



DUNA HOUSE[®]
GROUP

2019. Q2 **Quarterly report**

August 27, 2019



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EXECUTIVE SUMMARY 2019. SECOND QUARTER

Quarterly results

- **The Duna House Group** (the "Group") closed a very strong quarter. In Q2 2019 the Group managed to **increase the revenue of the franchise and financial intermediation segments**. In Hungary, the financial intermediation segment could **compensate the lost profit from the intermediation of home saving products**, while in **Poland** the acquisition of Gold Finance has produced strong results: due to the acquisition and the organic growth, the **intermediated loan volumes produced a 3.5-fold increase** within a year bringing the **quarterly EBIT of the entire Polish operation into the green, EBIT of HUF 26 million**. The management expects **further EBIT improvement in Poland** in the coming quarters.
- **The clean core EBIT reached HUF 326 million (+32% YoY)**. With this result the Group has more, than compensated the lost profit from the intermediation of home saving products.
- The Group's consolidated EBIT level was HUF 399 million (-36% YoY), its consolidated PAT reached of HUF 338 million (-36% YoY). The decrease in profit was mainly due to strong base effects of the MyCity real estate development activities. While the majority of the Reviczky Liget project was handed over in the first half of the previous year, there were no major project handovers in Q1 and Q2 2019, so the contribution of the Group's real estate development activity was marginal.
- **The management is optimistic about 2019 results and reinforces its guidance for core activities including the Polish activity. Delays in the construction of MyCity projects in Q2 2019 have increased the likelihood that the deliveries scheduled for this year will take place in 2020.** Any delay that may occur won't affect the VAT on the sale of the units, they will be sold at 5% VAT.

EXECUTIVE SUMMARY 2019. SECOND QUARTER

Quarterly segment results

- EBIT of Q2 2019 was HUF 225 million lower compared to Q2 2018:
 - The franchise segment's revenue has grown by 10%, its gross profit has grown by 9% compared to Q2 2018. Overall its EBIT contribution increased by HUF 20 million (+28% YoY).
 - Financial intermediary services segment doubled its revenue in Q2 2019 on a yearly basis. Its contribution to the Group's EBIT increased by HUF 49 million (+35% YoY). The segment's profitability has been hit by losing the home saving products from its portfolio in Hungary, but the increase in Hungarian intermediated loan volumes and in the brokering of other financial products compensated for the losses. The positive synergy effects of Gold Finance acquisition and the organic growth in Poland contributed to the segment's EBIT growth in Q2 2019.
 - Reviczky project started to handover apartments beginning of 2018, MyCity projects generated altogether EBIT of HUF 199 million in Q2 2018 vs merely HUF 28 million in Q2 2019.
 - The Group achieved appraisal result of HUF 44 million on its real estate investments in Q2 2019, while investment properties were revalued by HUF 91 million in Q2 2018, on top of which the Group also achieved pre-tax result of HUF 52 million on the sale of Zsinór utca real estate development project in Q2 2018.
 - Supplementary services segment's revenue (-3% YoY) and operating profit also stagnated (-4% YoY).
 - Own office segment significantly reduced its operating profit, EBIT contribution decreased by HUF 25 million (-98% YoY). The Polish and Hungarian activities contributed equally to this decline. While Polish offices showed improvement in this quarter after weak Q4 2018 performance, they still closed the quarter with a loss.



DUNA HOUSE[®]
GROUP

Consolidated financial statements



CONSOLIDATED INCOME STATEMENT

Consolidated income statement (data in thHUF, except earnings per share)	04-06. 2019. (not audited)	04-06. 2018. (not audited)	Variance		01-06. 2019. (not audited)	01-06. 2018. (not audited)	Variance	
			thHUF	%			thHUF	%
Net sales revenue	2.051.230	1.926.660	124.570	6%	3.882.832	4.502.670	-619.838	-14%
Other operating income	63.391	91.449	-28.058	-31%	89.780	133.423	-43.643	-33%
Disposal Group held for sale income	0	51.946	-51.946	-100%	0	51.946	-51.946	-100%
Change in stocks of finished products and work in progress	-593.230	-169.057	-424.173	251%	-751.925	-236.176	-515.749	218%
Consumables used	15.664	14.954	710	5%	32.093	32.645	-551	-2%
Cost of goods and services sold	293.832	385.944	-92.112	-24%	530.157	732.440	-202.283	-28%
Services purchased	1.701.666	996.064	705.602	71%	2.919.990	2.317.553	602.437	26%
Personnel expenses	198.291	157.334	40.957	26%	416.693	327.571	89.122	27%
Depreciation and amortization	22.811	23.274	-462	-2%	45.628	44.745	883	2%
Depreciation of right-of-use assets	31.666	0	31.666	0%	62.484	0	62.484	0%
Other operating expenses	45.405	38.324	7.081	18%	75.842	77.398	-1.555	-2%
Operating income (EBIT)	398.514	623.217	-224.703	-36%	641.648	1.391.863	-750.214	-54%
Finance income	31.766	20.890	10.876	52%	29.680	27.635	2.045	7%
Finance costs	31.074	14.936	16.138	108%	63.002	39.112	23.890	61%
Share of the losses of a joint venture	-15.378	-7.445	-7.933	107%	-24.266	-10.899	-13.366	123%
Profit before tax	383.828	621.727	-237.899	-38%	584.061	1.369.487	-785.426	-57%
Income tax expense	45.351	89.108	-43.758	-49%	79.502	199.845	-120.343	-60%
Profit after tax	338.477	532.618	-194.141	-36%	504.559	1.169.642	-665.083	-57%
Currency translation difference	12.619	-8.204	20.824	-254%	40.037	14.126	25.911	183%
Other comprehensive income	12.619	-8.204	20.824	-254%	40.037	14.126	25.911	183%
Total comprehensive income attributable to	351.097	524.414	-173.317	-33%	544.596	1.183.767	-639.172	-54%
Shareholders of the Company	352.108	526.676	-174.568	-33%	550.016	1.189.905	-639.889	-54%
Non-controlling interest	-1.011	2.964	-3.975	-134%	-5.420	-912	-4.509	494%
Earnings per share (basic and diluted)	92	148	-56	-38%	140	323	-183	-57%

CONSOLIDATED INCOME STATEMENT

Comments

- The Group`s consolidated revenues exceeded HUF 2.0 billion in Q2 2019. While in Q2 2018 HUF 457.3 million was generated from the sales of own-developments, in Q2 2019 only HUF 53.7 million came from development activities. Revenues from services increased by HUF 528 million (+35.9% YoY)
- Change in stocks of finished products and in progress represents the net difference between activated construction service costs related to MyCity development projects and the book value of units sold and handed over.
- Cost of goods and services sold has decreased in line with low project handovers in the quarter.
- The growth of purchased services increased significantly in Q2 2019 due to ongoing developments and expanding financial intermediation activities.
- From 1 January 2019, the Group applies the IFRS 16 standard regarding leased and rented assets. Rental fees are reclassified from services used to depreciation of right-of-use assets and finance costs.
- Currency translation difference represents the FX gains and losses on assets and liabilities of the foreign subsidiaries.
- The Group made PAT of HUF 338.5 million and core PAT of HUF 353.3 million in Q2 2019 (HUF 45.7 million decrease compared to the core PAT of Q2 2018). Compared to 2018, core PAT of Q2 2019 was negatively impacted by three factors, totaling HUF -120.1 million: i) Termination of Home savings accounts (HUF -30.1 million PAT effect), (ii) lower level of recognized real estate portfolio appraisals (profit of HUF 43.8 million, compared to HUF 90.9 million recognized in Q2 2018, totaling HUF -42.9 million PAT effect), iii) the profit on the sale of real estate development project in Zsinór utca that was sold in Q2 2018 (HUF -47.2 million PAT effect) occurred as base effect.

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet data in thHUF	2019. June 30. (not audited)	2018. December 31. (audited)	Variance	
			thHUF	%
Other intangible assets	51.316	66.807	-15.491	-23%
Right-of-use asset	278.436	0	278.436	0%
Goodwill	1.334.901	1.320.667	14.235	1%
Investment property	1.229.400	1.443.600	-214.200	-15%
Property, plant	808.513	520.387	288.125	55%
Equipment	205.800	171.100	34.701	20%
Investment in a joint venture	144.466	168.731	-24.266	-14%
Deferred tax assets	241.635	212.418	29.217	14%
Other financial assets	80.498	79.950	548	1%
Non-current assets	4.374.965	3.983.659	391.305	10%
Inventories	4.631.143	3.882.715	748.428	19%
Trade receivables	857.926	710.861	147.065	21%
Receivables from affiliates	126.538	154.622	-28.084	-18%
Other receivables	599.492	386.607	212.885	55%
Current tax asset	23.009	25.380	-2.371	-9%
Other assets	529.414	424.648	104.765	25%
Cash and cash equivalents	862.775	752.694	110.081	15%
Restricted cash	808.210	756.919	51.291	7%
Current assets	8.438.507	7.094.448	1.344.059	19%
Total assets	12.813.471	11.078.107	1.735.364	16%

