



DUNA HOUSE[®]
GROUP

2018. Q4 **Quarterly report**

February 27, 2019



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EXECUTIVE SUMMARY 2018. FOURTH QUARTER

Quarterly results

Annual results

Dividend

MyCity

- In the last quarter of the year Duna House Group (the „Group”) has continued its strong growth and exceeded its core profit guidance published at the beginning of the year.
- **Driven by excellent organic performance in Hungary and acquisition in Poland, quarterly consolidated revenues exceeded HUF 2.0 billion (+68% YoY) and EBITDA totaled HUF 387 million (+62% YoY), while profit after tax closed at HUF 255 million (+47% YoY).**
- In the full year of 2018, the successful closure of the Reviczky development project was coupled with outstanding organic performance. **The Group closed the year with consolidated revenues of HUF 8.1 billion (+72% YoY), EBITDA of HUF 2.2 billion (+133% YoY) and consolidated profit after tax of HUF 1.7 billion (+87% YoY). Profit after tax of the core operations was HUF 1.2 billion (+21% YoY),** exceeding the original guidance of HUF 950 – 1,150 million and in the higher end of the revised guidance of HUF 1,050 – 1,250 million.
- Board of Directors will propose GM **dividend of HUF 250 per piece to ordinary shares.** This dividend level is slightly above the Company’s dividend policy of paying out 47% of adjusted PAT, but the management believes that with the completion of Reviczky project and the forthcoming closing of additional projects, it has sufficient cash flow to conclude its growth plans, including ongoing M&A activities, while paying slightly higher dividend this year.
- Within the MyCity development activities, **the Group has reached HUF 693 million net profit from project Reviczky Liget, exceeding the targeted HUF 680 million.** Project Forest Hill’s construction timeline remains a challenge for the group as the scarce construction resources continuously lengthen expected completion dates. Our best estimate is to start the handover in July 2019 in multiple phases, revenues are expected to be realized during Q3 and Q4 of 2019 and in 2020.

EXECUTIVE SUMMARY 2018. FOURTH QUARTER

Quarterly segment results

- EBIT of the last quarter increased by HUF 141 million compared to Q4 2017:
 - The franchise segment's revenue and gross profit has grown by 17% compared to Q4 2017, its EBIT contribution increased by HUF 32 million (+111% YoY).
 - Revenues of the complementary services segment increased by HUF 23 million (+25% YoY), while its EBIT contribution grew by HUF 14 million (+66% YoY). Besides increase in managed properties, the expansion of evaluation services and the profitable operation of fund management activities supported the significant increase in earnings.
 - Financial intermediary services segment more, than doubled its revenues due to organic growth across the markets and acquisition in Poland. Contribution to EBIT increased by HUF 59 million (+44% YoY).
 - Own offices had a weak quarter in Poland and Czech Republic, and although Hungarian offices tripled their EBIT contribution, the total segment decreased its EBIT by HUF 30 million.
 - Property investments and developments improved their EBIT contribution by HUF 93 million (+405% YoY) mainly due to value appraisal of the real estate portfolio held for investment (HUF 97 million in Q4 2018 vs. HUF 31 million in Q4 2017).

MANAGEMENT GUIDANCE FOR FISCAL YEAR 2019

Consolidated annual profit after tax	HUF 2.2 – 2.5 billion
Consolidated annual profit after tax excluding MyCity*	HUF 1,100 – 1,400 million
- <i>out of which Poland</i>	<i>HUF 50 – 100 million</i>
Annual profit after tax of MyCity *	HUF 1,090 million

* MyCity property development activity

	in comparison with 2018
Annual transaction volumes on the Hungarian residential property market	160-180 thousand pieces
Annual price change on the Hungarian residential property market	5 to 10% growth
Changes in disbursed residential loan volume on the Hungarian loan market	20 to 30% growth
Polish/Czech markets	Management does not regard market trends as significant in the context of the current market share, thus there shall be no guidance made in relation of the Polish and Czech markets

Note regarding Polish operations

We expect strong volume and profitability increase in our Polish businesses.

Due to a large marketing campaign in Q1 and the time needed to realizing synergies from the Gold Finance acquisition, the Polish businesses are expected to be significantly loss-making in Q1 2019 with gradual performance improvement over the year.

In our real estate franchise, we see good trends as the number of offices closing decreases constantly, while the sales of new franchise rights is increasing. Altogether, we expect office numbers to grow at minimum from 67 to 77 by the end of 2019.

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.



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Consolidated financial statements



CONSOLIDATED INCOME STATEMENT

Consolidated income statement (data in thHUF, except earnings per share)	10-12. 2018.	10-12. 2017.	Variance		1-12. 2018.	1-12. 2017.	Variance	
	(not audited)	(not audited)	thHUF	%	(not audited)	(audited)	thHUF	%
Net sales revenue	2 005 923	1 195 481	810 441	68%	8 072 674	4 684 844	3 387 830	72%
Other operating income	136 320	33 188	103 131	311%	295 290	134 748	160 542	119%
Disposal Group held for sale income	0	0	0		51 946	0	51 946	
Change in stocks of finished products and work in progress	-36 205	-719 572	683 367	-95%	-621 540	-1 434 112	812 572	-57%
Consumables used	18 013	18 520	-507	-3%	62 034	63 285	-1 251	-2%
Cost of goods and services sold	354 942	241 442	113 501	47%	1 409 766	908 946	500 820	55%
Services purchased	1 145 267	1 285 008	-139 741	-11%	4 488 716	3 673 367	815 349	22%
Personnel expenses	193 816	154 063	39 753	26%	677 103	572 413	104 690	18%
Depreciation and amortization	27 575	20 237	7 338	36%	95 322	86 973	8 349	10%
Other operating expenses	79 110	10 955	68 155	622%	188 042	84 969	103 074	121%
Operating income (EBIT)	359 724	218 017	141 707	65%	2 120 468	863 752	1 256 715	145%
Finance income	6 060	8 507	-2 447	-29%	38 292	195 388	-157 096	-80%
Finance costs	34 961	20 503	14 458	71%	100 989	48 632	52 357	108%
Share of the losses of a joint venture	-12 923	600	-13 523	-2253%	-37 278	81 456	-118 734	-146%
Profit before tax	317 899	206 621	111 278	54%	2 020 492	1 091 965	928 528	85%
Income tax expense	62 508	33 033	29 475	89%	302 147	173 817	128 331	74%
Profit after tax	255 391	173 588	81 802	47%	1 718 345	918 148	800 197	87%
Currency translation difference	-52 274	25 181	-77 455	-308%	-14 087	24 481	-38 568	-158%
Other comprehensive income	-52 274	25 181	-77 455	-308%	-14 087	24 481	-38 568	-158%
Total comprehensive income attributable to	203 117	198 769	4 348	2%	1 704 259	942 629	761 629	81%
Shareholders of the Company	207 679	199 127	8 552	4%	1 710 123	950 993	759 131	80%
Non-controlling interest	-4 563	-358	-4 204	1174%	-5 865	-8 363	2 499	-30%
Earnings per share (basic and diluted)	148	48	100	209%	323	260	63	24%

CONSOLIDATED INCOME STATEMENT

Comments

- The Group consolidates Gold Finance Sp. Z.o.o from November 1, 2018.
- The Group increased its revenues by 68% exceeding HUF 2.0 billion in Q4 and 8.1 billion in the whole year. Growth was driven by the financial segment that more than doubled its quarterly revenue to HUF 1.1 billion as a result of organic growth and consolidation of November-December financials of Gold Finance.
- Fair value appraisals on the investment portfolio generated income of HUF 97 million in Q4 and HUF 188 million in the whole year.
- 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 commissions paid in the financial intermediation business and the sale of Reviczky`s units. Development plots are classified as inventory and booked as cost proportionally at the handover of the units.
- Services purchased decreased in Q4 2018 due to development costs related to the MyCity developments.
- Other operating expenses totaled HUF 79 million in Q4 2018, out of which regulatory penalties equaled HUF 17 million
- Currency translation difference represents the FX gains and losses on assets and liabilities of the foreign subsidiaries.

