



**DUNA HOUSE<sup>®</sup>**  
**GROUP**

# 2017. Q4 Quarterly report

February 28, 2018



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## EXECUTIVE SUMMARY 2017. FOURTH QUARTER

- In Q4 of 2017, Duna House Group (the „Group”) has achieved strong operative performance, in spite of the usual weak seasonal transaction numbers on the real estate intermediary markets. EBITDA increase by 46% compared to Q4 2016 and reached HUF 238 million. After tax profit was HUF 174 million in the quarter.
- In the full year of 2017, the Group`s revenues reached HUF 4.7 billion, while profit after tax amounted to HUF 918 million. Corrected profit after tax (excluding the impact of MyCity development projects) reached HUF 981 million in 2017. The management`s profit guidance was HUF 850-1,000 regarding this profit category.
- Based on the non-audited profit figures of the present quarterly report and the dividend policy of the Company, the dividend-to-be-paid is HUF 374 million for year 2017. Taking into account the cash flow plan of the Company and the mid-year cash flows from the Reviczky development project, which has not yet been realized as profit in 2017, the Board of Directors of the Company will propose a minimum dividend of HUF 600 million (HUF 176 per share) to the General Meeting. Additional dividend payments from Reviczky project are subject to the availability of real estate development or m&a projects and the overall cash flow position of the Group. The dividend paid on employee shares is expected to be HUF 47.7 million.
- EBIT has exceeded Q4 of last year by HUF 75 Million. Profit generation has shifted towards the core operations:
  - Financial intermediary services segment increased its contribution to EBIT by HUF 69 million in total, compared to Q4 2016 (+63%). Revenues increased by 43% driven by the 58% increase in intermediated loan volumes and 11% increase in home savings. Both gross margins and EBIT margins improved in the period.
  - The franchise segment`s revenue has grown by 12%, while its gross profit has expanded by HUF 28 million.
  - The EBIT contribution of own offices decreased by HUF 12 million due to lower gross profit and increased management expenses.
  - In Q4 2016, the Group`s financial performance was hindered by one-off costs such as IPO expenses of HUF 31 million and competition authority penalties of HUF 55 million – items which were not due in Q4 2017.

## EXECUTIVE SUMMARY 2017. FOURTH QUARTER

*(continued)*

- Development projects under the MyCity brand and the other real estate investments of the Group decreased their EBIT contribution by a total of HUF 75 million compared to Q4 2016, primarily due to MyCity's consolidation and lower amount of real estate revaluations. The Group booked revaluations of HUF 31 million in Q4 2017, compared to HUF 88 million in Q4 2016.
- MyCity's development projects proceed according to plan. Occupancy permit has been obtained for Reviczky and the handover of residential units has started. Invoicing and financial settlement will be booked in 2018 financial year. The construction work of Forest Hill project is expected to be completed in September 2018. Construction work has started on the MyCity Residence site.
- On January 23, 2018, the Company has signed an agreement to sell 100% quota of and receivables towards Zsinor 39 Projekt Kft (Irisz Haz project). With 43 units, this project was the smallest out of the four projects of MyCity and the sale was motivated by portfolio optimization. Assets related to this project were held at the net value of HUF 191 million on 31 December 2017. The agreed purchase price was HUF 250 million, while the Group pay sales costs of HUF 7 million.
- On the date of present quarterly report, the 1-year net return of Duna House Hungarian Residential Real Estate Fund (Duna House Fund) was 7.1% and its net asset value exceeded HUF 2.3 billion. The Group has expanded the distribution of the Duna House Fund, MKB Bank Zrt. joined sales with nationwide network from January, 2018.



**DUNA HOUSE<sup>®</sup>**  
**GROUP**

# Consolidated financial statements



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## CONSOLIDATED BALANCE SHEET

Consolidated balance sheet data in thHUF	2017. December 31. (not audited)	2016. December 31. (audited)	Variance		Consolidated balance sheet data in thHUF	2017. December 31. (not audited)	31. December 2016 (audited)	Variance	
			thHUF	%				thHUF	%
Other intangible assets	82 656	84 692	-2 036	-2%	Share capital	171 989	153 050	18 939	12%
Goodwill	1 048 936	992 089	56 847	6%	Share premium	1 490 536	9 479	1 481 057	15625%
Investment property	1 061 613	939 362	122 251	13%	Other reserves	27 518	-23 318	50 836	-218%
Property, plant	538 484	519 319	19 165	4%	Retained earnings	2 888 307	2 444 092	444 215	18%
Equipment	108 082	53 920	54 162	100%	<b>Equity attributable to the owners of the Company</b>	<b>4 578 351</b>	<b>2 583 303</b>	<b>1 995 048</b>	<b>77%</b>
Investment in a joint venture	206 009	506 273	-300 264	-59%	Non-controlling interests	-48 581	-40 154	-8 427	21%
Deferred tax assets	160 006	158 829	1 177	1%	<b>Total equity</b>	<b>4 529 770</b>	<b>2 543 149</b>	<b>1 986 621</b>	<b>78%</b>
Other financial assets	69 609	66 401	3 208	5%	Borrowings	1 271 662	582 664	688 998	118%
<b>Non-current assets</b>	<b>3 275 395</b>	<b>3 320 885</b>	<b>-45 490</b>	<b>-1%</b>	Deferred tax liabilities	144 520	86 557	57 963	67%
Inventories	3 399 013	11 616	3 387 397	29161%	Other non-current liabilities	0	10 629	-10 629	-100%
Trade receivables	482 247	286 205	196 042	68%	<b>Non-current liabilities</b>	<b>1 416 182</b>	<b>679 850</b>	<b>736 332</b>	<b>108%</b>
Receivables from affiliates	140 986	378 709	-237 723	-63%	Borrowings	996 748	198 830	797 918	401%
Other receivables	181 878	53 648	128 230	239%	Trade payables	388 240	68 975	319 265	463%
Current tax asset	35 405	35 119	286	1%	Payables to affiliates	581 775	1 740 880	-1 159 105	-67%
Other assets	316 446	321 744	-5 298	-2%	Other liabilities	1 140 882	264 302	876 580	332%
Cash and cash equivalents	1 428 343	1 583 686	-155 343	-10%	Current tax liabilities	8 799	11 284	-2 485	-22%
Assets held for sale	196 300	0	196 300	0%	Accrued expenses	388 136	484 342	-96 206	-20%
<b>Current assets</b>	<b>6 180 618</b>	<b>2 670 727</b>	<b>3 509 891</b>	<b>131%</b>	Liabilities held for sale	5 481	0	5 481	
					<b>Current liabilities</b>	<b>3 510 062</b>	<b>2 768 613</b>	<b>741 449</b>	<b>27%</b>
<b>Total assets</b>	<b>9 456 013</b>	<b>5 991 612</b>	<b>3 464 401</b>	<b>58%</b>	<b>Total equity and liabilities</b>	<b>9 456 013</b>	<b>5 991 612</b>	<b>3 464 401</b>	<b>58%</b>

## CONSOLIDATED BALANCE SHEET

### Comments

- The book value of investment purpose property increased by HUF 122 million since December 31, 2016, due to appreciation of property with HUF 53 million and purchase of an office property being used by the newly-built property business line of the Group.
- The Group reports its ongoing IT developments under Equipment asset line, the amount of which totaled HUF 68 million at the end of 2017.
- The value of inventories increased constantly during year 2017. With the purchase of MyCity's remaining 50% quota in March 2017, the development plots under construction have been reclassified as inventory. Book values are increased with the capitalized construction costs of Reviczky and Forest Hill.
- Trade receivables increased due to higher receivable commissions from banks, due to increased loan volumes.
- Receivables from affiliates decreased as MyCity was fully consolidated from Q1 2017 and onwards. The balance of receivables from affiliates is against MyCity Residence, the development project 50% owned by the Group.
- The increase of other receivables is mainly attributable to Forest Hill project, where the Group provides HUF 82 million financing to the construction company.
- Irisz Haz project was reclassified as asset and liability held for sale at book value. The agreed purchase price of liabilities and quota related to the project is HUF 250 million.
- Cash and cash equivalents of the Group amounted HUF 1,428 million, out of which HUF 943 million were guarantees related to project loans of Reviczky and Forest Hill developments, Metrohouse acquisition loan, and equity deposits re. fund management activity.

## CONSOLIDATED BALANCE SHEET

### Comments

- The consolidated equity of the Group increased to HUF 4.5 billion due to the HUF 1.5 billion capital raise from the IPO proceeds and current year results.
- Loans totaled HUF 2.3 billion, out of which HUF 1.6 billion related to development projects. In addition, the majority shareholder of the Group provided HUF 582 million affiliated financing for the developments.
- Deferred tax liabilities increased in the last 12 months due to the consolidation of MyCity and the appraisal of investment purpose properties.
- Trade payables increased significantly, by HUF 319 million as a result of third-party construction costs.
- Other liabilities also increased due to the development activity, as prepayments and advance payments, totaling HUF 813 as December 31, 2018, are reported on this line.

