2018. Q2
Quarterly report

August 27, 2018

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EXECUTIVE SUMMARY 2018. SECOND QUARTER

- In Q2 of 2018, Duna House Group (the „Group”) has continued to produce significant growth compared to last year and performs according to the management`s expectations. The handover of its 86-unit residential development project Reviczky Liget has continued and the real estate and loan activities in Hungary and Poland showed strong growth, as well. Quarterly revenues reached HUF 1.9 billion in the second quarter of 2018 (+57% YoY). EBITDA reached HUF 647 million (+128% YoY) while net profits closed at HUF 533 million (+85% YoY).
- **Based on first and second quarter results, the management of the Group maintains the net profit guidance of HUF 950 – 1,150 for the core activities, without MyCity development results. The net profit guidance of HUF 680 million for project Reviczky Liget has already been achieved in Q2 by selling 92% of the flats, therefore management expects overperformance from this project. The Group informs the Investors however, that project Forest Hill might be delayed by three months due to overall scarce construction capacities on the market. Construction works are expected to be completed by the end of the year, while realization of profits might be delayed to the financial year 2019. The Group forecasted net profits of HUF 1,060 million from project Forest Hill in 2018 by selling 78% of total sellable sqm. The delay will not effect the total profitability of the project, only the timing of its recognition.**
- EBIT has exceeded Q2 of last year by HUF 370 Million:
  - The real estate investment segment has increased its EBIT contribution by HUF 336 million, driven by the handover of 22% of Reviczky Liget`s units – in total, 92% of the units have been sold by June 30, 2018. The segment`s profitability has been further improved by appreciation of investment properties by HUF 91 million and the realized profit of HUF 52 million on the sale of the project in Zsinor Street.
  - Revenues of the complementary services segment increased by HUF 45 million (+64% YoY), while its EBIT contribution tripled by increasing with HUF 30 million. Growth was driven by the increase in the managed real estate portfolio, improved evaluation services, and the profitable fund management activities.
  - Financial intermediary services segment decreased its contribution to EBIT by HUF 16 million in total (-10%), compared to Q2 2017. While intermediated loan volumes increased by 44% and home savings decreased by 19%, gross profit margin declined from 38% to 33% due to longer sales bonus periods and one-off positive items booked in Q2 2017.

EXECUTIVE SUMMARY 2018. SECOND QUARTER

(continued)

   - The franchise segment’s revenue has grown by 17%, its gross profit by 18% compared to Q2 2017, its EBIT contribution increased by HUF 26 million.
   - The EBIT contribution of own offices decreased by HUF 7 million as the level of operational expenses increased by 10 million from Q1 2018.

- On the date of present quarterly report, the 1-year net return of Duna House Hungarian Residential Real Estate Fund (Duna House Fund) was 10.0% and its net asset value reached HUF 2.9 billion. The Group has expanded the distribution of the Duna House Fund, MKB Bank Zrt. joined sales with nationwide network from January, 2018.

Consolidated financial statements

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet data in thHUF	2018. June 30. (not audited)	2017. December 31. (audited)	Variance	
			thHUF	%
Other intangible assets	76 835	82 656	-5 821	-7%
Goodwill	1 050 061	1 048 936	1 125	0%
Investment property	1 109 800	1 061 613	48 187	5%
Property, plant	524 912	538 484	-13 572	-3%
Equipment	129 555	108 082	21 473	20%
Investment in a joint venture	195 110	206 009	-10 899	-5%
Deferred tax assets	162 122	160 322	1 800	1%
Other financial assets	75 478	69 609	5 869	8%
Non-current assets	**3 323 874**	**3 275 712**	**48 162**	**1%**
Inventories	3 512 479	3 399 013	113 466	3%
Trade receivables	588 122	482 247	105 875	22%
Receivables from affiliates	146 140	146 098	41	0%
Other receivables	173 128	176 766	-3 638	-2%
Current tax asset	32 685	35 405	-2 720	-8%
Other assets	401 374	316 446	84 928	27%
Cash and cash equivalents	1 548 921	1 428 343	120 577	8%
Assets held for sale	0	196 300	-196 300	-100%
Current assets	**6 402 848**	**6 180 618**	**222 230**	**4%**
Total assets	**9 726 722**	**9 456 330**	**270 392**	**3%**

Consolidated balance sheet data in thHUF	2018. June 30. (not audited)	2017. December 31. (audited)	Variance	
			thHUF	%
Share capital	170 429	171 989	-1 560	-1%
Share premium	1 375 096	1 490 536	-115 440	-8%
Other reserves	19 352	27 518	-8 166	-30%
Retained earnings	3 406 592	2 889 056	517 536	18%
Equity attributable to the owners of the Company	**4 971 469**	**4 579 100**	**392 370**	**9%**
Non-controlling interests	-51 682	-48 581	-3 101	6%
Total equity	**4 919 788**	**4 530 519**	**389 269**	**9%**
Borrowings	2 319 825	1 271 662	1 048 163	82%
Deferred tax liabilities	157 265	144 087	13 178	9%
Non-current liabilities	**2 477 090**	**1 415 749**	**1 061 341**	**75%**
Borrowings	170 481	996 748	-826 267	-83%
Trade payables	537 776	388 240	149 537	39%
Payables to affiliates	133 161	581 775	-448 614	-77%
Other liabilities	938 955	1 140 882	-201 927	-18%
Current tax liabilities	121 971	8 799	113 172	1286%
Accrued expenses	427 499	388 136	39 363	10%
Liabilities held for sale	0	5 481	-5 481	-100%
Current liabilities	**2 329 844**	**3 510 062**	**-1 180 218**	**-34%**
Total equity and liabilites	**9 726 722**	**9 456 330**	**270 392**	**3%**

Comments

- The book value of investment purpose property increased to HUF 1.1 billion due to portfolio value appreciation of HUF 91 million and the sale of one flat held for investment.
- The Group reports its ongoing IT developments under Equipment asset line, the amount of which totaled HUF 92 million on June 30, 2018.
- The value of inventories increased by HUF 113 million in Q2 2018, as the capitalized construction costs of ongoing developments exceeded the decrease related to Reviczky`s sold units.
- 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 82 million financing to the construction company.
- Cash and cash equivalents of the Group amounted HUF 1,549 million, out of which HUF 686 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 4.9 billion as the result of quarterly profits and paid dividends.
- Loans increased to HUF 2.5 billion, out of which HUF 2.0 billion related to development projects.
- Trade payables increased by HUF 150 million predominantly related to third-party construction costs of project Forest Hill.
- Other liabilities consist mainly of prepayments and advance payments related to development projects, totaling HUF 559 as of June 30, 2018.
- Accrued expenses increased mainly due to accrued construction costs related to Reviczky Liget Project.

CONSOLIDATED INCOME STATEMENT

Consolidated income statement (data in thHUF, except earnings per share)	4-6. 2018. (not audited)	4-6. 2017. (not audited)	Variance		1-6. 2018. (not audited)	1-6. 2017. (audited)	Variance	
			thHUF	%			thHUF	%
Net sales revenue	1 926 660	1 230 789	695 871	57%	4 502 670	2 282 831	2 219 839	97%
Other operating income	91 449	36 955	54 494	147%	133 423	65 508	67 915	104%
Disposal Group held for sale income	51 946	0	51 946		51 946	0	51 946	
Change in stocks of finished products and work in progress	-169 057	-301 760	132 703	0%	-236 176	-301 760	65 585	0%
Consumables used	14 954	14 844	111	1%	32 645	29 988	2 656	9%
Cost of goods and services sold	385 944	226 195	159 749	71%	732 440	423 748	308 692	73%
Services purchased	996 064	890 220	105 844	12%	2 317 553	1 387 660	929 893	67%
Personnel expenses	157 334	129 005	28 329	22%	327 571	281 601	45 970	16%
Depreciation and amortization	23 274	30 911	-7 638	-25%	44 745	52 915	-8 170	-15%
Other operating expenses	38 324	25 331	12 993	51%	77 398	55 051	22 347	41%
Operating income (EBIT)	**623 217**	**252 997**	**370 220**	**146%**	**1 391 863**	**419 136**	**972 727**	**232%**
Finance income	20 890	19 255	1 635	8%	27 635	169 933	-142 298	-84%
Finance costs	14 936	17 407	-2 471	-14%	39 112	24 405	14 707	60%
Share of the losses of a joint venture	-7 445	108 150	-115 595	-107%	-10 899	87 619	-98 518	-112%
Profit before tax	**621 727**	**362 995**	**258 731**	**71%**	**1 369 487**	**652 283**	**717 204**	**110%**
Income tax expense	89 108	74 928	14 180	19%	199 845	98 242	101 603	103%
Profit after tax	**532 618**	**288 067**	**244 551**	**85%**	**1 169 642**	**554 041**	**615 601**	**111%**
Currency translation difference	-8 204	-25 088	16 884	-67%	14 126	-14 085	28 211	-200%
Other comprehensive income	**-8 204**	**-25 088**	**16 884**	**-67%**	**14 126**	**-14 085**	**28 211**	**-200%**
Total comprehensive income	**524 414**	**262 979**	**261 435**	**99%**	**1 183 767**	**539 956**	**643 811**	**119%**
attributable to								
Shareholders of the Company	**526 676**	**266 165**	**260 511**	**98%**	**1 189 905**	**545 278**	**644 627**	**118%**
Non-controlling interest	**2 964**	**-3 187**	**6 151**	**-193%**	**-912**	**-5 323**	**4 411**	**-83%**
Earnings per share (basic and diluted)	**148**	**81**	**67**	**83%**	**323**	**162**	**161**	**99%**