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet data in thHUF	2018. December 31. (not audited)	2017. December 31. (audited)	Variance	
			thHUF	%
Other intangible assets	66 807	82 656	-15 850	-19%
Goodwill	1 303 195	1 048 936	254 259	24%
Investment property	1 443 600	1 061 613	381 987	36%
Property, plant	520 387	538 484	-18 097	-3%
Equipment	171 100	108 082	63 018	58%
Investment in a joint venture	168 731	206 009	-37 278	-18%
Deferred tax assets	220 325	160 322	60 003	37%
Other financial assets	79 950	69 609	10 341	15%
Non-current assets	3 974 095	3 275 712	698 383	21%
Inventories	3 882 715	3 399 013	483 702	14%
Trade receivables	737 267	482 247	255 020	53%
Receivables from affiliates	150 889	146 098	4 791	3%
Other receivables	386 414	176 766	209 648	119%
Current tax asset	25 380	35 405	-10 025	-28%
Other assets	424 648	316 446	108 203	34%
Cash and cash equivalents	752 694	485 585	267 109	55%
Restricted cash	756 919	942 758	-185 839	-20%
Assets held for sale	0	196 300	-196 300	-100%
Current assets	7 116 927	6 180 618	936 309	15%
Total assets	11 091 022	9 456 330	1 634 693	17%

Consolidated balance sheet data in thHUF	2018. December 31. (not audited)	2017. December 31. (audited)	Variance	
			thHUF	%
Share capital	171 989	171 989	0	0%
Own shares repurchased	-117 000	0	-117 000	0%
Share premium	1 493 267	1 490 536	2 731	0%
Other reserves	17 831	27 518	-9 687	-35%
Retained earnings	3 955 849	2 889 056	1 066 793	37%
Equity attributable to the owners of the Company	5 521 936	4 579 100	942 836	21%
Non-controlling interests	-54 445	-48 581	-5 865	12%
Total equity	5 467 491	4 530 519	936 972	21%
Borrowings	2 811 778	1 271 662	1 540 116	121%
Provisions for expected liabilities	8 327		8 327	0%
Other non-current liabilities	0	0	0	0%
Deferred tax liabilities	163 938	144 087	19 851	14%
Non-current liabilities	2 984 043	1 415 749	1 568 294	111%
Borrowings	170 481	996 748	-826 267	-83%
Trade payables	593 135	388 240	204 895	53%
Payables to affiliates	288 627	581 775	-293 148	-50%
Other liabilities	995 590	1 140 882	-145 292	-13%
Current tax liabilities	128 386	8 799	119 587	1359%
Accrued expenses	463 269	388 136	75 133	19%
Liabilities held for sale	0	5 481	-5 481	-100%
Current liabilities	2 639 488	3 510 062	-870 574	-25%
Total equity and liabilities	11 091 022	9 456 330	1 634 692	17%

CONSOLIDATED BALANCE SHEET

Comments

- Increase in goodwill is fully attributable to Gold Finance.
- The book value of investment purpose property increased to HUF 1.4 billion in 2018 due to portfolio value appreciation of HUF 97 million and increase of held assets.
- The Group reports its ongoing IT developments under Equipment asset line, the amount of which totaled HUF 136 million on December 31, 2018.
- The value of inventories increased by an additional HUF 25 million in Q4 2018, in line with the capitalized construction costs of ongoing developments.
- From the total increase in the value of trade receivables, HUF 183 million is attributable to Gold Finance.
- 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 236 million financing to the construction company.
- Cash and cash equivalents of the Group amounted HUF 753 million, plus HUF 757 million of Restricted cash, guarantees related to project loans of residential developments, Metrohouse acquisition loan, and equity deposits re. fund management activity.

CONSOLIDATED BALANCE SHEET

Comments

- The consolidated equity of the Group increased to HUF 5.5 billion as the result of quarterly profits and paid dividends. At the end of 2018, the Company held 31,200 pieces of own shares for the purpose of employee share program.
- Loans increased to HUF 3.0 billion, out of which HUF 2.6 billion non-recourse loans related to development projects.
- The increase in trade payables is related to the consolidation of Gold Finance by adding HUF 226 million.
- Other liabilities consist mainly of prepayments and advance payments related to development projects, totaling HUF 666 million as of Dec 31, 2018.

REVENUE, OPERATING AND AFTER TAX INCOME BY COUNTRY

in thousand HUF	Hungary		Poland		Czech Republic		Duna House Group	
	2018Q4	2017Q4	2018Q4	2017Q4	2018Q4	2017Q4	2018Q4	2017Q4
Net sales revenue	1 325 557	820 504	637 287	311 030	43 078	63 947	2 005 923	1 195 481
Operating income	407 866	214 790	-24 489	1 804	-24 437	1 423	358 940	218 017
Profit after tax	319 404	173 544	-36 574	-1 423	-28 153	1 467	254 677	173 588

in thousand HUF	Hungary		Poland		Czech Republic		Duna House Group	
	2018Q1-4	2017Q1-4	2018Q1-4	2017Q1-4	2018Q1-4	2017Q1-4	2018Q1-4	2017Q1-4
Net sales revenue	6 075 913	3 238 817	1 720 291	1 187 435	276 470	258 592	8 072 674	4 684 844
Operating income	2 166 053	870 071	-41 680	19 755	-4 689	-26 074	2 119 684	863 752
Profit after tax	1 791 288	955 950	-55 728	-11 168	-17 927	-26 634	1 717 632	918 148

- In Poland, write-offs related to receivables totaled HUF 39 million throughout the year related both to the franchise and own office operations in equal share. The levels experienced in the first half of the year were unusual and the management took actions to mitigate the situation. In Q4, write-offs amounted to HUF 6 million, which is considered normal level.
- Polish subsidiaries paid intercompany interest of HUF 3.7 million in Q4 and HUF 8.5 million in the whole year to the Hungarian holding entity.
- The Group has acquired 100% shares of the Polish company Gold Finance sp. z. o.o on 6 November 2018. The total investment was HUF 294 million. The Polish entities incurred one-off costs of HUF 38.2 million related to the acquisition: i) one-off advisory fees of HUF 23.8 million in 2018, out of which HUF 14.8 million in Q4, and ii) restructuring costs of HUF 14.6 million in Q4. The acquired entity made operating loss of HUF 5.0 million and after tax loss of HUF 7.3 million in Q4.
- The Czech entities had a weak performance in Q4, after very strong quarters in the earlier periods. Intra-year volatility was expected, yet the own office performed poorly due to weak market in December and shift in management's focus towards building the franchise network. The full year after tax profit was decreased by a one-off deferred tax loss of HUF 10.2 million.

MANAGEMENT'S GUIDANCE FOR FISCAL YEAR 2018

in thousand HUF	Duna House Group				
	Duna House Group w/o MyCity*		Reviczky Liget		Forest Hill
	2018Q4	2018Q1-4	2018Q4	2018Q1-4	
Operating income	375 498	1 352 983	-20 985	782 048	<i>Under construction</i>
Profit after tax	306 015	1 182 584	-12 318	693 137	<i>Under construction</i>
Management forecast – 2018 FY	1 050 000 – 1 250 000		680 000		1 060 000

The management of the Group increased its the net profit guidance of the core activities (without MyCity development results) for the financial year 2018 to HUF 1,050 – 1,250 million from the previous guidance of HUF 950 – 1,150 million based on outstanding Q3 results.

The Group delivered strong performance throughout the year and exceeded its original profit after tax guidance range and also the mid-point of the increased guidance reaching HUF 1,183 million core net profit.

The following one-off items incurred in 2018, with total cost of HUF 81 million:

- Regulatory penalties in Hungary of HUF 17 million
- Unusual write-offs in Poland of HUF 15 million
- Acquisition and restructuring costs of HUF 39 million in relation with the Gold Finance acquisition
- Deferred tax loss in Czech Republic of HUF 10 million

Adjusted core net profit totaled HUF 1,256 million in 2018.

**=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	1-12. 2018 (not audited)	1-12. 2017 (audited)
Data in thHUF		
Cash flows from operating activities		
Profit after tax	1 718 345	918 897
Adjustments:		
Received / paid interests	49 965	17 814
Depreciation	95 322	86 973
Deferred tax expense	-40 152	-29 173
Fair value adjustments of investment properties	-188 060	-53 320
Share program	2 731	
Badwill	0	-139 595
Share of profit of a joint venture	37 278	-81 456
Asset held for sale	-53 000	0
Movements of working capital		
Increase in inventories	-437 313	-1 429 065
Increase in trade- and other receivables	-269 370	-871 365
Decrease of other assets	-108 203	5 298
Increase of trade payables	-177 773	-215 642
Increase of other short term liabilities	-25 706	497 904
Increase in accruals	75 133	-97 149
Net cash generated by operating activities	679 196	-1 389 879

Consolidated cash flow statement	1-12. 2018 (not audited)	1-12. 2017 (audited)
Cash flows from investing activities		
Payments for property, plant and equipment	-624 425	-233 343
Proceeds from the sale of properties	51 846	9 655
Net cash inflow on sale of subsidiaries	250 000	-171 668
Net cash used in investing activities	-322 579	-395 355
Cash flows from financing activities		
Proceeds from borrowings	713 849	1 225 942
Proceeds from shareholders for capital increase	-117000	0
Dividends paid	-632 325	-493 221
Securities sold	0	0
Received / paid interests	-49 965	-45 430
Net cash generated from financing activities	-85 441	687 291
Net increase in cash and cash equivalents	271 177	-1 097 944
Cash and cash equivalents at the beginning of the year	485 742	1 583 686
Cash and cash equivalents at the end of the year	756 919	485 742

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	-	1 525 238	1 687 767	-	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			-9 687	1 719	1 710 123	-5 865	1 704 259
Purchase of treasury shares				811	-117 000		-117 000
Employee Share-based payment		2 731			2 731		2 731
31 december 2018	171 989	1 493 267	17 831	3 955 849	5 521 936	-54 445	5 467 491



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Real estate franchise segment



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DUNA HOUSE HOLDING FRANCHISE BRANDS