## CONSOLIDATED INCOME STATEMENT

Consolidated income statement (data in thHUF, except earnings per share)	10-12. 2017.		10-12. 2016.		Variance		1-12. 2017.		1-12. 2016		Variance	
	(not audited)	(not audited)	thHUF	%	(not audited)	(audited)	thHUF	%				
Net sales revenue	1 195 481	1 069 899	125 582	12%	4 684 844	4 784 484	-99 640	-2%				
Other operating income	33 188	90 196	-57 008	-63%	134 748	279 090	-144 342	-52%				
Change in stocks of finished products and work in progress	-719 572	0	-719 572	0%	-1 434 112	0	-1 434 112	0%				
Consumables used	18 520	19 164	-644	-3%	63 285	58 063	5 222	9%				
Cost of goods and services sold	241 442	274 165	-32 723	-12%	908 946	1 847 035	-938 089	-51%				
Services purchased	1 285 008	484 058	800 950	165%	3 673 367	1 695 546	1 977 821	117%				
Personnel expenses	154 063	146 200	7 863	5%	572 413	412 871	159 542	39%				
Depreciation and amortization	20 237	20 191	46	0%	86 973	77 795	9 178	12%				
Other operating expenses	10 955	72 803	-61 848	-85%	84 969	169 629	-84 660	-50%				
<b>Operating income (EBIT)</b>	<b>218 017</b>	<b>143 514</b>	<b>74 503</b>	<b>52%</b>	<b>863 752</b>	<b>802 635</b>	<b>61 117</b>	<b>8%</b>				
Finance income	8 507	2 584	5 923	229%	195 388	87 902	107 486	122%				
Finance costs	20 503	19 099	1 404	7%	48 632	66 924	-18 292	-27%				
Share of the losses of a joint venture	600	39 122	-38 522	-98%	81 456	505 273	-423 817	-84%				
<b>Profit before tax</b>	<b>206 621</b>	<b>166 121</b>	<b>40 500</b>	<b>24%</b>	<b>1 091 965</b>	<b>1 328 886</b>	<b>-236 921</b>	<b>-18%</b>				
Income tax expense	33 033	24 400	8 633	35%	173 817	161 027	12 790	8%				
<b>Profit after tax</b>	<b>173 588</b>	<b>141 721</b>	<b>31 867</b>	<b>22%</b>	<b>918 148</b>	<b>1 167 859</b>	<b>-249 711</b>	<b>-21%</b>				
Currency translation difference	25 181	-24 546	49 727	0%	24 481	-23 255	47 736	-205%				
<b>Other comprehensive income</b>	<b>25 181</b>	<b>-24 546</b>	<b>49 727</b>	<b>0%</b>	<b>24 481</b>	<b>-23 255</b>	<b>47 736</b>	<b>-205%</b>				
<b>Total comprehensive income attributable to</b>	<b>198 769</b>	<b>117 175</b>	<b>81 594</b>	<b>70%</b>	<b>942 629</b>	<b>1 144 604</b>	<b>-201 975</b>	<b>-18%</b>				
Shareholders of the Company	199 127	116 525	82 602	71%	950 993	1 143 745	-192 752	-17%				
Non-controlling interest	-358	651	-1 009	-155%	-8 363	1 471	-9 834	-669%				
<b>Earnings per share (basic and diluted)</b>	<b>48</b>	<b>46</b>	<b>2</b>	<b>4%</b>	<b>260</b>	<b>371</b>	<b>-111</b>	<b>-30%</b>				

## CONSOLIDATED INCOME STATEMENT

### Comments

- The financial intermediation segment had the highest contribution to the Group's revenue increase by adding HUF 150 million revenue compared to Q4 2016.
- The annual consolidated revenues of HUF 4.7 billion are slightly below the HUF 4.8 billion revenues of year 2016, however revenues from sale of investment purpose properties amounted to HUF 1.1 billion in 2016, but only HUF 10 million in 2017. Revenues net of own property sales increased by 27% from HUF 3.7 billion to HUF 4.7 billion.
- Change in stocks of finished products and work in progress represent the activated construction service costs related to MyCity development projects. In 2017, activated construction costs totaled HUF 1.4 billion. Half of this amount, HUF 720 million was booked in the fourth quarter of the year.
- Decrease in costs of goods and services sold is due to high values in 2016 as a result of sales of investment purpose properties during that year.
- The significant increase in services purchased in Q4 and FY of 2017 is attributable to the construction costs of MyCity developments. The Group has booked construction, marketing and operational costs of HUF 1,482 million related to these projects in 2017, most of which has been activated as inventory. Further cost increase was caused by the full-year consolidation of Metrohouse in 2017, and the increased management costs to expand the range of services provided to the network in Poland. The increased loan volumes and proportional commission costs also increased service costs in the period.
- Other operating expenses showed a peak in Q4 2016 due to a HUF 55 million penalty from the competition authorities.
- Finance income amounted HUF 195 million in 2017, as the Group booked badwill of HUF 140 million on the acquisition of MyCity group in March 2017.
- Profits from joint venture in 2017 refer to appraisal of the development plot of MyCity Residence.
- Currency translation difference represents the FX gains and losses on assets and liabilities of the foreign subsidiaries.

## Revenue, operating and after tax income by countries

(data in thHUF)	Hungary				Poland				Czech Rep.				Duna House total			
	2017Q4	2017Q3	2017Q2	2017Q1	2017Q4	2017Q3	2017Q2	2017Q1	2017Q4	2017Q3	2017Q2	2017Q1	2017Q4	2017Q3	2017Q2	2017Q1
<b>Net sales revenue</b>	820 504	853 192	829 265	735 856	311 030	284 393	306 425	285 587	63 947	68 947	95 099	30 599	1 195 481	1 206 532	1 230 789	1 052 042
<b>Operating income (EBIT)</b>	214 790	227 557*	247 054	180 670	1 804	10 294	14 718	-7 061	1 423	-11 282	-8 774	-7 441	218 017	226 569*	252 998	166 168
<b>Profit after tax</b>	173 544	199 106	305 559	277 741	-1 423	2 769	-8 485	-4 029	1 467	-11 356	-9 007	-7 738	173 588	190 519	288 067	265 974

\* The Group has inserted a correction in the Hungarian and consolidated EBIT figures for Q3 of 2017 regarding the settlement of activated interest costs of the real estate development projects. This correction decreases EBIT and increases financial results by HUF 46.5 million and is neutral on profit after tax level.

## GROUP LEVEL OPERATING AND AFTER TAX PROFIT WITHOUT MYCITY

Data in thHUF	Duna House Group [w/o MyCity*]					
	2017Q4	2017Q3	2017Q2	2017Q1	2017 1-12.	Management forecast for the year 2017
<b>Operating income</b>	<b>237 061</b>	<b>263 428</b>	<b>269 273</b>	<b>171 456</b>	<b>941 218</b>	-
<b>Profit after tax</b>	<b>211 603</b>	<b>234 018</b>	<b>245 096</b>	<b>289 865</b>	<b>980 581</b>	<b>850 000 – 1 000 000</b>

*\*=Excluding the individual performance of MyCity group (MyCity Residential Development Kft., Pusztakúti 12 Kft., Revicky 6-10 Kft., Zsinór 39 Projekt Kft., Hunor utca 24 Ingatlanfejlesztő Kft.) , but taking into account the performance of transactions arising from the Group's cooperation with MyCity, and as a result of the control over MyCity group acquired in March 2017, the Group sustained a badwill. 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.*

## CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement	1-12. 2017 (not audited)	1-12. 2016 (audited)
Data in thHUF		
<b>Cash flows from operating activities</b>		
Profit after tax	918 148	1 167 859
Adjustments:		
Depreciation	86 973	77 795
Deferred tax expense	-28 424	-96 164
Fair value adjustments of investment properties	-53 320	-188 031
Badwill	-139 595	-56 272
Share of profit of a joint venture	-81 456	-505 273
Movements of working capital		
Increase in inventories	-1 429 065	-3 122
Increase in trade- and other receivables	71 394	-612 728
Decrease of other assets	5 298	90 658
Increase of trade payables	-96 029	33 742
Increase of other short term liabilities	395 948	238 807
Increase in accruals	-97 149	191 543
<b>Net cash generated by operating activities</b>	<b>-447 279</b>	<b>338 815</b>