Comments

- The increase of the quarterly net sales revenue of the Group, besides the growing volumes on the residential real estate and loan markets and the sale of an investment property, was dominated by the partial handover of the units of Reviczky Liget project. The revenues and profits generated by the development projects will cause significant volatility in the consolidated quarterly revenues and profits of the Group in the coming quarters.
- The Group achieved significant other operating incomes of HUF 91 million due to the appreciation of investment purpose properties.
- The Group has sold its smallest development project in Zsinor Street and closed the transaction in the current period. The transaction resulted in income of HUF 52 million and was recognized on Disposal group held for sale income.
- 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.
- The increase in cost of goods and services sold is related to the sale of Reviczky`s units. Development plots and capitalized construction costs are classified as inventory and booked as cost proportionally at the handover of the units.
- The significant increase in services purchased in Q2 2018 is attributable to the construction costs of MyCity developments. Further cost increase was caused by the increased loan volumes and proportional commission costs.
- Other operating expenses increased due to HUF 15 million receivable write-off in Poland.
- Currency translation difference represents the FX gains and losses on assets and liabilities of the foreign subsidiaries.

REVENUE, OPERATING AND AFTER TAX INCOME BY COUNTRY

In thousand HUF	Hungary		Poland		Czech Republic		Duna House Group	
	2018Q2	2017Q2	2018Q2	2017Q2	2018Q2	2017Q2	2018Q2	2017Q2
Net sales revenue	1 474 956	829 265	381 939	306 071	69 765	95 099	1 926 660	1 135 336
Operating income	640 706	240 234	-9 496	21 538	-7 993	-8 744	623 217	252 998
Profit after tax	548 859	275 790	-8 955	21 284	-7 285	-9 077	532 618	288 067

- In Poland, write-offs related to receivables totaling HUF 15 million have lowered the operating income and profit after tax in Q2 2018. The Group suffered losses due to write-offs above normal business levels multiple times in the previous quarters and the management has developed action points to minimize future losses.

MANAGEMENT`S GUIDANCE

in thousand HUF	Duna House Group				
	Duna House Group w/o MyCity*		Reviczky Liget		Forest Hill
	2018Q2	2018H1	2018Q2	2018H1	
Operating income	**424 104**	**609 916**	**202 818**	**797 544**	*Under construction*
Profit after tax	**398 999**	**556 433**	**176 810**	**694 658**	*Under construction*
Management forecast – 2018 FY	**950 000 – 1 150 000**		**680 000**		**1 060 000**

Based on first and second quarter results, the management of the Group maintains the net profit guidance of HUF 950 – 1,150 for the core activities, without MyCity development results. The net profit guidance of HUF 680 million for project Reviczky Liget has already been achieved in Q2 by selling 92% of the flats, therefore management expects overperformance from this project. The Group informs the Investors however, that project Forest Hill might be delayed by approx. three months due to overall scarce construction capacities on the market. Construction works are expected to be completed by the end of the year, while realization of profits might be delayed to the financial year 2019. The Group forecasted net profits of HUF 1,060 million from project Forest Hill in 2018 by selling 78% of total sellable sqm. The delay will not effect the total profitability of the project, only the timing of its recognition.

**=Excluding the real estate development activity of MyCity group, but including the income from the sale of project Zsinor Street. 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	1-6. 2018 (not audited)	1-6. 2017 (not audited)
Data in thHUF		
Cash flows from operating activities		
Profit after tax	1 169 642	554 041
Adjustments:		
Received / paid interests	32 514	0
Depreciation	44 745	52 915
Deferred tax expense	11 378	-19 306
Fair value adjustments of investment properties	-90 900	-22 469
Badwill	0	-139 595
Share of profit of a joint venture	10 899	87 619
Asset held for sale	-53 000	0
Movements of working capital		
Increase in inventories	-82 018	-299 196
Increase in trade- and other receivables	-99 558	150 031
Decrease of other assets	-84 928	29 505
Increase of trade payables	-385 457	-898 503
Increase of other short term liabilities	-88 755	199 996
Increase in accruals	39 363	-14 765
Net cash generated by operating activities	***423 924***	***-319 727***

Consolidated cash flow statement	1-6. 2018 (not audited)	1-6. 2017 (not audited)
Cash flows from investing activities		
Payments for property, plant and equipment	-57 355	-104 257
Proceeds from the sale of properties	51 846	2 459
Net cash inflow on sale of subsidiaries	250 000	-171 668
Net cash used in investing activities	***244 491***	***-273 466***
Cash flows from financing activities		
Proceeds from borrowings	221 896	173 915
Proceeds from shareholders for capital increase	-117000	0
Dividends paid	-620 377	-477 112
Securities sold	0	0
Received / paid interests	-32 514	-7057
Net cash generated from financing activities	***-547 995***	***-310 254***
Net increase in cash and cash equivalents	120 420	-903 448
Cash and cash equivalents at the beginning of the year	1 428 501	1 583 686
Cash and cash equivalents at the end of the year	**1 548 921**	**680 238**

DUNA HOUSE GROUP

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			-8 166	1 170 553	1 162 387	-3 101	1 159 286
Purchase of treasury shares	-1 560	-115 440			-117 000		-117 000
30 June 2018	**170 429**	**1 375 096**	**19 352**	**3 406 592**	**4 971 469**	**-51 682**	**4 919 787**

