



**DUNA HOUSE<sup>®</sup>**  
**GROUP**

# **2017. Q2** **Quarterly report**

August 25, 2017



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## EXECUTIVE SUMMARY 2017 4.-6. months

- The Group has closed Q2 presenting impressive results, with the three-months' operating income (EBIT) adding up to HUF 253 Million, and a profit after tax (PAT) reaching HUF 288 Million.
- The Management increases its profit forecast of HUF 750-1.000 Million with relevance for the full year (calculated without MyCity) published on March 5, 2017 to HUF 850-1.000 Million. The named profit has reached HUF 535 Million by the end of the first six months.
- Operating income is nearly HUF 7 Million higher than the Q2 result of the previous year. Related to the core activity income, the following non-recurring items explain further HUF 50 Million when compared to Q2 of the previous year:
  - Decrease of the investment purpose property portfolio which had begun in Q2 2016, as well as the focus shift to property development activity within MyCity, resulted in a nearly HUF 115 Million lower profit in the current Q as one year earlier. Profit of property development projects can be realized only following the closure of the different projects.
  - Beginning with Q2 2017, MyCity group has fully been consolidated, decreasing the operating income by HUF 16 Million in total.
  - Activity in the Czech Republic – which, during the comparative period, has not yet been part of the Holding- presented a HUF 9 Million loss.
  - The impacts of the above were decreased as a result of a HUF 90 Million non-recurring expense volume, which appeared in Q2 2016 related to the IPO of the Holding's shares, the acquisition of the Polish Metrohouse group and SMART network.

Overall, it can be stated that the Group's core activity in Hungary and Poland on EBIT level has improved by nearly HUF 57 Million when compared to Q2 of the previous year.

## EXECUTIVE SUMMARY 2017 4.-6. months

- Improvement of the operating income is most outstanding in the financial intermediary services segment, where the HUF 82 Million of Q2 last year increased by nearly 90%, reaching a HUF 155 Million result. The main reason behind the growth is the volume growth in the intermediated loans (and home savings accounts in Hungary), as well as the operation efficiency improvement in the Polish Metrofinance.
- Financial results of Metrohouse group continued to improve. In Q2 2017, the activity in Poland has reached the turn-around point, and became profitable for the first time. The consolidated operating income and profit after tax added up to HUF 22 Million.
- The current state of MyCity is regarded as positive by the Management. By increasing the sales prices, growing costs in the construction field of the property development market were managed to a large extent in every project. The project with the shortest deadline, the “Revitzky Liget” is advancing according to schedule and the planned delivery looks promising for Q4.
- At the time of publishing the present report, the 1-year return of the Impact Residential Property Investment Fund is net 9.2%, which is the highest yearly result among all property funds in Hungary. The net asset value of Impact Residential Property Investment Fund has risen to HUF 1.6 Billion by June 30, 2017, and by the time of publishing the present Report it reaches HUF 1.83 Billion. Due to the outstanding performance, the Management is positive that the Fund’s net asset value has the potential to produce further growth.
- Despite the significant improvement in the core activity performance, profit after tax fell back from the HUF 648 Million of Q2 2016 to HUF 288 Million. The reason behind is the fact that during the comparative period a one-time HUF 481 Million profit was accounted for in the MyCity joint venture, in connection with the increase in value of the plots of lands classified as investment properties prior to beginning the development activity.



**DUNA HOUSE<sup>®</sup>**  
**GROUP**

**Franchise segment**



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**DUNA HOUSE HOLDING FRANCHISE BRANDS**



**DUNA HOUSE®**



**SMART™**  
INGATLAN



**HUNGARY, CZECH REPUBLIC**

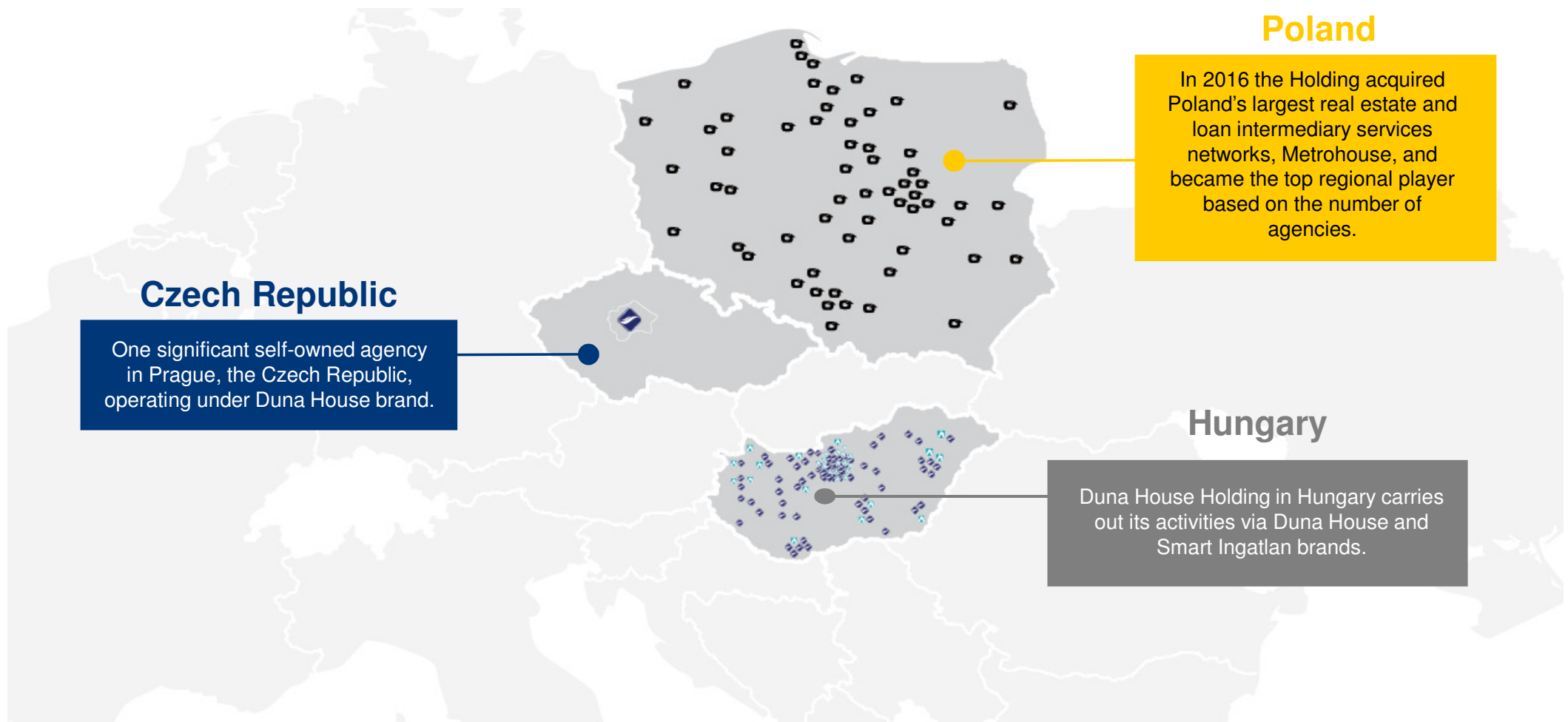


**HUNGARY**



**POLAND**

**REGIONAL PRESENCE**



**Poland**

In 2016 the Holding 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**

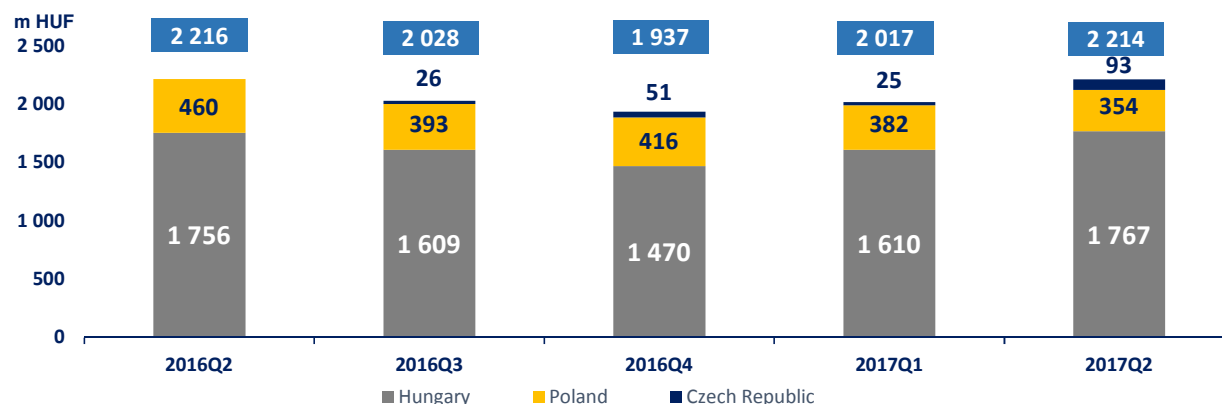
One significant self-owned agency in Prague, the Czech Republic, operating under Duna House brand.