Consolidated cash flow statement	1-12. 2017 (not audited)	1-12. 2016 (audited)
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	-233 343	-819 605
Proceeds from the sale of properties	9 655	1 096 588
Net cash outflow on acquisition of subsidiaries	-171 668	-873 464
<b>Net cash used in investing activities</b>	<b>-395 355</b>	<b>-596 481</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1 225 942	172 339
Proceeds from shareholders for capital increase	0	1 499 997
Dividends paid	-493 221	-246 730
Securities sold	0	0
	-45 430	0
<b>Net cash generated from financing activities</b>	<b>687 291</b>	<b>1 425 605</b>
Net increase in cash and cash equivalents	-155 343	1 167 939
Cash and cash equivalents at the beginning of the year	1 583 686	415 747
<b>Cash and cash equivalents at the end of the year</b>	<b>1 428 343</b>	<b>1 583 686</b>

## 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							
<b>31. December 2015</b>	<b>153 050</b>	<b>9 479</b>	<b>0</b>	<b>1 525 238</b>	<b>1 687 767</b>	<b>0</b>	<b>1 687 767</b>
Dividend paid	0	0	0	-247 600	-247 600	0	-247 600
Aquisition of Subsidiary	0	0	0	0	0	-40 214	-40 214
Total comprehensive income	0	0	-23 318	1 166 454	1 143 136	60	1 143 196
<b>31. December 2016</b>	<b>153 050</b>	<b>9 479</b>	<b>-23 318</b>	<b>2 444 092</b>	<b>2 583 303</b>	<b>-40 154</b>	<b>2 543 149</b>
Dividend paid	0	0	0	-479 260	-479 260	0	-479 260
Capital increase	18 939	1 481 057	0	0	1 499 997	0	1 499 997
Total comprehensive income	0	0	50 836	923 475	974 311	-8 427	965 884
<b>31. December 2017</b>	<b>171 989</b>	<b>1 490 536</b>	<b>27 518</b>	<b>2 888 307</b>	<b>4 578 351</b>	<b>-48 581</b>	<b>4 529 770</b>



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Franchise segment



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DUNA HOUSE HOLDING FRANCHISE BRANDS



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metrohouse

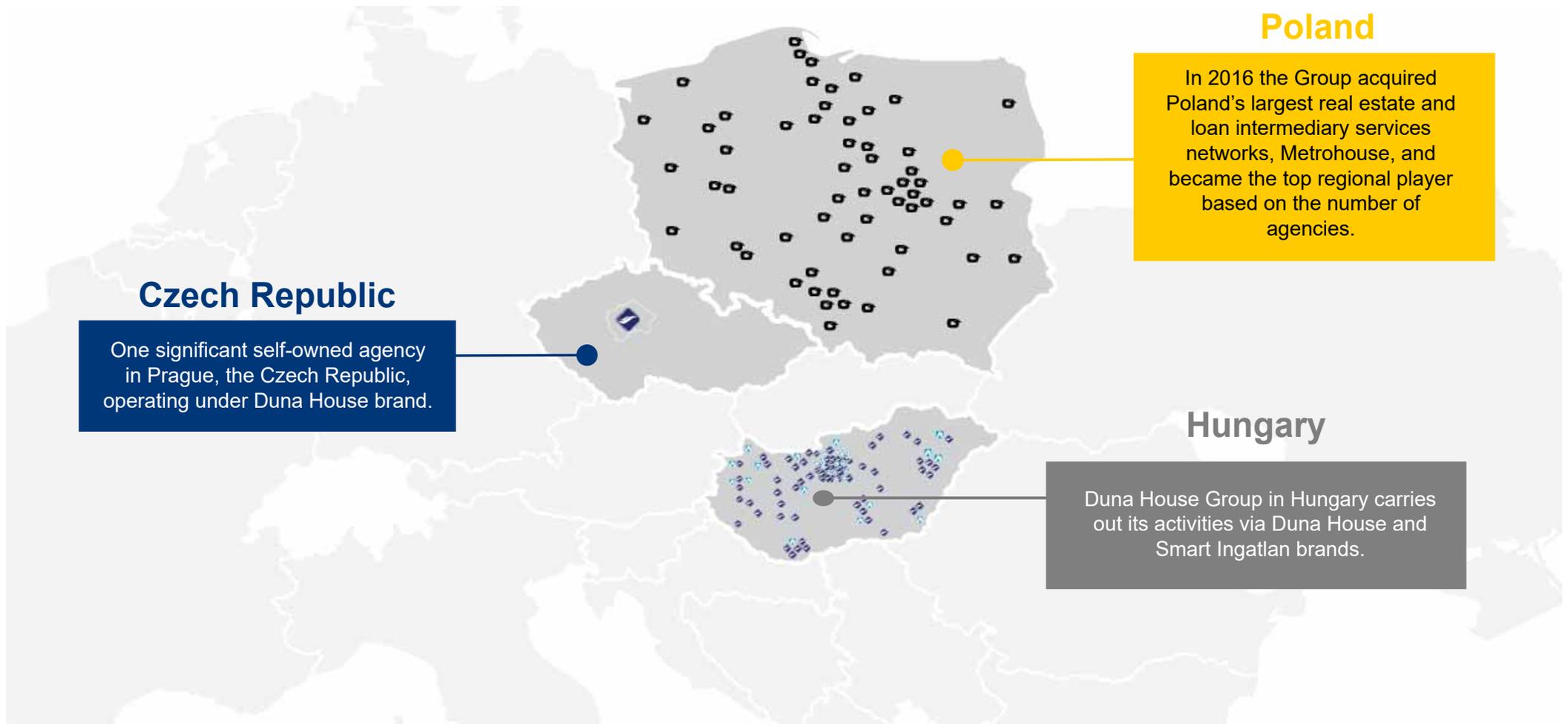


 HUNGARY, CZECH REPUBLIC

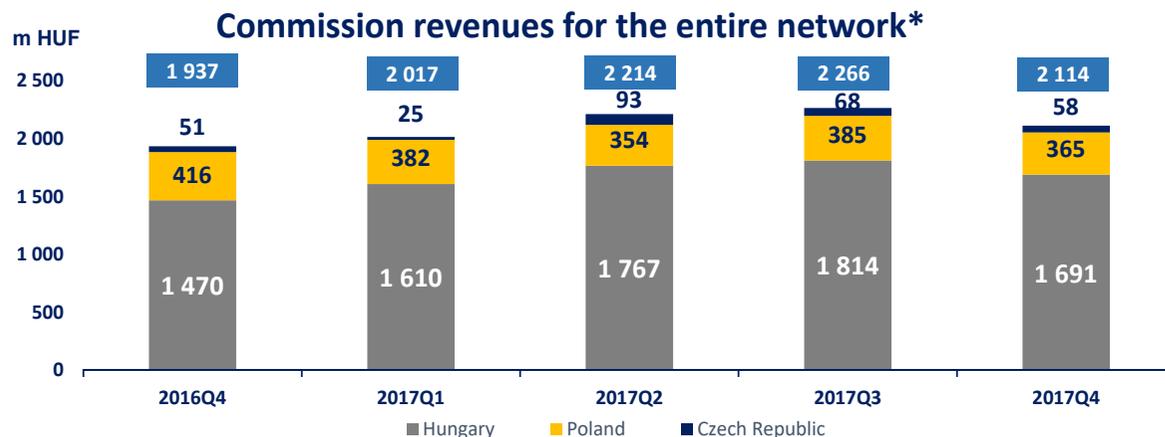
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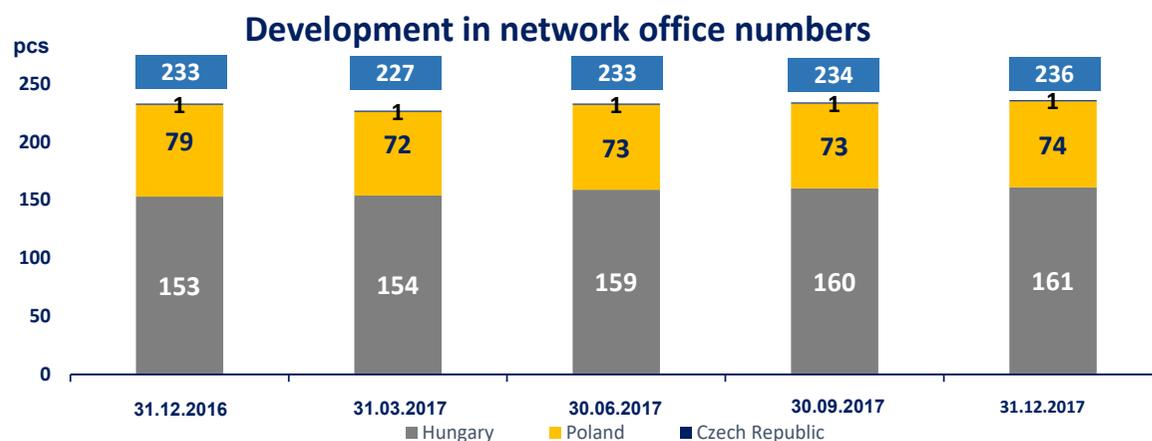
## REGIONAL PRESENCE



## 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 had a strong last quarter in 2017, despite the negative seasonality effects. Commission revenues of its real estate broker networks reached HUF 2.1 billion in the fourth quarter (+9.1% y-o-y) and increased by 11.1% y-o-y in the full year of 2017.
- Growth was predominantly generated by Hungary, reaching a y-o-y increase of 15.1% in the fourth quarter of 2017 and a y-o-y growth of 7.4% in the full year.
- In Poland, the downward trend of commission incomes, which was driven by network optimization, has turned around in the third quarter of 2017. The fourth quarter of the year followed usual seasonality with commissions decreasing by 5.2% q-o-q. The performance of the network has stabilized in the second quarter of 2017, the management expects an uptrend in the following quarters, subject to usual seasonality effects.
- In terms of office numbers, one office opened in Hungary and one in Poland during the quarter. The management expects further expansion in both countries in the coming quarters.