Franchise segment

DUNA HOUSE HOLDING FRANCHISE BRANDS

DUNA HOUSE

HUNGARY, CZECH REPUBLIC

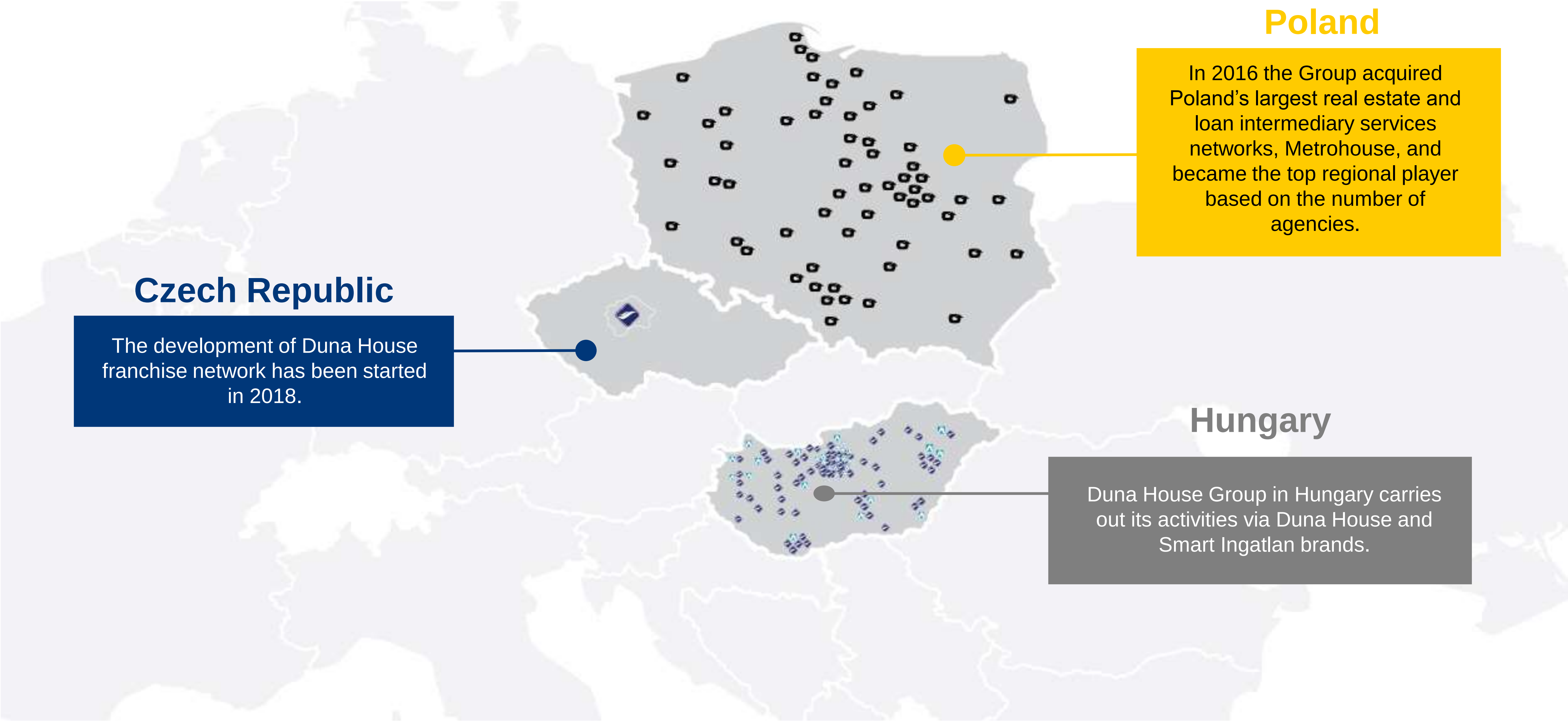
SMART INGATLAN

HUNGARY

metrohouse

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 agencies.

Czech Republic

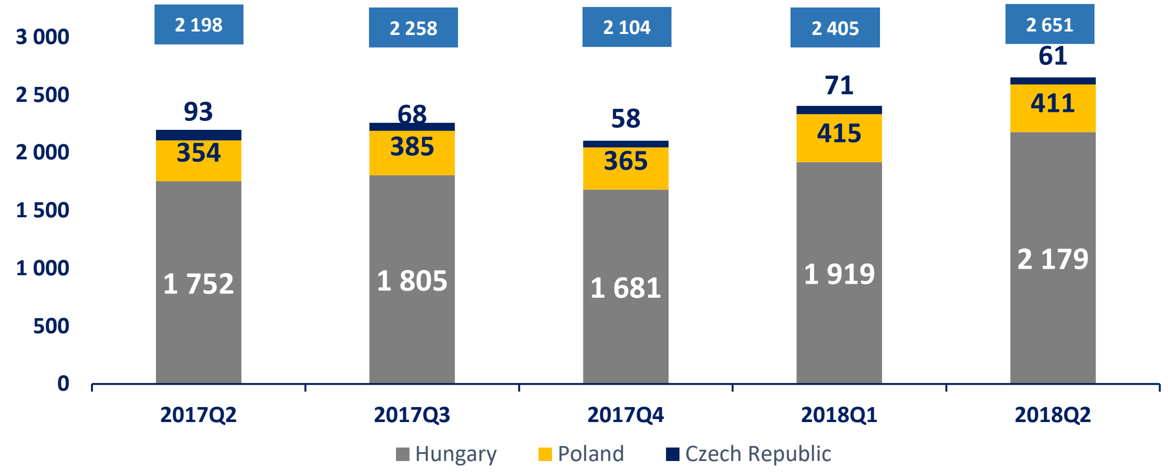
The development of Duna House franchise network has been started in 2018.

Hungary

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

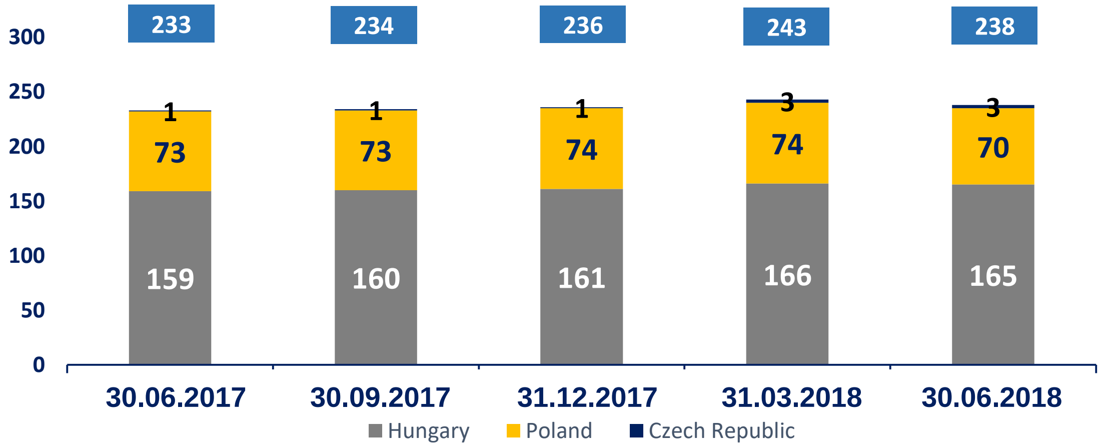
Changes in network commission revenues and office numbers

Commission revenues for the entire network*



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

Development in network office numbers



- Duna House Group maintained its 20% y-o-y growth in real estate commissions, reaching quarterly record of HUF 2.7 billion in Q2 2018.
- Growth was strongest in Hungary, where total commissions reached HUF 2.2 billion (+24.2% y-o-y) and was supported by an estimated market growth of 2.8% in terms of residential real estate transaction volumes, 19.8% increase in average commission per office and 165 offices in Q2 2018 vs. 159 in Q2 2018 (+3.8% y-o-y).
- In Poland, commission revenues were maintained at HUF 0.4 billion (+16.1% y-o-y). The Group has closed 9 underperforming offices and opened 5 new ones in Q2 2018, as a result of which commission per office increased by 21.1% y-o-y.

