

EXTRAORDINARY NOTICE

DUNA HOUSE HOLDING Public Limited Company (seat: 1016 Budapest, Gellérthegy str. 17, Hungary; company registration number: Cg. 01-10-04838; hereinafter referred to as “DUNA HOUSE”) hereto publishes the following information in the form of an extraordinary notice.

In order to further strengthen its property development activity, on March 12, 2017 DUNA HOUSE concluded an agreement with Eldar Investments (H.L.A) Ltd. to acquire its 50% share in MyCity Residential Development Kft. (seat: 1016 Budapest, Gellérthegy str. 17, Hungary; company registration number: Cg. 01-09-984485; hereinafter referred to as “MyCity”).

Upon the settlement of its financial obligations, DUNA HOUSE shall become the 100% owner of MyCity. The total amount of consideration to be paid in accordance with the agreement is 2.200.000 EUR, out of which 1.000.000 EUR is the purchase price of the business share, and 1.200.000 EUR is the purchase price of ELDAR Investment (H.L.A) Ltd.’s claims on MyCity and its subsidiaries, arisen from ELDAR Investment (H.L.A) Ltd.’s previous financing activity of MyCity.

MyCity operates with four subsidiaries and a jointly controlled entity. As a result of the above transaction, DUNA HOUSE shall acquire controlling influence over Pusztakúti 12. Kft., Reviczky 6-10. Kft., Zsinór 39 Kft. and IH Project X Kft. companies, while Hunor utca 24. Kft. shall become DUNA HOUSE’s jointly controlled entity. The objective of these project companies is the implementation of on-going property development projects in different locations of Budapest (Forest Hill, Reviczky Liget, Irisz Ház, MyCity Residence), see mycity-group.com

According to DUNA HOUSE management, the property development activity within MyCity shows satisfactory progress, therefore it intends to take a growing part in these property development projects.

The management finds the price of the 50% share in MyCity favorable. As a result of the acquisition of MyCity, DUNA HOUSE’s exposure to risks associated with the property development business rises in line with the increase of the achievable developer’s profit. Among the risks associated with the property development business, management shall focus primarily on the increasing construction costs. Management expects the planned increase of sales prices available following the closure of pre-sales period -to be reached in the case of Reviczky Liget and Forest Hill the soonest- shall be able to compensate for the increasing construction costs, assuming no decline in the favorable market conditions at this time. There is a strong customer interest toward the on-going projects and the management does not foresee any negative market developments in the near future.

Following the acquisition of the controlling influence over MyCity, the consolidated financial statements of DUNA HOUSE shall include both MyCity and its project companies (except Hunor utca 24. Kft.), as fully consolidated subsidiaries. As a result of the full consolidation, DUNA HOUSE HOLDING’s consolidated balance sheet, among others, will contain a significant amount of inventories and investment properties, as well as bank loans financing these assets. The guarantees attached to these loans are of non-recourse character, i.e. their enforceability shall remain on the level of MyCity and its project companies.

Budapest, March 13, 2017.

Duna House Holding Plc.