**SEGMENT LEVEL RESULTS**

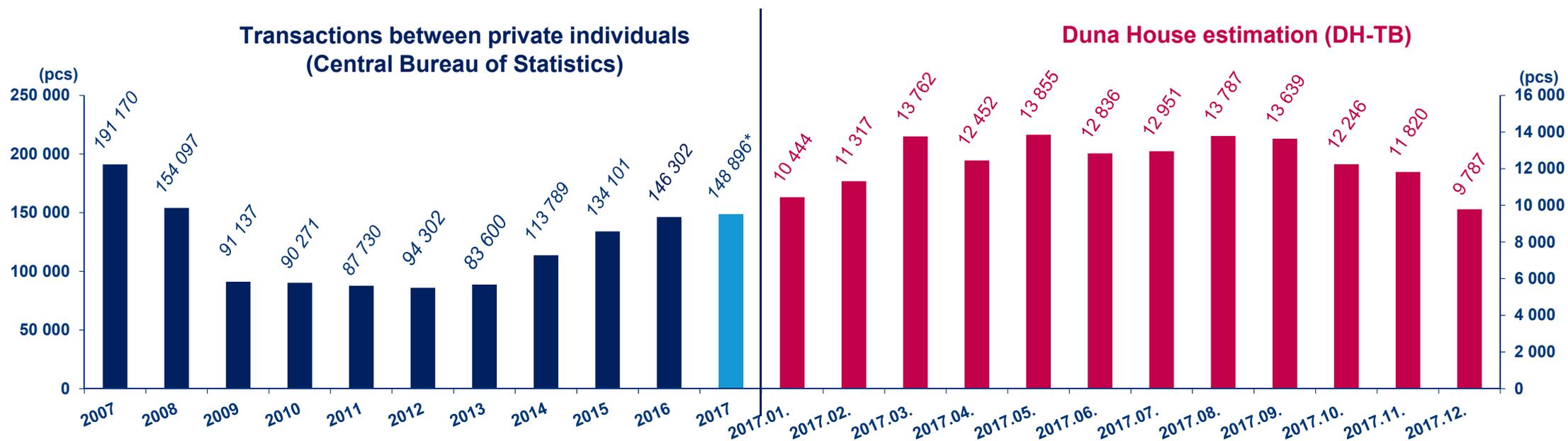
<i>(data in thHUF)</i>	<b>FRANCHISE SEGMENT</b>							
	<b>10-12. 2017</b>	<b>10-12. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>	<b>1-12. 2017</b>	<b>1-12. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>
<b>Net sales revenue</b>	<b>307 221</b>	<b>275 092</b>	<b>32 130</b>	<b>12%</b>	<b>1 268 915</b>	<b>1 094 171</b>	<b>174 744</b>	<b>16%</b>
Direct expenses	34 821	30 408	4 412	15%	163 621	166 506	-2 885	-2%
<b>Gross profit</b>	<b>272 401</b>	<b>244 683</b>	<b>27 718</b>	<b>11%</b>	<b>1 105 294</b>	<b>927 665</b>	<b>177 629</b>	<b>19%</b>
<i>Gross profit margin (%)</i>	<i>89%</i>	<i>89%</i>			<i>87%</i>	<i>85%</i>		
Depreciation and amortization	8 274	7 124	1 150	16%	39 102	32 101	7 002	22%
Indirect expenses	235 250	247 701	-12 450	-5%	908 294	815 681	92 613	11%
<b>Operating income (EBIT)</b>	<b>28 877</b>	<b>-10 141</b>	<b>39 018</b>	<b>-385%</b>	<b>157 897</b>	<b>79 883</b>	<b>78 015</b>	<b>98%</b>
<i>EBIT margin (%)</i>	<i>9%</i>	<i>-4%</i>	<i>121%</i>		<i>12%</i>	<i>7%</i>	<i>45%</i>	

Revenue of the franchise segment is 12% higher, than in the comparative period.

The engine behind the growth was the operation in Hungary, where the number of offices increased by a total of eight offices in the last twelve months. Although the Polish Metrohouse network has five offices less, the size of the network increased since Q1 of 2017. The Group has signed the first franchise agreement in the Czech market in Q4 2017.

The decrease in indirect expenses compared to Q4 2016 is attributable to the allocation of the November 2016 IPO costs and competition authority penalties of the group, of which HUF 44 million was borne by the franchise segment. This decrease in costs was partially offset by the management and HQ cost increase at the SMART franchise network, and impairment of HUF 9 million on receivables and tax assets in Poland.

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



\* Duna House estimation 2017

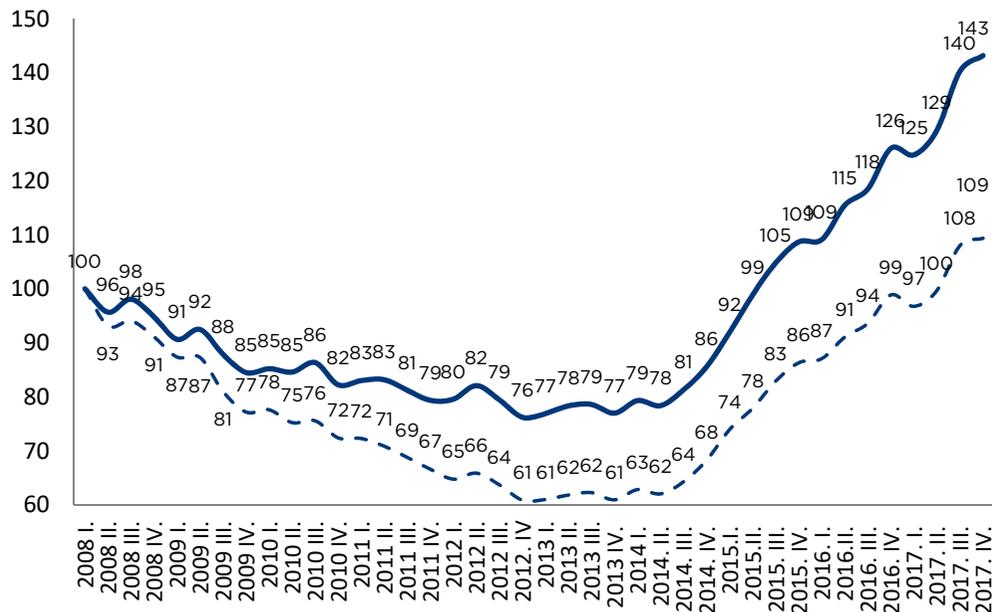
In 2017, transaction volumes showed usual seasonality in the Hungarian residential real estate market, the strong fallback in the second half of 2016 did not repeat itself. Almost 34 thousand transactions happened in Q4 2017, a 10% increase compared to 31 thousand deals in Q4 2016. Duna House estimates a total of 148,896 transactions in 2017, while 2016 figures slightly exceeded 146 thousand pieces according to the Hungarian Central Statistical Office.

