory Committee were fully informed about the accounting, financial and operational peculiarities.	Supported
J 3.3.3	The Nomination Committee prepared at least one evaluation for the Chairman of the Board of Directors/Management Board on the operation of the Board of Directors/Management Board, and on the work and suitability of certain members of the Board of Directors/Management Board in the given business year.	No
J 3.3.4	The majority of the members of the Nomination Committee are independent.	No
J 3.3.5	The rules of procedure of the Nomination Committee includes the aspects set out in Section 3.3.5.	
J 3.4.5	The Remuneration Committee ensured that the remuneration statement is prepared.	No
J 3.4.6	The Remuneration Committee consists exclusively of the non-operational members of the Board of Directors/Management Board.	No
J 4.1.4	The Company's disclosure guidelines cover at least those aspects which are contained in Section 4.1.4.	Supported
	The Board of Directors/Management Board informed the shareholders in the annual report of the results of the examination of the efficiency of the disclosure processes.	No
J 4.1.7	The Company prepares its financial statements in accordance with IFRS principles.	
	Supported	
	The Company's consolidated financial statements are prepared in accordance with IFRS principles.	
	The Company's annual report was prepared in accordance with the Accounting Act.	
J 4.1.16	The Company prepares and discloses the information also in the English language.	
	Supported	