Consolidated balance sheet data in thHUF	2019. June 30. (not audited)	2018. December 31. (audited)	Variance	
			thHUF	%
Share capital	171.989	171.989	0	0%
Own shares repurchased	-168.783	-117.000	-51.783	44%
Share premium	1.493.444	1.493.267	177	0%
Other reserves	49.777	35.283	14.494	41%
Retained earnings	3.476.534	3.917.124	-440.590	-11%
Equity attributable to the owners of the Company	5.022.962	5.500.663	-477.702	-9%
Non-controlling interests	-57.043	-56.027	-1.016	2%
Total equity	4.965.919	5.444.637	-478.718	-9%
Borrowings	120.879	236.082	-115.203	-49%
Provisions for expected liabilities	0	8.327	-8.327	-100%
Other non-current liabilities	0	0	0	0%
Deferred tax liabilities	170.694	163.992	6.702	4%
Leasing liabilities	224.906	0	224.906	0%
Non-current liabilities	516.479	408.401	108.078	26%
Borrowings	3.864.826	2.746.177	1.118.648	41%
Trade payables	876.706	599.094	277.613	46%
Payables to affiliates	927.853	292.360	635.493	217%
Other liabilities	1.221.444	995.783	225.661	23%
Current tax liabilities	42.392	128.386	-85.994	-67%
Accrued expenses	397.852	463.269	-65.417	-14%
Current liabilities	7.331.073	5.225.070	2.106.004	40%
Total equity and liabilities	12.813.471	11.078.107	1.735.364	16%

CONSOLIDATED BALANCE SHEET

Comments

- From 1 January 2019, the Group applies the IFRS 16 standard regarding leased and rented assets. The right of use with regards to long term rental of offices and vehicles are valued at HUF 278.4 million as of 30 June 2019.
- The Group reclassified an investment property to operating, self-used property in H1 2019.
- The Group reports its ongoing IT developments under Equipment asset line, the amount of which totaled HUF 178.4 million on June 30, 2019.
- The value of inventories increased by an additional HUF 748.4 million in Q2 2019, in line with the capitalized construction costs of ongoing developments.
- The balance of receivables from affiliates is predominantly against MyCity Residence, the development project 50% owned by the Group.
- Other receivables are mainly attributable to Forest Hill project, where the Group provides HUF 364.6 million financing to the construction company.
- Cash and cash equivalents of the Group amounted HUF 862.7 million, plus HUF 808.2 million of Restricted cash, guarantees related to project loans of residential developments, Metrohouse acquisition loan, and equity deposits re. fund management activity.

CONSOLIDATED BALANCE SHEET

Comments

- The consolidated equity of the Group amounted HUF 4.9 billion at the end of Q2 2019. At the end of Q2 the Company held 43,396 pieces of own shares for the purpose of employee share program.
- Loans increased to HUF 4.0 billion, out of which HUF 3.6 billion non-recourse loans related to development projects.
- Dividends were paid on July 25 2019, this resulted HUF 921.6 million liabilities related to dividends among Payables to affiliates as of June 30, 2019.
- Other liabilities consist mainly of prepayments and advance payments related to development projects, totaling HUF 700.5 million as of June 30, 2019.
- Long term and short term liabilities related to leased asset under IFRS 16 standard totaled HUF 346.9 million. Long term lease liabilities are presented on a separate account, while short term lease liabilities are included in Other liabilities.

CLEAN CORE RESULT

data in thousands of HUF	2019 Q2	2018 Q2	Variance %	2019 Q1-2	2018 Q1-2	Variance %
EBIT	398.514	623.217	-36%	641.648	1.391.863	-54%
(-) EBIT of MyCity	27.579	199.113	-86%	50.773	781.947	-94%
Core EBIT	370.935	424.104	-13%	590.875	609.916	-3%
(-) Result of Home savings products	660	33.624	-98%	1.149	68.895	-98%
(-) Result of portfolio evaluation	43.800	90.900	-52%	43.800	90.900	-52%
(-) The result on the sale of the Zsinór project		51.946	-100%	0	51.946	-100%
Total core adjustments	-44.460	-176.470	-75%	-44.949	-211.741	-79%
Clean core EBIT	326.475	247.634	+32%	545.927	398.175	+37%

- For transparency reasons, from Q2 2019 onwards the Group will publish “clean core” adjusted profit and loss categories. The Group adjusts its results besides the result of MyCity property development activity, with additional one-off or other material items that according to the management’s opinion are essential for understanding the recurring profitability of the Group.
- In Q2 2019, the Group made the following adjustments:
 - Result of home saving products: Act LXIII of 2018 amending Act CXIII of 1996 on Home savings products entered into force on October 17, 2018, according to which no state support can be granted for housing savings contracts concluded after October 16, 2018. As a result of the amendment, the demand for Home savings products has dropped radically, making it difficult to analyze the current period’s result.
 - Result of portfolio revaluation: The Group revaluates its investment property at market value every six months and recognizes the difference in profit or loss. While revaluations may reflect the real estate market trends, due to the concentration of the portfolio they also can distort the analysis of core business.
 - Result of the sale of Zsinór project: In Q2 2018 The Group sold one of its real estate development projects, which is considered as a one-time result because management does not aim to sell the projects before completion.
- The Group’s clean core EBIT increased by 32% in Q2 2019 and totaled HUF 326.5 million.

REVENUE, OPERATING AND AFTER TAX INCOME BY COUNTRY

in thousand HUF	Hungary		Poland		Czech Republic		Duna House Group	
	2019Q2	2018Q2	2019Q2	2018Q2	2019Q2	2018Q2	2019Q2	2018Q2
Net sales revenue	1.020.425	1.474.956	943.380	381.939	87.424	69.765	2.051.230	1.926.660
Operating income	370.960	640.706	26.237	-9.496	1.317	-7.993	398.514	623.217
Profit after tax	304.497	548.859	24.092	-8.955	9.889	-7.285	338.477	532.618

in thousand HUF	Hungary		Poland		Czech Republic		Duna House Group	
	2019Q1-2	2018Q1-2	2019Q1-2	2018Q1-2	2019Q1-2	2018Q1-2	2019Q1-2	2018Q1-2
Net sales revenue	2.000.608	3.636.056	1.732.417	721.628	149.807	144.986	3.882.832	4.502.670
Operating income	669.459	1.406.273	-29.546	-11.458	1.735	-2.952	641.648	1.391.863
Profit after tax	528.474	1.193.175	-27.847	-12.583	3.931	-10.950	504.559	1.169.642

- The Hungarian activities reached profit after tax of HUF 304.5 million out of which HUF 319.3 million relate to the core activities. In comparison, Hungarian core PAT was HUF 415.2 in Q2 2018 (23.1%, 96.1 million decline YoY). In Q2 2019 the Hungarian core PAT was negatively impacted by HUF 120.1 million one-off items compared to Q2 2018, that are presented on page 7.
- In Poland, revenues and loan intermediation volumes have grown significantly due to the integration of Gold Finance sp. z. o.o and its significant organic growth. During the quarter the operating income and PAT became positive.
- The Czech entities closed the quarter and the first half of the year with a positive result.

MANAGEMENT'S GUIDANCE FOR FISCAL YEAR 2019

in thousand HUF	Duna House Group					
	Duna House Group w/o MyCity*		Reviczky Liget		Forest Hill	MyCity Residence
	2019Q2	2019Q1-Q2	2019Q2	2019Q1-Q2		
Operating income	370.935	590.875	19.365	49.197	<i>Under construction</i>	<i>Under construction</i>
Profit after tax	353.253	527.357	23.822	58.165	<i>Under construction</i>	<i>Under construction</i>
Management forecast	1 100 000 – 1 400 000				1 090 000	

*=Excluding the real estate development activity of MyCity group. Sales revenue related to the real estate development projects within MyCity group -in accordance with current accounting standards with relevance to the sector- is realized following project closure. Indirect (operational) costs arising before sales revenue realization have a negative impact on profitability.

Profit realization from MyCity property development activity

Resulting from the specialties of property development activity, the realization of the developer's profit is due following the closure of the development projects.

The guidance has been prepared with the assumption that 50% of the units will be handed over and invoiced of both the Forest Hill and MyCity Residence projects during 2019. Although sales is on track and both projects are expected to reach 80-90% sold unit ratio by the end of the year, we forecast slow handover process, as based on our recent experiences, the execution of loan financed or state subsidized home purchases take longer, than previously anticipated.

Delays are frequent in property development in the current market situation, the chances of actual closing and profit realization taking place in early 2020 cannot be ruled out.

Delays in the construction of MyCity projects in Q2 2019 have increased the likelihood that the deliveries scheduled for this year will take place in 2020. Any delay that may occur won't affect the VAT on the sale of the units, they will be sold at 5% VAT.

CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement	1-6. 2019 (not audited)	1-6. 2018 (not audited)
Data in thHUF		
Cash flows from operating activities		
Profit after tax	504.559	1.168.039
Adjustments:		
Received / paid interests	29.680	32.514
Depreciation	45.628	46.348
Deferred tax expense	-22.515	11.378
Fair value adjustments of investment properties	-43.800	-90.900
Share program	177	
Badwill	0	0
Share of profit of a joint venture	24.266	10.899
Asset held for sale	0	-53.000
Movements of working capital		
Increase in inventories	-748.428	-82.018
Increase in trade- and other receivables	-385.010	-99.558
Decrease of other assets	-104.765	-84.928
Increase of trade payables	802.870	-385.457
Increase of other short term liabilities	139.667	-88.755
Increase in accruals	-65.417	39.363
Net cash generated by operating activities	176.910	423.924

Consolidated cash flow statement	1-6. 2019 (not audited)	1-6. 2018 (not audited)
Cash flows from investing activities		
Payments for property, plant and equipment	-94.964	-57.355
Proceeds from the sale of properties	0	51.846
Assets held for sale and directly (...)	0	250.000
Net cash inflow on sale of subsidiaries	0	0
Net cash used in investing activities	-94.964	244.491
Cash flows from financing activities		
Proceeds from borrowings	1.003.445	221.896
Proceeds from shareholders for capital increase	-51782,554	-117.000
Dividends paid	-898.074	-620.377
Securities sold	0	0
Received / paid interests	-29.680	-32.514
Net cash generated from financing activities	23.909	-547.995
Net increase in cash and cash equivalents	105.855	120.420
Cash and cash equivalents at the beginning of the year	756.919	1.428.501
Cash and cash equivalents at the end of the year	862.775	1.548.921

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Attributable to the shareholders of the Company	Attributable to non-controlling interests	Total equity
data in thHUF							
31 December 2015	153 050	9 479	0	1 525 238	1 687 767	0	1 687 767
Dividend paid				-247 600	-247 600		-247 600
Aquisition of Subsidiary						-40 214	-40 214
Total comprehensive income			-23 318	1 166 454	1 143 136	60	1 143 196
31 December 2016	153 050	9 479	-23 318	2 444 092	2 583 303	-40 154	2 543 149
Dividend paid				-479 260	-479 260		-479 260
Capital increase	18 939	1 481 057			1 499 997		1 499 997
Total comprehensive income			50 836	923 224	974 060	-8 427	965 633
31 December 2017	171 989	1 490 536	27 518	2 889 056	4 579 100	-48 581	4 530 519
Dividend paid				- 653 018	-653 018		- 653 018
Total comprehensive income			7 765	1 707 492	1 715 258	-7 446	1 707 811
Purchase of treasury shares					-117 000		-117 000
Employee Share-based payment		2 731			2 731		2 731
31 December 2018	171 989	1 493 267	35 283	3 917 124	5 500 663	-56 027	5 444 637
Dividend paid							
Total comprehensive income			-3.813	166.256	162.443	-5	162.437
Purchase of treasury shares					-37.041		-37.041
Employee Share-based payment provision		13.569			13.569		13.569
31 March 2019	171.989	1.506.836	31.470	4.083.380	5.639.635	-56.032	5.583.603
Dividend paid				-945.104	-945.104		-945.104
Total comprehensive income			18.307	338.258	356.565	-1.011	355.554
Purchase of treasury shares					-14.742		-14.742
Employee Share-based payment provision		-13.392			-13.392		-13.392
30 June 2019	171.989	1.493.444	49.777	3.476.534	5.022.962	-57.043	4.965.919



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Real estate franchise segment



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DUNA HOUSE HOLDING FRANCHISE BRANDS



DUNA HOUSE®



SMART™
INGATLAN



metrohouse



HUNGARY, CZECH REPUBLIC

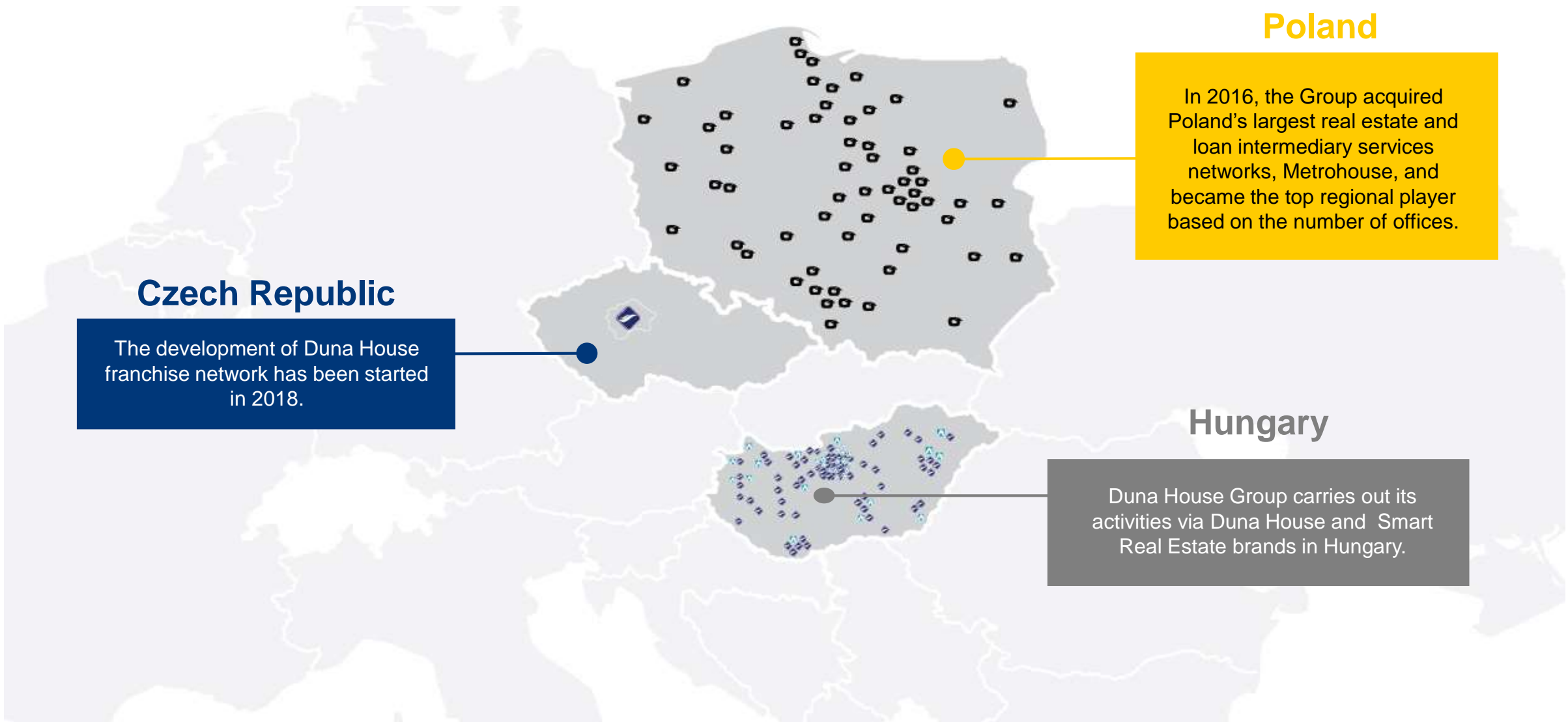


HUNGARY



POLAND

REGIONAL PRESENCE



Poland

In 2016, the Group acquired Poland's largest real estate and loan intermediary services networks, Metrohouse, and became the top regional player based on the number of offices.

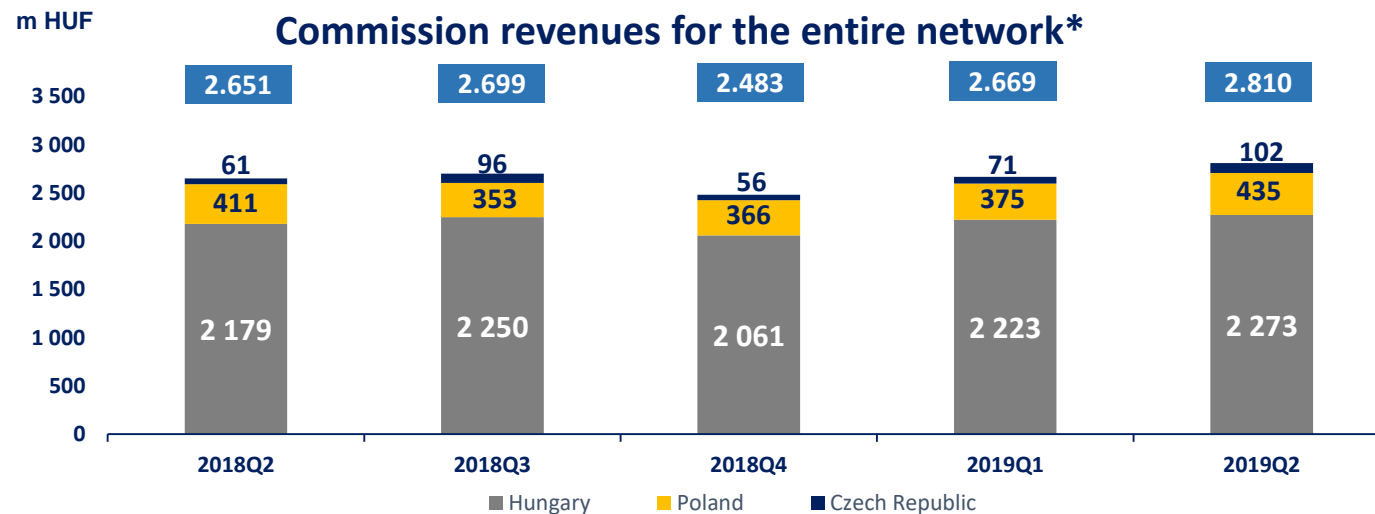
Czech Republic

The development of Duna House franchise network has been started in 2018.