\* No similar data available in relation of Poland at present

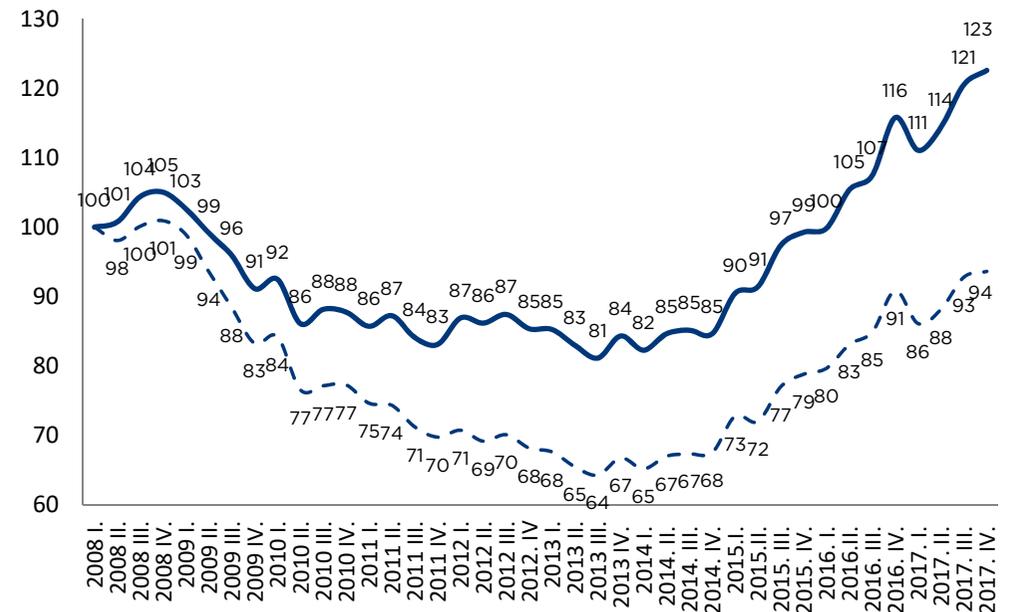
\*\*Due to the lack of up-to-date official data, the above presented data is based on Duna House own estimates.

HUNGARIAN\* PROPERTY MARKET TRENDS BASED ON DH-BAROMETER

DH - COUNTRYWIDE PANEL INDEX



DH - COUNTRYWIDE BRICK INDEX



The price indexes (calculated by Duna House) have continued their previous trend during the quarter and achieved between 6 to 14% nominal price increase in the last 12 months, on a country-wide level.

\* No similar data available in relation of Poland at present



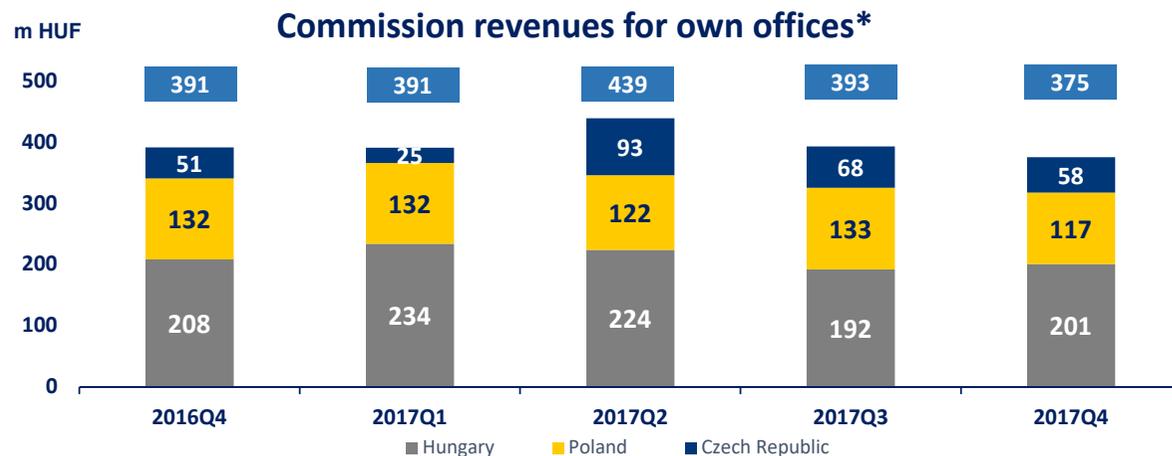
**DUNA HOUSE<sup>®</sup>**  
**GROUP**

Own office operation  
segment



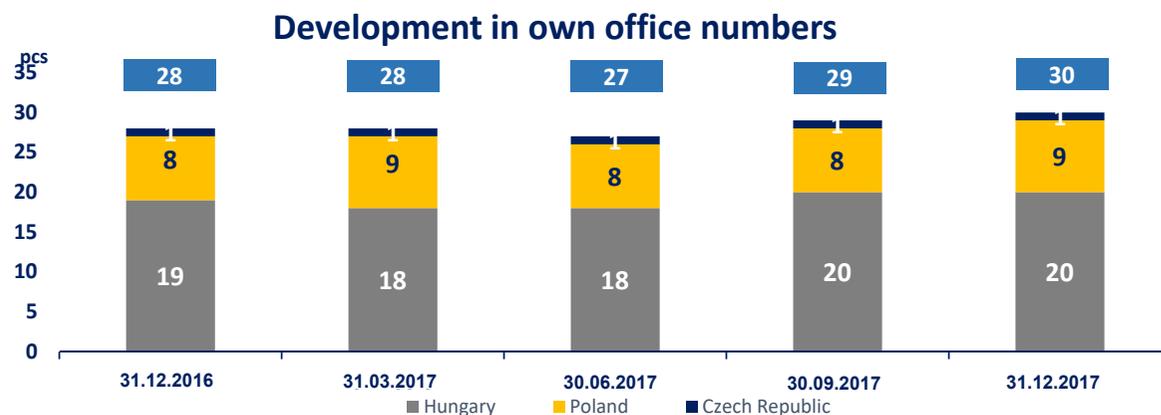
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## Changes in network commission revenues and office numbers for own offices



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

- The commission revenues generated by the own office segment decreased by 4.1% q-o-q in the last quarter of the year with different dynamics in Hungary and Poland.
- In Hungary, the segment started to grow under new management even in spite of negative seasonality factors. Commission incomes grew by 4.6% q-o-q.
- The commission revenues of Polish own offices decreased by 11.6% y-o-y and by 12.5% q-o-q in the fourth quarter of 2017. The underperformance is partly explained by the fact that some of the key salespersons decided during the year to continue as franchise partners.
- In terms of office numbers, the Group followed a cautious expansion, similar as in the previous quarters.



**SEGMENT LEVEL RESULTS**

<i>(data in thHUF)</i>	<b>OWN OFFICE SEGMENT</b>							
	<b>10-12. 2017</b>	<b>10-12. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>	<b>1-12. 2017</b>	<b>1-12. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>
<b>Net sales revenue</b>	<b>338 532</b>	<b>359 977</b>	<b>-21 444</b>	<b>-6%</b>	<b>1 421 405</b>	<b>1 086 393</b>	<b>335 012</b>	<b>31%</b>
Direct expenses	185 256	198 206	-12 950	-7%	805 048	578 842	226 207	39%
<b>Gross profit</b>	<b>153 276</b>	<b>161 770</b>	<b>-8 494</b>	<b>-5%</b>	<b>616 356</b>	<b>507 551</b>	<b>108 805</b>	<b>21%</b>
<i>Gross profit margin (%)</i>	45%	45%			43%	47%		
Depreciation and amortization	4 293	6 452	-2 159	-33%	18 746	18 205	541	3%
Indirect expenses	135 197	129 784	5 413	4%	520 127	399 868	120 259	30%
<b>Operating income (EBIT)</b>	<b>13 786</b>	<b>25 534</b>	<b>-11 748</b>	<b>-46%</b>	<b>77 484</b>	<b>89 478</b>	<b>-11 994</b>	<b>-13%</b>
<i>EBIT margin (%)</i>	4%	7%	55%		5%	8%	-4%	

The quarterly revenue decrease of the segment is primarily driven by lower revenues of the Polish offices compared to Q4 of previous year. This is explained by converting some of the key sales persons into franchise partners.

Although, the overall performance of the Hungarian own offices is weaker than a year ago, the service line focusing on newly-built residential units shows positive trends in 2017.

Indirect expenses increased due to increased management expenses both in Hungary and Poland, as well as the higher operation costs related to the additional offices.