**Hungary**

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

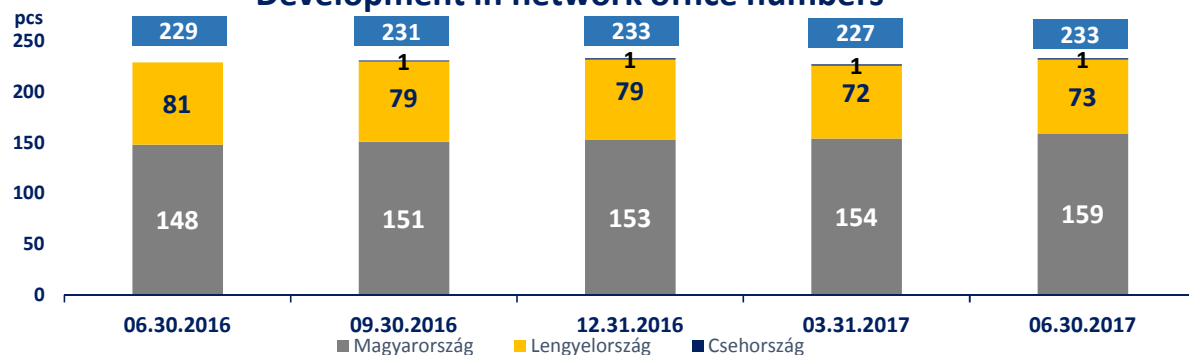
## Changes in network commission revenues and office numbers

### Commission revenues in the entire network\*



\*the total amount of commission revenue that was realized on all intermediated real estate transactions in the franchise networks of Duna House

### Development in network office numbers



The Holding's Hungary-based, DUNA HOUSE and SMART network related performance in Q2 2017 exceeded Q1 by 9.7%, and presented higher commission revenues than the comparative period of the year before by 0.6%. The growth of commission revenues was accompanied by the significant expansion of the number of agencies, reaching 159 in total with the opening of 5 new branches by the end of the quarter.

Commission related income in the Polish METROHOUSE network decreased by 7.3% when compared to the previous quarter, and by 23% in comparison with the same period last year. Decrease in commission revenues is mainly the result of a transparency trend following the introduction of tighter operation rules and higher franchisee fees following the acquisition of the METROHOUSE network. As a result of higher franchise fees, the negative effect on revenue is much less significant than suggested by the graph.

According to the Management, volume of the commission revenues for the METROHOUSE network is likely to begin to grow in the forthcoming quarters.

Although the impact of the above-mentioned transparency trend was still detected in the second quarter, due to the new branch openings, the total number of agencies in the METROHOUSE network reached 73 by the end of the first six months.

The difference between the commission income of Q2 and numbers presented on May 26, 2017 as estimates, is negligible



**SEGMENT LEVEL RESULTS**

<i>(data in thHUF)</i>	<b>FRANCHISE SEGMENT</b>							
	<b>4-6. 2017</b>	<b>4-6. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>	<b>1-6. 2017</b>	<b>1-6. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>
<b>Net sales revenue</b>	<b>320 012</b>	<b>329 891</b>	<b>-9 879</b>	<b>-3%</b>	<b>651 437</b>	<b>562 565</b>	<b>88 872</b>	<b>16%</b>
Direct expenses	34 116	47 670	-13 554	-28%	91 823	80 505	11 318	14%
<b>Gross profit</b>	<b>285 896</b>	<b>282 191</b>	<b>3 705</b>	<b>1%</b>	<b>559 613</b>	<b>482 060</b>	<b>77 553</b>	<b>16%</b>
<i>Gross profit margin (%)</i>	<i>89%</i>	<i>86%</i>			<i>86%</i>	<i>86%</i>		
Depreciation and impairment	18 344	7 909	10 435	132%	27 142	16 186	10 956	68%
Indirect expenses	224 377	266 251	-41 874	-16%	438 432	409 675	28 757	7%
<b>Operating income (EBIT)</b>	<b>43 174</b>	<b>8 031</b>	<b>35 143</b>	<b>438%</b>	<b>94 039</b>	<b>56 198</b>	<b>37 841</b>	<b>67%</b>
<i>EBIT margin (%)</i>	<i>13%</i>	<i>2%</i>	<i>-356%</i>		<i>14%</i>	<i>10%</i>	<i>43%</i>	

Although the total commission revenue of the networks was similar to the comparative period (see page 8), the revenue realized in the segment was somewhat lower. One of the reasons is that there is no franchise fee connected to the commission turnover in the Czech network. (At present, there is 1 own office in operation in the Czech Republic.)

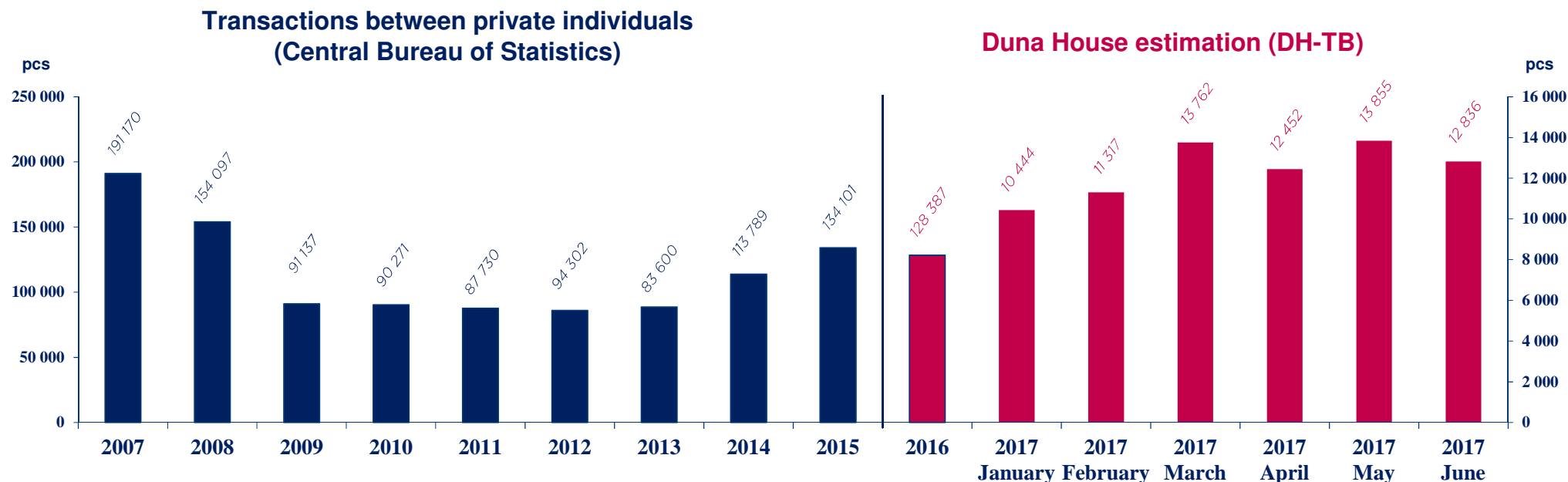
The 3% improvement of the contribution margin accounted for a nearly HUF 3.7 Million extra margin.

The growth presented on the depreciation line was accounted primarily for default interest claim on the Polish market, in relation to which there is significant uncertainty – still, its effect on the operation profit in total is neutral.

Decrease of indirect costs is primarily due to the lack of non-recurring expenses from the previous year (Metrohouse acquisition, IPO).

By the improvement of the contribution margin, and the decrease of indirect operational costs, a HUF 35 Million higher operation profit has been realized in 2017 than in the year before.