DUNA HOUSE



HUNGARY, CZECH REPUBLIC

SMART
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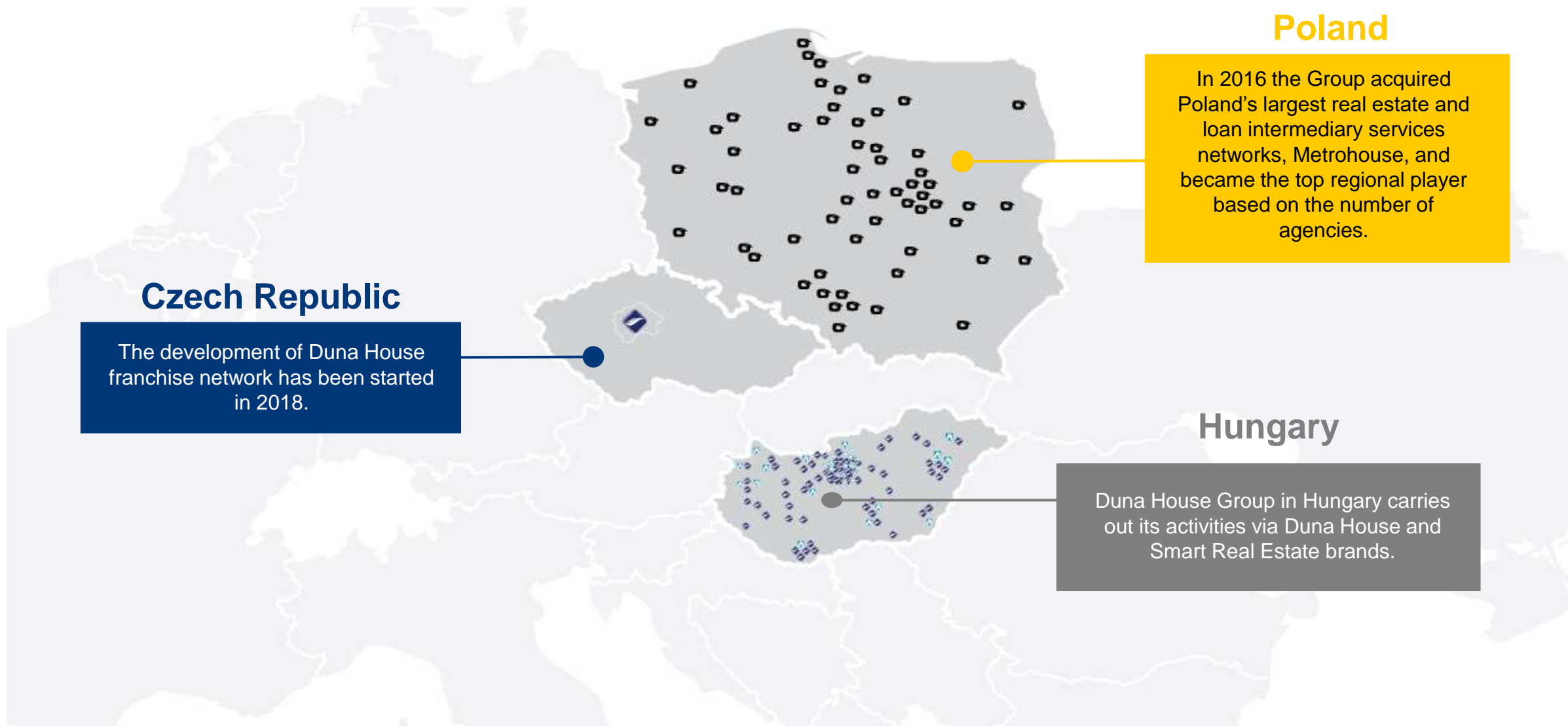
HUNGARY

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

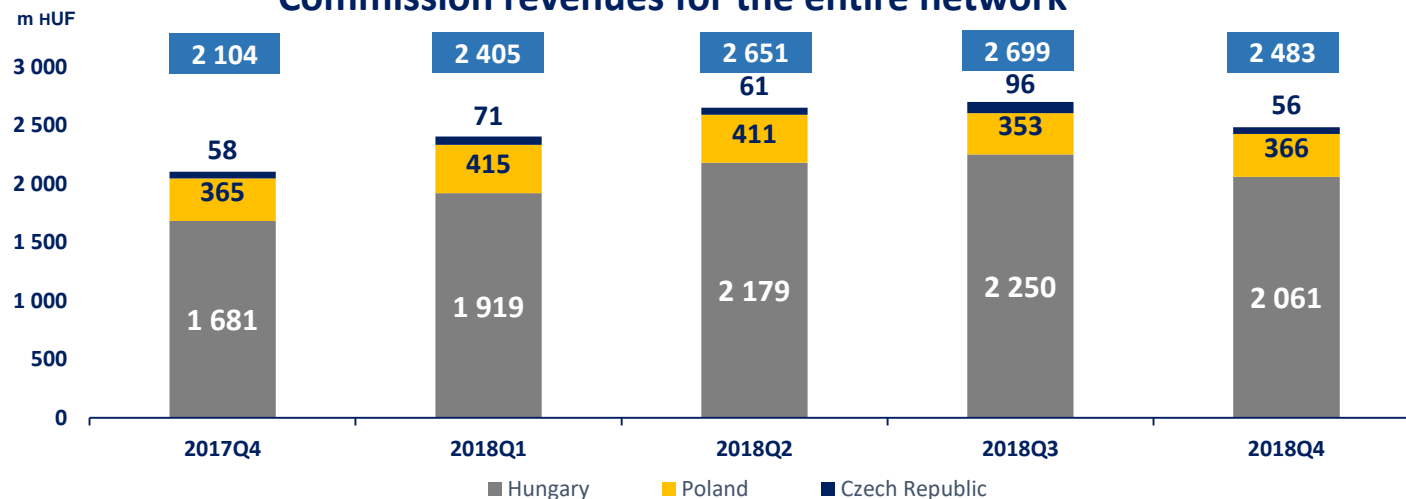
The development of Duna House franchise network has been started in 2018.

Hungary

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

Changes in network commission revenues and office numbers

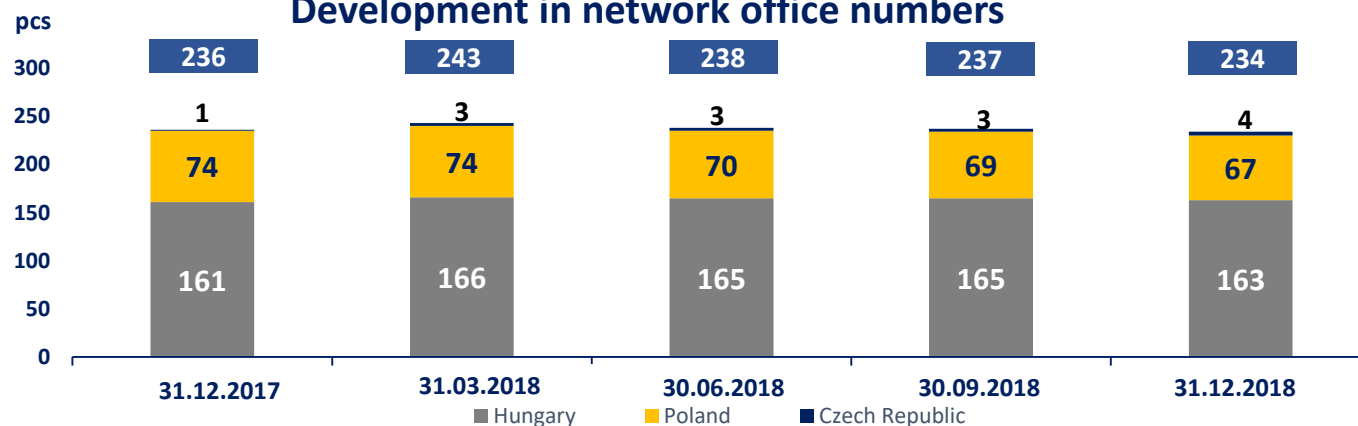
Commission revenues for the entire network*



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

- Duna House Group reached real estate commissions of HUF 2.5 billion in Q4 2018, following standard seasonality.
- The performance was strongest in Hungary, where commissions have reached HUF 2.1 billion (+22.5% YoY). Average commission per office increased by 21.0% YoY. Growth was driven by price increases, we estimated similar transaction numbers than in 2017.
- In the Czech Republic commissions decreased by 3.4% YoY.
- In Poland, commission revenues stagnated with only 0.3% growth. Although number of offices decreased, the average commission per office improved by 10.8% YoY.
- In the whole year of 2018, network commissions increased to HUF 10.2 billion (+19.3% YoY) with constant number of branches