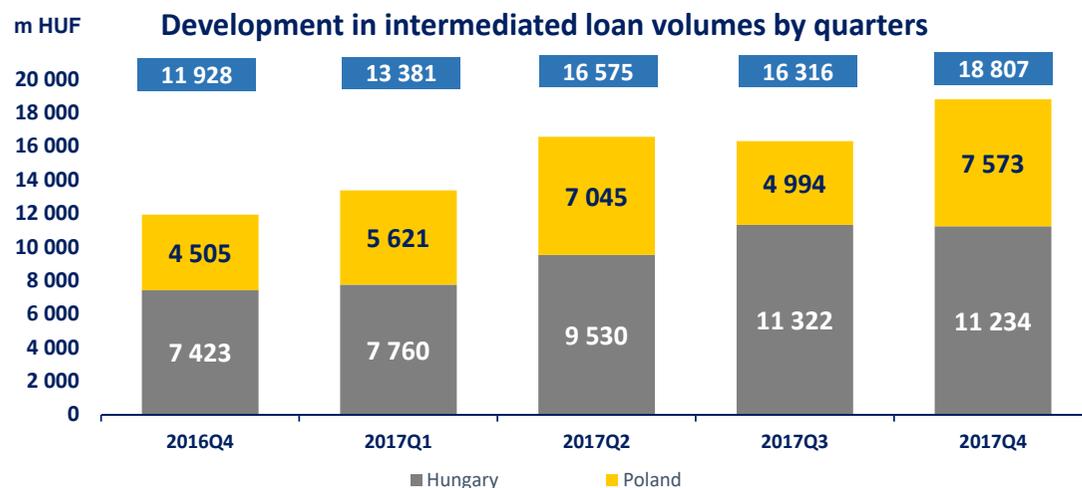
**DUNA HOUSE<sup>®</sup>**  
**GROUP**

Financial product  
intermediary services  
segment



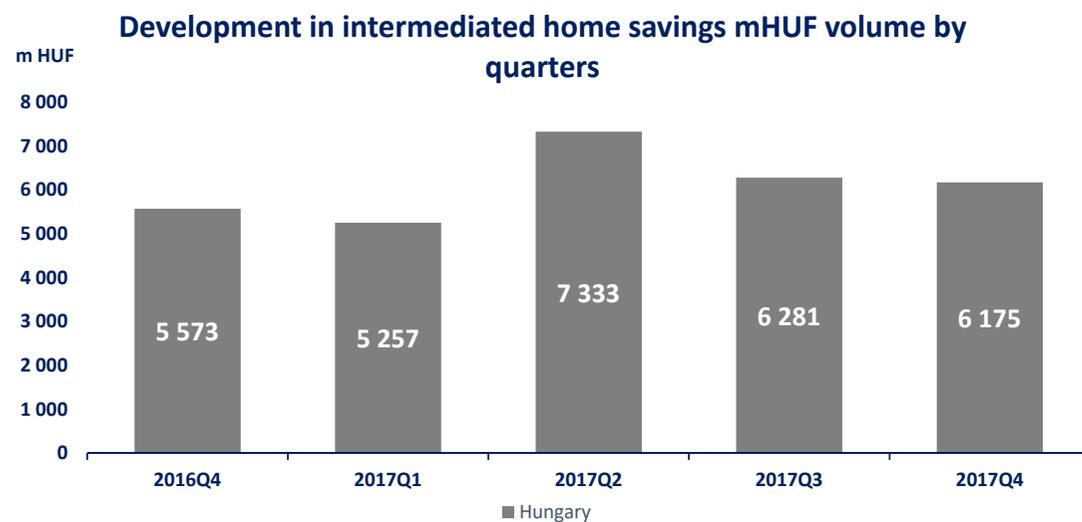
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## Changes in intermediated loan volumes



- The fourth quarter and the full year of 2017 have both been record high periods for Duna House Group in loan brokerage. The total value of loans intermediated by the Group reached HUF 18.8 billion this quarter (+57.7% y-o-y). In the whole year of 2017, loan volumes reached HUF 65 billion (+49.5% y-o-y).
- In Hungary, seasonality caused a slight decrease in the fourth quarter compared to the third quarter, but y-o-y increase was outstanding, 50.3%.
- The Polish operation reached record high loan volumes by intermediating loans of HUF 7.5 billion in the fourth quarter. This exceptional, 68.1% y-o-y growth highly exceeds the overall expansion of the market.

### Changes in intermediated home savings volume



- Following the exceptionally high values in the second quarter of 2017, home savings volumes stabilized above HUF 6.1 billion per quarter, 10.8% above the levels of the fourth quarter of 2016. The Group achieved 30.8% y-o-y growth in the full year of 2017 in this product line.

# FINANCIAL PRODUCT INTERMEDIARY SERVICES SEGMENT

## SEGMENT LEVEL RESULTS

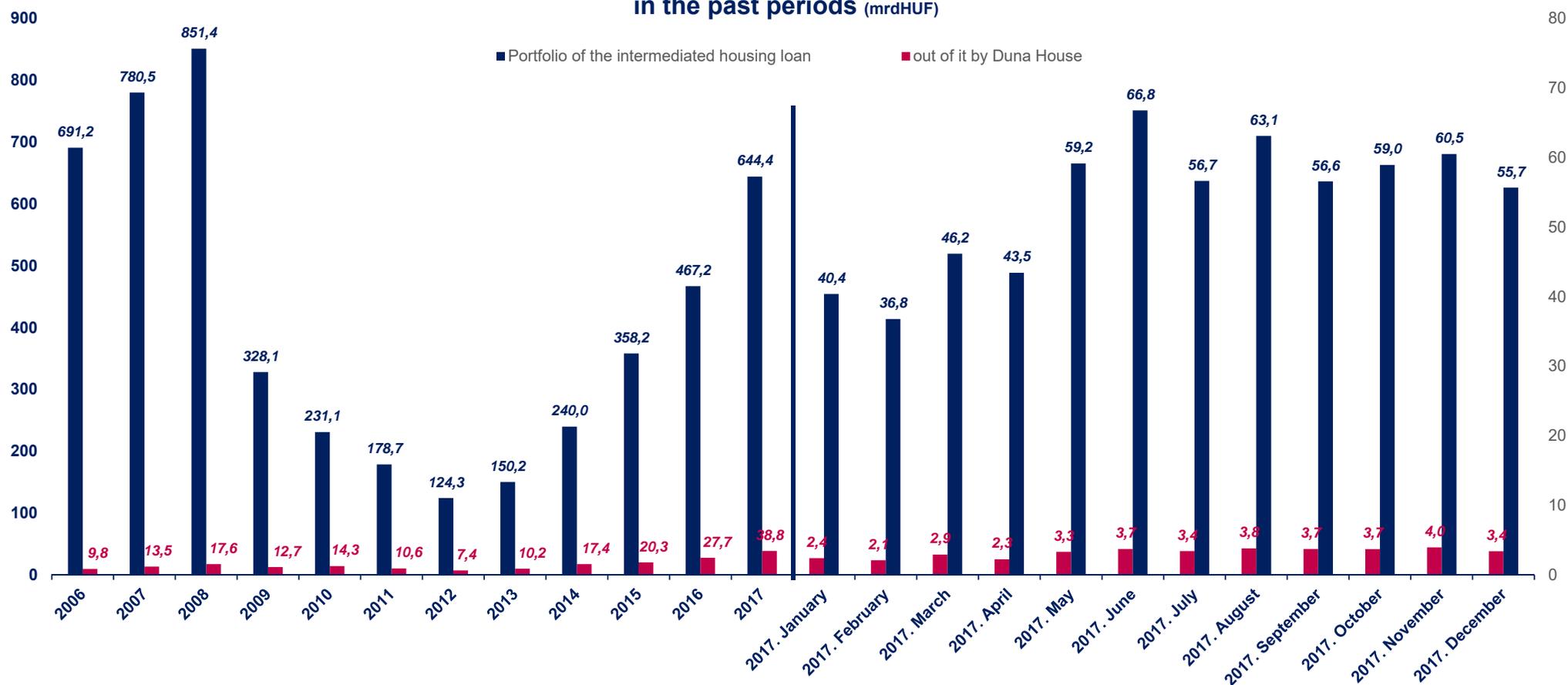
<i>(data in thHUF)</i>	FINANCIAL PRODUCT INTERMEDIARY SERVICES SEGMENT							
	10-12. 2017	10-12. 2016	Variance (thHUF)	Variance (%)	1-12. 2017	1-12. 2016	Variance (thHUF)	Variance (%)
<b>Net sales revenue</b>	<b>502 402</b>	<b>351 438</b>	<b>150 964</b>	<b>43%</b>	<b>1 883 429</b>	<b>1 410 218</b>	<b>473 211</b>	<b>34%</b>
Direct expenses	323 762	242 096	81 666	34%	1 140 095	856 313	283 782	33%
<b>Gross profit</b>	<b>178 640</b>	<b>109 342</b>	<b>69 298</b>	<b>63%</b>	<b>743 334</b>	<b>553 905</b>	<b>189 429</b>	<b>34%</b>
<i>Gross profit margin (%)</i>	36%	31%			39%	39%		
Depreciation and amortization	301	183	118	65%	1 022	807	215	27%
Indirect expenses	44 732	39 945	4 787	12%	171 805	146 449	25 356	17%
<b>Operating income (EBIT)</b>	<b>133 607</b>	<b>69 214</b>	<b>64 392</b>	<b>93%</b>	<b>570 507</b>	<b>406 649</b>	<b>163 858</b>	<b>40%</b>
<i>EBIT margin (%)</i>	27%	20%	43%		30%	29%	35%	

The financial intermediary services segment has closed an outstanding quarter, again.

Revenues have increased by 43%, gross profit by 63% compared to Q3 2016, driven by the exceptional loan volume increase both in Hungary and Poland.