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



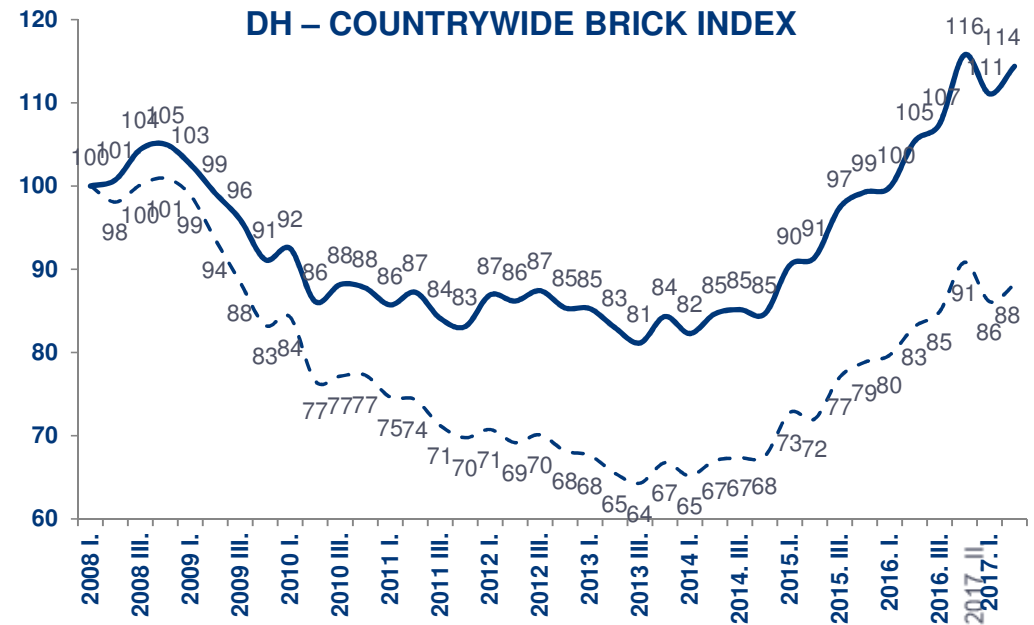
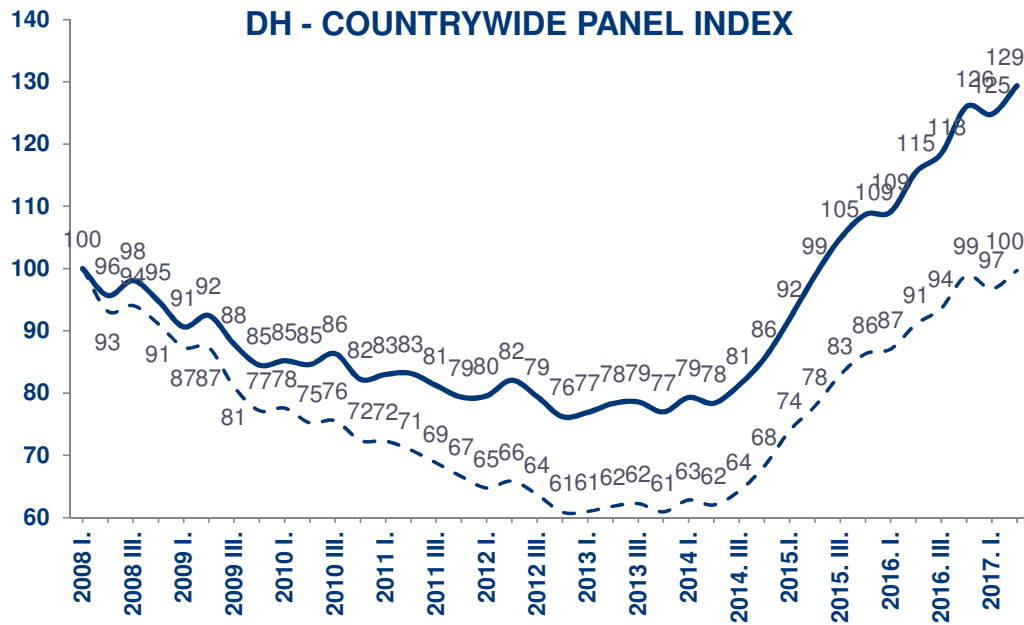
According to Management estimates, in Q1 of 2017 the decrease in residential market transaction numbers in Hungary has come to a stop and begun to grow. At this point, no factual estimates can be presented in relation of the persistency of the trend, but according to the Management, the transaction volume for the full year will not fall behind last year's level.

\* 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.

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



Profitability of Duna House activity in Hungary, beyond transaction volumes, is also highly affected by price level changes.

\* No similar data available in relation of Poland at present



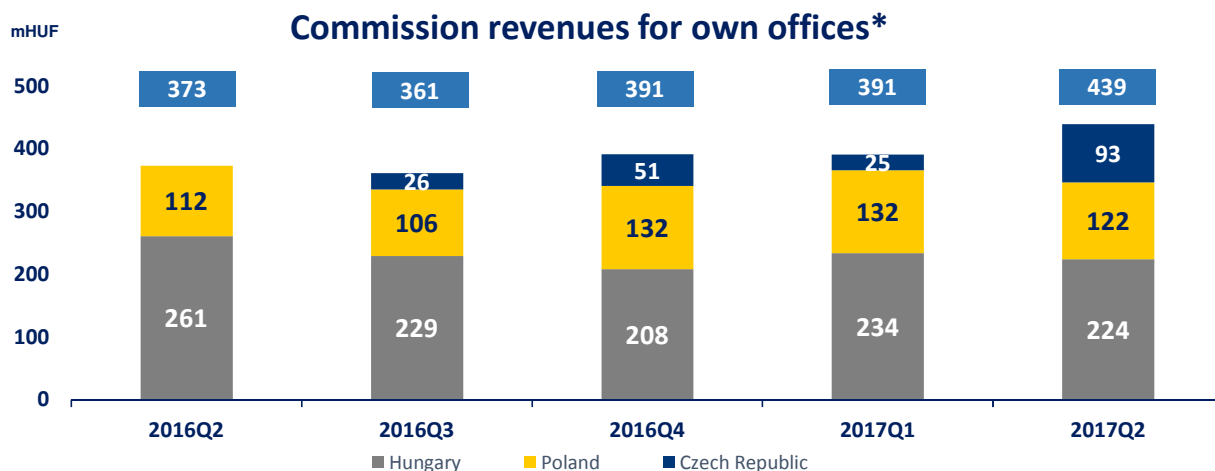
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**GROUP**

# **Own office operation segment**

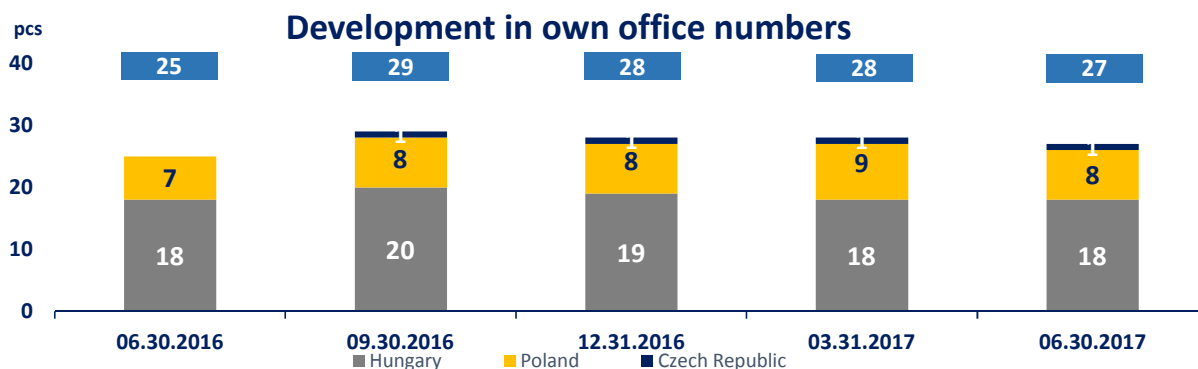


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## Changes in network commission revenues and office numbers for own offices



\*represent the total amount of commission revenue that was realized on all intermediated real estate transactions in the own offices of Duna House



Q2 performance of the own office segment has broken a new record. The commission revenue of own offices exceeded the previous quarter by 12%, and was 18% higher than a year before. (The latter is taken excluding the Czech office, the acquisition of which took place in September 2016 only).

Performance of the Hungarian own office segment has slightly been poorer in the given quarter. Commission revenues ended up being 4% lower than in the previous quarter, and 14% less than in Q2 of 2016.

Volume of the realized commission in the Polish own offices was 8% behind last quarter's, but still 9% above the volume in the same period of 2016. Profitability of the METROHOUSE own office segment may significantly be influenced by the tendencies in the turnover data, as well as the growth of contribution margins.

The Czech own office segment has closed Q2 with outstanding result, presenting 370% more realized commission revenue than in the first Q of 2017.

Although the Czech office has not yet been part of the Holding in Q2 2016, according to the Management, this year's turnover may significantly exceed last year's – keeping in mind that due to the smaller size of the activity, the distribution of commission revenues among the quarters is responsible for major influence on commission revenues.