Development in network office numbers



SEGMENT LEVEL RESULTS

<i>(data in thHUF)</i>	FRANCHISE SEGMENT							
	10-12. 2018	10-12. 2017	Variance (thHUF)	Variance (%)	1-12. 2018	1-12. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	359 859	307 221	52 637	17%	1 451 555	1 268 915	182 640	14%
Direct expenses	41 694	34 821	6 874	20%	161 874	163 621	-1 748	-1%
Gross profit	318 165	272 401	45 764	17%	1 289 681	1 105 294	184 387	17%
<i>Gross profit margin (%)</i>	<i>88%</i>	<i>89%</i>	<i>0%p</i>		<i>89%</i>	<i>87%</i>	<i>2%p</i>	
Depreciation and amortization	18 008	8 274	9 734	118%	50 942	39 102	11 840	30%
Indirect expenses	239 093	235 250	3 843	2%	980 017	908 294	71 723	8%
Operating income (EBIT)	61 063	28 877	32 186	111%	258 723	157 897	100 825	64%
<i>EBIT margin (%)</i>	<i>17%</i>	<i>9%</i>	<i>8%p</i>		<i>18%</i>	<i>12%</i>	<i>5%p</i>	

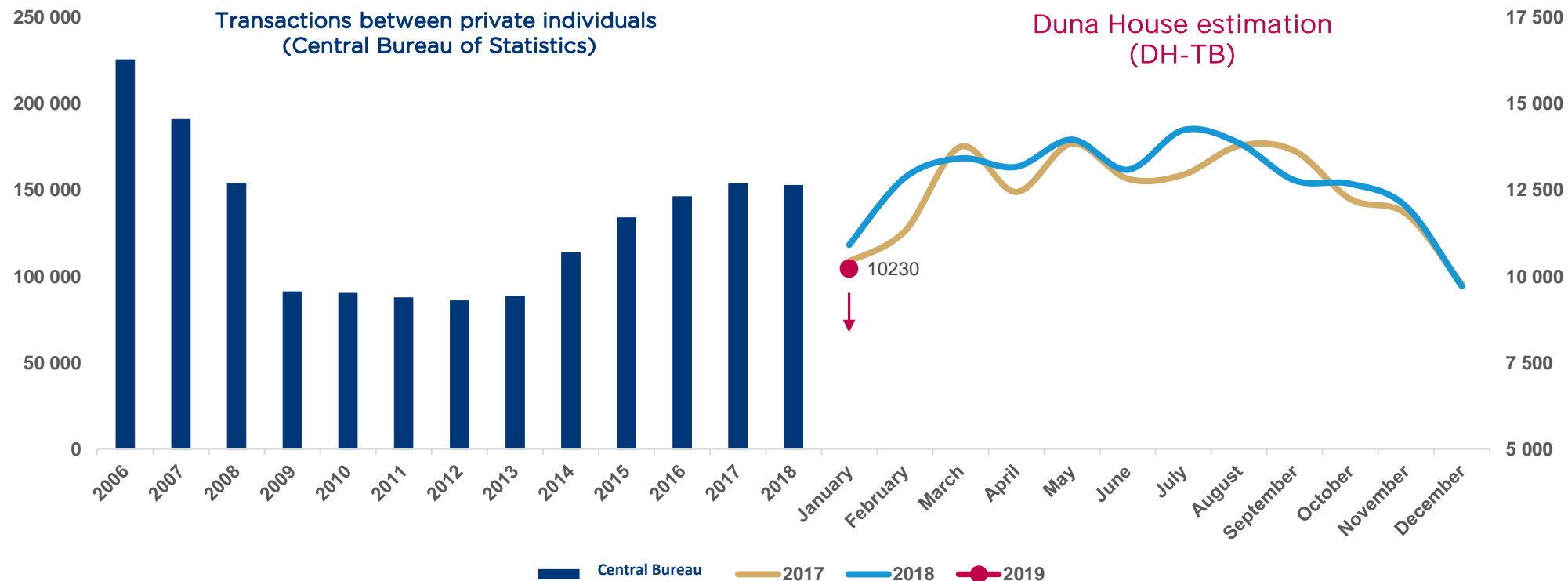
Revenue of the franchise segment grew by 17% compared to Q4 2017. Growth was driven by Hungary, while Poland stagnated.

As a result of the Czech expansion that was started at the end of 2017, number of offices increased to 4 in the country – although their impact is marginal still.

Gross profit margin and indirect expenses remained stable in Q4, resulting in improved EBIT margins and strong full-year performance with EBIT of HUF 259 million (+64% YoY).

* Advisory fees related to the acquisition of Gold Finance Sp. z. o.o in Poland were reported in the Franchise segment in our Q2 report. These costs have been reclassified as holding expenses and are reported in Other and consolidation segment.

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

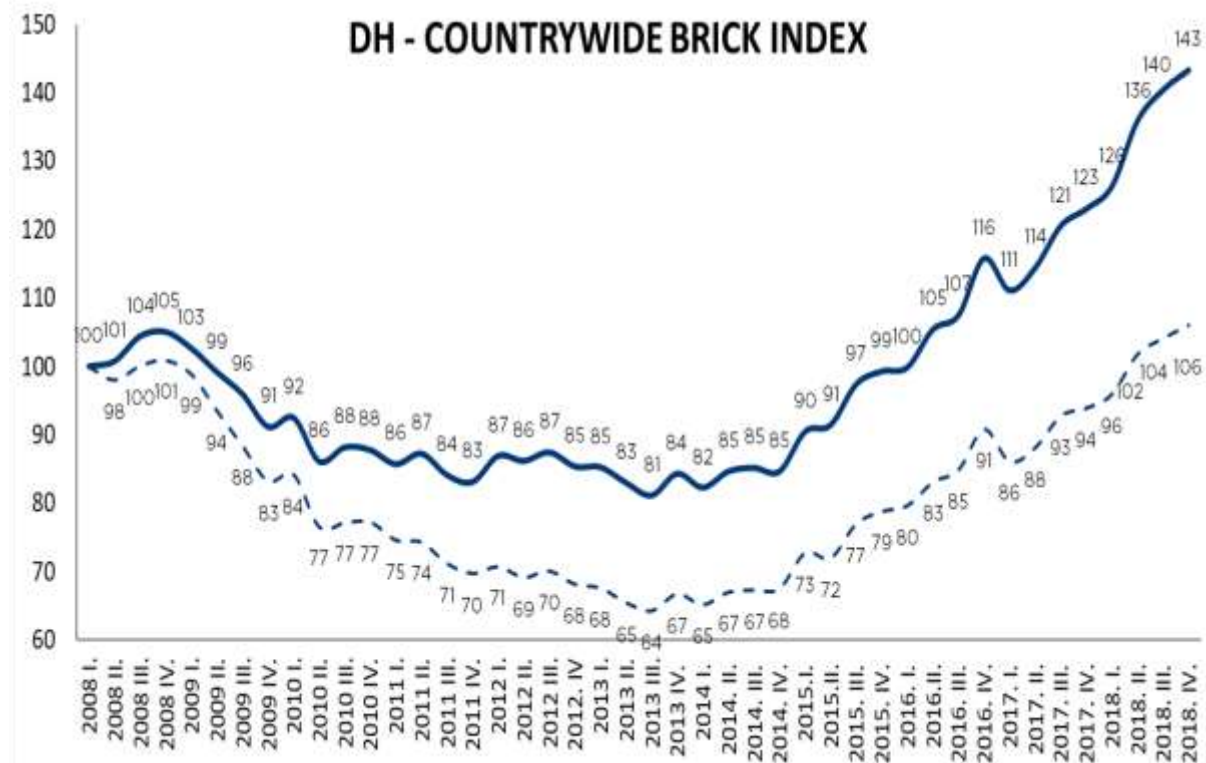
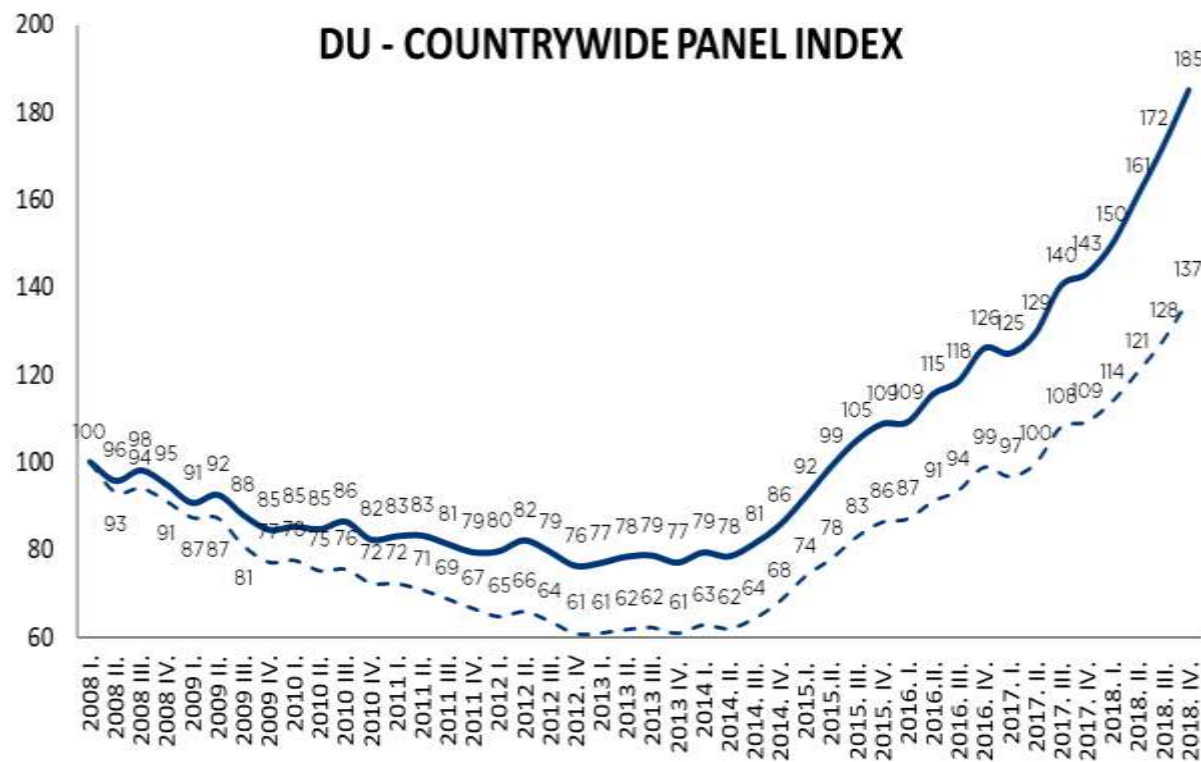