## HUNGARIAN HOUSING LOAN TRENDS

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





**DUNA HOUSE<sup>®</sup>**  
**GROUP**

Complementary services  
segment



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### COMPLEMENTARY SERVICES SEGMENT

Complementary services segment at present includes 4 activities:



Comprehensive property management services

- Operation of empty and inhabited premises
- Property rent out and sales
- Cleaning, renovation, furnishing



**DUNA HOUSE<sup>®</sup>**  
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



Fund Manager belonging to the Group

MNB cert.No:

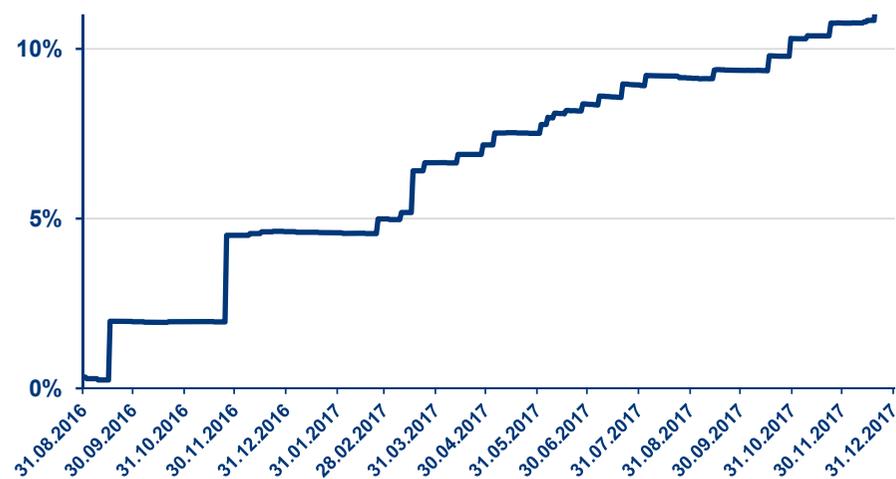
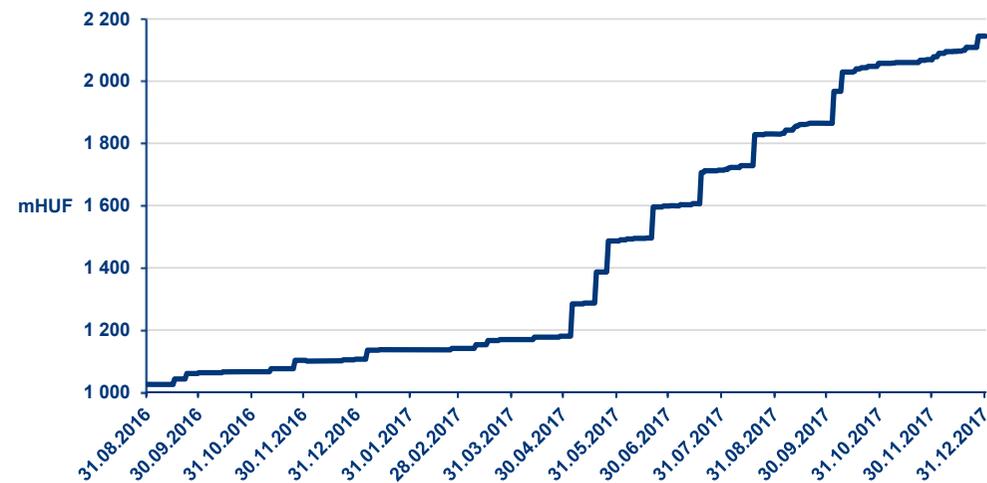
- H-EN-III-130/2016

Date of registry:

- April 2016.

Currently managed fund:

- Duna House Fund, open-end, public

**DUNA HOUSE HUNGARIAN RESIDENTIAL REAL ESTATE FUND**
**Generated yield from the beginning by Impact Residential Property Investment Fund**

**Net asset value development from the beginning by Impact Residential Property Investment Fund**


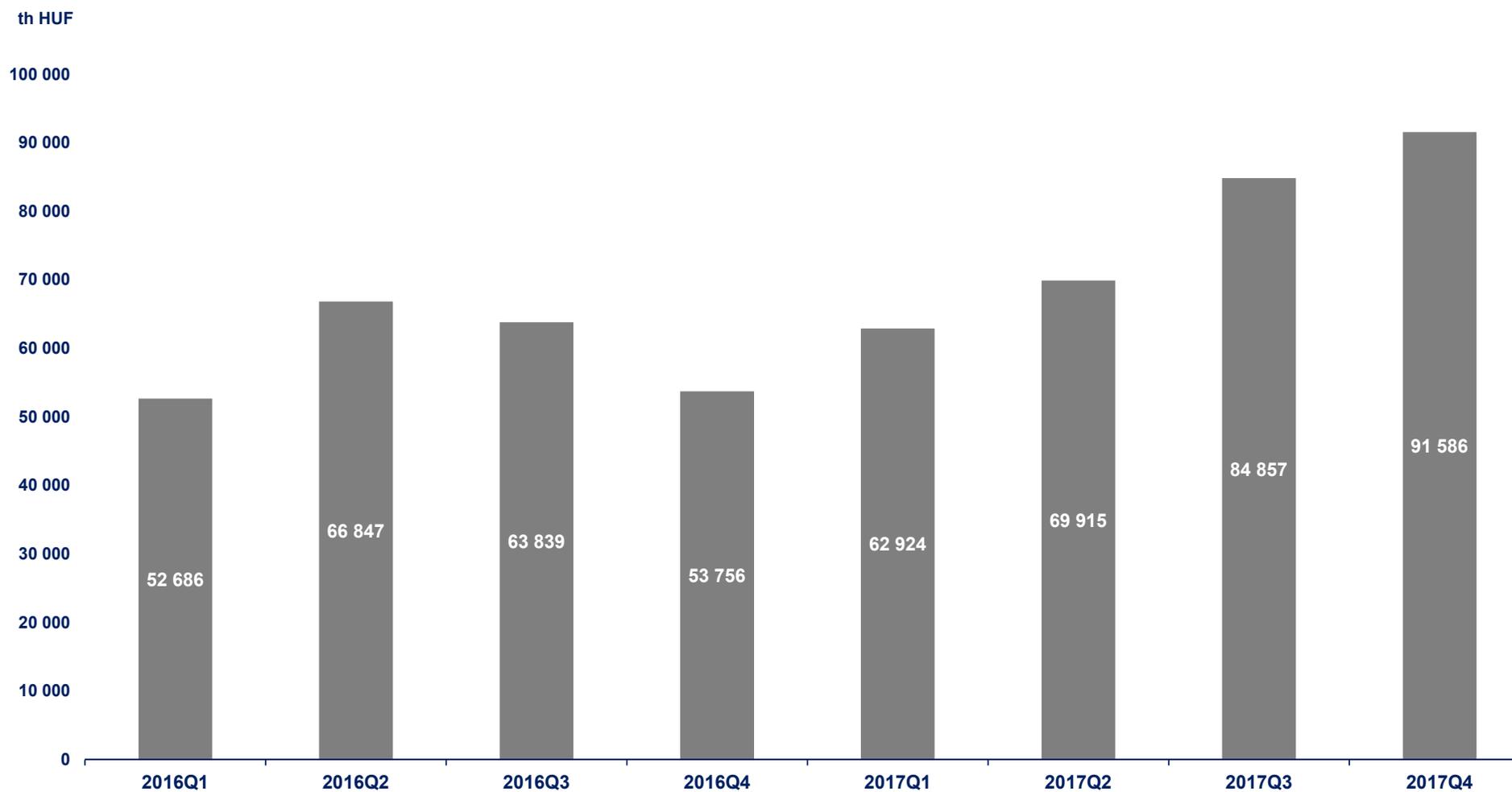
On December 29, 2017, the Impact Investment Fund was renamed to Duna House Hungarian Residential Real Estate Fund, in order to emphasize the real estate market knowledge behind the fund.

Annual yield of the Duna House Fund was 7.1% as of February 27, 2018.

The net asset value of the fund averaged HUF 2.1 billion in Q4 2017 and amounted to HUF 2.3 billion as of February 27, 2018.

The Group has signed distribution agreement with MKB Bank Zrt. (effective from January 2018) with the aim to increase the net asset value of the fund.