Hungary

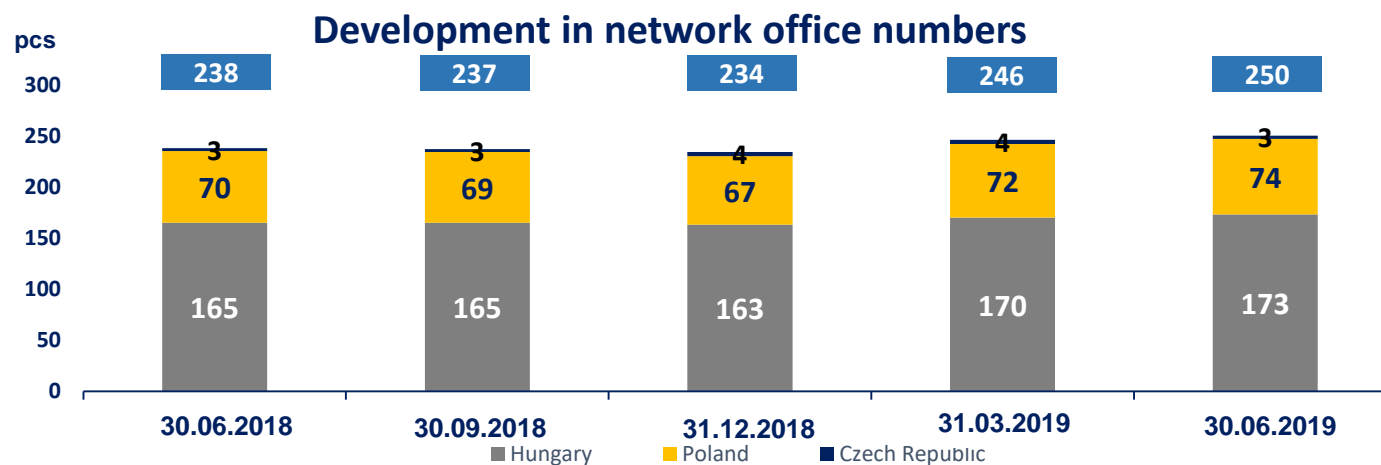
Duna House Group carries out its activities via Duna House and Smart Real Estate brands in Hungary.

Changes in network commission revenues and office numbers



*total revenue, realized in connection with property transactions intermediated by Duna House Group's franchise network in total.

- Duna House Group reached real estate commissions of HUF 2.8 billion in Q2 2019.
- In Hungary the commissions have approached HUF 2.3 billion (+4.3% YoY). Average commission per office remained stable. Growth was driven by price and increased number of offices.
- In the Czech Republic commissions increased by 66.1% YoY.
- In Poland, commission revenues increased by 5.8% YoY due to the further increases in office numbers in Q2 2019. According to already signed franchise agreements and positive internal processes, organic growth will continue in the coming quarters.



SEGMENT LEVEL RESULTS

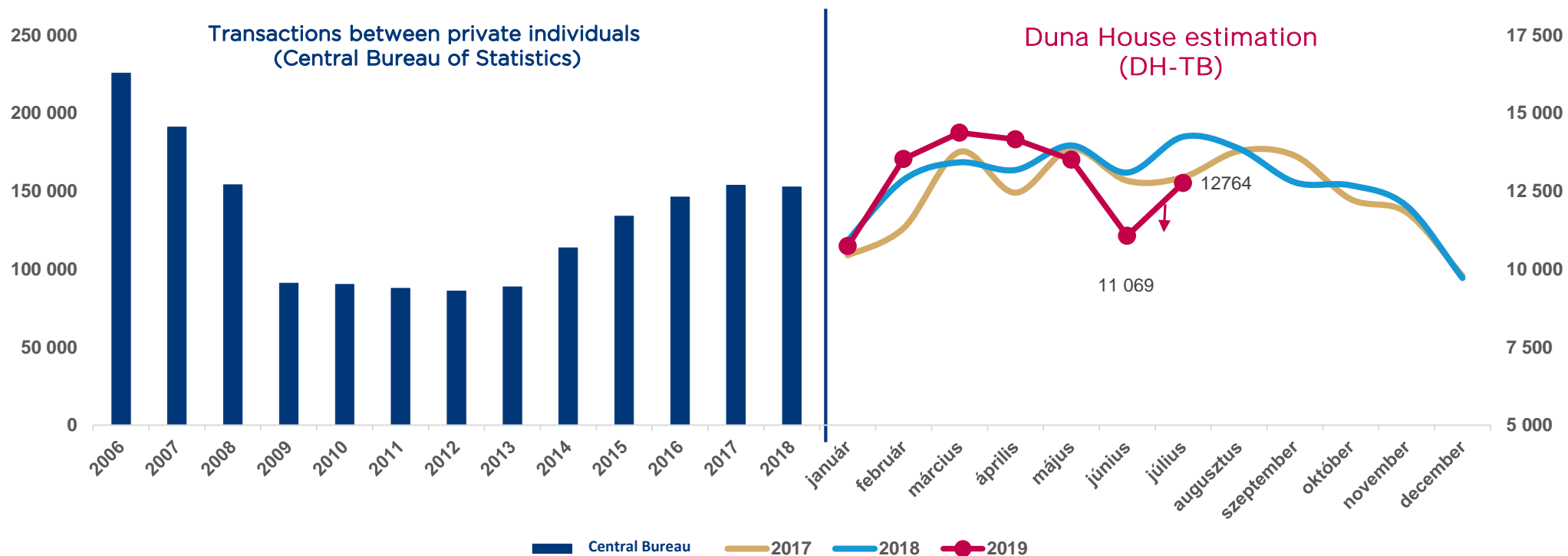
<i>(data in thHUF)</i>	FRANCHISE SEGMENT							
	04-06. 2019	04-06. 2018	Variance (thHUF)	Variance (%)	01-06. 2019	01-06. 2018	Variance (thHUF)	Variance (%)
Net sales revenue	400.482	365.040	35.443	10%	818.064	726.614	91.450	13%
Direct expenses	32.738	28.900	3.839	13%	63.207	68.576	-5.369	-8%
Gross profit	367.744	336.140	31.604	9%	754.857	658.038	96.819	15%
<i>Gross profit margin (%)</i>	<i>92%</i>	<i>92%</i>	<i>0%p</i>		<i>92%</i>	<i>91%</i>	<i>2%p</i>	
Depreciation and amortization	10.243	11.238	-995	-9%	21.080	21.364	-284	-1%
Indirect expenses	264.113	251.673	12.439	5%	577.729	522.511	55.218	11%
Operating income (EBIT)	93.388	73.229	20.159	28%	156.048	114.163	41.885	37%
<i>EBIT margin (%)</i>	<i>23%</i>	<i>20%</i>	<i>3%p</i>		<i>19%</i>	<i>16%</i>	<i>3%p</i>	

Revenue of the franchise segment grew by 10% compared to Q2 2018. Growth was driven by Hungary and Poland.

The increase of indirect costs is attributable to the expansion of franchise education activities.

Franchise EBIT increased to HUF 93.4 million in Q2 2019 (+28% YoY).