The Hungarian residential real estate market maintained its strong performance, the number of sale and purchase transactions remained at the level of 152 thousand transactions in 2018, approx. the same figure as in 2017 .

* 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 Q4 2018, resulting in a 164 point nominal value, and a 25 point higher real value than the base data from 2008. The nominal value of the Panel price index is 185, while the Brick price index is on 143 points currently – the latter already 2 points ahead the base value on real terms.

* No similar data available in relation of Poland at present

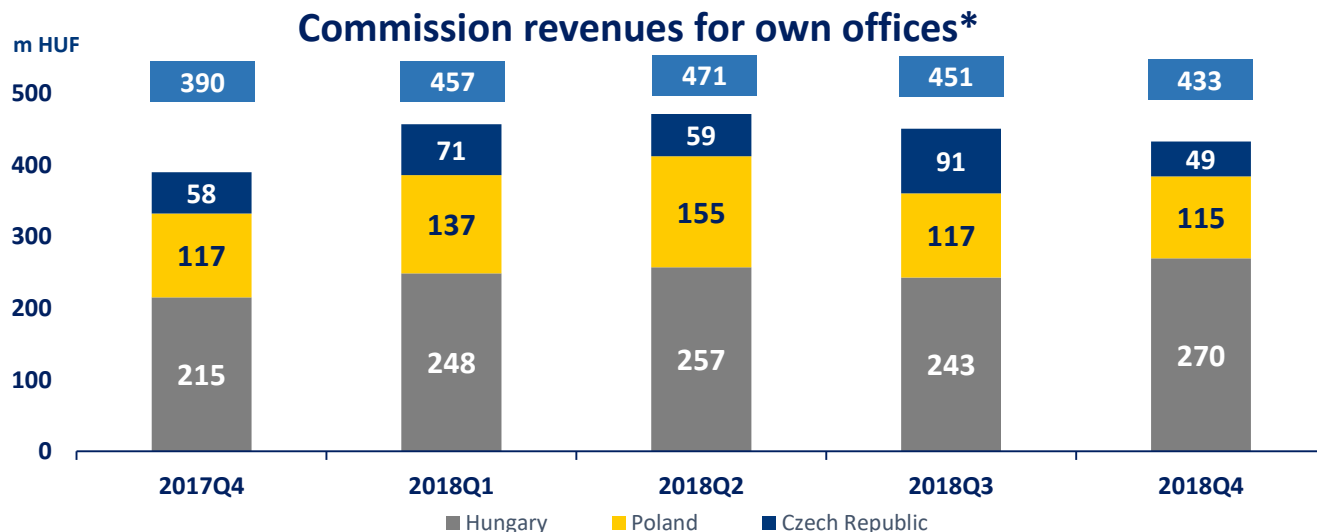


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Own office operation segment

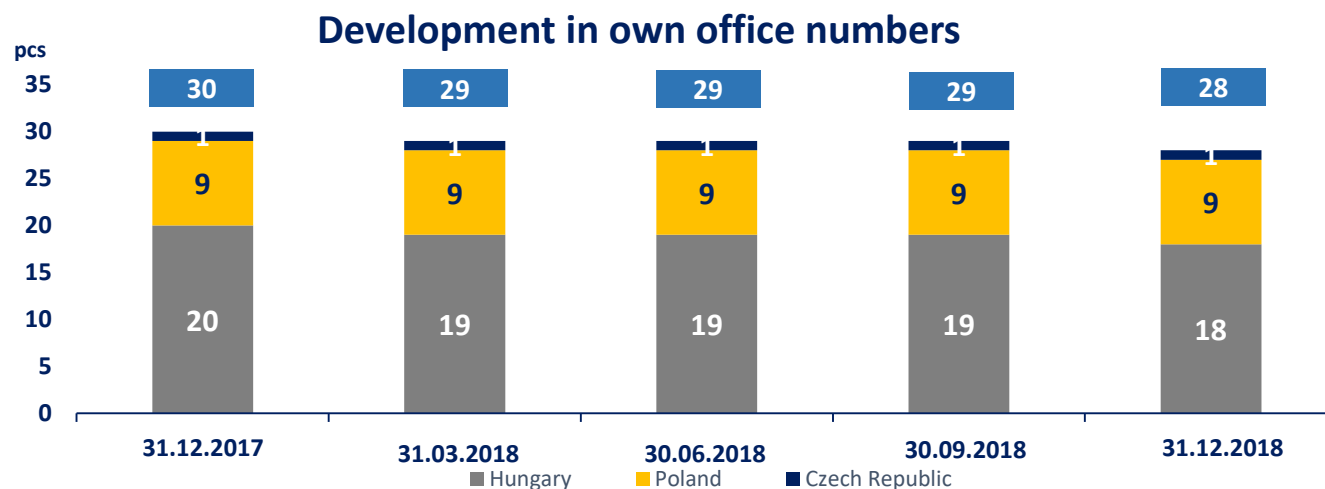


CHANGES IN NETWORK COMMISSION REVENUES AND OFFICE NUMBERS FOR OWN OFFICES



- In Q4 2018, the own office segment generated commission revenues of HUF 433 million (+11.0% YoY).
- In Hungary, revenues increased by 25.2% YoY.
- The commission revenues of Polish own offices decreased by 1.8% YoY.
- The revenues of the Czech own office fluctuated during the year and decreased by 16.0% YoY in Q4.
- In 2018 FY, the own offices of the Group generated commission revenues of HUF 1.8 billion (+9.5% YoY).

* 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							
	10-12. 2018	10-12. 2017	Variance (thHUF)	Variance (%)	1-12. 2018	1-12. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	347 595	338 532	9 063	3%	1 526 627	1 421 405	105 222	7%
Direct expenses	206 504	185 256	21 248	11%	864 912	805 048	59 863	7%
Gross profit	141 091	153 276	-12 186	-8%	661 715	616 356	45 359	7%
<i>Gross profit margin (%)</i>	<i>41%</i>	<i>45%</i>	<i>-5%p</i>		<i>43%</i>	<i>43%</i>	<i>0%p</i>	
Depreciation and amortization	-100	4 293	-4 394	-102%	11 837	18 746	-6 909	-37%
Indirect expenses	157 485	135 197	22 288	16%	570 899	520 127	50 772	10%
Operating income (EBIT)	-16 294	13 786	-30 080	-218%	78 979	77 484	1 496	2%
<i>EBIT margin (%)</i>	<i>-5%</i>	<i>4%</i>	<i>-9%p</i>		<i>5%</i>	<i>5%</i>	<i>0%p</i>	

The own office segment slowed down in the last quarter, as revenues only grew by 3% YoY compared to 7% overall growth in 2018.

Among the markets, the Hungarian operations performed remarkably by generating gross profit of HUF 111 million in the quarter (+35% YoY).

The Czech subsidiary made significant losses in Q4, yet significantly improved its annual gross profit (+23% YoY).

In Poland, own office operations lost 30% of their gross profit in Q4, while on an annual level the decrease was only 4%. The Group has made changes in management of own offices in Poland and expects slow increase in incomes during 2019.

