



DUNA HOUSE[®]
GROUP

2019. Q1 **Quarterly report**

May 28, 2019



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EXECUTIVE SUMMARY 2019. FIRST QUARTER

Quarterly results

- In spite of legislation changes and the loss of income from brokering of home saving product, Duna House Group (the "Group") was able to increase its **EBIT from core activity to HUF 220 million (+18% YoY), while core profit after tax closed at HUF 174 million (+11% YoY)**. Consolidated EBIT was HUF 243 million, PAT HUF 166 million
- Total EBIT for quarter dropped from HUF 767 million to HUF 243 million (-68% YoY) only due to the fact that majority of profits from the Reviczky residential project were booked in Q1 2018 (HUF 595 million), while in Q1 2019 the contribution of the Group's real estate development activity was marginal as no major project has been handed over this quarter.
- The acquisition of Gold Finance in Poland showed its full-quarter volume potential, but as forecasted, synergies are expected from Q2 onwards.
- The management is optimistic about 2019 results and reinforces its guidance for this year, including the Polish activity and the real estate developments.

EXECUTIVE SUMMARY 2019. FIRST QUARTER

Quarterly segment results

- EBIT of Q1 2019 decreased by HUF 526 million compared to Q1 2018:
 - Reviczky project started to handover apartments beginning of 2018, MyCity projects generated altogether EBIT of HUF 583 million in Q1 2018 vs merely HUF 23 million in Q1 2019.
 - Revenues of the complementary services segment increased by HUF 56 million (+67% YoY), which directly converted into EBIT contribution improvement by HUF 56 million (+635% YoY). Growth was driven by the profitable operation of the fund management activities plus expanding managed property portfolio both in Hungary and Poland.
 - The property investment portfolio of the Group generated EBIT of HUF 33 million (+78% YoY), out of which HUF 7 million one-time revenue.
 - Own offices decreased EBIT contribution by HUF 4 million (-19% YoY). Hungarian offices maintained strong performance, while Polish and Czech offices are still in the red, although showing improvement after weak Q4 2018.
 - The franchise segment's revenue and gross profit has grown by 15% and 20% respectively compared to Q1 2018, its EBIT contribution increased by HUF 22 million (+53% YoY).
 - Financial intermediary services segment increased revenues by 83% YoY. Contribution to EBIT decreased by HUF 33 million (-32% YoY). The segment's profitability has been hit by losing the home saving products from its portfolio in Hungary, but increase of Hungarian loan volumes and increase in brokering of other financial products already made up for part of the losses in this quarter. Management is optimistic in this regard and aims to narrow the gap through these two factors in following quarters. The positive synergy effects of Gold Finance acquisition are expected gradually from Q2 2019.



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Consolidated financial statements



CONSOLIDATED INCOME STATEMENT

Consolidated income statement (data in thHUF, except earnings per share)	01-03. 2019. (not audited)	01-03. 2018. (not audited)	Variance		01-03. 2019. (not audited)	01-03. 2018. (not audited)	Variance	
			thHUF	%			thHUF	%
Net sales revenue	1.831.602	2.576.010	-744.408	-29%	1.831.602	2.576.010	-744.408	-29%
Other operating income	26.390	41.974	-15.585	-37%	26.390	41.974	-15.585	-37%
Disposal Group held for sale income	0	0	0	0%	0	0	0	0%
Change in stocks of finished products and work in progress	-158.695	-67.118	-91.576	136%	-158.695	-67.118	-91.576	136%
Consumables used	16.429	17.690	-1.261	-7%	16.429	17.690	-1.261	-7%
Cost of goods and services sold	236.325	346.496	-110.171	-32%	236.325	346.496	-110.171	-32%
Services purchased	1.218.324	1.321.489	-103.165	-8%	1.218.324	1.321.489	-103.165	-8%
Personnel expenses	218.402	170.237	48.165	28%	218.402	170.237	48.165	28%
Depreciation and amortization	22.817	21.472	1.345	6%	22.817	21.472	1.345	6%
Depreciation of right-of-use assets	30.818	0	30.818	0%	30.818	0	30.818	0%
Other operating expenses	30.437	39.073	-8.636	-22%	30.437	39.073	-8.636	-22%
Operating income (EBIT)	243.134	768.645	-525.511	-68%	243.134	768.645	-525.511	-68%
Finance income	-2.087	6.745	-8.831	-131%	-2.087	6.745	-8.831	-131%
Finance costs	31.928	24.176	7.752	32%	31.928	24.176	7.752	32%
Share of the losses of a joint venture	-8.887	-3.454	-5.433	157%	-8.887	-3.454	-5.433	157%
Profit before tax	200.233	747.760	-547.527	-73%	200.233	747.760	-547.527	-73%
Income tax expense	34.151	110.737	-76.585	-69%	34.151	110.737	-76.585	-69%
Profit after tax	166.081	637.023	-470.942	-74%	166.081	637.023	-470.942	-74%
Currency translation difference	27.418	22.330	5.088	23%	27.418	22.330	5.088	23%
Other comprehensive income	27.418	22.330	5.088	23%	27.418	22.330	5.088	23%
Total comprehensive income attributable to	193.499	659.353	-465.854	-71%	193.499	659.353	-465.854	-71%
Shareholders of the Company	197.908	663.229	-465.321	-70%	197.908	663.229	-465.321	-70%
Non-controlling interest	-4.409	-3.876	-533	14%	-4.409	-3.876	-533	14%
Earnings per share (basic and diluted)	48	175	-127	-73%	323	175	148	85%

CONSOLIDATED INCOME STATEMENT

Comments

- The Group`s consolidated revenues exceeded HUF 1.8 billion in Q1 2019. In the first quarter of last year, the handover of most of Reviczky Liget`s apartments generated revenues of HUF 1.3 billion, half of our consolidated revenues. The developments` revenue impact is only HUF 73 million this year, therefore revenues from services increased by HUF 494 million (+39.2% YoY) driven by the financial intermediation activity, the acquisition of Gold Finance.
- 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.
- Services purchased decreased in Q1 2019 due to fewer ongoing developments, but higher financial intermediation activity.
- 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 166 million and core PAT of HUF 174 million in Q1 2019 (+10.9% vs HUF 157 million in Q1 2018).

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet data in thHUF	2019. March 31. (not audited)	2018. December 31. (audited)	Variance		Consolidated balance sheet data in thHUF	2019. March 31. (not audited)	2018. December 31. (audited)	Variance	
			thHUF	%				thHUF	%
Other intangible assets	59.828	66.807	-6.978	-10%	Share capital	171.989	171.989	0	0%
Right-of-use asset	363.052	0	363.052	0%	Own shares repurchased	-154.041	-117.000	-37.041	0%
Goodwill	1.308.032	1.320.667	-12.635	-1%	Share premium	1.506.836	1.493.267	13.569	1%
Investment property	1.471.080	1.443.600	27.480	2%	Other reserves	31.470	35.283	-3.813	-11%
Property, plant	513.179	520.387	-7.209	-1%	Retained earnings	4.083.380	3.917.124	166.256	4%
Equipment	184.503	171.100	13.403	8%	Equity attributable to the owners of the Company	5.639.635	5.500.663	138.971	3%
Investment in a joint venture	159.844	168.731	-8.887	-5%	Non-controlling interests	-56.032	-56.027	-5	0%
Deferred tax assets	222.547	212.418	10.130	5%	Total equity	5.583.603	5.444.637	138.966	3%
Other financial assets	78.881	79.950	-1.069	-1%	Borrowings	193.461	236.082	-42.620	-18%
Non-current assets	4.360.946	3.983.659	377.287	9%	Provisions for expected liabilities	0	8.327	-8.327	0%
Inventories	4.031.246	3.882.715	148.531	4%	Other non-current liabilities	0	0	0	0%
Trade receivables	773.954	710.861	63.093	9%	Deferred tax liabilities	164.269	163.992	277	0%
Receivables from affiliates	144.551	154.622	-10.071	-7%	Leasing liabilities	248.901	0	248.901	0%
Other receivables	492.247	386.607	105.640	27%	Non-current liabilities	606.631	408.401	198.230	49%
Current tax asset	34.640	25.380	9.260	36%	Borrowings	3.347.468	2.746.177	601.290	22%
Other assets	501.835	424.648	77.186	18%	Trade payables	562.919	599.094	-36.175	-6%
Cash and cash equivalents	933.906	752.694	181.212	24%	Payables to affiliates	209.524	292.360	-82.836	-28%
Restricted cash	797.923	756.919	41.004	5%	Other liabilities	1.195.761	995.783	199.978	20%
Current assets	7.710.303	7.094.448	615.855	9%	Current tax liabilities	134.124	128.386	5.738	4%
					Accrued expenses	431.220	463.269	-32.049	-7%
					Current liabilities	5.881.016	5.225.070	655.946	13%
Total assets	12.071.249	11.078.107	993.142	9%	Total equity and liabilities	12.071.249	11.078.107	993.142	9%