HUNGARIAN* PROPERTY MARKET TRENDS BASED ON DH-BAROMETER**

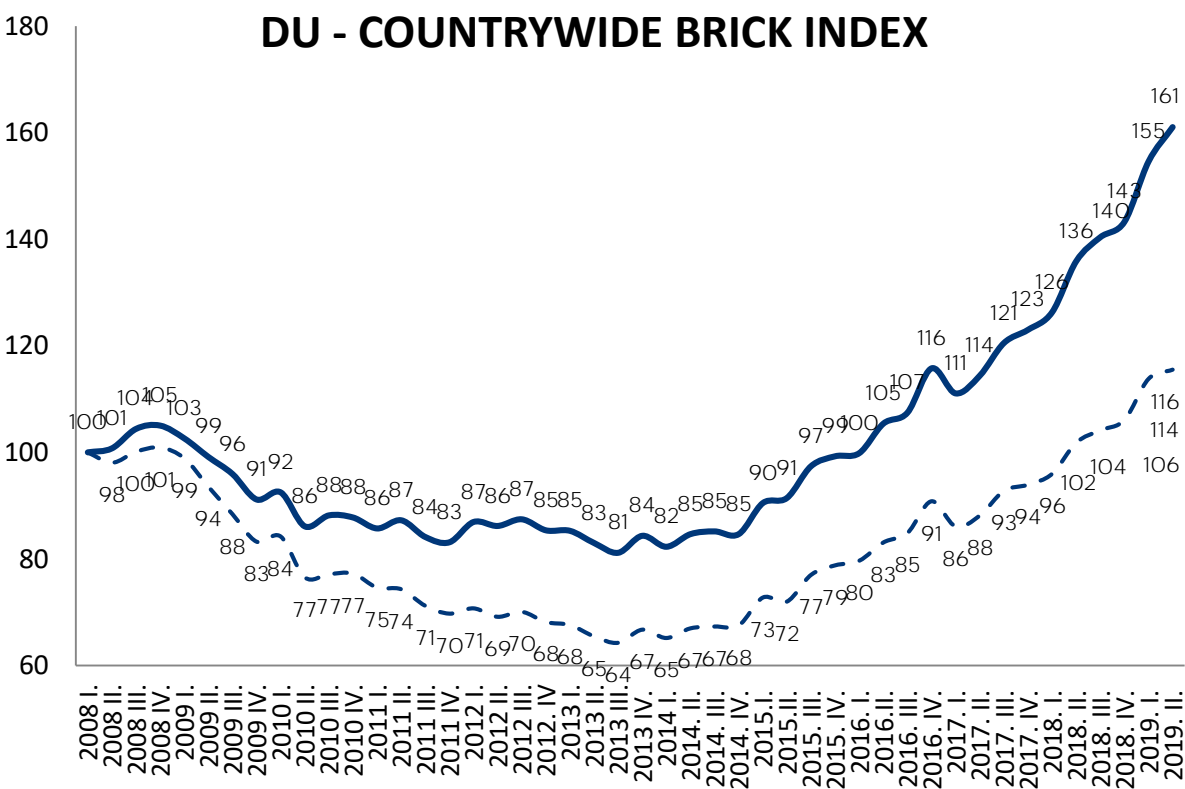
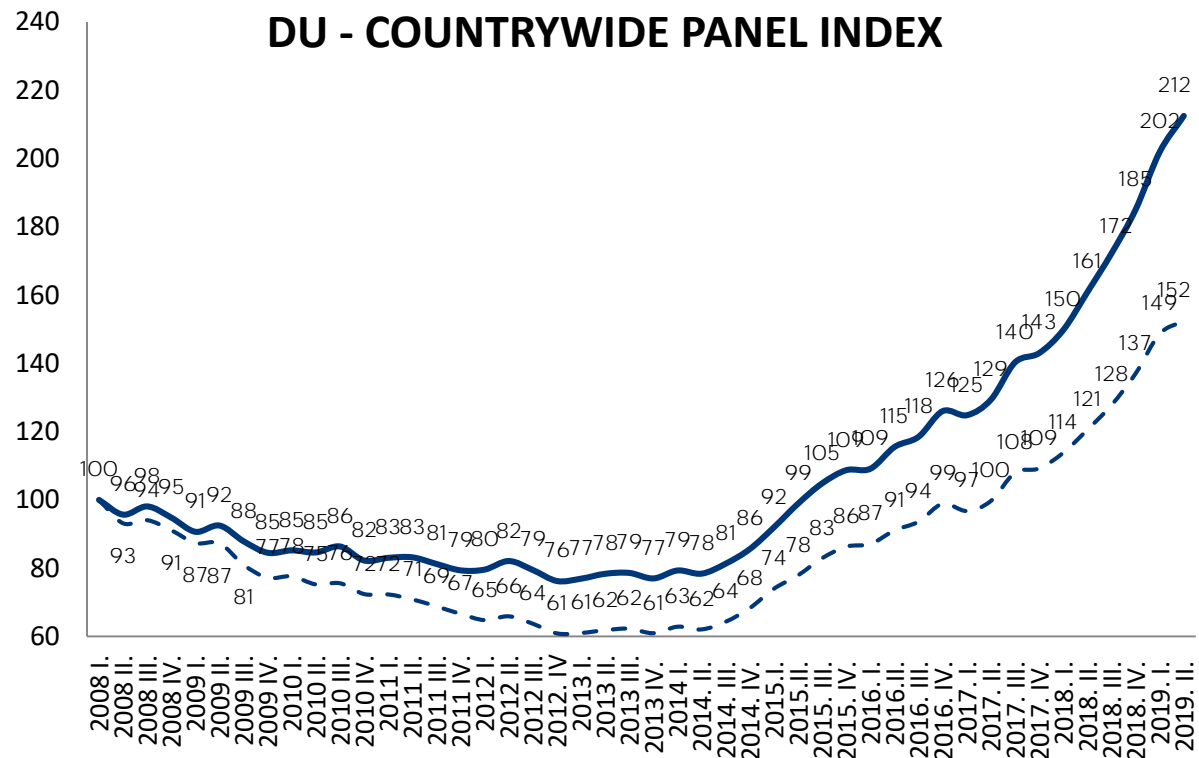


The Hungarian residential real estate market maintained its strong performance, the Group estimates the number of sale and purchase transactions to be over 90 thousand in the first seven months of the year, approx. the same figure as in 2018.

* No similar data available in relation of Poland at present

**Due to the lack of up-to-date official data, the above presented data is based on Duna House own estimates.

HUNGARIAN* PROPERTY MARKET TRENDS BASED ON DH-BAROMETER



The increase of property prices has continued in Q2 2019, resulting in a 186 point nominal value, and a 33 point higher real value than the base data from 2008. The nominal value of the Panel price index is 212, while the Brick price index is on 161 points currently – the latter already 16 points ahead the base value on real terms.

* No similar data available in relation of Poland at present

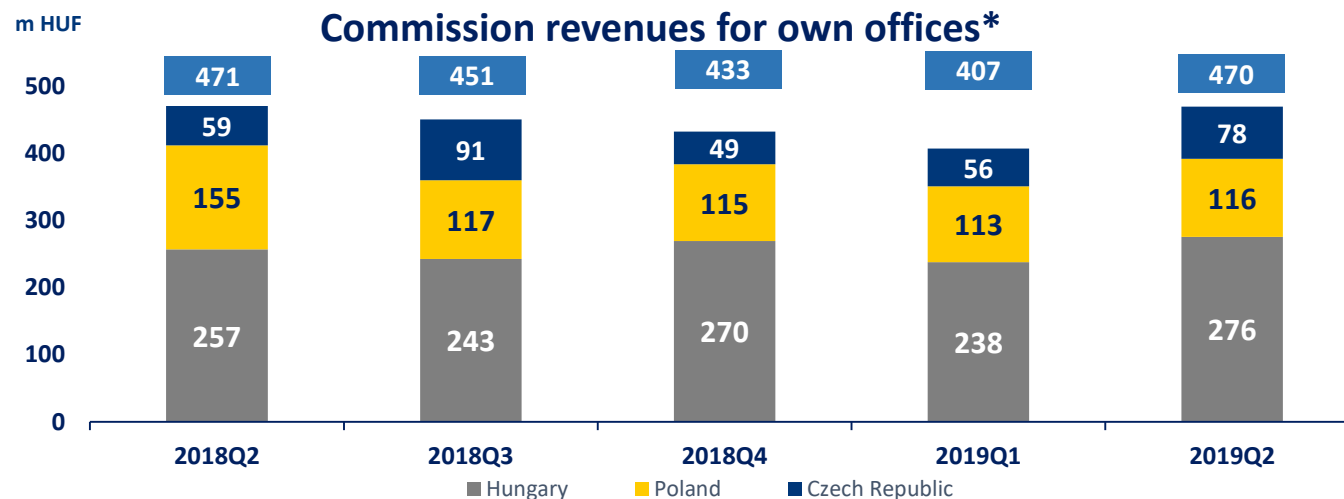


DUNA HOUSE[®]
GROUP

Own office operation segment

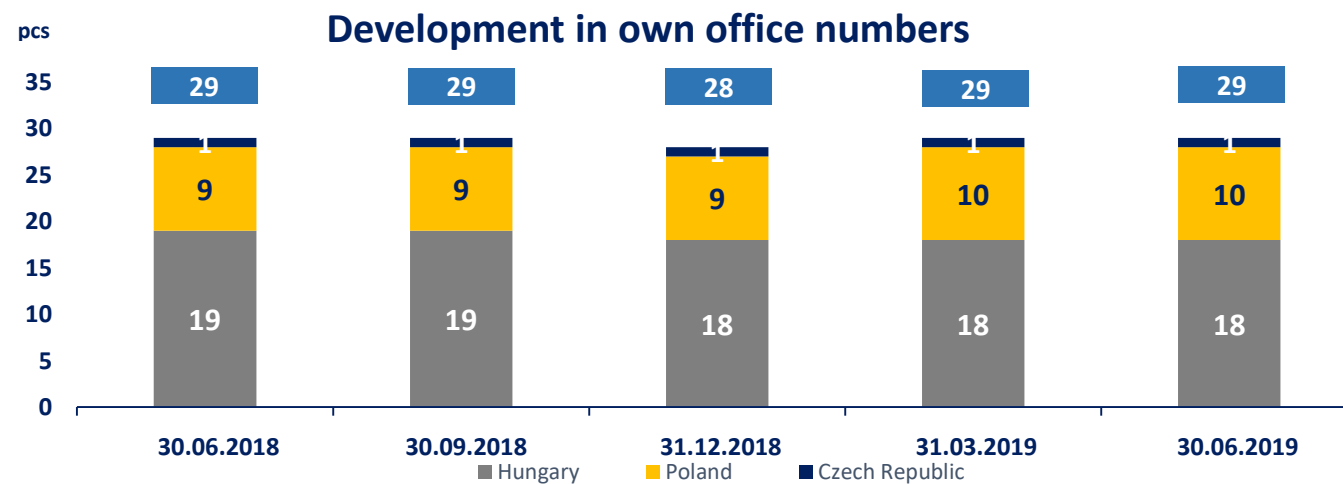


CHANGES IN NETWORK COMMISSION REVENUES AND OFFICE NUMBERS FOR OWN OFFICES



- In Q2 2019, the own office segment generated commission revenues of HUF 470 million (-0.2% YoY).
- In Hungary, revenues increased by 7.3% YoY.
- The commission revenues of Polish own offices decreased by 25.0% YoY. The Group has made changes in management of own offices in Poland and expects slow increase in incomes during 2019.
- The revenues of the Czech own office increased by 32.1% YoY in Q2. The Czech operations are subject to quarterly volatility due to their the currently small size.

* total revenue, realized in connection with property transactions intermediated by Duna House Group's franchise network in total.