SEGMENT LEVEL RESULTS

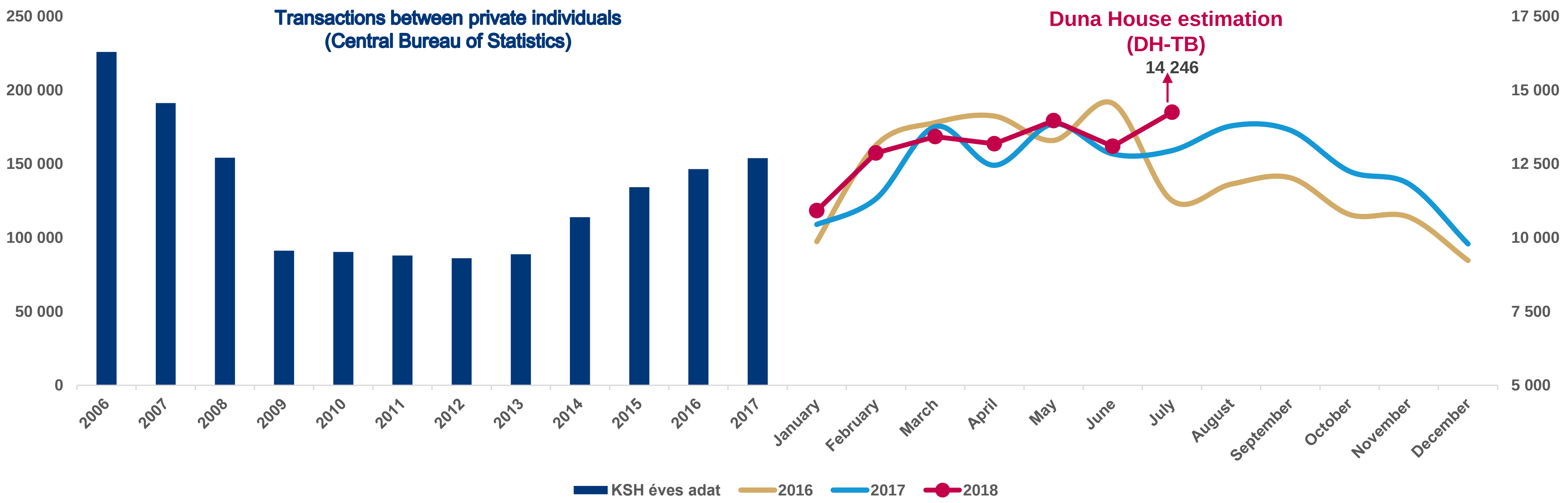
(data in thHUF)	FRANCHISE SEGMENT							
	4-6. 2018	4-6. 2017	Variance (thHUF)	Variance (%)	1-6. 2018	1-6. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	**374 336**	**320 012**	**54 324**	**17%**	**742 261**	**651 437**	**90 824**	**14%**
Direct expenses	38 196	34 116	4 080	12%	84 224	91 823	-7 600	-8%
Gross profit	**336 140**	**285 896**	**50 244**	**18%**	**658 038**	**559 613**	**98 424**	**18%**
Gross profit margin (%)	*90%*	*89%*	*0%p*		*89%*	*86%*	*3%p*	
Depreciation and amortization	11 238	18 344	-7 107	-39%	21 364	27 142	-5 778	-21%
Indirect expenses	255 874	224 377	31 496	14%	526 712	438 432	88 279	20%
Operating income (EBIT)	**69 028**	**43 174**	**25 854**	**60%**	**109 963**	**94 039**	**15 923**	**17%**
EBIT margin (%)	*18%*	*13%*	*5%p*		*15%*	*14%*	*0%p*	

Revenue of the franchise segment grew by 17% compared to Q2 2017. The majority of the more, than HUF 50 million growth came from Hungary, due to continued positive market dynamics and 6 additional offices compared to last year. Furthermore, additional revenues derived from the improved services offered to the network (e.g. training programs). As a result of the Czech expansion that was started at the end of 2017, number of offices increased by 2 in the country – although their impact is marginal still.

The indirect expenses increased to a smaller extent due to management expenses, while to a larger extent due to planned television and radio campaigns, general marketing spending in Hungary and write-offs in Poland totaling HUF 11 million . The costs of improved services (e.g. training programs) are also shown on these cost lines.

Overall, the EBIT increased by HUF 26 million compared to Q2 2017.

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



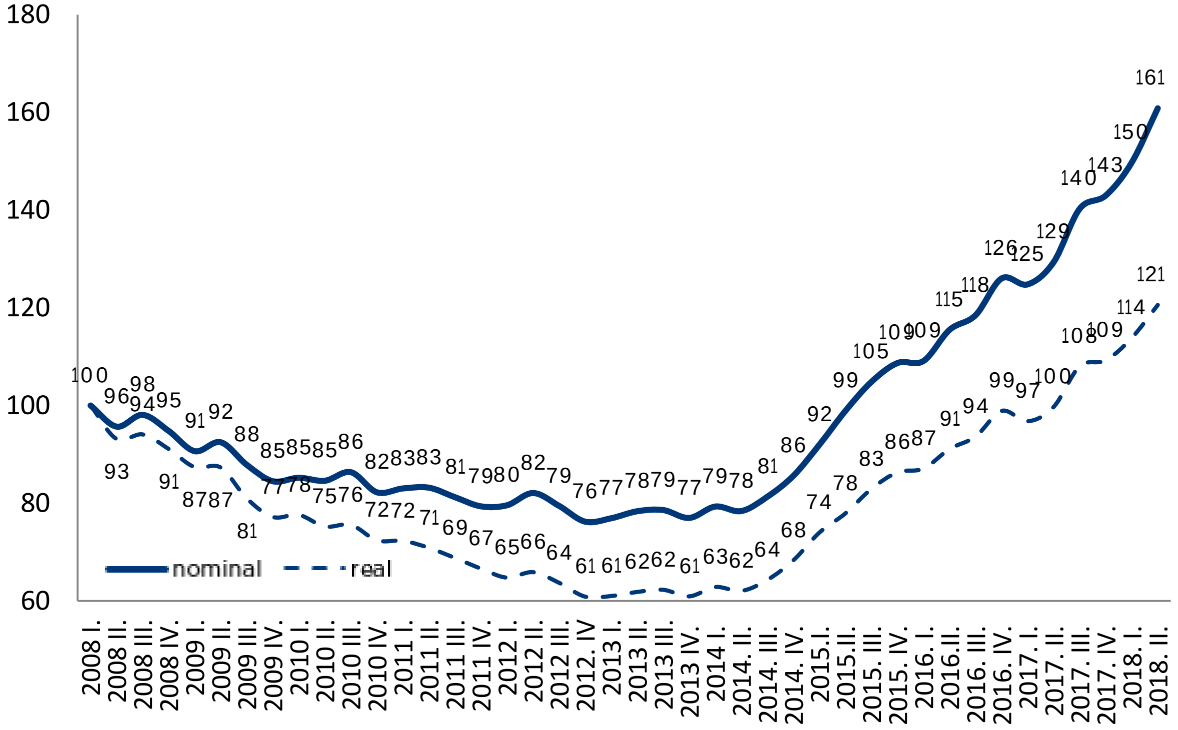
The Hungarian residential real estate market shows continuous growth, the number of sale and purchase transactions exceeded 87 thousand during the first 7 months of the year, approx. 5% increase compared to last year.

* No similar data available in relation of Poland at present

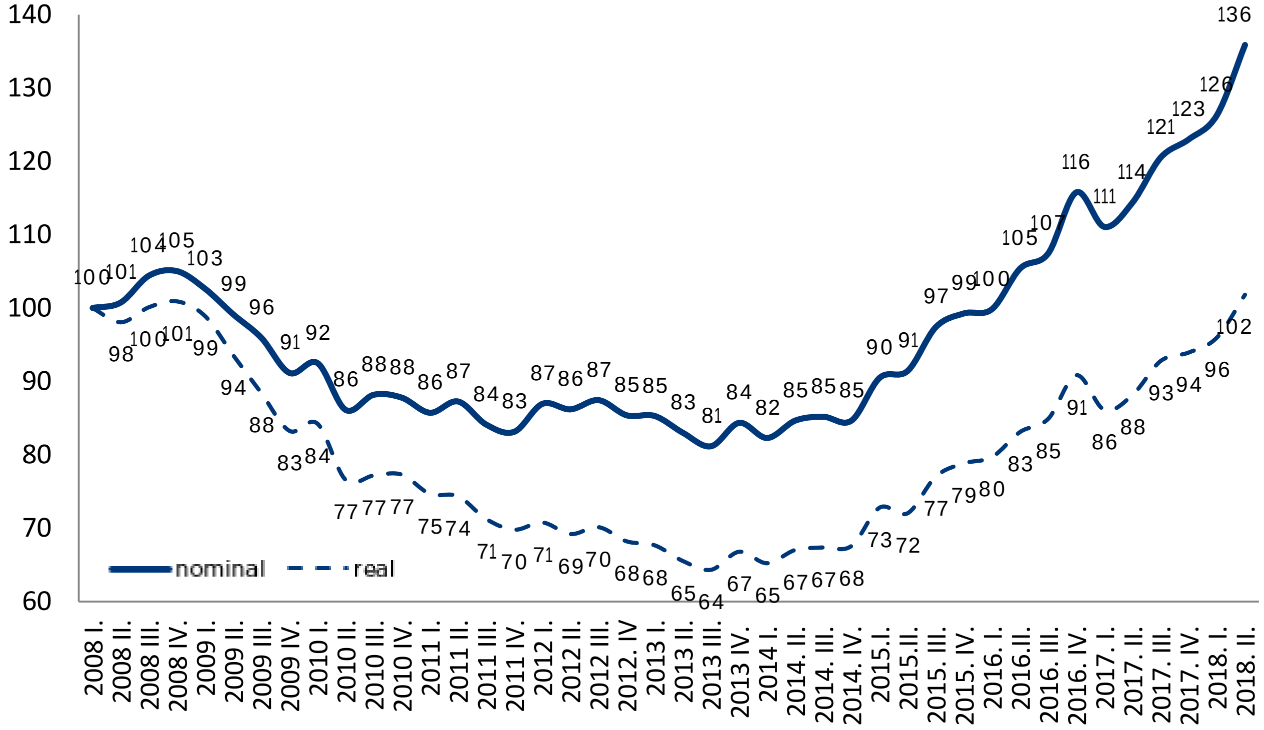
**Due to the lack of up-to-.date official data, the above presented data is based on Duna House own estimates.

