

**POSITION OF THE SUPERVISORY BOARD ON THE AGENDA ITEMS AND DRAFT  
RESOLUTIONS PROPOSED BY THE BOARD OF DIRECTORS**

**FOR THE EXTRAORDINARY GENERAL MEETING**

**OF 5 JANUARY 2017**

**OF DUNA HOUSE HOLDING NYILVÁNOSAN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG**

Time and venue of the general meeting: 5 January 2017 10:00 a.m.

1016 Budapest, Gellérthegy utca 17.

**Dear Shareholders,**

The Board of Directors of DUNA HOUSE HOLDING Nyrt. (The '**Company**') has convened the Company's Extraordinary General Meeting (EGM) for 10:00 a.m., 5 January 2017. The agenda of the EGM is set out in the notice published in the manner specified by the statutes. The notice for the EGM was published on 28 November 2016 on the websites of both DUNA HOUSE HOLDING Nyrt. and the Budapest Stock Exchange.

## AGENDA ITEM 2

*Report by the Board on the reasons and nature of the acquisition of own shares, the number and total value of shares acquired, their proportion to the Company's capital stock and the amount paid*

By Resolution No 2/2016 (of 25 March), the general meeting authorised the Board to acquire own shares. In accordance with the provisions of Section 3:223(4) of Act V of 2013 on the Civil Code ('**Civil Code**'), at the Company's extraordinary general meeting of 16 September 2016, the Board of Directors put forward its report on the allocation of own shares. The report was unanimously approved by the general meeting of the Company by Resolution No 2/2016 (of 16 September). In its order ('**Order**'), the Company Court of the Metropolitan Court refused to register the resolutions adopted at the Company's general meeting of 16 September 2016 in the company register. In the Order, the Company Court contested the lawfulness of the manner the general meeting was held. While the Board of Directors is of the absolutely firm position that, in connection with conducting the general meeting in question, the Company has fully complied with the applicable legislation, that could only be demonstrated by a lengthy legal dispute, which is not in the Company's interest under the circumstances. With a view to avoiding lengthy legal disputes and the related uncertainties, the Board is repeatedly submitting its report on the allocation of own shares to the general meeting of the Company as follows.

On the basis of Section 3:223(4) of the Civil Code, the Board of Directors notifies shareholders that, through the share sale and purchase agreement entered into between the Board and Medasev Int. Cyprus Ltd., the Company purchased a total of 91,500 series A own shares of a nominal value of HUF 50 (Fifty Forints) each, in return for a total amount of PLN 3,600,000 (Three Million Six Hundred Thousand Zlotys) from Medasev Int. Cyprus Ltd.

The total nominal value of own shares so acquired is HUF 4,575,000 (Four Million Five Hundred Seventy-Five Thousand Forints), which accounts for 2.99% of the Company's capital stock.

The reason for acquiring the own shares is that the own shares acquired through the transaction constituted part of the amount payable by the Company to MKC Investment Sp. Z.o.o. with regard to the shares issued by Metrohouse Franchise S. A. Accordingly, the own shares have been transferred to MKC Investment Sp. z.o.o.

The Board requests the general meeting to acknowledge the report by the Board under Section 3:223(4) of the Civil Code on the acquisition of own shares.

**Draft resolution:**

The general meeting has acknowledged the report by the Board under Section 3:223(4) of the Civil Code on the acquisition of own shares.

**Position of the Supervisory Board:**

The Supervisory Board has examined agenda item no. 2. as well as the corresponding draft resolution. The Supervisory Board supports both of them and proposes them to be accepted by the general meeting of the Company.

### AGENDA ITEM 3

#### *Decision on increasing the Company's capital stock*

The Prospectus drawn up in connection with the public sale of the Company's shares set out that the Company shall increase its capital stock following the successful public sale. In accordance with the above, in its Resolution No 9/2016 (of 16 September), the Company's general meeting unanimously authorised the Board of Directors to increase the Company's capital stock in connection with the public sale of the Company's shares.

As the public and private sale of the Company's shares ('Sale') has been successfully concluded, in its Resolution No 4/2016 (of 3 November), the Company's Board of Directors decided to raise the Company's capital stock by HUF 18,939,350 (Eighteen Million Nine Hundred Thirty-Nine Three Hundred and Fifty Forints) through the issue of 378,787 series A ordinary shares of the nominal value of HUF 50 (Fifty Forints) each, to be produced in a dematerialised form; the shares were issued at the issue price of HUF 3,960 (Three Thousand Nine Hundred Sixty Forints) each; Medasev Holding Kft. was the party appointed to take over such shares. The request to register the changes related to the capital increase was lodged with the Company Court of the Metropolitan Court on 11 November 2016.