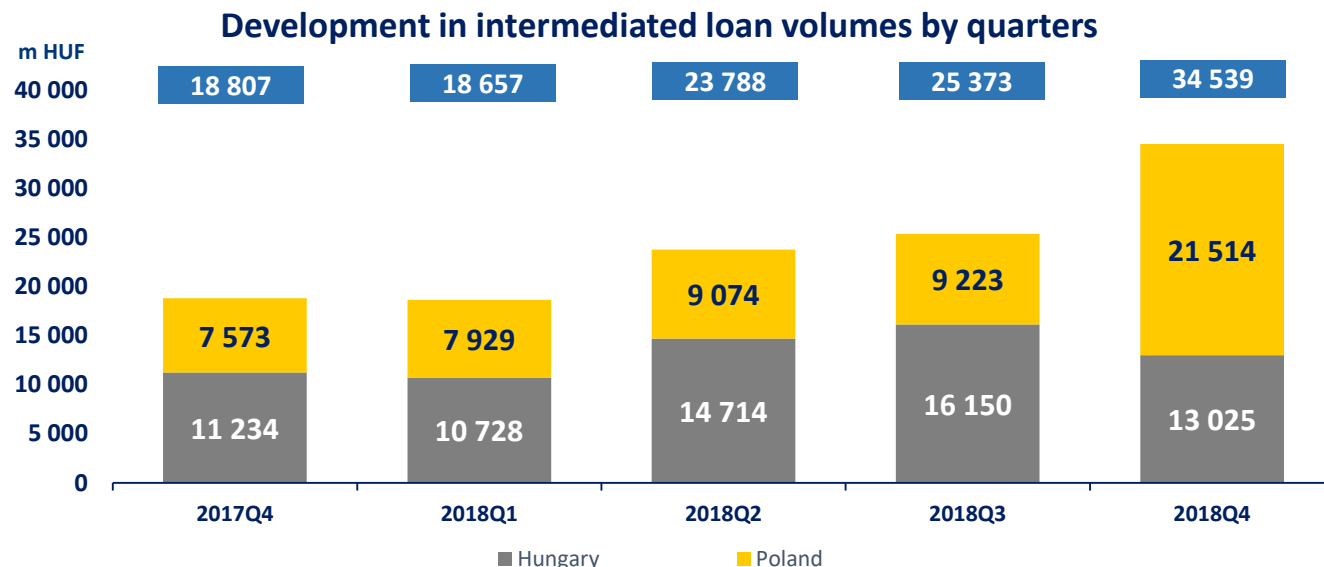


DUNA HOUSE[®]
GROUP

Financial product intermediary services segment



CHANGES IN INTERMEDIATED LOAN VOLUMES



- Duna House Group's loan brokerage activities continued their excellent performance in Q4, intermediated loan volume exceeded HUF 34 billion (+83.1% 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 the transaction, jointly with over 30% organic growth, grew the total loan volumes generated by the Polish businesses by 184.1% YoY. Gold Finance is being consolidated from November 2018, therefore Q4 figures only include the November and December performance of the company.
- In Hungary, loan volumes increased by 15.0% YoY in Q4, a slowdown compared to the growth rates of the earlier quarters and that was experienced in the whole market.

Information about financial brokerage in Poland and Gold Finance:

The acquisition of Gold Finance had a total negative effect of HUF 29.4 million in Q4 due to one off items described on page 12. At the end of November 2018 cost cuts have been executed, but due to severance payments and usually 3 months of prior notice, these steps will have a positive effect only from 2019 Q2.

In addition, a merge between Gold Finance and Metrofinance (the previous financial brokerage arm of Metrohouse) is currently under progress and is predicted to be concluded before the end of Q1 2019.

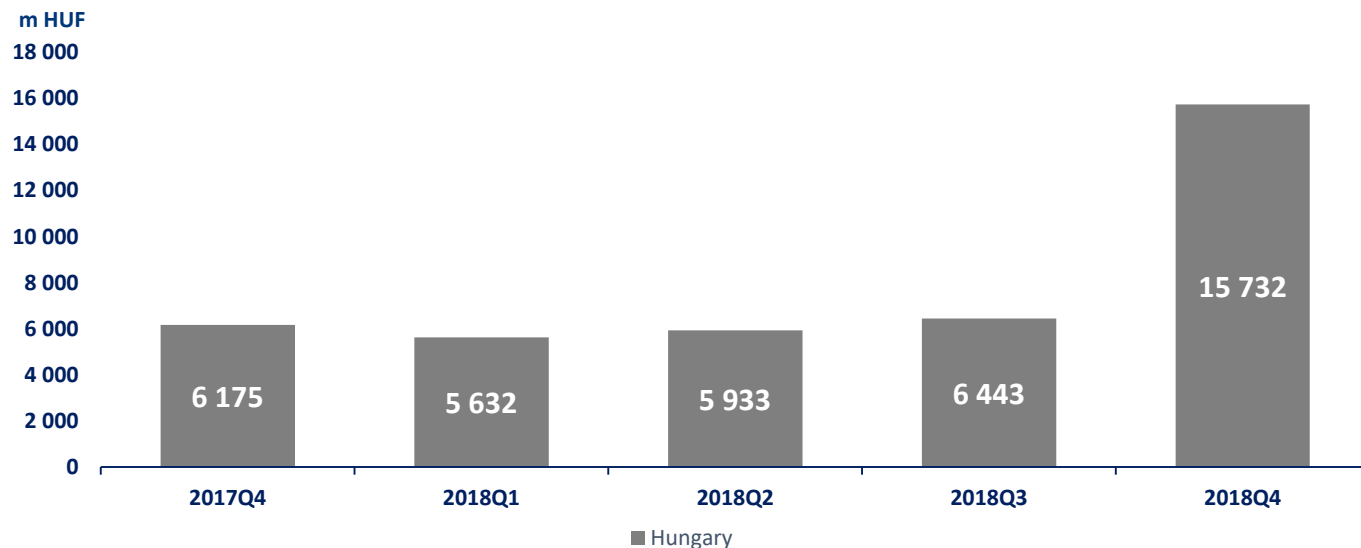
After this adaptation period, management predicts a substantial increase in the profitability of the Polish financial brokerage activity due to the following factors:

1. Cost saving due to reduction of parallel organizational units and processes.
2. Increased commission levels on previous Metrofinance volumes due to higher commission levels in Gold Finance (reaching full effect from the second half of 2019) and additional increase on total commission levels, due to higher combined volumes after the merger.
3. The Management expects that the acquisition of GF strengthens its position in the market and will enable it to reach additional organic growth in this sector.

In total, the management expects significant profitability in this sector in Poland, starting with a weak Q1 and strengthening throughout the year.

CHANGES IN INTERMEDIATED HOME SAVINGS VOLUME

Development in intermediated home savings volume by quarters



- The Hungarian Parliament revoked the state subsidy on home savings products on October 16, 2018. Until that cut-off date, an outstanding number of new home saving accounts have been contracted.
- Although the product line itself is not expected to disappear, its attractiveness will decline. Management expects to reach 20-30% of previous home saving volumes in 2019 and is currently working on adding further products to the portfolio of the financial product brokerage in order to compensate for loss of volumes.
- The Group generated gross profit of HUF 229 million from this product line in 2018 (out of which HUF 107 in Q4). The mentioned legislation change might have a negative impact on the Group's consolidated earnings in the short term.

SEGMENT LEVEL RESULTS

<i>(data in thHUF)</i>	FINANCIAL PRODUCT INTERMEDIARY SERVICES SEGMENT							
	10-12. 2018	10-12. 2017	Variance (thHUF)	Variance (%)	1-12. 2018	1-12. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	1 057 480	502 402	555 078	110%	2 774 317	1 883 429	890 888	47%
Direct expenses	697 005	323 762	373 243	115%	1 839 017	1 140 095	698 923	61%
Gross profit	360 475	178 640	181 835	102%	935 299	743 334	191 965	26%
<i>Gross profit margin (%)</i>	<i>34%</i>	<i>36%</i>	<i>-1%p</i>		<i>34%</i>	<i>39%</i>	<i>-6%p</i>	
Depreciation and amortization	903	301	602	200%	1 870	1 022	848	83%
Indirect expenses	167 148	44 732	122 416	274%	331 438	171 805	159 633	93%
Operating income (EBIT)	192 424	133 607	58 817	44%	601 991	570 507	31 484	6%
<i>EBIT margin (%)</i>	<i>18%</i>	<i>27%</i>	<i>-8%p</i>		<i>22%</i>	<i>30%</i>	<i>-9%p</i>	