HUNGARIAN* PROPERTY MARKET TRENDS BASED ON DH-BAROMETER

DH - COUNTRYWIDE PANEL INDEX



DH - COUNTRYWIDE BRICK INDEX



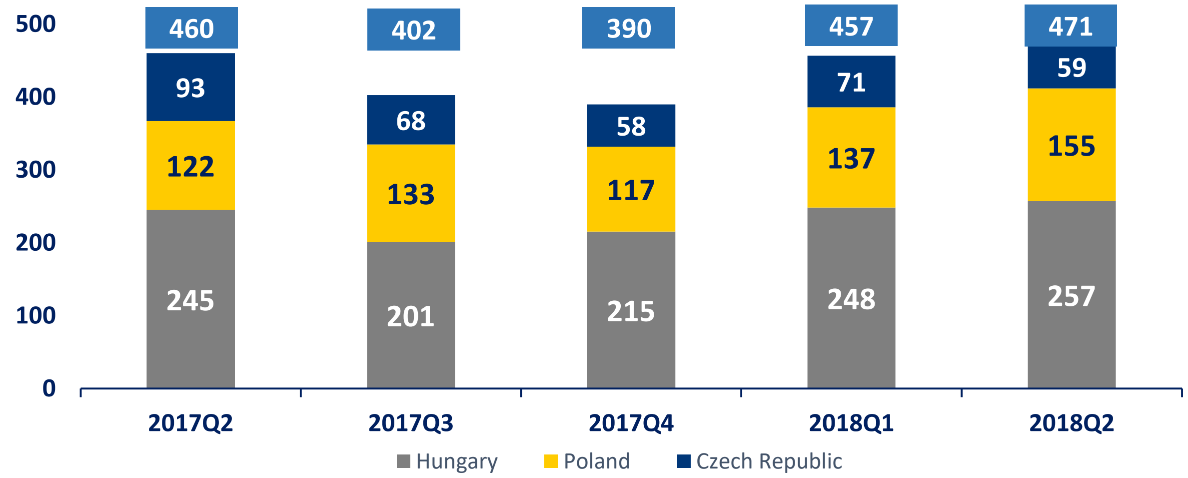
The increase of property prices has continued in Q2 2018, resulting in a 147 point nominal value, and a 14 point higher real value than the base data from 2008.
The nominal value of the Panel price index is 161, while the Brick price index is on 136 points currently – the latter already 2 points ahead the base value on real terms.

* No similar data available in relation of Poland at present

Own office operation segment

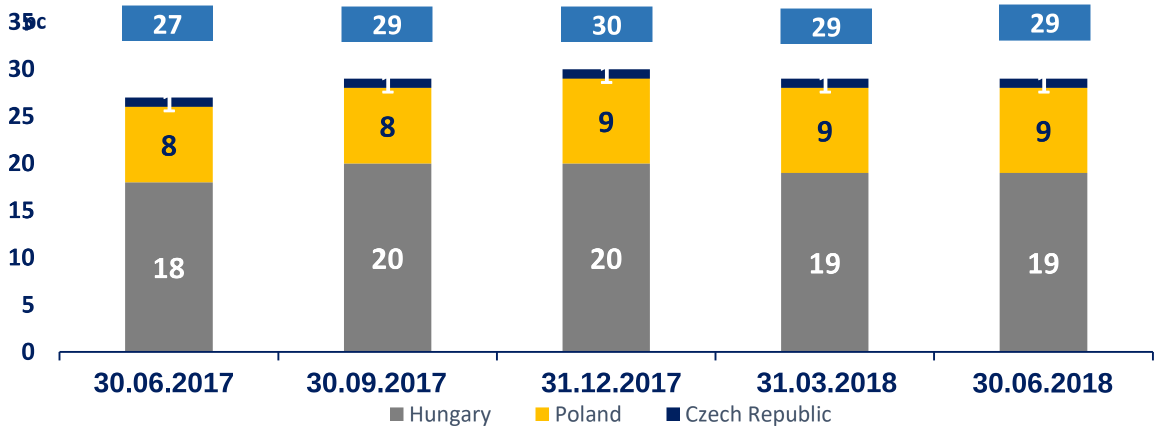
CHANGES IN NETWORK COMMISSION REVENUES AND OFFICE NUMBERS FOR OWN OFFICES

Commission revenues for own offices*



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

Development in own office numbers



- The commission revenues generated by the own office segment increased to record quarterly levels of HUF 471 million in Q2 2018 (+2.4% y-o-y) .
- In Hungary, revenues increased by 4.9% y-o-y.
- The commission revenues of Polish own offices increased by 27.0% y-o-y.
- The Czech own office revenues decreased significantly compared to the record high revenues in Q2 2017, although the performance is not materially below the levels of the past quarters.

SEGMENT LEVEL RESULTS

(data in thHUF)	OWN OFFICE SEGMENT							
	4-6. 2018	4-6. 2017	Variance (thHUF)	Variance (%)	1-6. 2018	1-6. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	**404 162**	**398 009**	**6 153**	**2%**	**783 741**	**739 544**	**44 197**	**6%**
Direct expenses	234 184	229 246	4 938	2%	447 827	418 836	28 991	7%
Gross profit	**169 978**	**168 764**	**1 214**	**1%**	**335 914**	**320 708**	**15 206**	**5%**
Gross profit margin (%)	*42%*	*42%*	*0%p*		*43%*	*43%*	*-1%p*	
Depreciation and amortization	4 270	5 264	-994	-19%	8 117	11 558	-3 442	-30%
Indirect expenses	140 002	130 391	9 610	7%	279 451	259 465	19 986	8%
Operating income (EBIT)	**25 706**	**33 109**	**-7 402**	**-22%**	**48 346**	**49 685**	**-1 338**	**-3%**
EBIT margin (%)	*6%*	*8%*	*-2%p*		*6%*	*7%*	*-1%p*	

The own office segment achieved a 2% revenue growth compared to Q2 2017 with constant gross profit margins.

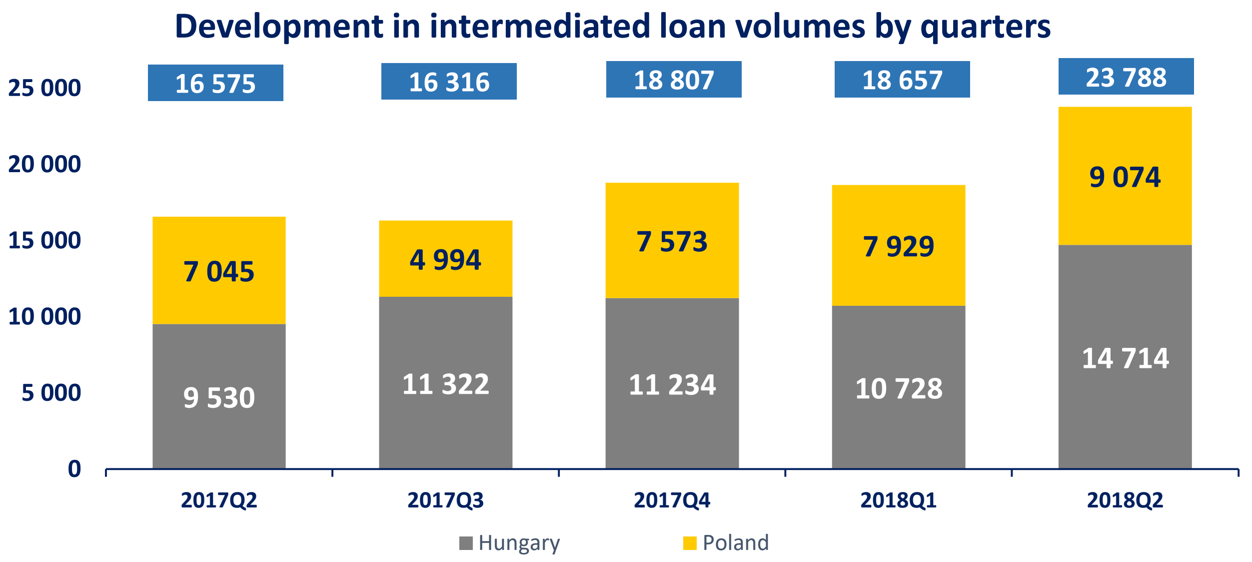
The Hungarian operations managed their third consecutive growth following weak performance in previous quarters.