SEGMENT LEVEL RESULTS

<i>(data in thHUF)</i>	OWN OFFICE SEGMENT							
	04-06. 2019	04-06. 2018	Variance (thHUF)	Variance (%)	01-06. 2019	01-06. 2018	Variance (thHUF)	Variance (%)
Net sales revenue	379.551	413.459	-33.908	-8%	725.825	799.389	-73.563	-9%
Direct expenses	221.922	243.481	-21.559	-9%	414.755	463.474	-48.719	-11%
Gross profit	157.629	169.978	-12.349	-7%	311.070	335.914	-24.844	-7%
<i>Gross profit margin (%)</i>	42%	41%	0%p		43%	42%	1%p	
Depreciation and amortization	4.000	4.270	-270	-6%	7.130	8.117	-987	-12%
Indirect expenses	153.043	140.002	13.041	9%	285.027	279.451	5.576	2%
Operating income (EBIT)	587	25.706	-25.119	-98%	18.914	48.346	-29.433	-61%
<i>EBIT margin (%)</i>	0%	6%	-6%p		3%	6%	-3%p	

The own office segment slowed down in the second quarter, as revenues decreased by 8% YoY.

Hungarian and Polish entities contributed equally to the decline of operating income. The effect in Poland prevailed in the previous two quarters.

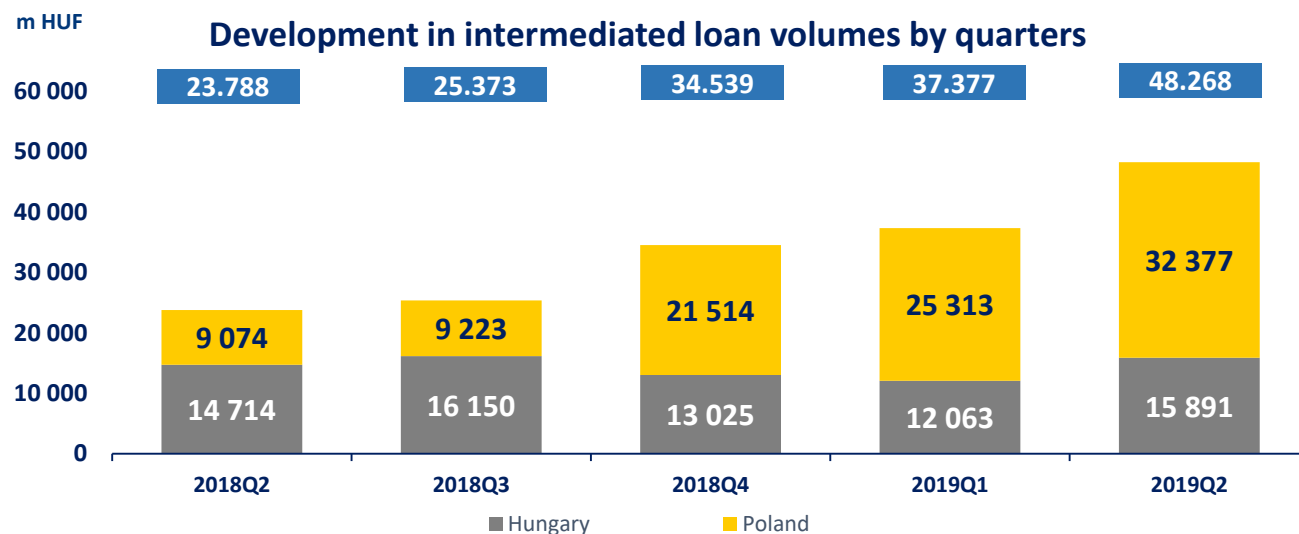


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Financial product intermediary services segment



CHANGES IN INTERMEDIATED LOAN VOLUMES



- Duna House Group's loan brokerage activities continued their excellent performance in Q2, intermediated loan volume reached HUF 48 billion (+102.9% YoY).
- The quarter's performance was dominated by the acquisition of Gold Finance early November. Gold Finance is the 5th largest loan broker in Poland. With the strong organic growth the total loan volumes generated by the Polish businesses grew by 256.8% YoY.
- In Hungary, loan volumes increased by 8.0% YoY in Q2, a slowdown compared to the growth rates of the earlier quarters.
- The home saving volumes are marginal following the regulatory changes in Q4 2018, therefore the volumes are not being reported.

SEGMENT LEVEL RESULTS

<i>(data in thHUF)</i>	FINANCIAL PRODUCT INTERMEDIARY SERVICES SEGMENT							
	04-06. 2019	04-06. 2018	Variance (thHUF)	Variance (%)	01-06. 2019	01-06. 2018	Variance (thHUF)	Variance (%)
Net sales revenue	1.146.133	586.624	559.509	95%	2.036.166	1.071.750	964.416	90%
Direct expenses	819.735	391.955	427.780	109%	1.481.759	720.588	761.171	106%
Gross profit	326.398	194.669	131.730	68%	554.408	351.162	203.246	58%
<i>Gross profit margin (%)</i>	<i>28%</i>	<i>33%</i>	<i>-5%p</i>		<i>27%</i>	<i>33%</i>	<i>-6%p</i>	
Depreciation and amortization	1.335	198	1.137	575%	2.555	579	1.976	341%
Indirect expenses	136.483	55.109	81.374	148%	292.801	107.787	185.014	172%
Operating income (EBIT)	188.580	139.362	49.218	35%	259.052	242.796	16.256	7%
<i>EBIT margin (%)</i>	<i>16%</i>	<i>24%</i>	<i>-7%p</i>		<i>13%</i>	<i>23%</i>	<i>-10%p</i>	

The revenues of the financial intermediation segment reached HUF 1.1 billion in Q2 (+95% YoY).

The quarter's financials have significantly been impacted by 2018 developments:

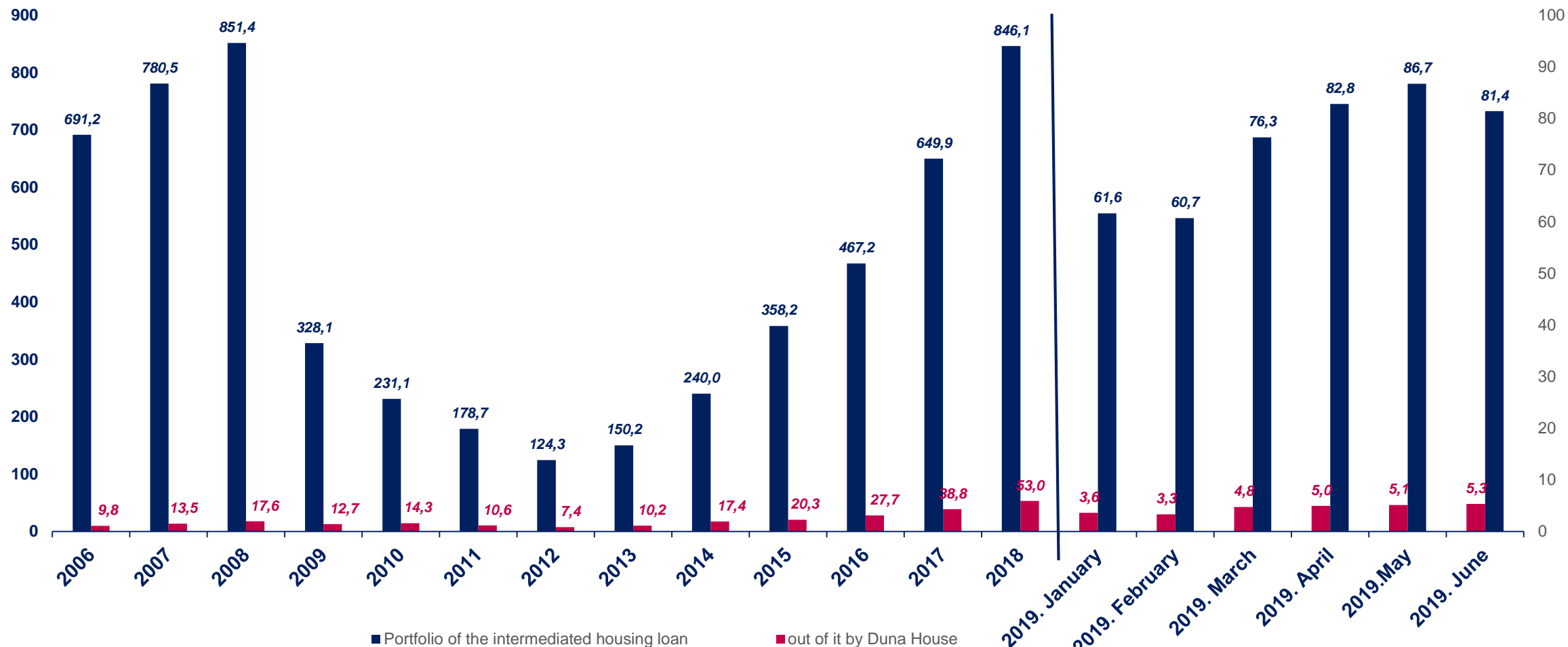
- + Acquisition of Gold Finance in Poland
- + Strong organic growth in Poland
- Cancellation of state subsidies on home saving products in Hungary (in Q2 2019, EBIT decreased by HUF 33.0 million, in H1 2019 EBIT decreased by HUF 67.7 million)

As a total impact, gross profit has increased to HUF 326.4 million (+68% YoY) and indirect costs tripled, resulting EBIT of HUF 188.6 million (+35% YoY).

Losses due to legal changes related to domestic home savings products have been fully offset in Q2 2019 by increasing the intermediation of Hungarian loan portfolio and other financial products (eg.: personal loans, insurance). The growth of EBIT was driven by Polish operation.