The difference between the commission income of own offices in Q2 and numbers presented on May 26, 2017 as estimates, is negligible

**SEGMENT LEVEL RESULTS**

<i>(data in thHUF)</i>	<b>OWN OFFICE SEGMENT</b>							
	<b>4-6. 2017</b>	<b>4-6. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>	<b>1-6. 2017</b>	<b>1-6. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>
<b>Net sales revenue</b>	<b>398 009</b>	<b>300 448</b>	<b>97 561</b>	<b>32%</b>	<b>739 544</b>	<b>465 448</b>	<b>274 096</b>	<b>59%</b>
Direct expenses	229 246	162 494	66 752	41%	418 836	219 032	199 804	91%
<b>Gross profit</b>	<b>168 764</b>	<b>137 954</b>	<b>30 810</b>	<b>22%</b>	<b>320 708</b>	<b>246 416</b>	<b>74 292</b>	<b>30%</b>
<i>Gross profit margin (%)</i>	42%	46%			43%	53%		
Depreciation and impairment	5 264	4 734	530	11%	11 558	7 553	4 005	53%
Indirect expenses	130 391	115 349	15 042	13%	259 465	175 747	83 718	48%
<b>Operating income (EBIT)</b>	<b>33 109</b>	<b>17 871</b>	<b>15 238</b>	<b>85%</b>	<b>49 685</b>	<b>63 116</b>	<b>-13 431</b>	<b>-21%</b>
<i>EBIT margin (%)</i>	8%	6%	16%		7%	14%	-5%	

In the own office segment, a nearly HUF 100 Million higher revenue was realized than in Q2 2016.

The growth is mainly the result of acquisition (+ HUF 95 Million), as the Czech own office activity has become part of the Group in September 2016.

Moreover, the commission revenue growth arising from the intermediation of newly-built properties in the own office segment was able to compensate for the lower sales results of the intermediation of used properties, which were lower than in the previous period.

The 4% fallback of the contribution margin, as well as the increase of indirect operation costs is mainly connected to the Czech own office segment.

Overall, the operating income has grown by HUF 15.238 thousand to HUF 33.109 thousand



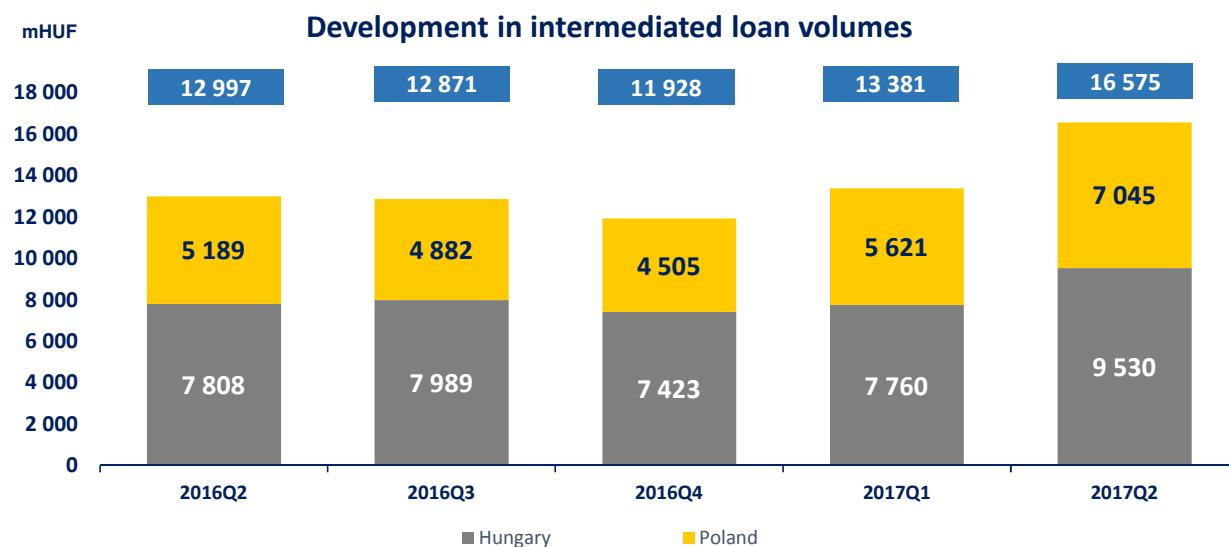
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# **Financial product intermediary services segment**



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## Changes in intermediated loan volumes



In Q2 2017 the total intermediated loan volume on Group level has reached a record. The HUF 16.575 Million loan volume from the Hungarian and Polish markets altogether has exceeded the same period of last year by 27.5%, and is also 24% higher than in the previous quarter.

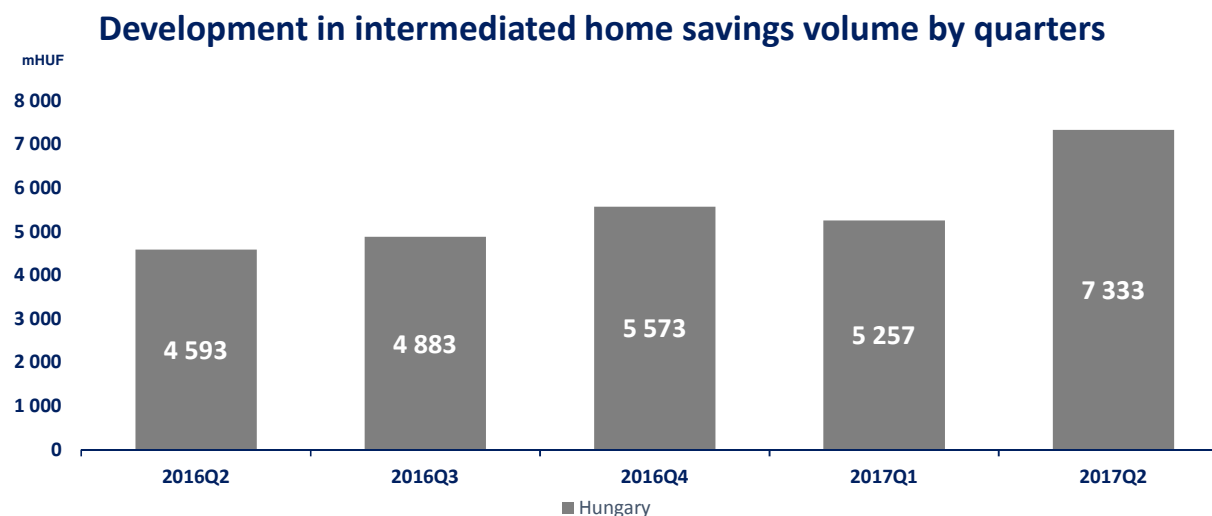
The Hungarian loan intermediation activity closed a very strong quarter. The total intermediated loan volume –breaking a new record- exceeded last year’s same period by nearly 22%, and was nearly 23% higher than in the previous quarter.

Poland also presented a record volume loan intermediation. The growth, compared to the same period of the previous year- exceeded even the growth in Hungary with its 36%. That is 25% higher than in the previous quarter.

The difference between the intermediated loan volume in Q2 and numbers presented on May 26, 2017 as estimates, is not significant



## Changes in intermediated home savings volume



Intermediation of home savings products, which falls under the financial intermediary services, also closed a very strong quarter. The intermediated home savings volume in Q2 2017 exceeded the volume in the same period of the previous year by nearly 60%, and was nearly 39% higher than in the previous quarter.

Although the special deal offered in June by one of the major market players influenced the result, the growth would have reached both the volume intermediated in the same period of the previous year, as well as that in the previous quarter even without calculating with the effect of the special offer

Volume of intermediated home savings in Q2 has exceeded the estimate published on May 26, 2017 by HUF 531 Million.

## SEGMENT LEVEL RESULTS

<i>(data in thHUF)</i>	FINANCIAL PRODUCT INTERMEDIARY SERVICES SEGMENT							
	4-6. 2017	4-6. 2016	Variance (thHUF)	Variance (%)	1-6. 2017	1-6. 2016	Variance (thHUF)	Variance (%)
<b>Net sales revenue</b>	<b>499 587</b>	<b>376 243</b>	<b>123 344</b>	<b>33%</b>	<b>876 040</b>	<b>735 928</b>	<b>140 112</b>	<b>19%</b>
Direct expenses	308 145	261 984	46 161	18%	534 250	403 378	130 872	32%
<b>Gross profit</b>	<b>191 442</b>	<b>114 259</b>	<b>77 183</b>	<b>68%</b>	<b>341 789</b>	<b>332 550</b>	<b>9 239</b>	<b>3%</b>
<i>Gross profit margin (%)</i>	38%	30%			39%	45%		
Depreciation and impairment	296	201	95	47%	444	473	-29	-6%
Indirect expenses	36 061	32 468	3 593	11%	85 932	60 119	25 813	43%
<b>Operating income (EBIT)</b>	<b>155 085</b>	<b>81 589</b>	<b>73 496</b>	<b>90%</b>	<b>255 413</b>	<b>271 958</b>	<b>-16 545</b>	<b>-6%</b>
<i>EBIT margin (%)</i>	31%	22%	60%		29%	37%	-12%	

The financial intermediary services segment on revenue side closed an outstanding quarter both on the Hungarian and the Polish market.