CONSOLIDATED BALANCE SHEET

Comments

- The Group reports its ongoing IT developments under Equipment asset line, the amount of which totaled HUF 155 million on March 31, 2019.
- The value of inventories increased by an additional HUF 148,5 million in Q1 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 393,5 million financing to the construction company.
- Cash and cash equivalents of the Group amounted HUF 933,9 million, plus HUF 797,9 million of Restricted cash, guarantees related to project loans of residential developments, Metrohouse acquisition loan, and equity deposits re. fund management activity.
- 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 363.0 million as of 31 March 2019.

CONSOLIDATED BALANCE SHEET

Comments

- The consolidated equity of the Group increased to HUF 5.6 billion as the net result of quarterly profits and own share purchases. At the end of Q1 the Company held 40,630 pieces of own shares for the purpose of employee share program.
- Loans increased to HUF 3.5 billion, out of which HUF 3.2 billion non-recourse loans related to development projects.
- Other liabilities consist mainly of prepayments and advance payments related to development projects, totaling HUF 690 million as of March 31, 2019.
- Long term and short term liabilities related to leased asset under IFRS 16 standard totaled HUF 365.7 million. Long term lease liabilities are presented on a separate account, while short term lease liabilities are included in Other liabilities.

REVENUE, OPERATING AND AFTER TAX INCOME BY COUNTRY

in thousand HUF	Hungary		Poland		Czech Republic		Duna House Group	
	2019Q1	2018Q1	2019Q1	2018Q1	2019Q1	2018Q1	2019Q1	2018Q1
Net sales revenue	980 183	2 161 100	789 037	339 689	62 383	75 221	1 831 602	2 576 010
Operating income	298 499	765 566	-55 783	-1 962	419	5 041	243 134	768 645
Profit after tax	223 978	644 316	-51 939	-3 628	-5 957	-3 665	166 081	637 023

- The Hungarian activities reached profit after tax of HUF 224 million out of which HUF 232 million relate to the core activities. In comparison, Hungarian core PAT was HUF 165 in Q1 2018 (+40.8% growth YoY). Growth in core profits was driven by expanding activity in our complementary services and strong market environment that led to excellent performance in our real estate franchise segment. In financial intermediation the loss of home saving products caused decline in Q1.
- In Poland, revenues soared due to the integration of Gold Finance sp. z. o.o and increased loan intermediation volumes. Operating income decreased due to budgeted marketing campaigns at the beginning of year. Write-offs related to receivables totaled HUF 5 million in Q1 2019, which is considered normal level.
- Polish subsidiaries paid intercompany interest of HUF 4.8 million in Q1 to the Hungarian holding entity and had additional marketing spending of HUF 31.2 million compared to Q1 last year.
- The Czech entities performed as expected following the weak end-of-year market.

MANAGEMENT'S GUIDANCE FOR FISCAL YEAR 2019

in thousand HUF	Duna House Group					
	Duna House Group w/o MyCity*		Revizky Liget		Forest Hill	MyCity Residence
	2019Q1	2018Q1	2019Q1	2018Q1		
Operating income	219 941	185 812	29 832	594 726	<i>Under construction</i>	<i>Under construction</i>
Profit after tax	174 104	157 433	34 343	517 848	<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.

CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement	01-03. 2019 (not audited)	01-03. 2018 (not audited)
Data in thHUF		
Cash flows from operating activities		
Profit after tax	166.081	637.023
Adjustments:		
Received / paid interests	-2.087	20.178
Depreciation	22.817	21.472
Deferred tax expense	-9.853	5.170
Fair value adjustments of investment properties	0	0
Share program	13.569	
Badwill	0	0
Share of profit of a joint venture	8.887	3.454
Asset held for sale	0	0
Movements of working capital		
Increase in inventories	-148.531	-2.630
Increase in trade- and other receivables	-213.151	-28.850
Decrease of other assets	-77.186	-78.551
Increase of trade payables	-272.875	-395.965
Increase of other short term liabilities	205.716	180.146
Increase in accruals	-32.049	125.761
Net cash generated by operating activities	-338.661	487.210

Consolidated cash flow statement	01-03. 2019 (not audited)	01-03. 2018 (not audited)
Cash flows from investing activities		
Payments for property, plant and equipment	3.879	-37.707
	0	5.669
Assets held for sale and directly (...)	0	0
Net cash inflow on sale of subsidiaries	0	0
Net cash used in investing activities	3.879	-32.038
Cash flows from financing activities		
Proceeds from borrowings	558.670	-331.713
Proceeds from shareholders for capital increase	-37040,521	-117.000
Dividends paid	-11.948	-8.054
Securities sold	0	0
Received / paid interests	2.087	-20.178
Net cash generated from financing activities	511.768	-476.946
Net increase in cash and cash equivalents	176.987	-21.774
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	933.906	1.406.727

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	166.256	5.639.635	-56.032	5.583.603



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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