HUNGARIAN HOUSING LOAN TRENDS

The Housing loan portfolio intermediated countrywide and by Duna House in the past periods (mrdHUF)





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GROUP

Complementary services segment



COMPLEMENTARY SERVICES SEGMENT

Complementary services segment at present includes 4 activities:



HOME
MANAGEMENT

Comprehensive property management services

- Portfolio management
- Property rent out and sales
- Cleaning, renovation, furnishing



DUNA HOUSE[®]
ÉRTÉKBECSLÉS

- Deep knowledge of property market transactions – significant additional, up-to-date and detailed information and data.
- Property valuation is carried out by independent professionals throughout the country.



Serving both individuals and business entities:

- Quality services provisioned by Pannónia Általános Biztosító
- Independent energy certificate preparing professionals
- Countrywide presence



IMPACT
ASSET MANAGEMENT

Fund Manager belonging to the Group

MNB cert.No:

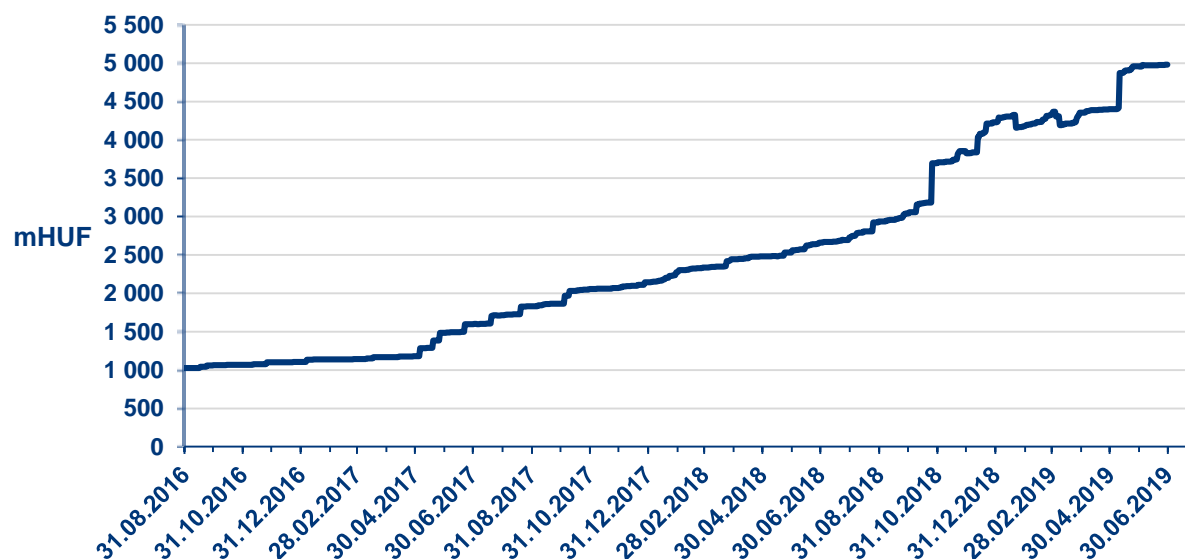
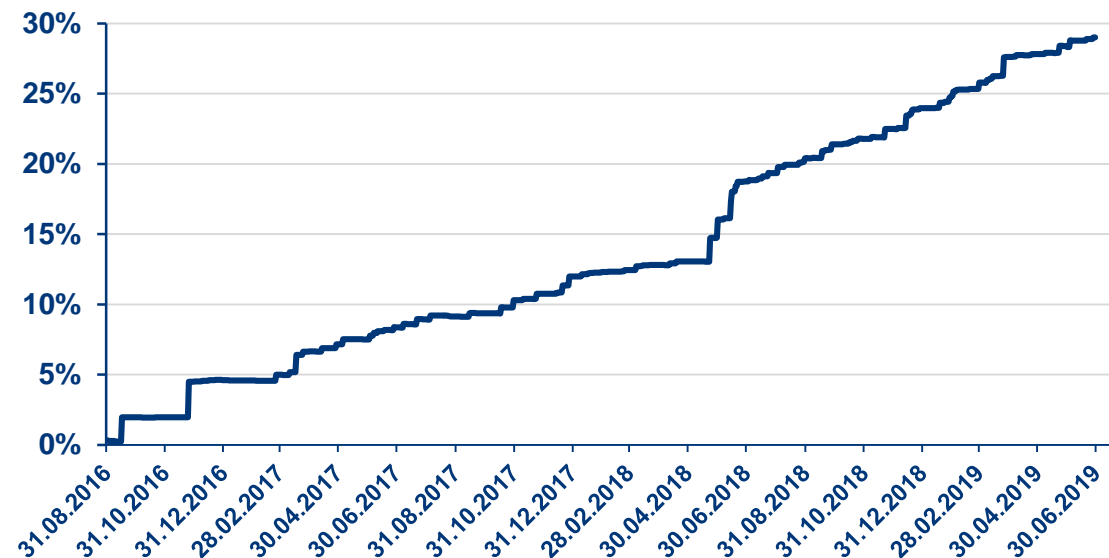
- H-EN-III-130/2016

Date of registry:

- April 2016.

Currently managed fund:

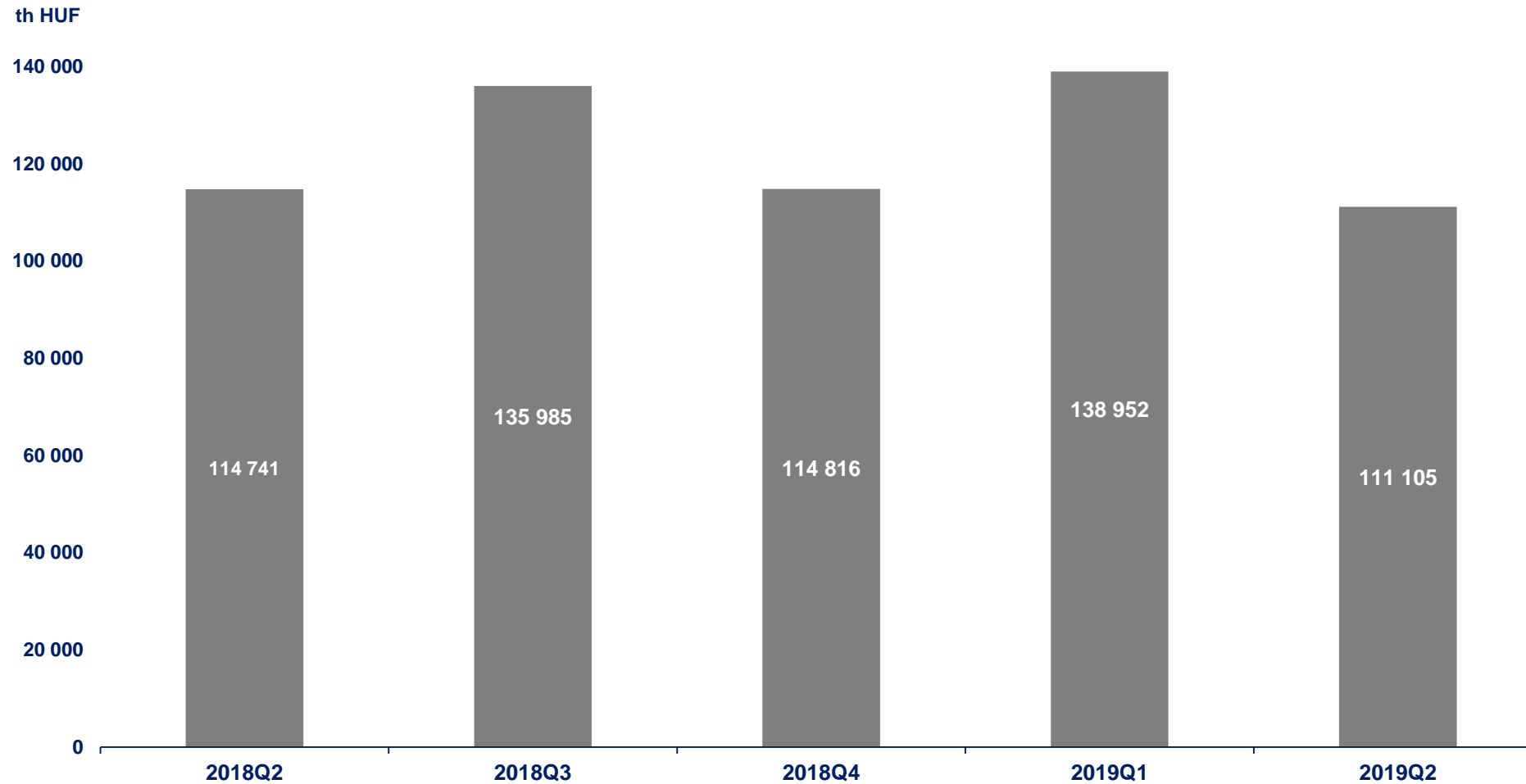
- Duna House Fund, open-end, public

DUNA HOUSE HUNGARIAN RESIDENTIAL REAL ESTATE FUND
Net asset value development from the beginning by Impact Residential Property Investment Fund

Generated yield from the beginning by Impact Residential Property Investment Fund


The 1-year net return of Duna House Fund was 8.24% as of August 15, 2019. The net asset value of the fund averaged HUF 4.7 billion in Q2 2019 and amounted to HUF 5.0 billion as of August 15, 2019.

According to the guidance of the National Bank of Hungary, from 15 May 2019 onwards, units of real estate funds cannot be sold in Hungary with less, than 180 days of redemption period. In line with this guidance, the Company has applied a sale restriction on its existing series `A` units having redemption period of 57 days and initiated the issue of new, 180-days redemption period series `B` units which was launched on May 31, 2019. The Company`s management expects longer-term investing to spread due to the changes, the composition of investors might change, but the attractiveness of the residential real estate market is expected to remain strong.