## CHANGES IN SEGMENT SALES REVENUE BY QUARTERS



## SEGMENT LEVEL RESULTS

<i>(data in thHUF)</i>	COMPLEMENTARY SERVICES SEGMENT							
	10-12. 2017	10-12. 2016	Variance (thHUF)	Variance (%)	1-12. 2017	1-12. 2016	Variance (thHUF)	Variance (%)
<b>Net sales revenue</b>	<b>91 586</b>	<b>53 756</b>	<b>37 829</b>	<b>70%</b>	<b>309 282</b>	<b>237 128</b>	<b>72 154</b>	<b>30%</b>
Direct expenses	31 320	20 565	10 755	52%	113 693	95 165	18 528	19%
<b>Gross profit</b>	<b>60 265</b>	<b>33 191</b>	<b>27 074</b>	<b>82%</b>	<b>195 589</b>	<b>141 963</b>	<b>53 625</b>	<b>38%</b>
<i>Gross profit margin (%)</i>	66%	62%			63%	60%		
Depreciation and amortization	346	301	45	15%	1 579	1 686	-107	-6%
Indirect expenses	38 284	23 898	14 386	60%	151 040	94 534	56 506	60%
<b>Operating income (EBIT)</b>	<b>21 636</b>	<b>8 992</b>	<b>12 644</b>	<b>141%</b>	<b>42 970</b>	<b>45 744</b>	<b>-2 774</b>	<b>-6%</b>
<i>EBIT margin (%)</i>	24%	17%	33%		14%	19%	-4%	

Among property-related services, the revenues from value appraisal and energy certificate intermediation reached the same level as in last year, while the revenue from residential property management and lease presented an above 70% increase in comparison with the base period. In addition, the realized quarterly revenue of Impact Asset Management, which in the comparative period has been under 'Other and consolidation segment', reached nearly HUF 23 million, most of it success fee for full year 2017.

Gross profit and EBIT improved significantly due to the increased revenues from property management services and fund management success fees.



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**GROUP**

# Property investments segment



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**SEGMENT LEVEL RESULTS**

<i>(data in thHUF)</i>	<b>PROPERTY INVESTMENT SEGMENT</b>							
	<b>10-12. 2017</b>	<b>10-12. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>	<b>1-12. 2017</b>	<b>1-12. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>
<b>Net sales revenue</b>	<b>34 827</b>	<b>77 646</b>	<b>-42 819</b>	<b>-55%</b>	<b>118 409</b>	<b>1 213 419</b>	<b>-1 095 011</b>	<b>-90%</b>
Direct expenses	2 926	74 663	-71 737	-96%	15 104	1 072 773	-1 057 669	-99%
<b>Gross profit</b>	<b>31 901</b>	<b>2 983</b>	<b>28 918</b>	<b>970%</b>	<b>103 305</b>	<b>140 646</b>	<b>-37 341</b>	<b>-27%</b>
<i>Gross profit margin (%)</i>	<i>92%</i>	<i>4%</i>			<i>87%</i>	<i>12%</i>		
Depreciation and amortization	5 683	5 191	491	9%	22 076	20 451	1 625	8%
Indirect expenses	3 235	-100 023	103 258	-103%	51 258	-144 318	195 576	-136%
<b>Operating income (EBIT)</b>	<b>22 983</b>	<b>97 815</b>	<b>-74 832</b>	<b>-77%</b>	<b>29 970</b>	<b>264 512</b>	<b>-234 542</b>	<b>-89%</b>
<i>EBIT margin (%)</i>	<i>66%</i>	<i>126%</i>	<i>175%</i>		<i>25%</i>	<i>22%</i>	<i>21%</i>	

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

\*\*in the past, result of MyCity companies' activity was indicated under "Share of profit of a joint venture" in the consolidated income statement. The HUF 481 Million profit indicated on this line in the comparative period is Duna House Plc.'s proportional part of the value increase of construction lands registered as investment purpose property prior to the start of development activity.

Starting in Q2 2017, i.e the acquisition of MyCity group, the result of the property development activity through MyCity companies is indicated under this segment. \*\*

The significant revenue fallback of the property investments segment is connected to the focus shift from the investment purpose property portfolio to property development since Q2 2016, and the subsequent sales revenue of invested assets.

Revenue from the sales of residential units of MyCity developments can be realized only following the handover of the units, thus Q4 numbers do not include such revenues.

The handover of the units of the first completed project (Reviczky) is continuous since February, 2018.

No investment purpose property was sold during the fourth quarter of 2017, the revenues realized in the segment consist primarily of lease revenue. The Group realized profit of HUF 31 million in Q4 2017 on the revaluation of investment purpose property (HUF 88 million in Q4 2016), which is netted against indirect expenses.

## VOLUME\* AND VALUE OF INVESTMENT AND OPERATIVE PROPERTIES

(data in thHUF)	31 March 2017		30 June 2017		30 September 2017		31 December 2017	
	Number (pcs)**	Carrying amount	Number (pcs)**	Carrying amount	Number (pcs)**	Carrying amount	Number (pcs)**	Carrying amount
Investment purpose property	12	953 429	12	976 385	12	972 885	13	1 061 613
Operational property	5	409 623	5	403 970	5	399 956	5	396 165
<b>Total</b>	<b>17</b>	<b>1 363 052</b>	<b>17</b>	<b>1 380 355</b>	<b>17</b>	<b>1 372 841</b>	<b>18</b>	<b>1 457 779</b>

\* properties owned by MyCity group not included

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

We appraise investment purpose properties on market value. Market appraisal is carried out every six months, next time on June 30, 2018.

**PROPERTY DEVELOPMENT ACTIVITY**

Duna House Group manages the development of 385 flats in 3 projects under MyCity brand, as follows:



	Forest Hill Budapest III. district	Reviczky Liget Budapest XVIII. district	MyCity Residence Budapest III. district	TOTAL
Duna House Group's share in Project	<b>100%</b>	<b>100%</b>	<b>50%</b>	
Landsize (m2)	29 314	5 625	3 345	<b>38 284</b>
Sellable area (m2)	16 085	4 672	6 882	<b>27 639</b>
Number of Apartements (pcs.)	196*	86	103	<b>385</b>
Average Apartements size (m2)	80	54,3	68,8	<b>71,3</b>
<b>Actual status of Projects</b>				
Construction permit	✓	✓	✓	
Construction is ongoing	✓	✓	✓	
Active presale started	✓	✓	✓	
Handover in progress		✓		

\* 148 flats with building permits at present

\*\* based on average MyCity sales prices

### PROPERTY DEVELOPMENT ACTIVITY

- District 18. Reviczky Liget Project: The occupation permit was obtained in December, 2017, technical take-overs and final settlements are in progress. 83% of the units are sold; invoicing and revenue recognition is in progress.
- District 3. Forest Hill: Constructing and sales are proceeding according to plans. 50% of the units are sold. Construction deadlines is September 30, 2018.
- District 3. MyCity Residence: Construction started end of January, 2018. 38% of the units are sold. Construction deadline is October 30, 2019.
- According to the Management, the performance of property development activity within MyCity is in accordance with the set goals, and shows positive tendency.

ON-GOING PROJECTS

**Forest Hill**



**Reviczky Liget**



**MyCity Residence**





**DUNA HOUSE<sup>®</sup>**  
**GROUP**

Other- and  
consolidation segment



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**SEGMENT LEVEL RESULTS**

<i>(data in thHUF)</i>	<b>OTHERS- AND CONSOLIDATION SEGMENT</b>							
	<b>10-12. 2017</b>	<b>10-12. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>	<b>1-12. 2017</b>	<b>1-12. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>
<b>Net sales revenue</b>	<b>-79 087</b>	<b>-48 009</b>	<b>-31 078</b>	<b>65%</b>	<b>-316 594</b>	<b>-256 845</b>	<b>-59 749</b>	<b>23%</b>
Direct expenses	-3 389	12 612	-16 002	-127%	-27 494	41 033	-68 527	-167%
<b>Gross profit</b>	<b>-75 698</b>	<b>-60 621</b>	<b>-15 077</b>	<b>25%</b>	<b>-289 101</b>	<b>-297 878</b>	<b>8 777</b>	<b>-3%</b>
<i>Gross profit margin (%)</i>	96%	126%			91%	116%		
Depreciation and amortization	1 340	940	400	43%	4 447	4 545	-98	-2%
Indirect expenses	-74 166	-13 662	-60 504	443%	-278 473	-218 794	-59 679	27%
<b>Operating income (EBIT)</b>	<b>-2 872</b>	<b>-47 899</b>	<b>45 028</b>	<b>-94%</b>	<b>-15 075</b>	<b>-83 629</b>	<b>68 554</b>	<b>-82%</b>
<i>EBIT margin (%)</i>	4%	100%	-145%		5%	33%	-115%	

Under the Other and consolidation segment we present the Company's supporting holding activity performance, as well as yields and expenditures detected in the consolidation process, and the result of consolidation amendments.

The Q4 expenses of the holding include primarily 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.

The EBIT improvement was driven by the reallocation of management costs of MyCity projects to the property investments segment.

Furthermore, Impact Asset Management Plc. was also indicated under the this segment in the comparative period – at present it is part of Complementary services segment.

## 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 2017Q4 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 2018.

Budapest, 28 February, 2018.

Duna House Holding Plc. Board of Directors

Represented by: Doron Dymshiz, Board of Directors, President



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