As a result of the Order of the Company Court of the Metropolitan Court on the refusal of registration (the facts concerning the Order have been set out under agenda item no. 2), in order to enable the Company and Medasev Holding Kft., the selling shareholder at the public sale, to meet the commitment to increase capital, undertaken in the Prospectus drawn up in connection with the public sale, a new resolution must be adopted by the general meeting to the same effect as the resolution of the Board on increasing the Company's capital stock as referred to above; the resolution of the general meeting must also include a decision on precluding the underwriting preference vested in the Company's shareholders.

According to Section 3:293(1) of the Civil Code, the general meeting shall decide on increasing the Company's capital stock. According to Section 3:293(2) of the Civil Code, the validity of the resolution on the capital increase shall be subject to the holders of the types or classes of shares affected by the capital increase in accordance with the statutes specifically approving the capital increase in the manner specified in the statutes.

According to Article 8.11 of the statutes, the attending holders of the series of shares affected shall decide on the granting of their approval before the resolution of the general meeting is adopted, separately for each series of shares, by the simple majority of votes embodied by their shares belonging to the series of shares concerned.

**Draft resolution**

The attending holders of series A shares approve the proposed capital increase in accordance with the provisions of Section 3:293(2) of the Civil Code and Article 8.11 of the statutes.

**Draft resolution**

The Company's capital stock shall be increased by the general meeting as follows:

The nominal value and issue value of all shares floated prior to the capital increase have been made available to the Company in full by the Company's shareholders.

1. Method of the capital increase: capital increase through financial pecuniary contribution, the private placement of new shares.
2. Amount of the capital increase: HUF 18,939,350 (Eighteen Million Nine Hundred Thirty-Nine Three Hundred Fifty Forints). The amount of the Company's capital stock following the capital increase: HUF 171,989,350 (One Hundred Seventy One Million Nine Hundred Eighty-Nine Thousand Three Hundred Fifty Forints).
3. The number and series of shares to be floated during the capital increase by the placement of new shares, the rights related to the type, class and series of shares belonging to the series, the method of share production and the nominal value and issue value of shares:

378,787 series A ordinary shares of the nominal value of HUF 50 (Fifty Forints) each, to be produced in a dematerialised form; the shares are to be issued at the issue price of HUF 3,960 (Three Thousand Nine Hundred Sixty Forints) each.

The rights related to the new ordinary shares to be issued by the Company are equivalent to those related to ordinary shares that were issued earlier, in accordance with the Company's statutes.

4. In connection with the capital increase set out in detail in this Resolution, the general meeting hereby precludes the exercise of the underwriting preference vested in the Company's shareholders with a view to enabling Medasev Holding Kft. to comply with its obligation set out in the Prospectus drawn up in connection with the public sale.

5. The person appointed to take over the shares and the number of shares available:

On the basis of the provisions of Section 3:296(2) and (3) of the Civil Code and the preliminary declaration of liability, the general meeting hereby appoints Medasev Holding Kft. (registered address: 1016 Budapest, Gellérthegy utca 17.; registered by the Company Court of the Metropolitan Court under no. Cg.01-09-209753; represented by: Doron Dymshiz (domicile: 2095 Üröm, Rókahegyi út 48., Hungary) and Gay Dymshiz (domicile: 1121 Budapest, Hangya utca 8., II. em. 1., Hungary)) ('**Medasev Holding**') to take over the new shares to be issued as part of the capital increase.

Medasev Holding shall be authorised to receive 378,787 ordinary shares in return for a financial pecuniary contribution of HUF 3,960 (Three Thousand Nine Hundred Sixty Forints) per share, i.e. for a total financial contribution of HUF 1,499,996,520 (One Billion Four Hundred Ninety-Nine Million Nine Hundred Ninety-Six Thousand Five Hundred and Twenty Forints).

7. The period available to issue the declaration on the take-over of shares:

Medasev Holding shall issue a final declaration of liability on the take-over of new shares to be issued as part of the capital increase on the same day this Resolution is passed.