According to BAMOSZ data, between May 20, 2019 and August 15, 2019, 8.3% of the net asset value of public open-end real estate funds were withdrawn. During the same period, Duna House Fund was able to raise additional net funds of 0.6%.

CHANGES IN SEGMENT SALES REVENUE BY QUARTERS

SEGMENT LEVEL RESULTS

<i>(data in thHUF)</i>	COMPLEMENTARY SERVICES SEGMENT							
	04-06. 2019	04-06. 2018	Variance (thHUF)	Variance (%)	01-06. 2019	01-06. 2018	Variance (thHUF)	Variance (%)
Net sales revenue	111.105	114.741	-3.636	-3%	250.056	197.970	52.087	26%
Direct expenses	25.137	35.203	-10.066	-29%	53.843	61.718	-7.875	-13%
Gross profit	85.968	79.538	6.430	8%	196.213	136.251	59.962	44%
<i>Gross profit margin (%)</i>	<i>77%</i>	<i>69%</i>	<i>8%p</i>		<i>78%</i>	<i>69%</i>	<i>10%p</i>	
Depreciation and amortization	136	192	-55	-29%	283	378	-95	-25%
Indirect expenses	47.164	39.080	8.085	21%	92.915	86.847	6.068	7%
Operating income (EBIT)	38.667	40.266	-1.599	-4%	103.015	49.027	53.988	110%
<i>EBIT margin (%)</i>	<i>35%</i>	<i>35%</i>	<i>0%p</i>		<i>41%</i>	<i>25%</i>	<i>16%p</i>	

The complementary services segment has increased its revenues by HUF 111.1 million (-3.0% YoY).

Overall, the segment has reached EBIT of HUF 38.7 million at 35% margin in Q2 2019.



DUNA HOUSE[®]
GROUP

Property investments segment



SEGMENT LEVEL RESULTS

<i>(data in thHUF)</i>	PROPERTY INVESTMENT SEGMENT							
	04-06. 2019	04-06. 2018	Variance (thHUF)	Variance (%)	01-06. 2019	01-06. 2018	Variance (thHUF)	Variance (%)
Net sales revenue	91.050	530.653	-439.604	-83%	214.842	1.880.549	-1.665.706	-89%
Direct expenses	5.134	285.002	-279.868	-98%	54.204	1.039.935	-985.730	-95%
Gross profit	85.916	245.652	-159.736	-65%	160.638	840.614	-679.976	-81%
<i>Gross profit margin (%)</i>	<i>94%</i>	<i>46%</i>	<i>48%p</i>		<i>75%</i>	<i>45%</i>	<i>30%p</i>	
Depreciation and amortization	6.238	5.836	402	7%	12.506	11.556	950	8%
Indirect expenses	-14.096	-117.046	102.949	-88%	-546	-127.772	127.226	-100%
Operating income (EBIT)	93.774	356.861	-263.088	-74%	148.678	956.830	-808.152	-84%
<i>EBIT margin (%)</i>	<i>103%</i>	<i>67%</i>	<i>36%p</i>		<i>69%</i>	<i>51%</i>	<i>18%p</i>	

Reviczky Liget project has been completed in 2018 (running under MyCity** brand) and except for three flats all of its residential units have been handed over and invoiced in 2018. The remaining three flats have been sold in H1 2019.

The total MyCity operation generated EBIT of HUF 27.6 million in Q2 2019.

The property investment portfolio of the Group generated HUF 43.8 million value increase in Q2 compared to HUF 90.9 million value increase in Q2 2018.

*Profit/loss difference related to revaluation of investment purpose properties is indicated among indirect operating costs

**Before April 1, 2017, the result of MyCity companies' activity was indicated under "Share of profit of a joint venture" in the consolidated income statement. MyCity group was fully acquired at the end of March 2017.

VOLUME* AND VALUE OF INVESTMENT AND OPERATIVE PROPERTIES

(data in thHUF)	31. december 2018		30. june 2019	
	Number (pcs)**	Carrying amount	Number (pcs)**	Carrying amount
Investment purpose property	12	1.443.600	11	1.229.400
Operational property	4	381.125	5	674.366
Total	16	1.824.725	16	1.903.766

We appraise investment purpose properties on market value. Market appraisal is carried out every six months, next time on December 31, 2019.

In Q2 2019 one property was reclassified as Operational property.

* properties owned by MyCity group not included

**number of properties doesn't include the number of parking spaces, storage rooms

PROPERTY DEVELOPMENT ACTIVITY

Duna House Group manages the development of 314 flats in 3 projects under MyCity brand, as follows:



	Forest Hill Budapest III. district	Forest Hill Panorama Budapest III. district	MyCity Residence Budapest III. district	TOTAL
Duna House Group's share in Project	100%	100%	50%	
Landsize (m2)		29 314	3 345	32 659
Sellable area (m2)	11 837	4 605	6 882	23 324
Number of Apartements (pcs.)	154	57	103	314
Average Apartements size (m2)	76,9	80,7	68,8	74,9
Actual status of Projects				
Construction permit	✓	✓	✓	
Construction is ongoing	✓		✓	
Active presale started	✓		✓	
Handover in progress				

PROPERTY DEVELOPMENT ACTIVITY

The Group's development activity is exposed to construction capacities. Scarcity of manpower and increasing raw material prices are the most significant risks in Hungary at the moment.

Status of ongoing projects:

- District 3. Forest Hill: Sales proceeding according to plan, 71% of the units are sold. The handover of the units is expected to start at the end of September 2019 according to the current general construction schedule, but the risk of further delays cannot be ruled out.
- District 3. Forest Hill Panorama: The 57-unit project received construction permit on September 6, 2018, therefore the units can be sold with VAT 5% according to current legislation. Execution and marketing plans are under completion.
- District 3. MyCity Residence: 77% of the units are sold. Construction deadline is October 31, 2019.

ONGOING PROJECTS

Forest Hill



Forest Hill Panorama



MyCity Residence





DUNA HOUSE[®]
GROUP

Other- and consolidation segment



SEGMENT LEVEL RESULTS

<i>(data in thHUF)</i>	OTHERS- AND CONSOLIDATION SEGMENT							
	04-06. 2019	04-06. 2018	Variance (thHUF)	Variance (%)	01-06. 2019	01-06. 2018	Variance (thHUF)	Variance (%)
Net sales revenue	-77.092	-83.857	6.765	-8%	-162.122	-173.601	11.479	-7%
Direct expenses	-13.866	-6.313	-7.553	120%	-12.657	-16.801	4.144	-25%
Gross profit	-63.225	-77.544	14.319	-18%	-149.465	-156.800	7.335	-5%
<i>Gross profit margin (%)</i>	<i>82%</i>	<i>92%</i>	<i>-10%p</i>		<i>92%</i>	<i>90%</i>	<i>2%p</i>	
Depreciation and amortization	859	1.540	-681	-44%	2.075	2.753	-678	-25%
Indirect expenses	-47.603	-66.877	19.274	-29%	-107.481	-140.254	32.772	-23%
Operating income (EBIT)	-16.482	-12.207	-4.275	35%	-44.059	-19.299	-24.759	128%
<i>EBIT margin (%)</i>	<i>21%</i>	<i>15%</i>	<i>7%p</i>		<i>27%</i>	<i>11%</i>	<i>16%p</i>	

Under the Other and consolidation segment we present the Company's supporting holding activity and the result of consolidation amendments.

The Q2 expenses of the holding include primarily cost of the employee share program, BÉT, KELER fees, as well as the proportional part of the accounting and auditing fees in relation of the Group's annual and consolidated reports.

Annex 1.

Time-series report of the different operational segments for the previous four quarters is attached to the interim report as a separate file, as well as the consolidated balance sheet and interim income statement for the current record date.

Duna House Holding Nyrt 2019Q2 negyedebes
ENG_Annex1.xlsx

Disclaimer

Undersigned, members of the Board of Directors of DUNA HOUSE HOLDING Plc. (seated H-1016 Budapest, Gellérthegy str 17. Hungary; Company Reg. No. 01-10-048384) ; hereinafter „Company”) declare that the present quarterly report has been prepared with our best knowledge and conviction, and with the aim to present an extensive look at the financial state of the Company, including statements and estimates referred to for the present.

All statements and estimates are based on estimates and forecasts up-dated with our best knowledge and conviction, and in relation to which we shall not be held responsible for publicly up-dating any of the statements or estimates based on any future information, or events. Statements referring to the present bear a certain level of risk and uncertainty in themselves, thus factual results in some cases may significantly differ from forecast-type statements.

We believe that the present quarterly interim report presents a trustworthy and real picture regarding the assets, liabilities, financial state, as well as the profit and loss of the Company and joint ventures included in the consolidation. The report also presents a trustworthy picture of the state, development and performance of the Company and joint ventures included in the consolidation.

Simultaneously, we shall call attention to the financial statements presented in the interim report not being subject of an accounting audit, and in its present form not being in full compliance with all requirements of the International Financial Reporting Standards implemented by the European Union. The audited annual report of the Company, prepared in compliance with the regulations of International Financial Reporting Standards shall be published following the approval of the ordinary General Meeting of the Company planned to take place in April 2020.

Budapest, 27 August, 2019.

Duna House Holding Plc. Board of Directors

Represented by: Gay Dymshiz, Board of Directors, President



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