Indirect costs have increased by HUF 9.6 million, mainly due to the write-off of receivables in Poland. The management regards such level of bad debt provisioning as extraordinary.

DUNA HOUSE®
GROUP

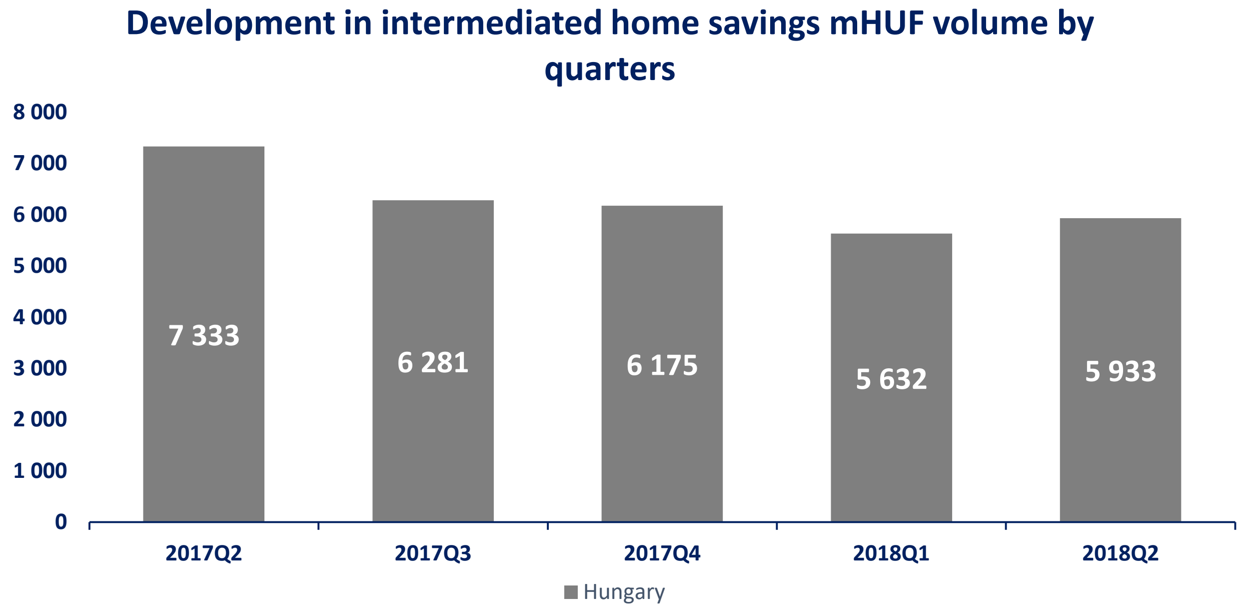
Financial product intermediary services segment

CHANGES IN INTERMEDIATED LOAN VOLUMES



- The outstanding performance of the loan activities of Duna House Group continued in Q2 2018, reaching intermediated loan volumes of HUF 23.8 billion (+43.5% y-o-y). The Group has doubled the intermediated loan volumes since its IPO in Q4 2016.
- Both markets performed strongly and increased by 54.4% in Hungary and 28.8% in Poland from Q2 2017.

CHANGES IN INTERMEDIATED HOME SAVINGS VOLUME



- The home savings volumes stabilized at HUF 5.9 billion this quarter. Volume levels are significantly dependent on sales promotions provided by the financial institutions and while they were active in Q2 2017, there were no such incentives this year.

SEGMENT LEVEL RESULTS

(data in thHUF)	FINANCIAL PRODUCT INTERMEDIARY SERVICES SEGMENT							
	4-6. 2018	4-6. 2017	Variance (thHUF)	Variance (%)	1-6. 2018	1-6. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	**586 624**	**499 587**	**87 037**	**17%**	**1 071 750**	**876 040**	**195 710**	**22%**
Direct expenses	391 955	308 145	83 810	27%	720 588	534 250	186 338	35%
Gross profit	**194 669**	**191 442**	**3 226**	**2%**	**351 162**	**341 789**	**9 372**	**3%**
Gross profit margin (%)	*33%*	*38%*	*-5%p*		*33%*	*39%*	*-6%p*	
Depreciation and amortization	198	296	-98	-33%	579	444	135	30%
Indirect expenses	55 109	36 061	19 048	53%	107 787	85 932	21 855	25%
Operating income (EBIT)	**139 362**	**155 085**	**-15 723**	**-10%**	**242 796**	**255 413**	**-12 617**	**-5%**
EBIT margin (%)	*24%*	*31%*	*-7%p*		*23%*	*29%*	*-7%p*	

The revenues of the financial intermediation segment grew by almost 17%, driven by strong volume growth.

Gross profit margin decreased by 5 p.p. due to intra-year impacts. The short term dynamics of the gross profit margin depend on three factors:

i) The periodic review of the trailing commission model, that can shift the quarterly gross profit up or downwards, as well – having had a positive impact in Q2 2017.

ii) The structure of home saving products bonus schemes that can cause significant volatility among quarters even with same volumes – 2018 bonuses are delayed compared to last year.

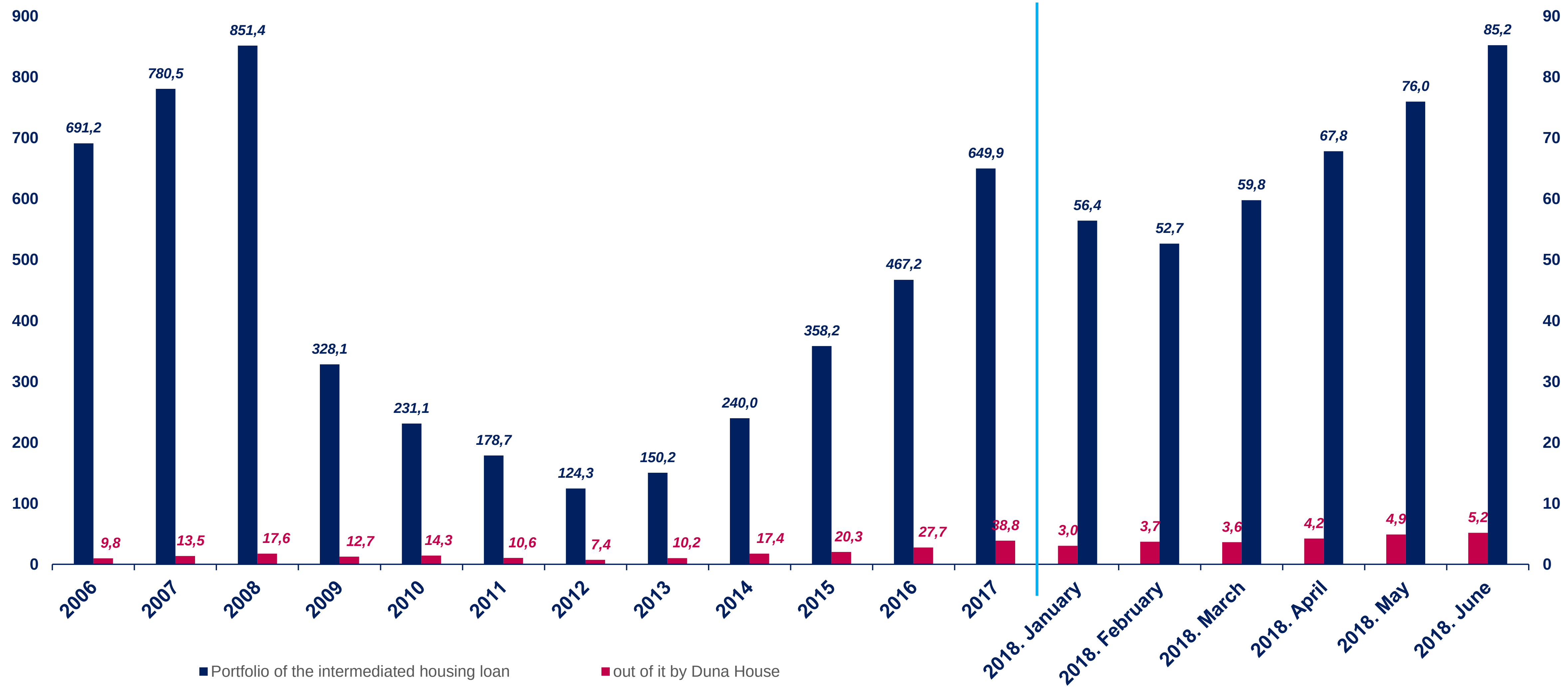
iii) The share of Hungarian/Polish loan volumes, as the Polish operation has narrower gross profit margins, than the Hungarian.