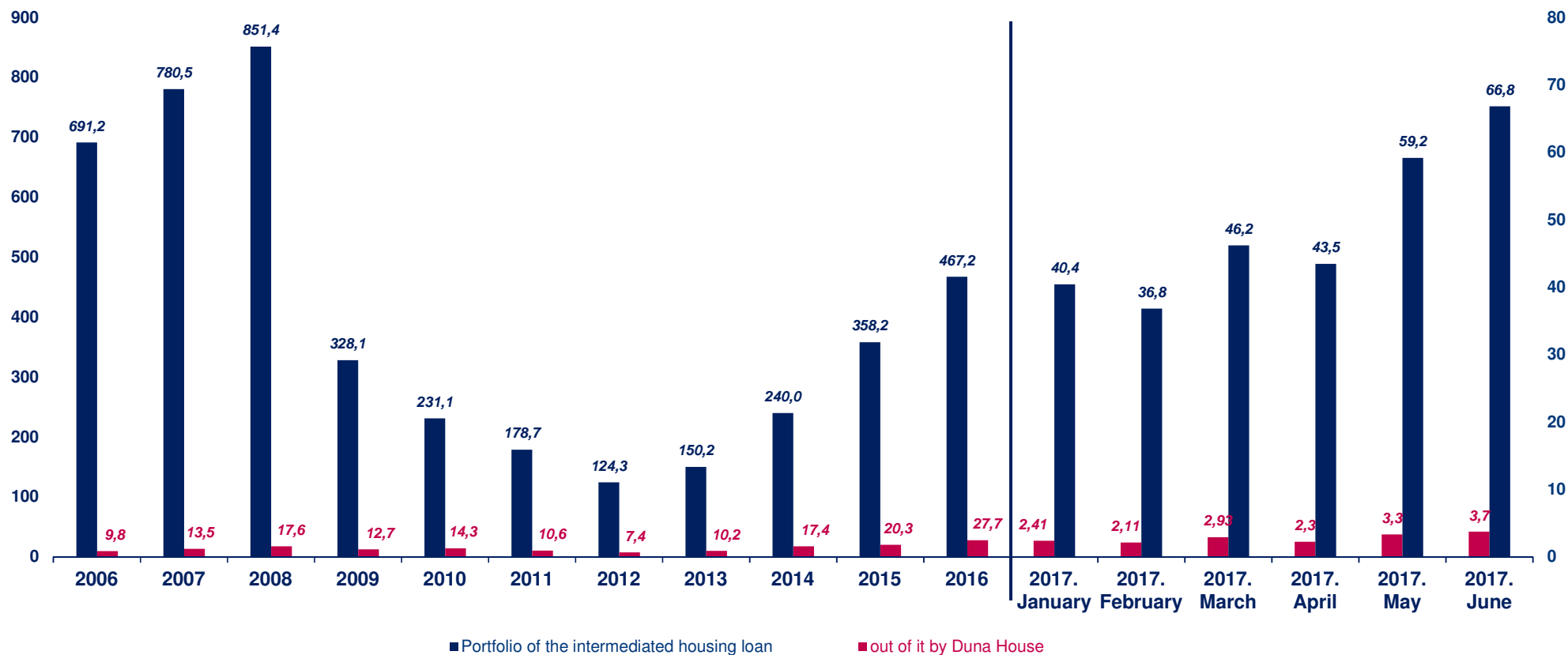
Q2 of 2017 is the first period when the 2% commission cap is valid in the comparative period as well.

As a result, the significant revenue growth is the result of the outstanding volume growth of the intermediated loan and home savings volume.

The improving contribution margin is due to the performance achieved on the Polish market, as well as to other one-time effects such as the home savings special offer in June, during which our Company reached an outstanding result

**HUNGARIAN HOUSING LOAN TRENDS**

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





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## **Complementary services segment**



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**COMPLEMENTARY SERVICES SEGMENT**

Complementary services segment at present includes 4 activities:

**HOME**  
MANAGEMENT

- Comprehensive property management services
- Operation of empty and inhabited premises
  - Property rent out and sales
  - Cleaning, renovation, furnishing

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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.

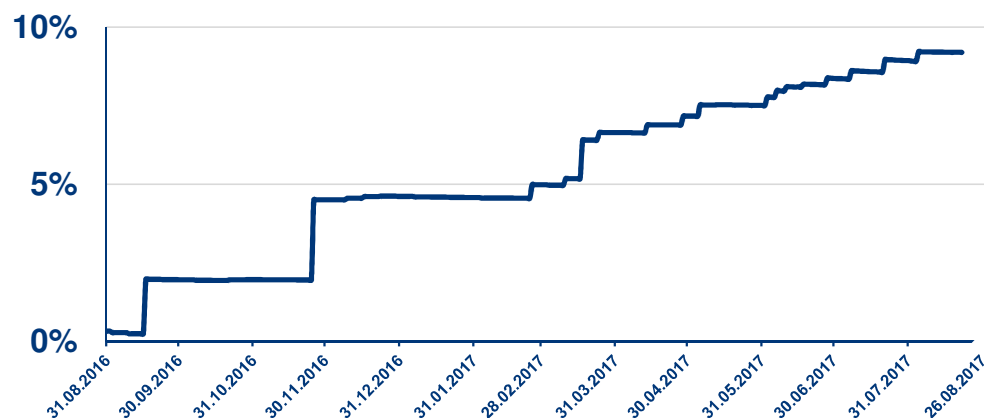
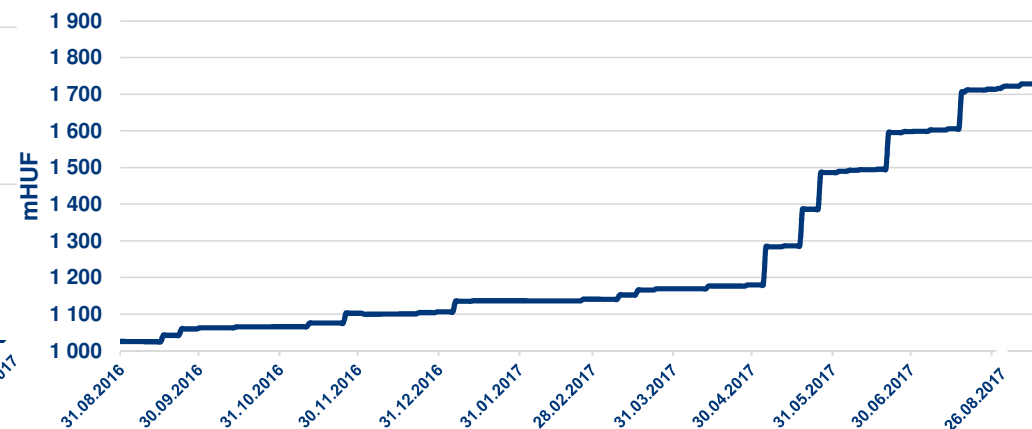


Serving both individuals and business entities:

- Quality services provisioned by Pannónia Általános Biztosító
- Independent energy certificate preparing professionals
- Countrywide presence

**IMPACT**  
ASSET MANAGEMENT

- Fund Manager belonging to the Holding
- MNB cert.No: H-EN-III-130/2016
  - Date of registry: April 2016.
  - Currently managed fund: ILBA, open end, public