8. Conditions of payment of the nominal value or issue value of shares:

Medasev Holding shall pay to the Company the issue value of new shares to be issued during the capital increase within fifteen (15) days of adopting this Resolution. New shares floated through a capital increase shall first give right to the dividends of the financial year for which the capital increase is registered (Section 3:298(3) of the Civil Code).

9. Amendment of the Company's statutes with regard to the capital increase:

Article 5 of the statutes shall be amended as follows:

(text to be deleted is struck through, new text shown in bold)

**'5. The Company's capital stock**

5.1 The Company's capital stock amounts to HUF ~~153,050,000~~ **171,989,350** (~~One Hundred Fifty-Three Million Fifty Thousand~~ **One Hundred Seventy-One Million Nine Hundred Eighty-Nine Thousand Three Hundred Fifty** Forints, consisting of a financial pecuniary contribution of ~~153,050,000~~ **171,989,350** (~~One Hundred Fifty Three Million Fifty Thousand~~ **One Hundred Seventy-One Million Nine Hundred Eighty-Nine Thousand Three Hundred Fifty** Forints, which constitutes 100 percent of the capital stock.

5.2 The Company's capital stock consists of

- (a) ~~3,060,000~~ **3,438,787** series A registered ordinary shares of the nominal value of HUF 50 each, and
- (b) 1,000 series B registered preferred dividend employee shares of the nominal value of HUF 50 each.

A right to preferential dividend under Article 18.3 of these statutes and other shareholder's rights associated with ordinary shares (e.g. voting rights) shall be associated with the employee shares.

5.3 The shares shall be produced in a dematerialised form.'

The amendment of the statutes shall become effective when the conditions for the capital increase have been met (a conditional amendment of the statutes under Section 3:298(1) of the Civil Code).

10. Notification of the CSD and the keeper of the shareholder's securities account following registration of the capital increase: Within fifteen days of registration of the capital increase, the Board of Directors shall notify the CSD and the keeper of the shareholder's securities account of the change to the shareholder's shareholding due to the capital increase.

#### **Position of the Supervisory Board:**

The Supervisory Board has examined agenda item no. 3. as well as the corresponding draft resolution. The Supervisory Board supports both of them and proposes them to be accepted by the general meeting of the Company.

## AGENDA ITEM 4

### *Amending the Company's statutes regarding the basis for dividends of preferred dividend employee shares*

At the Company's extraordinary general meeting of 16 September 2016, the Board proposed that the general meeting take measures for supplementing Article 18.3 of the Company's statutes with regard to the basis for dividends of preferred dividend employee shares, which amendment to the statutes was unanimously approved by the general meeting by Resolution No 10/2016 (of 16 September). In accordance with the above, the statutes set out in the Annex to the Prospectus drawn up in connection with the public sale has also been drafted in the form and with the content including the amendment referred to above. With regard to the Order of the Company Court of the Metropolitan Court on refusing registration (which facts concerning the Order have been set out under agenda item no. 2 above) and with a view to ensuring that the Company's statutes in effect should be identical with the statutes set out in the Annex to the Prospectus drawn up in connection with the public sale, the Board repeatedly submits to the Company's general meeting the supplement to the statutes regarding the basis for dividends of preferred dividend employee shares, as follows.

The Board proposes that the general meeting take measures concerning the supplementing of Article 18.3 of the Company's statutes as follows:

(text to be deleted is struck through, new text shown in bold)

'18.3 A right to preferential dividends shall be associated with the employee shares issued by the Company. Where the general meeting has instructed that dividends shall be paid for a particular year, the preferred dividend employee shares shall have precedence over ordinary shares with regard to the right to dividends for the year concerned, up to an amount equivalent to 6% of the value, net of the impacts on the profit of evaluations of property (on the basis of the IAS 40 Investment Property standard), of the profit after tax according to the Company's consolidated annual financial statement drawn up in accordance with the International Financial Reporting Standards (IFRS) ('Maximum Amount of Preferred Dividends'). **The revaluation difference, accounted for in the profit and loss account, of participations included in the Company's consolidated financial statements by the equity method shall not be part of the basis for dividends of preferred dividend employee shares.**

The right to preferential dividend associated with the employee shares shall not be cumulative. Accordingly, where the general meeting instructs that no dividends shall be paid for a particular year, or the amount of dividends specified by the general meeting is lower than the Maximum Amount of Preferred Dividends (e.g.: in an amount equivalent to 4% of the value, net of the impacts on the profit of evaluations of property of the profit after tax according to the Company's consolidated annual financial statement drawn up in accordance with the IFRS), it shall not give rise to claims for dividends based on employee shares in subsequent years. The employee shares shall carry no rights to dividends other than as specified above. In particular, the employee shares shall not (i) entitle their holders to dividends in excess of the Maximum Amount of Preferred Dividends, or (ii) entitle their holders to dividends if, for the financial year concerned, the profit after tax according to the consolidated annual financial statement drawn up on the basis of the International Financial Reporting Standards is negative.'