According to the management`s opinion, apart from the above independent factors, the segment maintains solid processes and has a stable gross profit margin on annual level.

The indirect costs increased somewhat due to increase fees from Q3 2017 related to the infrastructure used by the segment.

HUNGARIAN HOUSING LOAN TRENDS

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



DUNA HOUSE® GROUP

Complementary services segment

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

- 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:

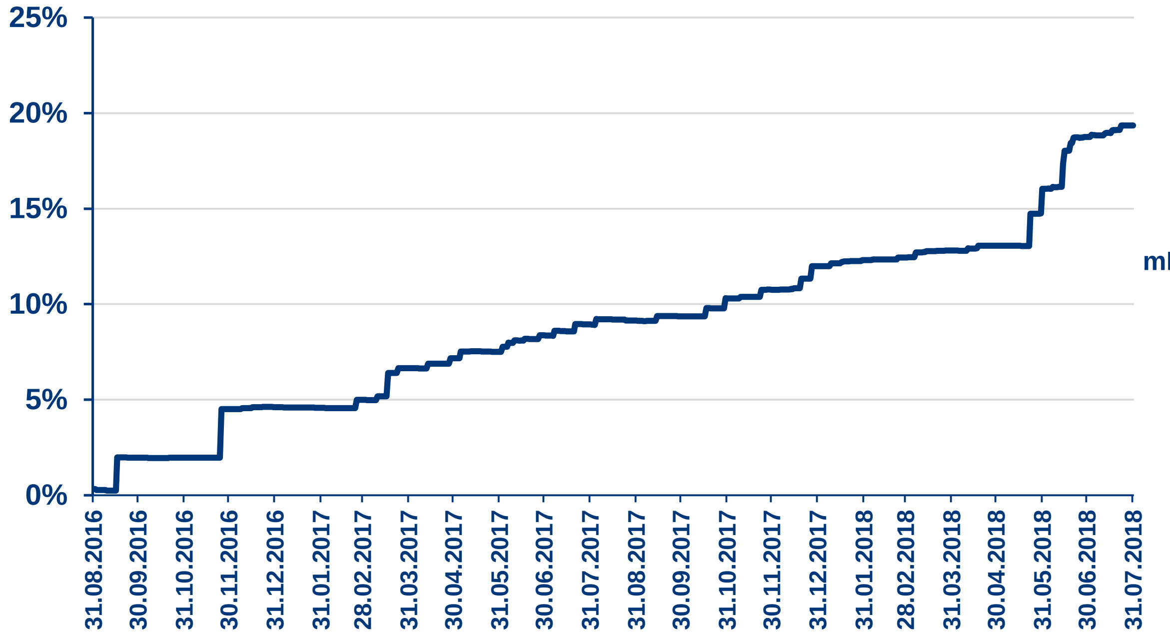
- April 2016.

Currently managed fund:

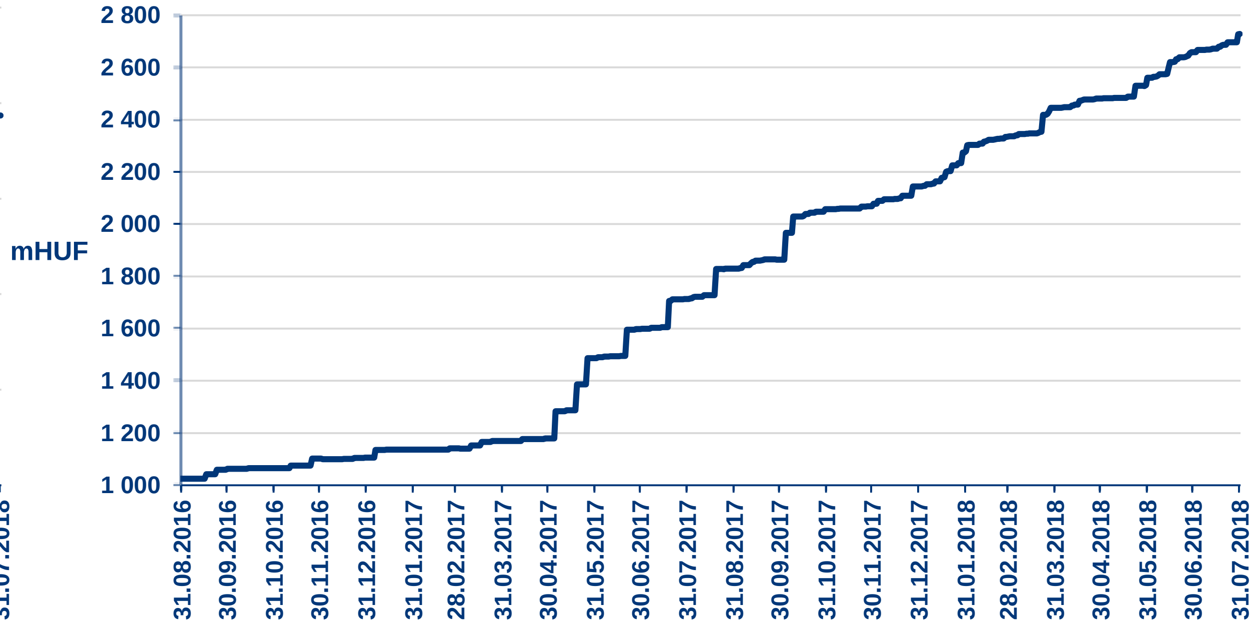
- Duna House Fund, open-end, public

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

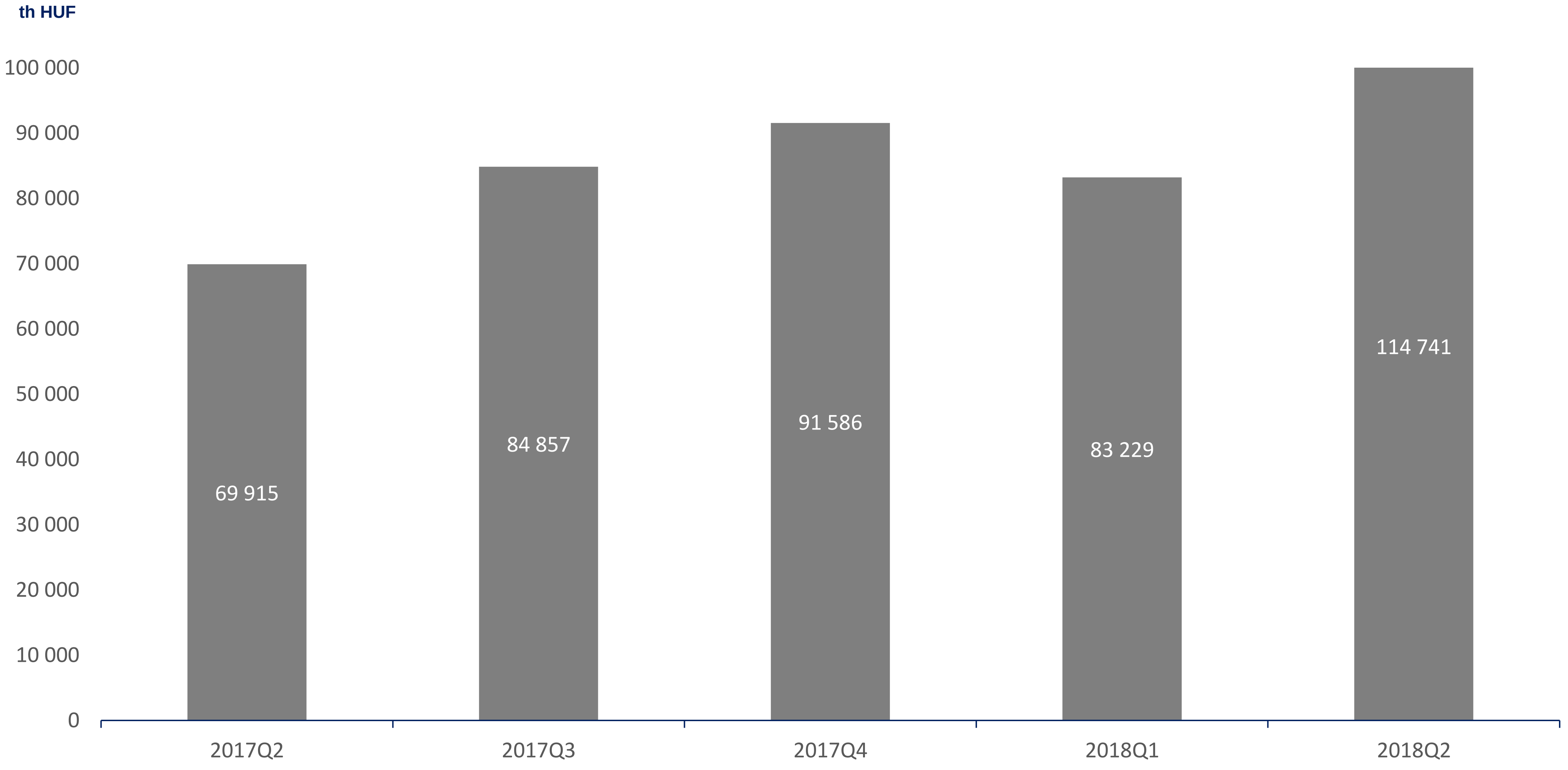


The 1-year net return of Duna House Fund was 10,0% as of August 24, 2018.

The net asset value of the fund averaged HUF 2.5 billion in Q2 2018 and amounted to HUF 2.9 billion as of August 24, 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

(data in thHUF)	COMPLEMENTARY SERVICES SEGMENT							
	4-6. 2018	4-6. 2017	Variance (thHUF)	Variance (%)	1-6. 2018	1-6. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	**114 741**	**69 915**	**44 826**	**64%**	**197 970**	**132 839**	**65 131**	**49%**
Direct expenses	35 203	22 845	12 358	54%	61 718	46 850	14 868	32%
Gross profit	**79 538**	**47 070**	**32 468**	**69%**	**136 251**	**85 989**	**50 262**	**58%**
Gross profit margin (%)	*69%*	*67%*	*2%p*		*69%*	*65%*	*4%p*	
Depreciation and amortization	192	519	-327	-63%	378	957	-579	-61%
Indirect expenses	39 080	36 584	2 495	7%	86 847	79 204	7 643	10%
Operating income (EBIT)	**40 266**	**9 967**	**30 300**	**304%**	**49 027**	**5 828**	**43 199**	**741%**
EBIT margin (%)	*35%*	*14%*	*21%p*		*25%*	*4%*	*20%p*	

The complementary services segment has increased its revenues by HUF 44.8 million (+64% y-o-y). All the activities expanded their operations, while new services (advertisements, data services, private webportal) contributed by an additional HUF 7 million to revenues.

Gross profit was also improved by all activities, the new services adding their extra share.

Overall, the segment increase EBIT-level profitability significantly, making EBIT of HUF 41 million at 35% margin.

DUNA HOUSE® GROUP

Property investments segment

SEGMENT LEVEL RESULTS

(data in thHUF)	PROPERTY INVESTMENT SEGMENT							
	4-6. 2018	4-6. 2017	Variance (thHUF)	Variance (%)	1-6. 2018	1-6. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	**530 653**	**25 739**	**504 914**	**1962%**	**1 880 549**	**52 310**	**1 828 238**	**3495%**
Direct expenses	285 002	1 288	283 714	22033%	1 039 935	4 735	1 035 200	21862%
Gross profit	**245 652**	**24 452**	**221 200**	**905%**	**840 614**	**47 575**	**793 039**	**1667%**
Gross profit margin (%)	*46%*	*95%*	*-49%p*		*45%*	*91%*	*-46%p*	
Depreciation and amortization	5 836	5 506	330	6%	11 556	10 795	761	7%
Indirect expenses	-117 046	-1 866	-115 179	6171%	-127 772	3 724	-131 496	-3531%
Operating income (EBIT)	**356 861**	**20 812**	**336 049**	**1615%**	**956 830**	**33 056**	**923 774**	**2795%**
EBIT margin (%)	*67%*	*81%*	*-14%p*		*51%*	*63%*	*-12%p*	

*Profit/loss difference related to revaluation of investment purpose properties and the income from the sale of project Zsinor are 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.

The most significant change in the segments financials was caused by the completion of Reviczky Liget development (running under MyCity** brand) and the handover and invoicing of 92% of its residential units. The significant jump both in revenues, gross profit and EBIT are related to this development. The sale of approx. 8% of Reviczky`s flats will be booked in the following quarters.

One of our investment purpose properties has been sold. The share of rented properties has increased compared to Q2 2017. The portfolio is appraised every 6 months, appreciation of HUF 91 million was booked this quarter.

The sale of assets and liabilities related to the project in Zsinor Street generated EBIT of HUF 51.9 million in Q2 2018.

VOLUME* AND VALUE OF INVESTMENT AND OPERATIVE PROPERTIES

(data in thHUF)	31 December 2017		30 June 2018	
	Number (pcs)**	Carrying amount	Number (pcs)**	Carrying amount
Investment purpose property	13	1 061 613	12	1 109 800
Operational property	5	396 165	5	388 107
Total	**18**	**1 457 779**	**17**	**1 498 507**

* ˙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 December 31, 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	**100%**	**100%**	**50%**	
Landsize (m2)	29 314	5 625	3 345	**38 284**
Sellable area (m2)	16 085	4 672	6 882	**27 639**
Number of Apartements (pcs.)	196*	86	103	**385**
Average Apartements size (m2)	80	54,3	68,8	**71,3**
Actual status of Projects				
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. By June 30, 2018, 92% of the units were sold, the sale of the remaining units is in progress.
- District 3. Forest Hill: The sale of the 148-unit project are proceeding according to plans. 59% of the units are sold. The construction is delayed by three months due to general scarce capacities in the construction sector, the updated construction deadline is December 31, 2018.
- District 3. MyCity Residence: Construction started end of January, 2018. 40% of the units are sold. Construction deadline is October 30, 2019.

ONGOING PROJECTS

Forest Hill

Reviczky Liget

MyCity Residence

Other- and consolidation segment

SEGMENT LEVEL RESULTS

(data in thHUF)	OTHERS- AND CONSOLIDATION SEGMENT							
	4-6. 2018	4-6. 2017	Variance (thHUF)	Variance (%)	1-6. 2018	1-6. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	**-83 857**	**-82 475**	**-1 382**	**2%**	**-173 601**	**-169 340**	**-4 261**	**3%**
Direct expenses	-6 313	-52 477	46 164	-88%	-16 801	-85 485	68 685	-80%
Gross profit	**-77 544**	**-29 998**	**-47 546**	**159%**	**-156 800**	**-83 855**	**-72 945**	**87%**
Gross profit margin (%)	*92%*	*36%*	*56%p*		*90%*	*50%*	*41%p*	
Depreciation and amortization	1 540	983	557	57%	2 753	2 019	734	36%
Indirect expenses	-71 077	-21 830	-49 247	226%	-144 454	-66 987	-77 467	116%
Operating income (EBIT)	**-8 007**	**-9 150**	**1 143**	**-12%**	**-15 099**	**-18 887**	**3 788**	**-20%**
EBIT margin (%)	*10%*	*11%*	*-2%p*		*9%*	*11%*	*-2%p*	

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 Q2 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.

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 2018Q2 negyedeves 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 2019.

Budapest, 27 August, 2018.

Duna House Holding Plc. Board of Directors

Represented by: Doron Dymschiz, Board of Directors, President

DUNA HOUSE®
GROUP

dunahouse.com