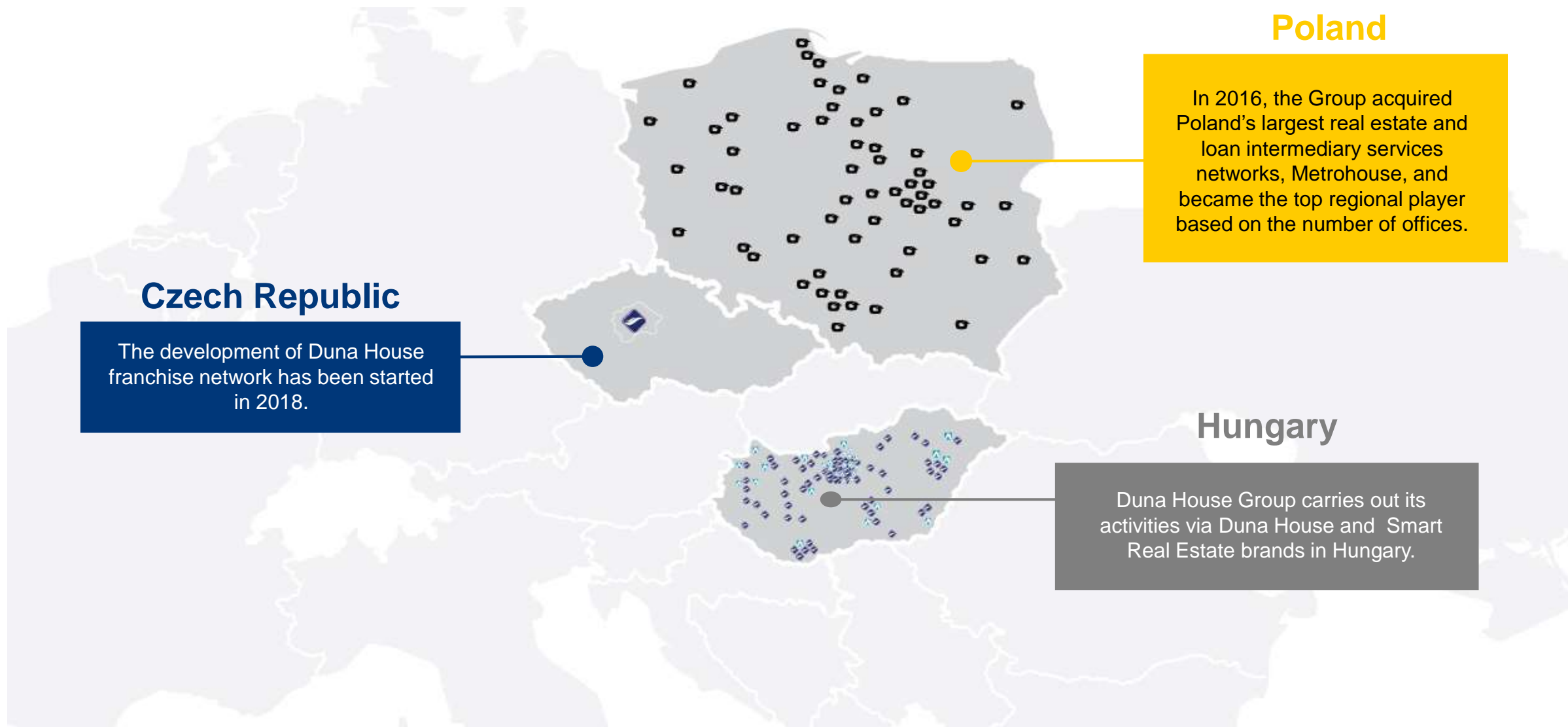


HUNGARY



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.

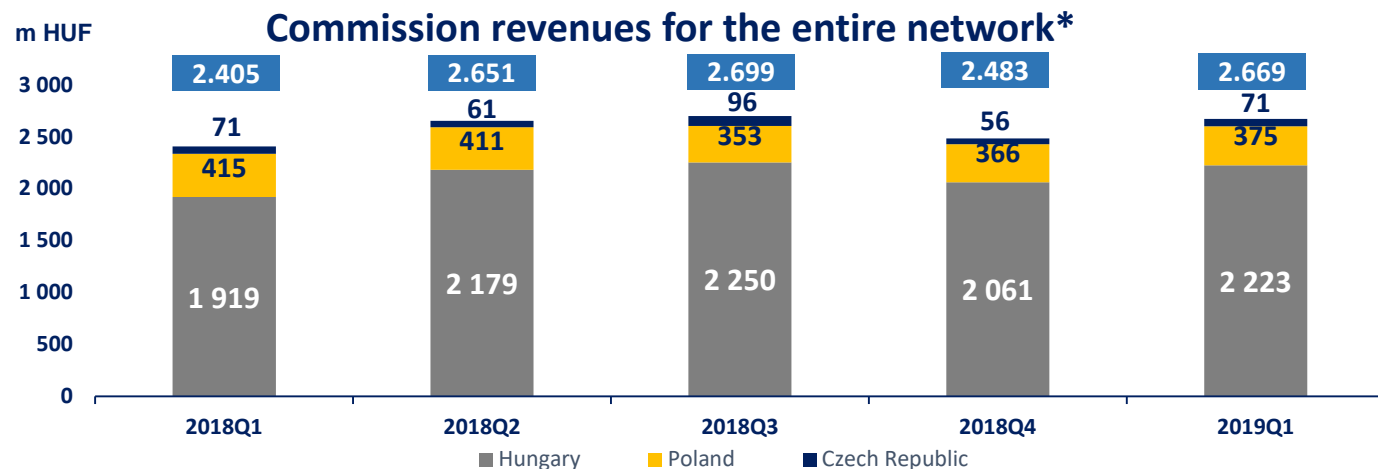
Czech Republic

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

Hungary

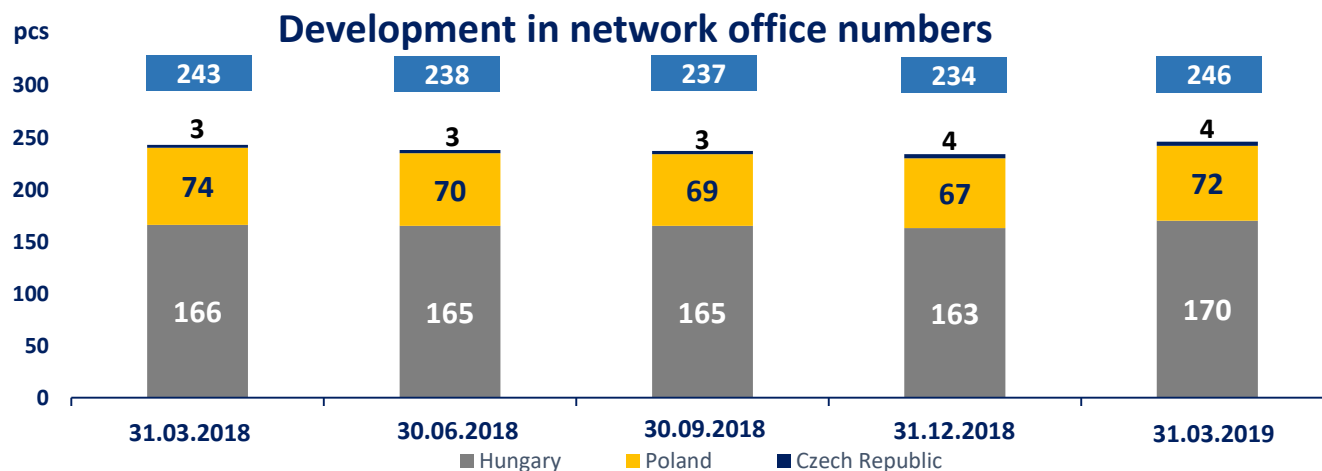
Duna House Group carries out its activities via Duna House and Smart Real Estate brands in Hungary.

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 2.7 billion in Q1 2019.
- The performance was strongest in Hungary, where commissions have reached HUF 2.2 billion (+15.9% YoY). Average commission per office increased by 13.1% YoY. Growth was driven by price increases, we estimated similar transaction numbers than in 2017.
- In the Czech Republic commissions decreased by 1.1% YoY.
- In Poland, commission revenues decreased by 9.6% YoY. The average commission per office decreased by 7.1% YoY.
- Number of offices in Poland has reached its lowest level in Q4 2018 and shows a growth of 5 offices in Q1 2019. According to already signed franchise agreements this number will continue to grow in Q2 2019.



SEGMENT LEVEL RESULTS

<i>(data in thHUF)</i>	FRANCHISE SEGMENT							
	01-03. 2019	01-03. 2018	Variance (thHUF)	Variance (%)	01-03. 2019	01-03. 2018	Variance (thHUF)	Variance (%)
Net sales revenue	417.581	361.574	56.007	15%	417.581	361.574	56.007	15%
Direct expenses	30.469	39.677	-9.208	-23%	30.469	39.677	-9.208	-23%
Gross profit	387.112	321.898	65.215	20%	387.112	321.898	65.215	20%
<i>Gross profit margin (%)</i>	<i>93%</i>	<i>89%</i>	<i>4%p</i>		<i>93%</i>	<i>89%</i>	<i>4%p</i>	
Depreciation and amortization	10.837	10.126	711	7%	10.837	10.126	711	7%
Indirect expenses	313.616	270.838	42.778	16%	313.616	270.838	42.778	16%
Operating income (EBIT)	62.660	40.934	21.726	53%	62.660	40.934	21.726	53%
<i>EBIT margin (%)</i>	<i>15%</i>	<i>11%</i>	<i>4%p</i>		<i>15%</i>	<i>11%</i>	<i>4%p</i>	

Revenue of the franchise segment grew by 15% compared to Q1 2018. Growth was driven by Hungary.