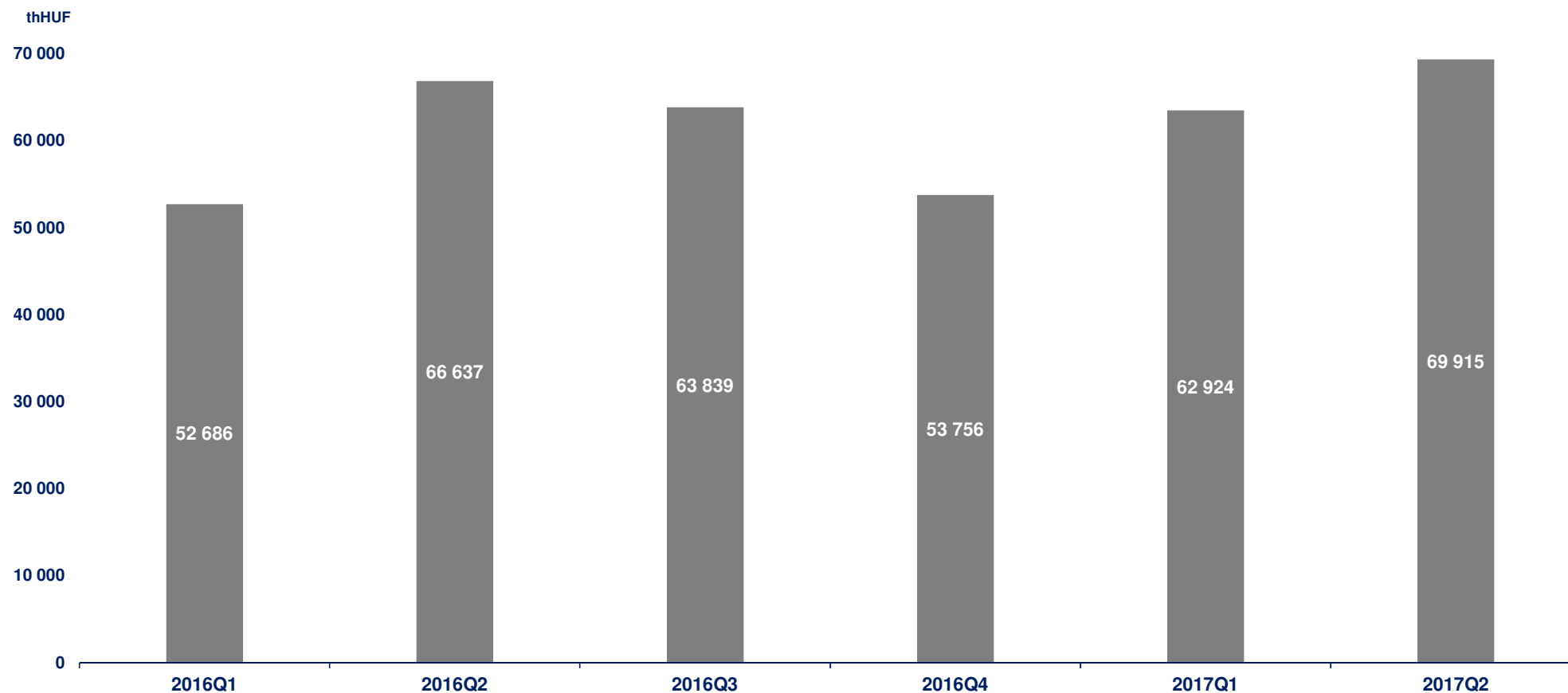
**IMPACT FUND MANAGER**
**Generated yield from the beginning by Impact Residential Property Investment Fund**

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


The Management is indeed satisfied with the return achieved in the Impact Residential Property Investment Fund.

At the time of publishing the present report, the 1-year return is net 9.2%, which is the highest yearly return among all property funds in Hungary. Although the managed asset volume of Impact Fund has risen significantly –by 80%– since its registration last August, it is not considered of a high account when compared to the asset volume managed by the major property funds registered in Hungary. At the same time, according to the Management, the above mentioned outstanding annual return in the forthcoming periods can lead to a significant scale growth and capital inflow.

Accordingly, it is the short-term goal of the Management to ensure that the distribution channels enabling extensive sales of Impact Fund's investment units are established.

**CHANGES IN SEGMENT SALES REVENUE BY QUARTERS**



**SEGMENT LEVEL RESULTS**

<i>(data in thHUF)</i>	<b>COMPLEMENTARY SERVICES SEGMENT</b>							
	<b>4-6. 2017</b>	<b>4-6. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>	<b>1-6. 2017</b>	<b>1-6. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>
<b>Net sales revenue</b>	<b>69 915</b>	<b>66 637</b>	<b>3 278</b>	<b>5%</b>	<b>132 839</b>	<b>119 533</b>	<b>13 306</b>	<b>11%</b>
Direct expenses	22 845	28 586	-5 741	-20%	46 850	48 687	-1 837	-4%
<b>Gross profit</b>	<b>47 070</b>	<b>38 051</b>	<b>9 019</b>	<b>24%</b>	<b>85 989</b>	<b>70 846</b>	<b>15 143</b>	<b>21%</b>
<i>Gross profit margin (%)</i>	<i>67%</i>	<i>57%</i>			<i>65%</i>	<i>59%</i>		
Depreciation and impairment	519	276	243	88%	957	552	405	73%
Indirect expenses	36 584	26 067	10 517	40%	79 204	48 191	31 013	64%
<b>Operating income (EBIT)</b>	<b>9 967</b>	<b>11 708</b>	<b>-1 741</b>	<b>-15%</b>	<b>5 828</b>	<b>22 102</b>	<b>-16 274</b>	<b>-74%</b>
<i>EBIT margin (%)</i>	<i>14%</i>	<i>18%</i>	<i>-53%</i>		<i>4%</i>	<i>18%</i>	<i>-122%</i>	

Starting in January 2017 the fund management activity of Impact Asset Management Plc. („Impact”) is indicated under the Complementary services segment, which, in the comparative period, is found under “Other and consolidation” segment.

The gross contribution margin is higher than in the comparative period in all areas covered by the four segments, still the HUF 9 Million growth of the gross margin is mainly resulted by Impact.

It is also due to Impact activity that operation costs, compared to Q2 2016, are HUF 10.5 Million higher, resulting in a HUF 1.7 Million lower operating income when compared to the same period last year





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# **Property investments segment**



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## SEGMENT LEVEL RESULTS

<i>(data in thHUF)</i>	PROPERTY INVESTMENT SEGMENT							
	4-6. 2017	4-6. 2016	Variance (thHUF)	Variance (%)	1-6. 2017	1-6. 2016	Variance (thHUF)	Variance (%)
<b>Net sales revenue</b>	<b>25 739</b>	<b>201 224</b>	<b>-175 485</b>	<b>-87%</b>	<b>52 310</b>	<b>258 374</b>	<b>-206 064</b>	<b>-80%</b>
Direct expenses	1 288	144 375	-143 087	-99%	4 735	164 477	-159 742	-97%
<b>Gross profit</b>	<b>24 452</b>	<b>56 849</b>	<b>-32 397</b>	<b>-57%</b>	<b>47 575</b>	<b>93 897</b>	<b>-46 322</b>	<b>-49%</b>
<i>Gross profit margin (%)</i>	<i>95%</i>	<i>28%</i>			<i>91%</i>	<i>36%</i>		
Depreciation and impairment	5 506	7 081	-1 575	-22%	10 795	10 097	698	7%
Indirect expenses	-1 866	-85 274	83 408	-98%	3 724	-70 990	74 714	-105%
<b>Operating income (EBIT)</b>	<b>20 812</b>	<b>135 042</b>	<b>-114 230</b>	<b>-85%</b>	<b>33 056</b>	<b>154 789</b>	<b>-121 733</b>	<b>-79%</b>
<i>EBIT margin (%)</i>	<i>81%</i>	<i>67%</i>	<i>65%</i>		<i>63%</i>	<i>60%</i>	<i>59%</i>	

Starting in Q2 2017, i.e the acquisition of MyCity group, result of the property development activity through MyCity companies is indicated under this segment. \*\*

The significant revenue fallback of the property investments segment is connected to the decrease of the investment purpose property portfolio which begun in Q2 2016, as well as to the related focus shift of the Management in means of property development activity.

No investment purpose property was sold during the given quarter, thus the realized revenue in the segment includes only rental fee related revenue. Realization of the revenue from the sales of property developments within MyCity is possible only following the receipt of the residence permits, thus Q2 results don't indicate any such revenue.

The HUF -1.9 Million balance of the indirect operation costs is mainly due to the HUF 16.5 Million operation cost of MyCity companies, and the compensating, nearly HUF 22 Million profit arising from the value growth of the existing investment purpose portfolio, also to other indirect costs related to the segment.