On the basis of Section 3:277(1) of the Civil Code and Articles 8.8 and 8.11 of the statutes, no resolution of the general meeting that negatively affects any right associated with a series of shares shall be effective unless such resolution has specifically been approved by holders of the series of shares concerned, who attend the general meeting, with the simple majority of their votes. With regard to the above, with the exception of the prohibition of exercising voting rights associated with own shares, the provisions governing any restrictions or preclusion of voting rights associated with a share shall not apply.

**Draft resolution**

The attending holders of series B shares hereby approve the addition to the statutes in connection with the basis for dividends of preferred dividend employee shares as referred to above, in accordance with the provisions of Section 3:277(1) of the Civil Code and Articles 8.8 and 8.11 of the statutes.

**Draft resolution**

The general meeting hereby adopts the addition to Article 18.3 of the Company's Statutes as follows:

'18.3 A right to preferential dividends shall be associated with the employee shares issued by the Company. Where the general meeting has instructed that dividends shall be paid for a particular year,

the preferred dividend employee shares shall have precedence over ordinary shares with regard to the right to dividends for the year concerned, up to an amount equivalent to 6% of the value, net of the impacts on the profit of evaluations of property (on the basis of the IAS 40 Investment Property standard), of the profit after tax according to the Company's consolidated annual financial statement drawn up in accordance with the International Financial Reporting Standards (IFRS) ('Maximum Amount of Preferred Dividends'). **The revaluation difference, accounted for in the profit and loss account, of participations included in the Company's consolidated financial statements by the equity method shall not be part of the basis for dividends of preferred dividend employee shares.**

The right to preferential dividend associated with the employee shares shall not be cumulative. Accordingly, where the general meeting instructs that no dividends shall be paid for a particular year, or the amount of dividends specified by the general meeting is lower than the Maximum Amount of Preferred Dividends (e.g.: in an amount equivalent to 4% of the value, net of the impacts on the profit of evaluations of property of the profit after tax according to the Company's consolidated annual financial statement drawn up in accordance with the IFRS), it shall not give rise to claims for dividends based on employee shares in subsequent years. The employee shares shall carry no rights to dividends other than as specified above. In particular, the employee shares shall not (i) entitle their holders to dividends in excess of the Maximum Amount of Preferred Dividends, or (ii) entitle their holders to dividends if, for the financial year concerned, the profit after tax according to the consolidated annual financial statement drawn up on the basis of the International Financial Reporting Standards is negative.'

**Position of the Supervisory Board:**

The Supervisory Board has examined agenda item no. 4. as well as the corresponding draft resolution. The Supervisory Board supports both of them and proposes them to be accepted by the general meeting of the Company.

## AGENDA ITEM 5

### *Repealing the resolutions adopted by the general meeting on 16 September 2016*

In its Order, the Company Court of the Metropolitan Court refused to register the resolutions adopted at the Company's general meeting of 16 September 2016 in the company register. In the Order on the refusal, the Company Court contested the lawfulness of the manner the general meeting was held. While the Board of Directors is of the absolutely firm position that, in connection with conducting the general meeting in question, the Company has fully complied with the applicable legislation, that could only be demonstrated by a lengthy legal dispute, which is not in the Company's interest under the circumstances. It is in the Company's interest to end such uncertainty as soon as possible. This has been the reason for holding today's extraordinary general meeting.

In consideration of the above, the Board of Directors proposes that the resolutions adopted at the Company's general meeting of 16 September 2016 be repealed.

#### **Draft resolution**

The resolutions adopted at the general meeting of 16 September 2016 shall hereby be repealed.

#### **Position of the Supervisory Board:**

The Supervisory Board has examined agenda item no. 5. as well as the corresponding draft resolution. The Supervisory Board supports both of them and proposes them to be accepted by the general meeting of the Company.