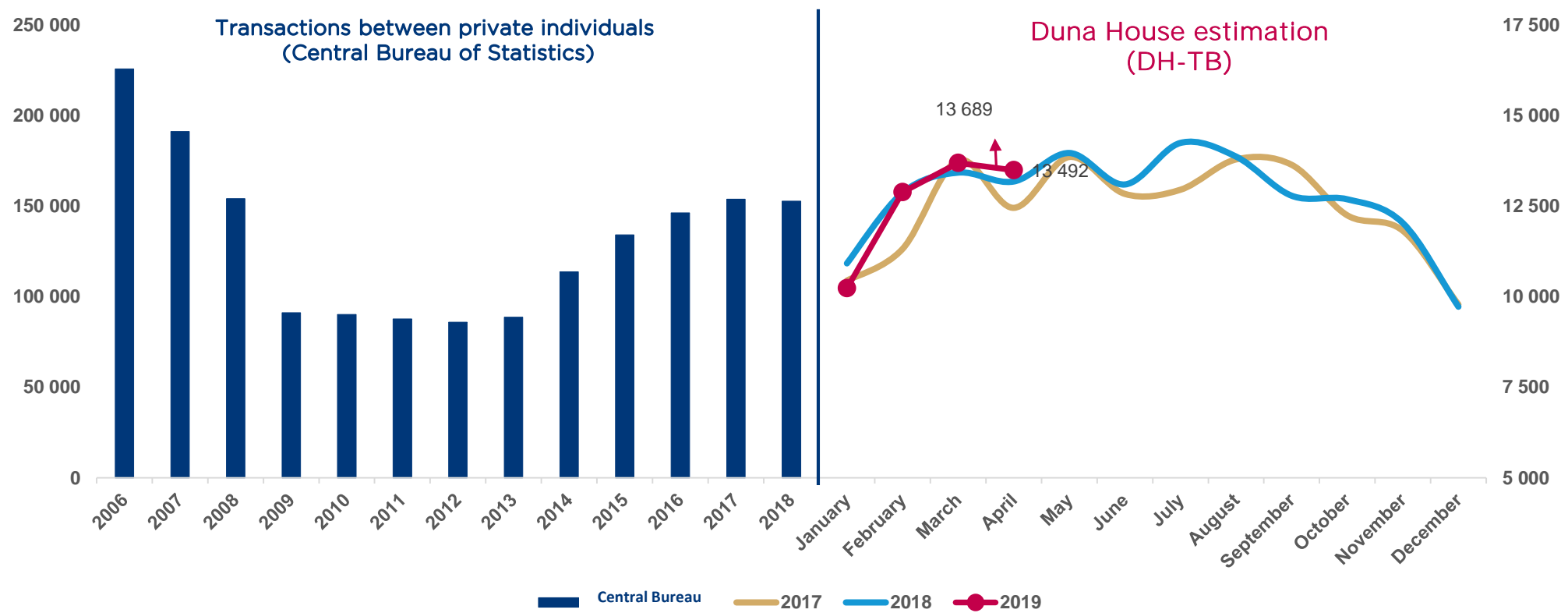
Gross profit margins have increased by 4 pps, all the improvement coming from the Hungarian activities.

The increase of indirect costs is attributable to a planned marketing campaign in Poland in the beginning of the year. HUF 40.5 million was spent in Q1 2019 vs. HUF 9.3 million in Q1 2018.

Although small, the Czech franchise segment had a positive contribution on EBIT level.

Franchise EBIT increased to HUF 62.7 million in Q1 2019 (+53% YoY).

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

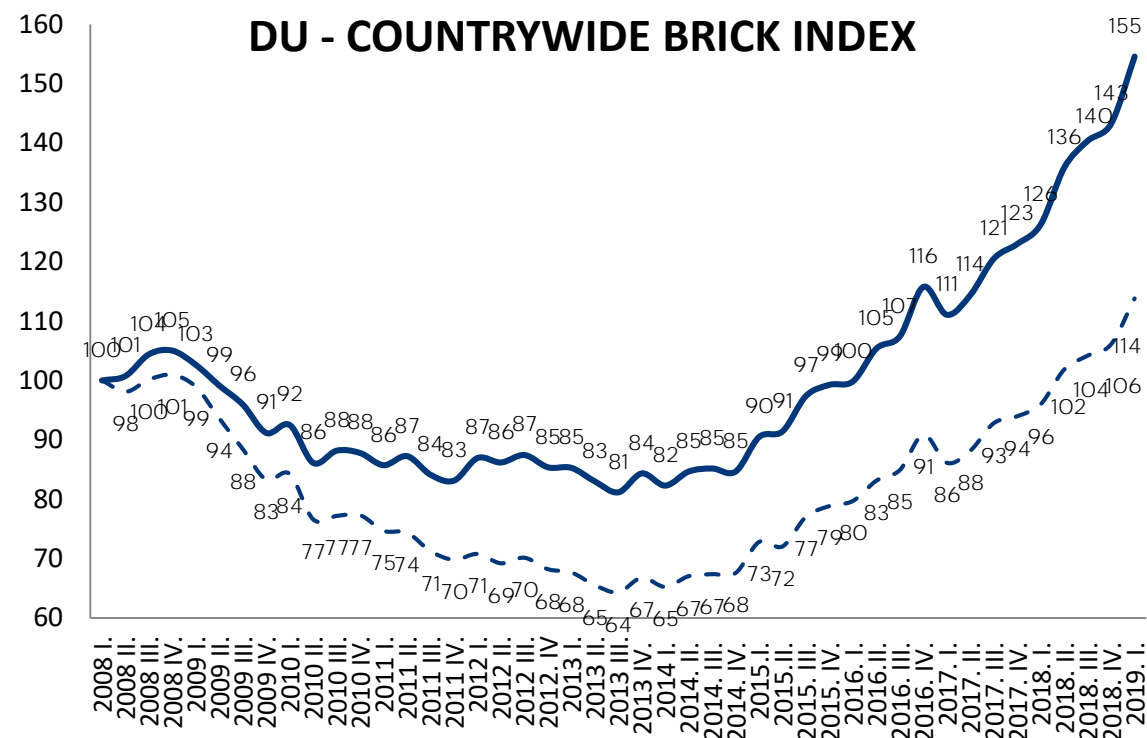
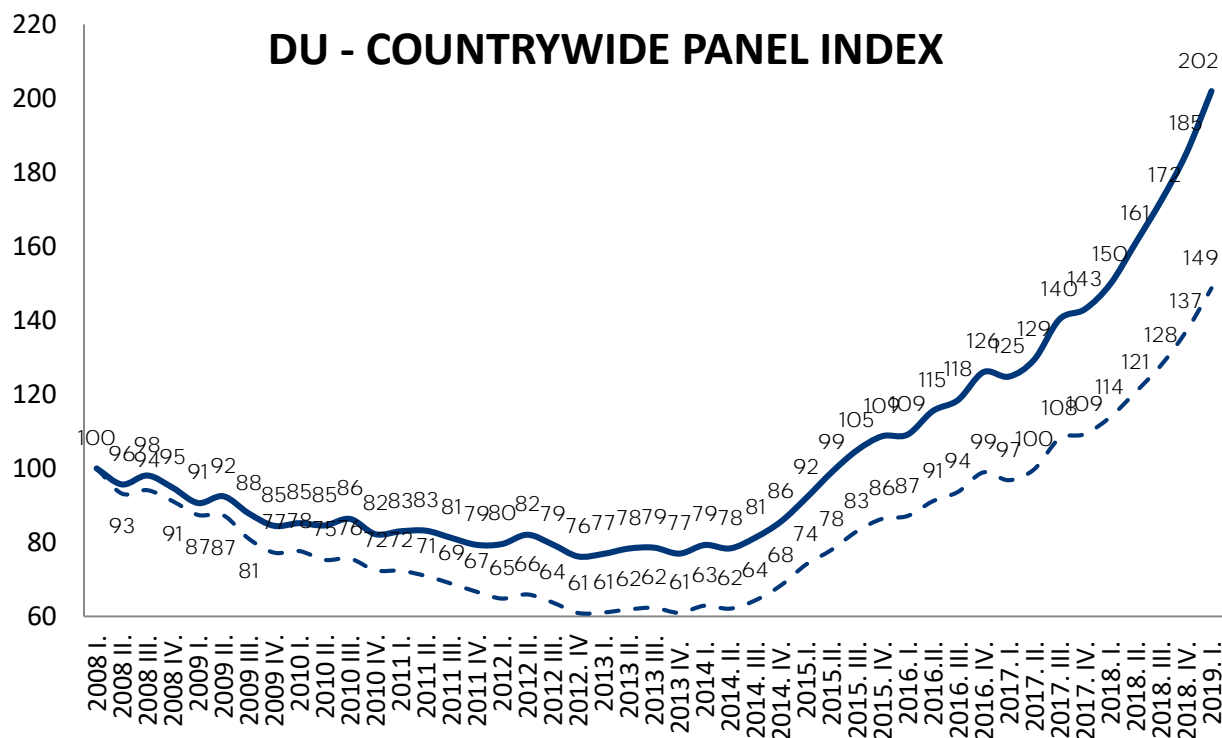