The segment's profitability, valued at operating income level, is outstanding, exceeding 80%. which is the result of rental activity

\*profit/loss difference related to revaluation of investment purpose properties is indicated among indirect operating costs

\*\*in the past, result of MyCity companies' activity was indicated under "Share of profit of a joint venture" in the consolidated income statement. The HUF 481 Million profit indicated in the comparative period is Duna House Plc.'s proportional part of the value increase of construction lands registered as investment purpose property prior to the start of development activity

**VOLUME\* AND VALUE OF INVESTMENT AND OPERATIVE PROPERTIES**

<i>(data in thHUF)</i>	31 March 2017		30 June 2017	
	Number (pcs)**	Carrying amount	Number (pcs)**	Carrying amount
<b>Investment properties</b>	12	953 429	12	976 385
<b>Properties</b>	5	409 623	5	403 970
<b>Total</b>	<b>17</b>	<b>1 363 052</b>	<b>17</b>	<b>1 380 355</b>

\*\*\*properties owned by MyCity group not included

\*\* number of properties doesn't include the number of parking spaces, storage rooms.

We appraise investment purpose properties on market value. Market appraisal is carried out every six months, next time on December 31, 2017.

**PROPERTY DEVELOPMENT ACTIVITY**

Duna House Holding, under MyCity brand, manages the development of 430 residential properties -4 projects-, as follows:



	Forest Hill Budapest III. district	Reviczky Liget Budapest XVIII. district	Írisz Ház Budapest XIII. district	MyCity Residence Budapest III. district	TOTAL
Duna House Group's share in Project	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>50%</b>	
Landsize (m2)	29 314	5 625	1 319	3 345	<b>39 603</b>
Sellable area (m2)	16 085	4 672	2 601	6 882	<b>30 240</b>
Number of Apartements (pcs.)	196*	86	43	103	<b>428</b>
Average price (thHUF/ m2)**	601	438	541	629	<b>552</b>
Average Apartements size (m2)	80	54,3	60,4	68,8	<b>65,9</b>
<b>Actual status of Projects</b>					
Construction permit	✓	✓	✓	✓	
Construction is ongoing	✓	✓	-	-	
Active presale started	✓	✓	-	✓	

- 148 flats with building permits at present
- \*\* based on average MyCity sales prices

**PROPERTY DEVELOPMENT ACTIVITY**

- In case of MyCity property development projects, the significant increase of construction costs was reasonably compensated for by the major sales price increase, thus the Management's profit-forecast in relation of property development activity has not changed significantly.
- Construction of the Reviczky Liget project in District 18. is proceeding in accordance with the plans; according to the Management, the Q4 takeover of the flats is reasonable. Out of the 87 flats included in the project, 57 are already sold with a strong interest towards the remaining properties.
- Construction and sales of the Forest Hill project in District 3., is proceeding in accordance with the plans.
- Selection of the main constructor in the MyCity Residence project in District 3 is in its final phase; construction can begin in October-November 2017.
- According to Management opinion, the performance of property development projects within MyCity is positive and in accordance with the set goals.

**ON-GOING PROJECTS**

**Forest Hill**



**Reviczky Liget**



**Írisz Ház**



**MyCity Residence**





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## **Other- and consolidation segment**



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**SEGMENT LEVEL RESULTS**

<i>(data in thHUF)</i>	<b>OTHERS- AND CONSOLIDATION SEGMENT</b>							
	<b>4-6. 2017</b>	<b>4-6. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>	<b>1-6. 2017</b>	<b>1-6. 2016</b>	<b>Variance (thHUF)</b>	<b>Variance (%)</b>
<b>Net sales revenue</b>	<b>-82 475</b>	<b>-40 164</b>	<b>-42 311</b>	<b>105%</b>	<b>-169 340</b>	<b>-138 565</b>	<b>-30 775</b>	<b>22%</b>
Direct expenses	-52 477	9 289	-61 766	-665%	-85 485	19 151	-104 636	-546%
<b>Gross profit</b>	<b>-29 998</b>	<b>-49 454</b>	<b>19 456</b>	<b>-39%</b>	<b>-83 855</b>	<b>-157 716</b>	<b>73 861</b>	<b>-47%</b>
<i>Gross profit margin (%)</i>	<i>36%</i>	<i>123%</i>			<i>50%</i>	<i>114%</i>		
Depreciation and impairment	983	-122	1 105	-906%	2 019	2 402	-383	-16%
Indirect expenses	-21 830	-41 290	19 460	-47%	-66 987	-142 460	75 473	-53%
<b>Operating income (EBIT)</b>	<b>-9 150</b>	<b>-8 042</b>	<b>-1 108</b>	<b>14%</b>	<b>-18 887</b>	<b>-17 658</b>	<b>-1 229</b>	<b>7%</b>
<i>EBIT margin (%)</i>	<i>11%</i>	<i>20%</i>	<i>3%</i>		<i>11%</i>	<i>13%</i>	<i>4%</i>	

Under the Other and consolidation segment, the result of Duna House Holding Plc.'s ("Holding") supporting holding activity and consolidated returns and expenditures arisen during the Holding's consolidation are indicated (the result effect of these in total is zero).

In addition, in the comparative period the Impact Asset Management Plc. had been under the current segment (which is, in the current period indicated under the Complementary services segment), and presented no operative activity.

Q2 operating result of the Holding primarily consists BÉT and KELER fees, as well as the proportional part of accounting fees in relation of the Holding's annual separate and consolidated reports.





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# **Consolidated financial statements**



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## CONSOLIDATED BALANCE SHEET

Consolidated balance sheet data in thHUF	30. June 2017 (not audited)	31. December 2016. (audited)	Variance		Consolidated balance sheet data in thHUF	30. June 2017 (not audited)	31. December 2016 (audited)	Variance	
			thHUF	%				thHUF	%
Other intangible assets	57 834	84 692	-26 858	-32%	Share capital	171 989	153 050	18 939	12%
Goodwill	1 029 015	992 089	36 926	4%	Share premium	1 490 536	9 479	1 481 057	15625%
Investment property	1 168 077	939 362	228 715	24%	Other reserves	-12 111	-23 318	11 207	-48%
Property, plant	535 933	519 319	16 614	3%	Retained earnings	2 522 222	2 444 092	78 130	3%
Equipment	88 731	53 920	34 811	65%	<b>Equity attributable to the owners of the Company</b>	<b>4 172 636</b>	<b>2 583 303</b>	<b>1 589 333</b>	<b>62%</b>
Investment in a joint venture	212 172	506 273	-294 101	-58%	Non-controlling interests	-45 540	-40 154	-5 386	13%
Deferred tax assets	159 169	158 829	340	0%	<b>Total equity</b>	<b>4 127 096</b>	<b>2 543 149</b>	<b>1 583 947</b>	<b>62%</b>
Other financial assets	68 063	66 401	1 662	3%	Borrowings	742 168	582 664	159 504	27%
<b>Non-current assets</b>	<b>3 318 994</b>	<b>3 320 885</b>	<b>-1 891</b>	<b>0%</b>	Deferred tax liabilities	152 801	86 557	66 244	77%
Inventories	2 241 528	11 616	2 229 912	19197%	Other non-current liabilities	3 830	10 629	-6 799	-64%
Trade receivables	521 425	286 205	235 220	82%	<b>Non-current liabilities</b>	<b>898 799</b>	<b>679 850</b>	<b>218 949</b>	<b>32%</b>
Receivables from affiliates	136 158	378 709	-242 551	-64%	Borrowings	470 386	198 830	271 556	137%
Other receivables	71 347	53 648	17 699	33%	Trade payables	280 026	68 975	211 051	306%
Current tax asset	32 949	35 119	-2 170	-6%	Payables to affiliates	196 276	1 740 880	-1 544 604	-89%
Other assets	277 961	321 744	-43 783	-14%	Other liabilities	849 833	264 302	585 531	222%
Cash and cash equivalents	680 238	1 583 686	-903 448	-57%	Current tax liabilities	1 940	11 284	-9 344	-83%
<b>Current assets</b>	<b>3 961 606</b>	<b>2 670 727</b>	<b>1 290 879</b>	<b>48%</b>	Accrued expenses	456 243	484 342	-28 099	-6%
					<b>Current liabilities</b>	<b>2 254 705</b>	<b>2 768 613</b>	<b>-513 908</b>	<b>-19%</b>
<b>Total assets</b>	<b>7 280 600</b>	<b>5 991 612</b>	<b>1 288 988</b>	<b>22%</b>	<b>Total equity and liabilities</b>	<b>7 280 600</b>	<b>5 991 612</b>	<b>1 288 988</b>	<b>22%</b>