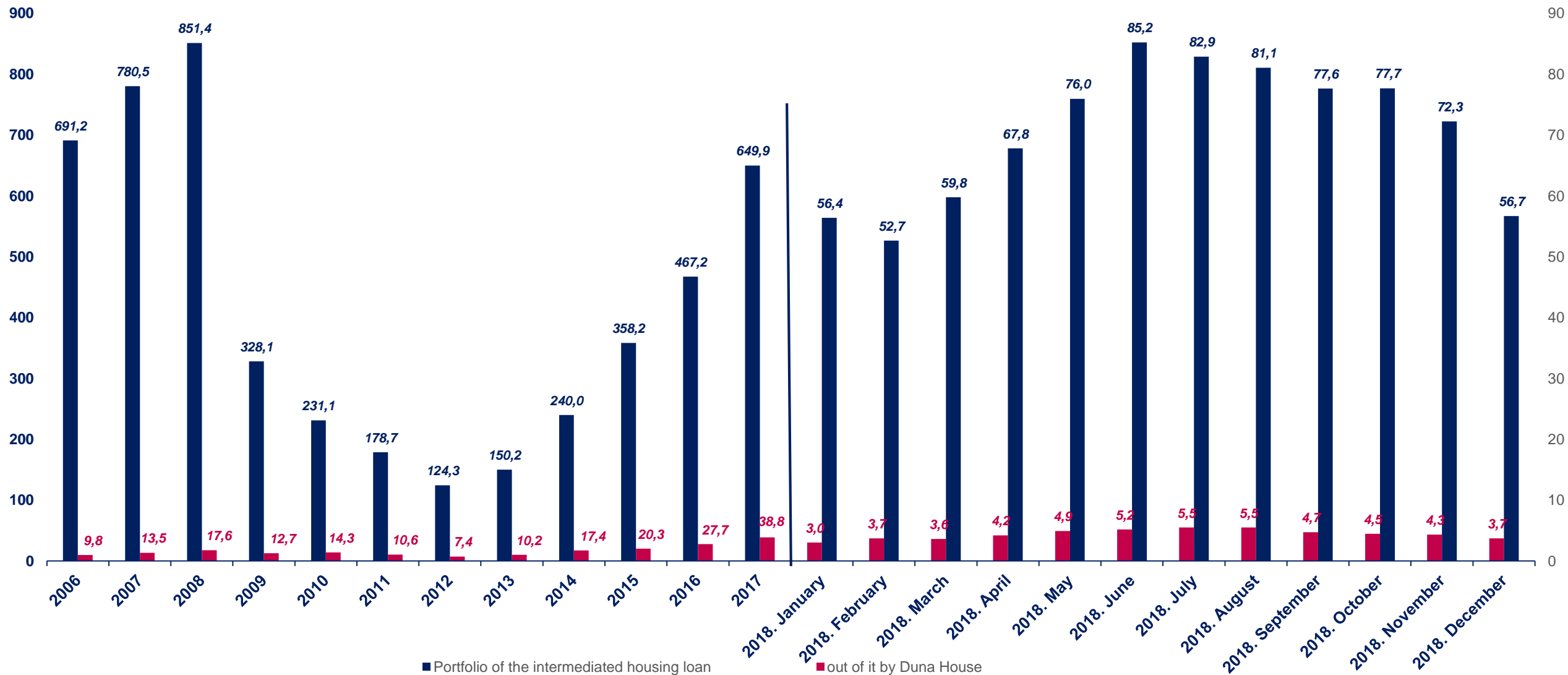
The revenues of the financial intermediation segment more, than doubled in Q4 as the acquisition of Gold Finance (adding HUF 270 million sales revenue in November-December 2018) coupled with 57% YoY organic growth, partly driven by the strong volumes of the home saving segment.

Gross profit margin decreased slightly due to the lower margins in the acquired Gold Finance business.

The indirect costs increased partly due to increased fees related to the infrastructure used by the segment, but mainly due to the consolidation of Gold Finance, restructuring costs and HUF 17 million of regulatory penalties in Hungary.

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

- Portfolio management
- 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:

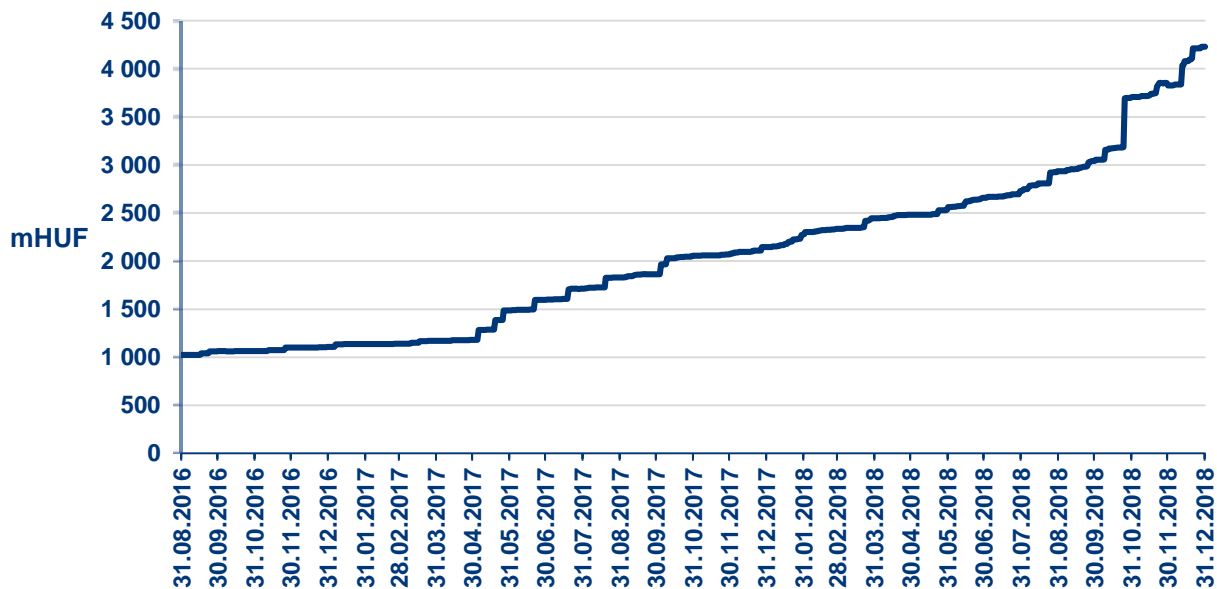
- April 2016.

Currently managed fund:

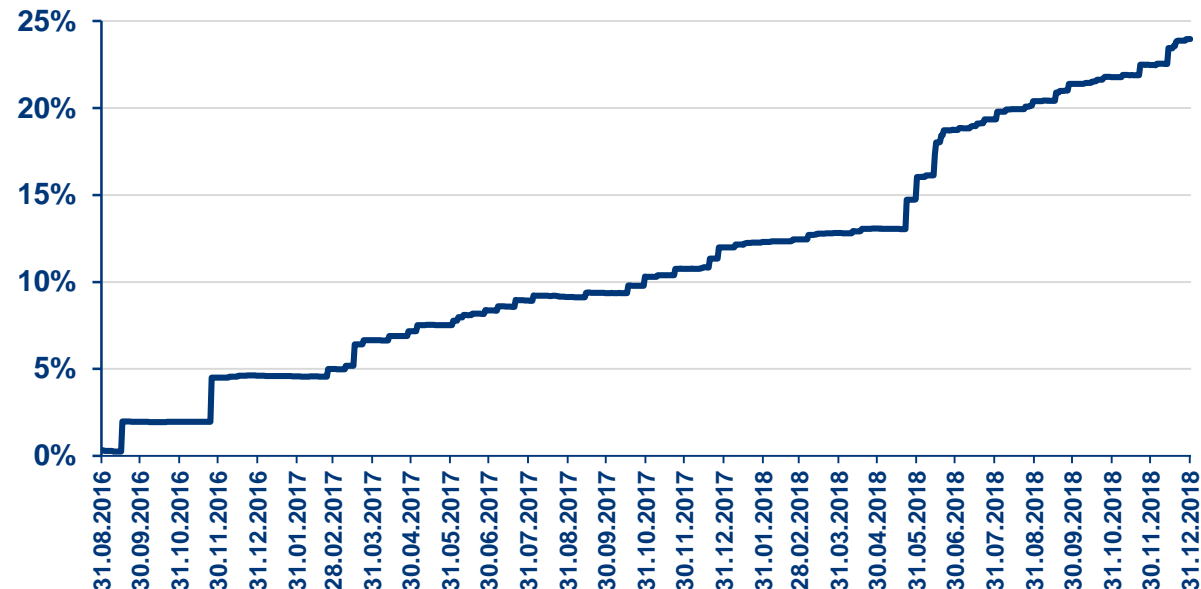
- Duna House Fund, open-end, public

DUNA HOUSE HUNGARIAN RESIDENTIAL REAL ESTATE FUND

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



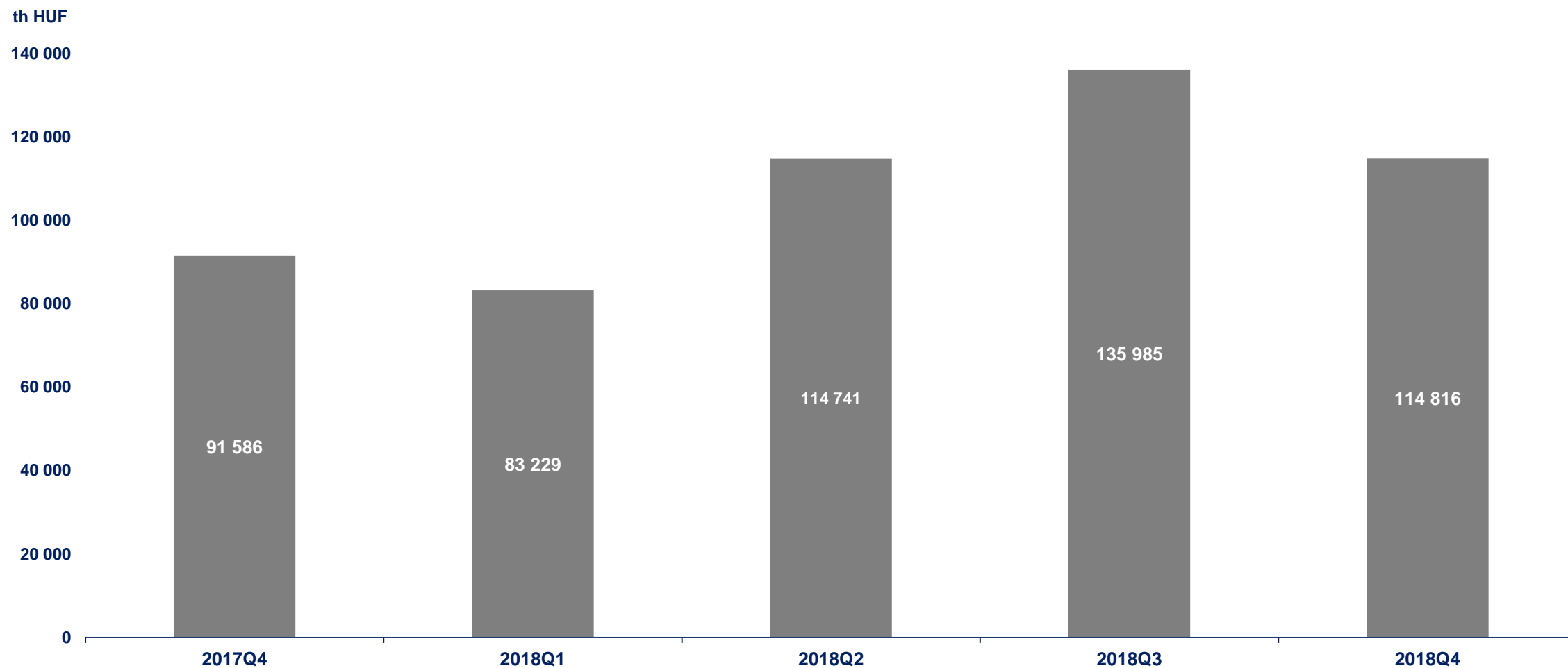
Generated yield from the beginning by Impact Residential Property Investment Fund



The 1-year net return of Duna House Fund was 11.5% as of February 13, 2019.

The net asset value of the fund averaged HUF 3,6 billion in Q4 2018 and amounted to HUF 4.2 billion as of February 13, 2019.

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. 2018	10-12. 2017	Variance (thHUF)	Variance (%)	1-12. 2018	1-12. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	114 816	91 586	23 230	25%	448 771	309 282	139 489	45%
Direct expenses	27 357	31 320	-3 963	-13%	124 151	113 693	10 457	9%
Gross profit	87 459	60 265	27 193	45%	324 620	195 589	129 032	66%
<i>Gross profit margin (%)</i>	<i>76%</i>	<i>66%</i>	<i>10%p</i>		<i>72%</i>	<i>63%</i>	<i>9%p</i>	
Depreciation and amortization	720	346	374	108%	1 332	1 579	-247	-16%
Indirect expenses	50 893	38 284	12 609	33%	176 256	151 040	25 216	17%
Operating income (EBIT)	35 845	21 636	14 210	66%	147 033	42 970	104 063	242%
<i>EBIT margin (%)</i>	<i>31%</i>	<i>24%</i>	<i>8%p</i>		<i>33%</i>	<i>14%</i>	<i>19%p</i>	

The complementary services segment has increased its revenues by HUF 23.2 million (+25% YoY). Growth was predominantly driven by the expanding fund management and property management businesses, as well as by the new revenue sources that contributed by HUF 10 million to the revenues (advertisement fees, private placement fees).

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

Fund management became profitable and generated EBIT of HUF 40 million in 2018..

Overall, the segment has reached a significant profitability level,, making EBIT of HUF 35,8 million at 31% margin in Q4 and EBIT of HUF 147 million at 33% margin in the whole year.



DUNA HOUSE[®]
GROUP

Property investments segment



SEGMENT LEVEL RESULTS

(data in thHUF)	PROPERTY INVESTMENT SEGMENT							
	10-12. 2018	10-12. 2017	Variance (thHUF)	Variance (%)	1-12. 2018	1-12. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	133.568	34.827	98.742	284%	2.135.105	118.409	2.016.697	1703%
Direct expenses	106.691	2.926	103.765	3546%	1.219.446	15.104	1.204.342	7974%
Gross profit	26.877	31.901	-5.024	-16%	915.659	103.305	812.355	786%
<i>Gross profit margin (%)</i>	<i>20%</i>	<i>92%</i>	<i>-71%p</i>		<i>43%</i>	<i>87%</i>	<i>-44%p</i>	
Depreciation and amortization	6.825	5.683	1.142	20%	24.239	22.076	2.163	10%
Indirect expenses	-96.868	3.235	-100.103	-3094%	-203.808	51.258	-255.066	-498%
Operating income (EBIT)	116.919	22.983	93.937	409%	1.095.227	29.970	1.065.258	3554%
<i>EBIT margin (%)</i>	<i>88%</i>	<i>66%</i>	<i>22%p</i>		<i>51%</i>	<i>25%</i>	<i>26%p</i>	

Reviczky Liget project has been completed in 2018 (running under MyCity** brand) and with the exception of three flats all of its residential units have been handed over and invoiced in 2018. The project generated revenues of HUF 88 million in Q4 2018.

Fair value appraisals on the investment portfolio generated income of HUF 97 million in Q4 (HUF 31 million in Q4 2017) and HUF 188 million in the whole year (HUF 54 million in 2017).

*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.

VOLUME* AND VALUE OF INVESTMENT AND OPERATIVE PROPERTIES

(data in thHUF)	31. december 2017		31. december 2018	
	Number (pcs)**	Carrying amount	Number (pcs)**	Carrying amount
Investment purpose property	13	1 061 613	12	1 443 600
Operational property	5	396 165	4	381 125
Total	18	1 457 778	16	1 824 725

During 2018, we sold two properties valued at HUF 48 million in total and purchased part of an office building valued at HUF 258 million as of 31 December 2018.

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

* 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 400 flats in 3+1 projects under MyCity brand, as follows:

	Forest Hill Budapest III. district	Forest Hill Panorama (NEW) Budapest III. district	Reviczky Liget Budapest XVIII. district	MyCity Residence Budapest III. district	TOTAL
Duna House Group's share in Project	100%	100%	100%	50%	
Landsize (m2)		29 314	5 625	3 345	38 284
Sellable area (m2)	11 837	4 605	4 672	6 882	27 996
Number of Apartements (pcs.)	154	57	86	103	400
Average Apartements size (m2)	76,9	80,7	54,3	68,8	70,0
Actual status of Projects					
Construction permit	✓	✓	✓	✓	
Construction is ongoing	✓		✓	✓	
Active presale started	✓		✓	✓	
Handover in progress			✓		

PROPERTY DEVELOPMENT ACTIVITY

- District 18. Reviczky Liget Project: The project has been completed in 2018 with 3 flats awaiting handover as of December 31. and only 1 as of the date of this report.
- District 3. Forest Hill: Due to apartment split the total number of salable units increased to 154. Sales proceeding according to plan. 70% of the units are sold. Due to general scarce capacities in the construction sector, 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 November 6, 2018, therefore the units can be sold with VAT 5% according to current legislation. Execution and marketing plans shall be ready within a few weeks.
- District 3. MyCity Residence: Construction started end of January, 2018. 71% 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							
	10-12. 2018	10-12. 2017	Variance (thHUF)	Variance (%)	1-12. 2018	1-12. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	-7 396	-79 087	71 692	-91%	-263 700	-316 594	52 894	-17%
Direct expenses	21 546	-3 389	24 935	-736%	-3 779	-27 494	23 715	-86%
Gross profit	-28 942	-75 698	46 756	-62%	-259 922	-289 101	29 179	-10%
<i>Gross profit margin (%)</i>	<i>391%</i>	<i>96%</i>	<i>296%p</i>		<i>99%</i>	<i>91%</i>	<i>7%p</i>	
Depreciation and amortization	1 219	1 340	-121	-9%	5 101	4 447	654	15%
Indirect expenses	74	-74 166	74 240	-100%	-203 537	-278 473	74 935	-27%
Operating income (EBIT)	-30 234	-2 872	-27 363	953%	-61 486	-15 075	-46 410	308%
<i>EBIT margin (%)</i>	<i>409%</i>	<i>4%</i>	<i>405%p</i>		<i>23%</i>	<i>5%</i>	<i>19%p</i>	

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

The Q4 expenses of the holding include primarily acquisition costs, 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.

* Advisory fees related to the acquisition of Gold Finance Sp. Z. o.o in Poland were reported in the Franchise segment in our Q2 report. These costs have been reclassified as holding expenses and are reported in Other and consolidation 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 2018Q4 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 2019.

Budapest, 27 February, 2019.

Duna House Holding Plc. Board of Directors

Represented by: Doron Dymshiz, Board of Directors, President



DUNA HOUSE[®]

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