The Hungarian residential real estate market maintained its strong performance, the Group estimates the number of sale and purchase transactions to be over 50 thousand in the first four months of the year, approx. the same figure as in 2018 .

* 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 Q1 2019, resulting in a 177 point nominal value, and a 31 point higher real value than the base data from 2008. The nominal value of the Panel price index is 202, while the Brick price index is on 155 points currently – the latter already 14 points ahead the base value on real terms.

* No similar data available in relation of Poland at present

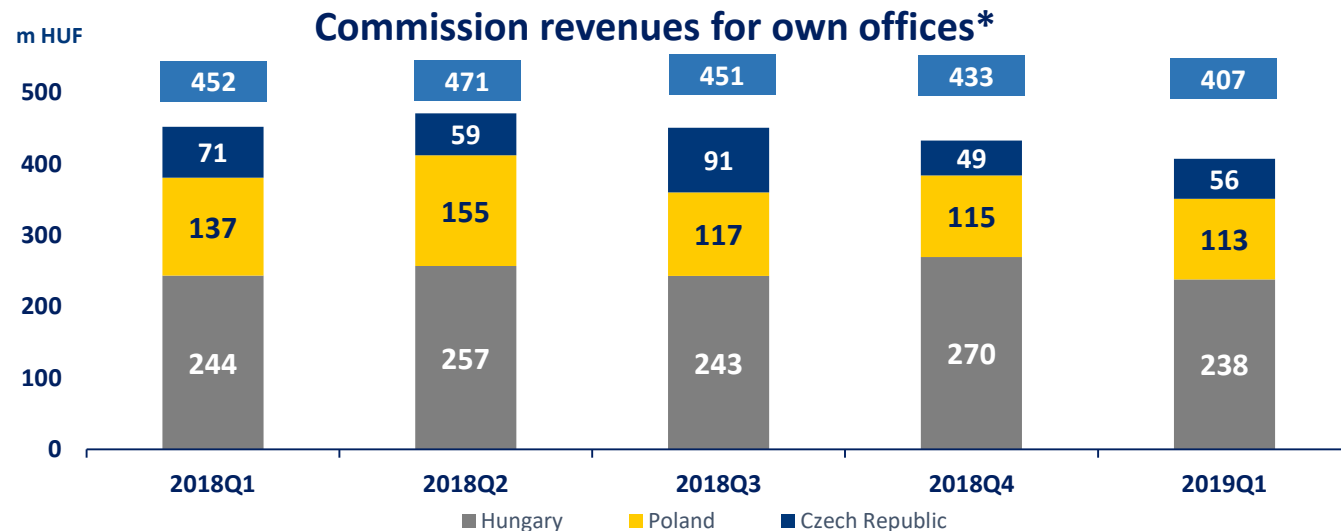


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Own office operation segment

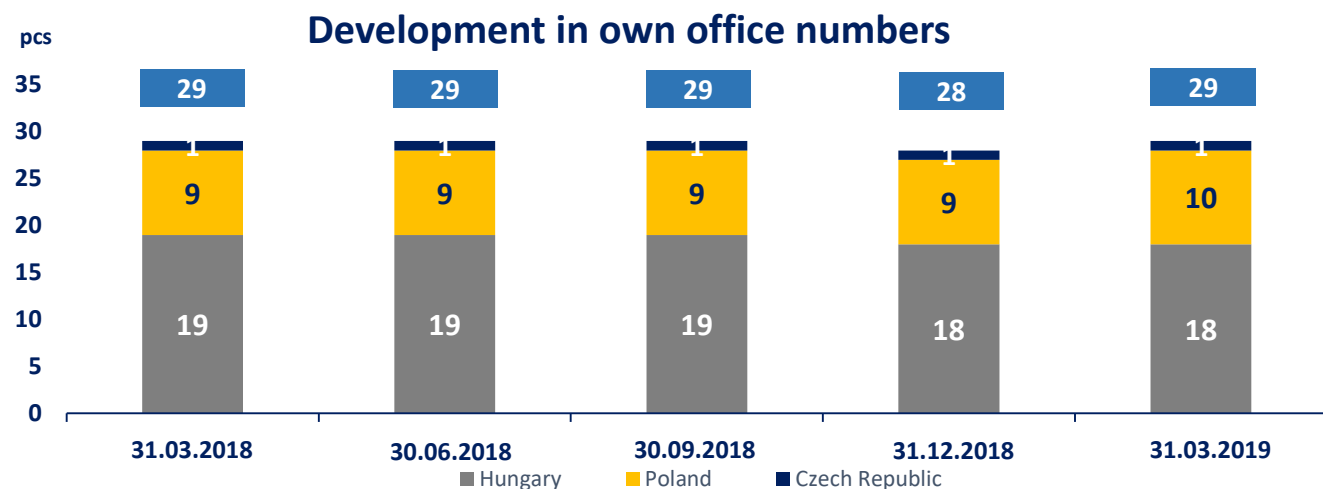


CHANGES IN NETWORK COMMISSION REVENUES AND OFFICE NUMBERS FOR OWN OFFICES



- In Q1 2019, the own office segment generated commission revenues of HUF 407 million (-9.9% YoY).
- In Hungary, revenues decreased by 2.2% YoY.
- The commission revenues of Polish own offices decreased by 17.8% 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 decreased by 20.9% YoY in Q1. 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							
	01-03. 2019	01-03. 2018	Variance (thHUF)	Variance (%)	01-03. 2019	01-03. 2018	Variance (thHUF)	Variance (%)
Net sales revenue	346.274	385.930	-39.656	-10%	346.274	385.930	-39.656	-10%
Direct expenses	192.833	219.994	-27.161	-12%	192.833	219.994	-27.161	-12%
Gross profit	153.441	165.936	-12.495	-8%	153.441	165.936	-12.495	-8%
<i>Gross profit margin (%)</i>	<i>44%</i>	<i>43%</i>	<i>1%p</i>		<i>44%</i>	<i>43%</i>	<i>1%p</i>	
Depreciation and amortization	3.130	3.847	-717	-19%	3.130	3.847	-717	-19%
Indirect expenses	131.984	139.449	-7.465	-5%	131.984	139.449	-7.465	-5%
Operating income (EBIT)	18.327	22.640	-4.313	-19%	18.327	22.640	-4.313	-19%
<i>EBIT margin (%)</i>	<i>5%</i>	<i>6%</i>	<i>-1%p</i>		<i>5%</i>	<i>6%</i>	<i>-1%p</i>	

The own office segment slowed down in the first quarter, as revenues decreased by 10% YoY.