## CONSOLIDATED INCOME STATEMENT

Consolidated income statement (data in thHUF, except earnings per share)	4-6. 2017.		4-6. 2016.		Variance		1-6. 2017.		1-6. 2016.		Variance	
	(not audited)	(not audited)	(not audited)	(not audited)	thHUF	%	(not audited)	(audited)	(audited)	(audited)	thHUF	%
Net sales revenue	1 230 789	1 234 277	-3 488	0%	2 282 831	2 003 282	279 549	14%				
Other operating income	36 955	146 323	-109 368	-75%	65 508	149 696	-84 188	-56%				
Changes in stocks of finished products and work in progress	-301 760	0	-301 760	0%	-301 760	0	-301 760	0%				
Consumables used	14 844	16 467	-1 623	-10%	29 988	26 643	3 345	13%				
Cost of goods and services sold	226 195	352 450	-126 255	-36%	423 748	568 225	-144 477	-25%				
Services purchased	890 220	593 623	296 597	50%	1 387 660	708 985	678 675	96%				
Personnel expenses	129 005	90 497	38 508	43%	281 601	194 173	87 428	45%				
Depreciation and impairment	30 911	20 079	10 832	54%	52 915	37 264	15 651	42%				
Other operating expenses	25 331	61 285	-35 954	-59%	55 051	67 183	-12 132	-18%				
<b>Operating income (EBIT)</b>	<b>252 997</b>	<b>246 199</b>	<b>6 798</b>	<b>3%</b>	<b>419 136</b>	<b>550 505</b>	<b>-131 369</b>	<b>-24%</b>				
Finance income	19 255	71 831	-52 576	-73%	169 933	72 163	97 770	135%				
Finance costs	17 407	28 499	-11 092	-39%	24 405	32 568	-8 163	-25%				
Share of the profit (losses) of a joint venture	108 150	481 929	-373 779	-78%	87 619	480 929	-393 310	-82%				
<b>Profit before tax</b>	<b>362 995</b>	<b>771 460</b>	<b>-408 465</b>	<b>-53%</b>	<b>652 283</b>	<b>1 071 029</b>	<b>-418 746</b>	<b>-39%</b>				
Income tax expense	74 928	123 274	-48 346	-39%	98 242	130 872	-32 630	-25%				
<b>Profit after tax</b>	<b>288 067</b>	<b>648 216</b>	<b>-360 149</b>	<b>-56%</b>	<b>554 041</b>	<b>940 187</b>	<b>-386 146</b>	<b>-41%</b>				
Currency translation difference	-25 088	-5 913	-19 175	324%	-14 085	-5 913	-8 172	138%				
<b>Other comprehensive income</b>	<b>-25 088</b>	<b>-5 913</b>	<b>-19 175</b>	<b>324%</b>	<b>-14 085</b>	<b>-5 913</b>	<b>-8 172</b>	<b>138%</b>				
<b>Total comprehensive income</b>	<b>262 979</b>	<b>642 273</b>	<b>-379 294</b>	<b>-59%</b>	<b>539 956</b>	<b>934 244</b>	<b>-394 288</b>	<b>-42%</b>				
<b>attributable to</b>												
Shareholders of the Company	266 165	642 273	-376 108	-59%	545 278	934 244	-388 966	-42%				
Non-controlling interest	-3 187	0	-3 187	0%	-5 323	0	-5 323	0%				
<b>Earnings per share (basic and diluted)</b>	<b>81</b>	<b>209</b>	<b>-128</b>	<b>-61%</b>	<b>162</b>	<b>300</b>	<b>-138</b>	<b>-46%</b>				

## CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement	1.-6. 2017 (not audited)	1.-12. 2016 (audited)	Consolidated cash flow statement	1.-6. 2017 (not audited)	1.-12. 2016 (audited)
data in thHUF			<b>Cash flows from investing activities</b>		
<b>Cash flows from operating activities</b>			Payments for property, plant and equipment	-104 257	-819 605
Profit after tax	554 041	1 167 859	Proceeds from the sale of properties	2 459	1 096 588
Adjustments:			Net cash outflow on acquisition of subsidiaries	-171 668	-873 464
Depreciation	52 915	77 795	<b>Net cash used in investing activities</b>	<b>-273 466</b>	<b>-596 481</b>
Deferred tax expense	-19 306	-96 164	<b>Cash flows from financing activities</b>		
Fair value adjustments of investment properties	-22 469	-188 031	Proceeds from borrowings	173 916	172 339
Badwill	-139 595	-56 272	Proceeds from shareholders for capital increase	0	1 499 997
Share of profit of a joint venture	87 619	-505 273	Dividends paid	-477 112	-246 730
Movements of working capital			Securities sold	0	0
Increase in inventories	-299 196	-3 122		-7 057	0
Increase in trade- and other receivables	150 031	-612 728	<b>Net cash generated from financing activities</b>	<b>-310 254</b>	<b>1 425 605</b>
Decrease of other assets	29 505	90 658	Net increase in cash and cash equivalents	-903 448	1 167 939
Increase of trade payables	-898 503	33 742	Cash and cash equivalents at the beginning of the year	1 583 686	415 747
Increase of other short term liabilities	199 996	238 807			
Increase in accruals	-14 765	191 543	<b>Cash and cash equivalents at the end of the year</b>	<b>680 238</b>	<b>1 583 686</b>
<b>Net cash generated by operating activities</b>	<b>-319 728</b>	<b>338 815</b>			

## 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							
<b>31. December 2015</b>	<b>153 050</b>	<b>9 479</b>	<b>0</b>	<b>1 525 238</b>	<b>1 687 767</b>	<b>0</b>	<b>1 687 767</b>
Dividend paid	0	0	0	-247 600	-247 600	0	-247 600
Aquisition of Subsidiary	0	0	0	0	0	-40 214	-40 214
Total comprehensive income	0	0	-23 318	1 166 454	1 143 136	60	1 143 196
<b>31. December 2016</b>	<b>153 050</b>	<b>9 479</b>	<b>-23 318</b>	<b>2 444 092</b>	<b>2 583 303</b>	<b>-40 154</b>	<b>2 543 149</b>
Dividend paid	0	0	0	-479 260	-479 260	0	-479 260
Capital increase	18 939	1 481 057	0	0	1 499 996	0	1 499 996
Total comprehensive income	0	0	11 207	557 389	568 596	-5 386	563 210
<b>30. June 2017</b>	<b>171 989</b>	<b>1 490 536</b>	<b>-12 111</b>	<b>2 522 222</b>	<b>4 172 636</b>	<b>-45 540</b>	<b>4 127 096</b>

## REVENUE, OPERATING AND AFTER TAX INCOME BY COUNTRIES

Data in thHUF	HUNGARY		POLAND		CZECH REPUBLIC		DUNA HOUSE TOTAL	
	2017Q2	2017Q1	2017Q2	2017Q1	2017Q2	2017Q1	2017Q2	2017Q1
<b>Net sales revenue</b>	<b>829 265</b>	<b>735 856</b>	<b>306 071</b>	<b>285 587</b>	<b>95 099</b>	<b>30 599</b>	<b>1 135 336</b>	<b>1 052 042</b>
<b>Operating income (EBIT)</b>	<b>240 234</b>	<b>178 602</b>	<b>21 538</b>	<b>-5 023</b>	<b>-8 774</b>	<b>-7 441</b>	<b>252 998</b>	<b>166 138</b>
<b>Profit after tax</b>	<b>275 790</b>	<b>275 703</b>	<b>21 284</b>	<b>-1 991</b>	<b>-9 007</b>	<b>-7 738</b>	<b>288 067</b>	<b>265 974</b>

## HOLDING LEVEL OPERATING AND AFTER TAX INCOME WITHOUT MYCITY

Data in thHUF	Duna House Group [w/o MyCity*]			
	2017Q2	2017Q1	2017H1	Management forecast for the year 2017
<b>Operating income (EBIT)</b>	<b>269 273</b>	<b>171 456</b>	<b>440 729</b>	-
<b>Profit after tax</b>	<b>245 096</b>	<b>289 865</b>	<b>534 961</b>	<b>850 000 – 1 000 000</b>

\*= Excluding the individual performance of MyCity group (MyCity Residential Development Kft., Pusztakúti 12 Kft., Revicky 6-10 Kft., Zsinór 39 Projekt Kft., Hunor utca 24 Ingatlanfejlesztő Kft.) , but taking into account the performance of transactions arising from the Holding's cooperation with MyCity, and as a result of the control over MyCity group acquired in March 2017, the Holding sustained a badwill. 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.

## 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.*

Duna House Holding Nyrt 2017Q2 negyedéves  
HUN\_1.sz.melleklet.xlsx



## DECLARATION

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 2018.

Budapest, August 25, 2017

Duna House Holding Plc. Board of Directors

Represented by: Doron Dymshiz, Chairman of the Board of Directors



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## GROUP



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