Our Hungarian operations kept strong cost control and have been able to improve EBIT contribution significantly.

Poland and Czech Republic generated losses on EBIT level. The management sees signs of improvement and the losses have narrowed compared to Q4 2018, but this year remains to be a challenging one for these markets.

Altogether, the segment decreased its EBIT by 19% YoY.

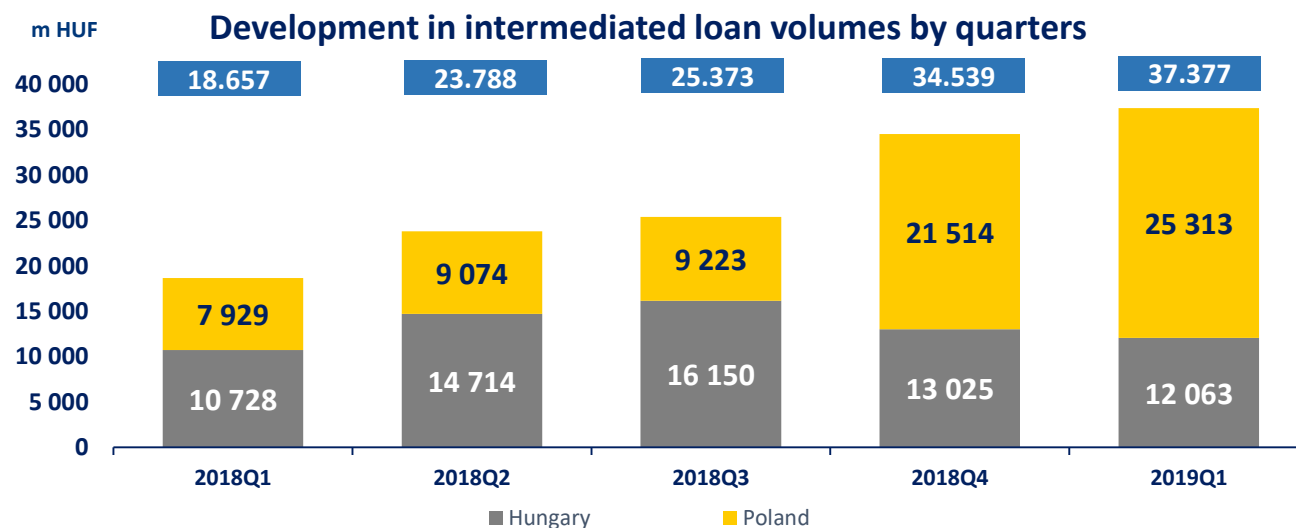


DUNA HOUSE[®]
GROUP

Financial product intermediary services segment



CHANGES IN INTERMEDIATED LOAN VOLUMES



- Duna House Group's loan brokerage activities continued their excellent performance in Q1, intermediated loan volume exceeded HUF 37 billion (+100.3% 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 and with the new entity the total loan volumes generated by the Polish businesses grew by 220.9% YoY.
- In Hungary, loan volumes increased by 12.4% YoY in Q1, a slowdown compared to the growth rates of the earlier quarters. Q1 is seasonally the weakest quarter of the year. Based on loan applications, the management expects a stronger performance in Q2.
- 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							
	01-03. 2019	01-03. 2018	Variance (thHUF)	Variance (%)	01-03. 2019	01-03. 2018	Variance (thHUF)	Variance (%)
Net sales revenue	890.033	485.126	404.907	83%	890.033	485.126	404.907	83%
Direct expenses	662.024	328.633	333.391	101%	662.024	328.633	333.391	101%
Gross profit	228.009	156.493	71.516	46%	228.009	156.493	71.516	46%
<i>Gross profit margin (%)</i>	26%	32%	-7%p		26%	32%	-7%p	
Depreciation and amortization	1.220	381	839	220%	1.220	381	839	220%
Indirect expenses	156.317	52.678	103.639	197%	156.317	52.678	103.639	197%
Operating income (EBIT)	70.472	103.434	-32.962	-32%	70.472	103.434	-32.962	-32%
<i>EBIT margin (%)</i>	8%	21%	-13%p		8%	21%	-13%p	

The revenues of the financial intermediation segment reached HUF 890,0 million in Q1 with 83% YoY growth.

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

- + Acquisition of Gold Finance in Poland
- Cancellation of state subsidies on home saving products in Hungary

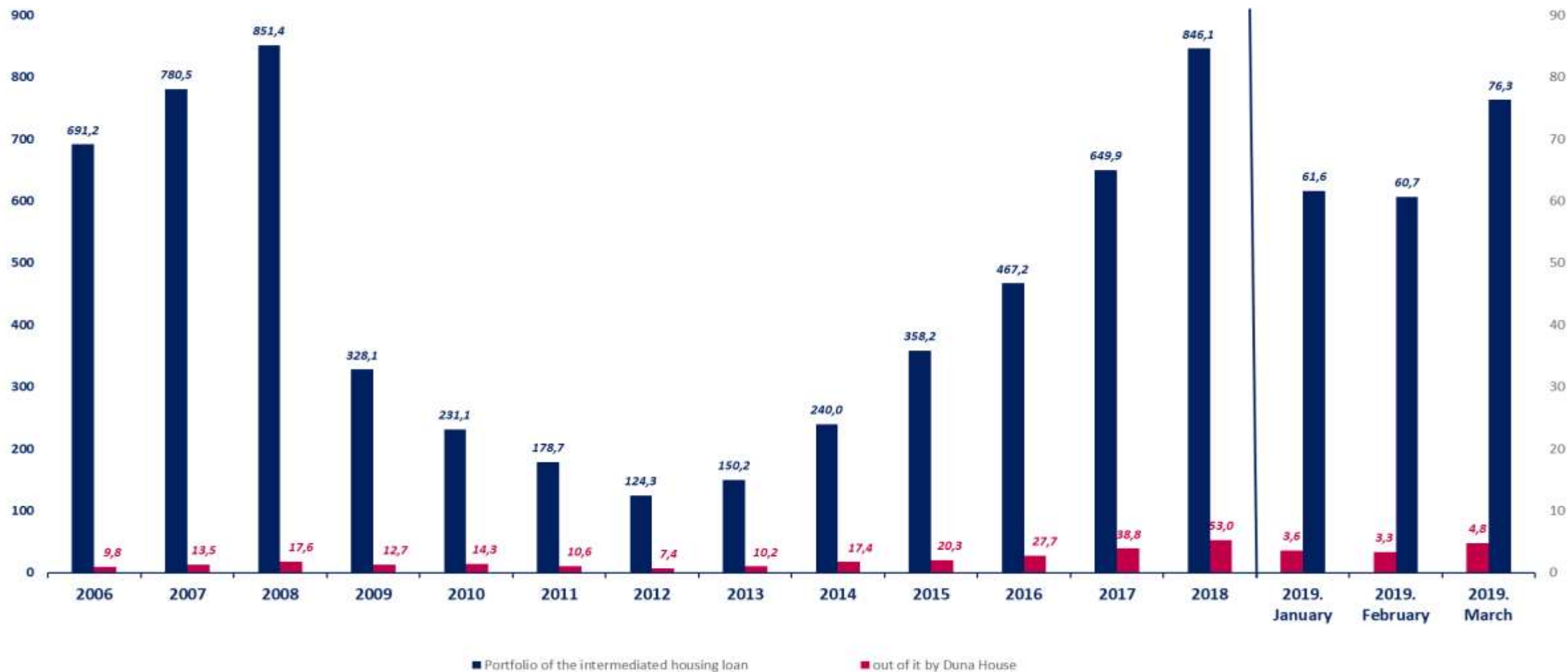
As a total impact, gross profit has increased to HUF 228.0 million (+46% YoY) and indirect costs tripled, resulting in HUF 70.4 million EBIT (-32% YoY).

The increase of Hungarian loan volumes and increase in brokering of other financial products (e.g. personal loans and insurance) have already made up for some of the losses caused by legislative changes related to the Home Saving Product in Hungary. Management is optimistic in this regard and aims to enhance profitability through these to factors in following quarters.

As described on page 27 of our Q4 2018 report, the synergy effects of the Gold Finance acquisition are expected to be realized gradually from Q2 2019 onwards. Q1 performance is as planned.

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:



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:

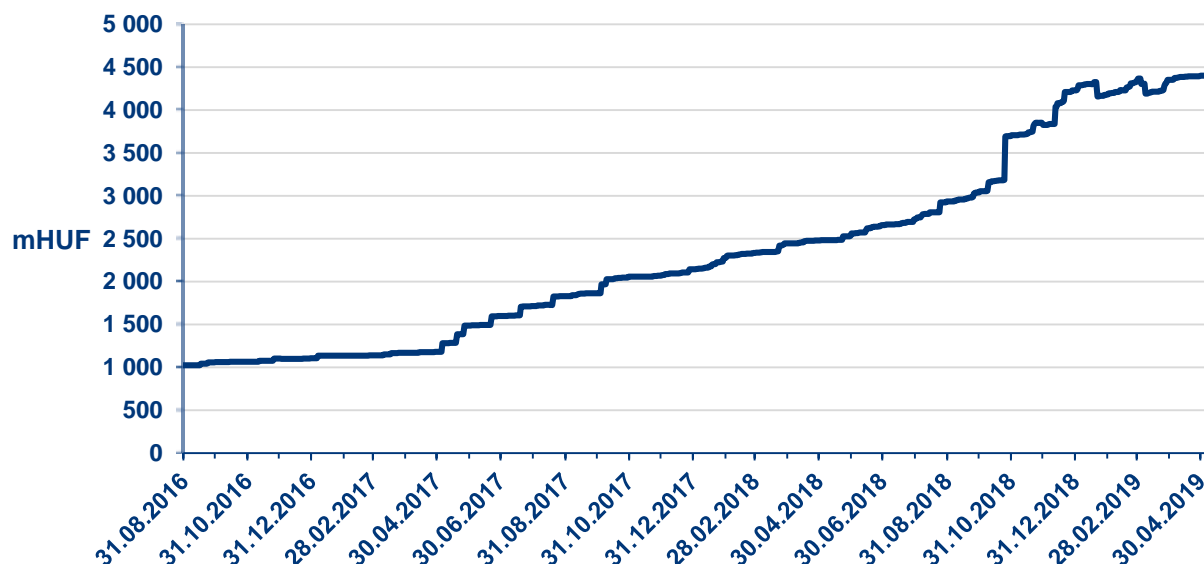
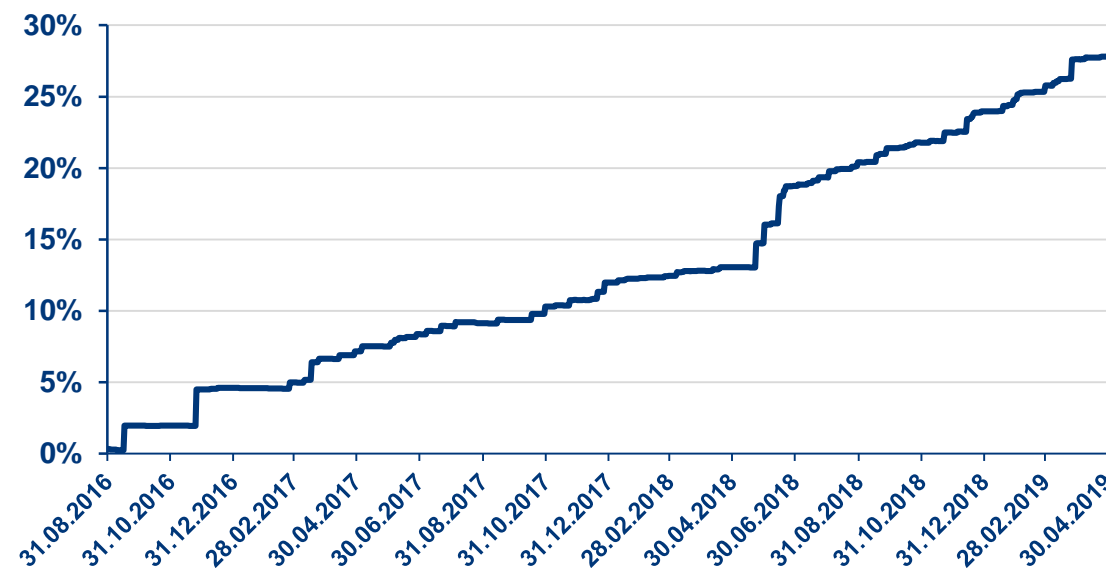
- H-EN-III-130/2016

Date of registry:

- April 2016.

Currently managed fund:

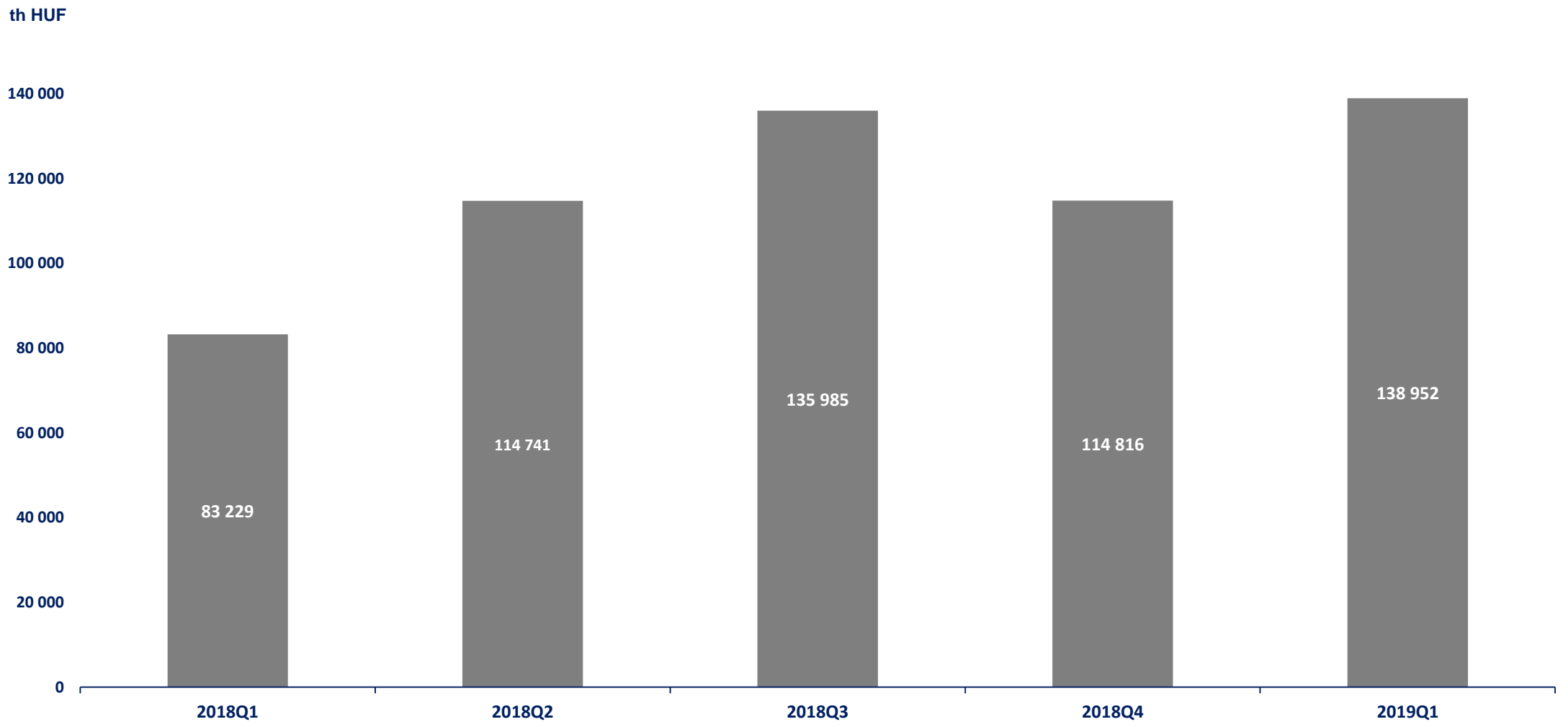
- Duna House Fund, open-end, public

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 13.1% as of May 15, 2019.

The net asset value of the fund averaged HUF 4,2 billion in Q1 2019 and amounted to HUF 4.8 billion as of May 14, 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 (ongoing as of the date of this report). 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.

CHANGES IN SEGMENT SALES REVENUE BY QUARTERS

SEGMENT LEVEL RESULTS

<i>(data in thHUF)</i>	COMPLEMENTARY SERVICES SEGMENT							
	01-03. 2019	01-03. 2018	Variance (thHUF)	Variance (%)	01-03. 2019	01-03. 2018	Variance (thHUF)	Variance (%)
Net sales revenue	138.952	83.229	55.723	67%	138.952	83.229	55.723	67%
Direct expenses	28.706	26.515	2.191	8%	28.706	26.515	2.191	8%
Gross profit	110.245	56.714	53.532	94%	110.245	56.714	53.532	94%
<i>Gross profit margin (%)</i>	<i>79%</i>	<i>68%</i>	<i>11%p</i>		<i>79%</i>	<i>68%</i>	<i>11%p</i>	
Depreciation and amortization	147	186	-39	-21%	147	186	-39	-21%
Indirect expenses	45.750	47.767	-2.017	-4%	45.750	47.767	-2.017	-4%
Operating income (EBIT)	64.348	8.760	55.588	635%	64.348	8.760	55.588	635%
<i>EBIT margin (%)</i>	<i>46%</i>	<i>11%</i>	<i>36%p</i>		<i>46%</i>	<i>11%</i>	<i>36%p</i>	

The complementary services segment has increased its revenues by HUF 55.7 million (+67% YoY). Growth was predominantly driven by the fund management business arm in Hungary and property management businesses in Hungary and Poland.

Indirect expenses have been flat, gross profit improvement directly translated into EBIT. Overall, the segment has reached a significant profitability level, making EBIT of HUF 64.3 million at 46% margin in Q1 2019.



DUNA HOUSE[®]
GROUP

Property investments segment



SEGMENT LEVEL RESULTS

<i>(data in thHUF)</i>	PROPERTY INVESTMENT SEGMENT							
	01-03. 2019	01-03. 2018	Variance (thHUF)	Variance (%)	01-03. 2019	01-03. 2018	Variance (thHUF)	Variance (%)
Net sales revenue	123.793	1.349.895	-1.226.103	-91%	123.793	1.349.895	-1.226.103	-91%
Direct expenses	49.070	754.933	-705.863	-94%	49.070	754.933	-705.863	-94%
Gross profit	74.722	594.962	-520.240	-87%	74.722	594.962	-520.240	-87%
<i>Gross profit margin (%)</i>	<i>60%</i>	<i>44%</i>	<i>16%p</i>		<i>60%</i>	<i>44%</i>	<i>16%p</i>	
Depreciation and amortization	6.268	5.720	548	10%	6.268	5.720	548	10%
Indirect expenses	13.550	-10.726	24.276	-226%	13.550	-10.726	24.276	-226%
Operating income (EBIT)	54.904	599.968	-545.064	-91%	54.904	599.968	-545.064	-91%
<i>EBIT margin (%)</i>	<i>44%</i>	<i>44%</i>	<i>0%p</i>		<i>44%</i>	<i>44%</i>	<i>0%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. Two out of the remaining three flats have been sold in Q1 2019 with revenues of HUF 79.0 million and EBIT of 27.9 million. The total MyCity operation generated EBIT of HUF 23.2 million in Q1 2019.

The property investment portfolio of the Group generated EBIT of HUF 33.4 million (+78% YoY), out of which HUF 7 million one-time profit.

Fair value appraisals have not been recognized in the quarter.

*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		31. March 2019	
	Number (pcs)**	Carrying amount	Number (pcs)**	Carrying amount
Investment purpose property	12	1 443 600	12	1 471 080
Operational property	4	381 125	4	377 417
Total	16	1 824 725	16	1 848 497

We appraise investment purpose properties on market value. Market appraisal is carried out every six months, next time on June 30, 2019.

The value of investment purpose property has increased due to ongoing renovations.

* 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 18. Reviczky Liget Project: The project has been completed, the last flat has been handed over on April 12, 2019.
- District 3. Forest Hill: Sales proceeding according to plan, 71% of the units are sold. The handover of the units is expected to start in July 2019.
- 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: 74% 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							
	01-03. 2019	01-03. 2018	Variance (thHUF)	Variance (%)	01-03. 2019	01-03. 2018	Variance (thHUF)	Variance (%)
Net sales revenue	-85.030	-89.744	4.714	-5%	-85.030	-89.744	4.714	-5%
Direct expenses	1.209	-10.488	11.697	-112%	1.209	-10.488	11.697	-112%
Gross profit	-86.239	-79.256	-6.983	9%	-86.239	-79.256	-6.983	9%
<i>Gross profit margin (%)</i>	<i>101%</i>	<i>88%</i>	<i>13%p</i>		<i>101%</i>	<i>88%</i>	<i>13%p</i>	
Depreciation and amortization	1.216	1.212	3	0%	1.216	1.212	3	0%
Indirect expenses	-59.879	-73.377	13.498	-18%	-59.879	-73.377	13.498	-18%
Operating income (EBIT)	-27.577	-7.092	-20.485	289%	-27.577	-7.092	-20.485	289%
<i>EBIT margin (%)</i>	<i>32%</i>	<i>8%</i>	<i>25%p</i>		<i>32%</i>	<i>8%</i>	<i>25%p</i>	

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

The Q1 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 2019Q1 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, 28 May, 2019.

Duna House Holding Plc. Board of Directors

Represented by: Gay Dymshiz, Board of Directors, President



DUNA HOUSE[®]

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