DUNA HOUSE GROUP

2018. Q1
Quarterly report

May 28, 2018

dunahouse.com

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EXECUTIVE SUMMARY 2018. FIRST QUARTER

- In Q1 of 2018, Duna House Group (the „Group") has achieved outstanding financial returns, mostly driven by the completion and partial handover of its 86-unit residential development project Reviczky Liget and strong real estate and loan market growth in Hungary and Poland. Quarterly revenues more than doubled compared to Q1 last year reaching HUF 2.6 billion in first quarter of 2018 (+145% YoY). EBITDA reached HUF 790 million (+320% YoY) while net profits closed at HUF 637 million (+140% YoY).
- Based on first quarter results the management of the Group is confident regarding its published earnings guidance, ie. reaching HUF 2.7-2.9 billion net profit in 2018. The guidance comprised of the following elements: i) HUF 950 – 1,150 million net profit in the core operations (activities excluding MyCity), ii) HUF 680 million from Reviczky Liget, and iii) HUF 1,060 million from Forest Hill.
- EBIT has exceeded Q1 of last year by over HUF 600 Million:
  - The real estate investment segment has increased its EBIT contribution by HUF 588 million, driven by the handover of 70% of Reviczky Liget`s units (65% of sellable area).
  - Financial intermediary services segment increased its contribution to EBIT by HUF 3 million in total, compared to Q1 2017 (+3%). While intermediated loan volumes increased by 39% and home savings by 7%, gross profit margin dropped from 40 to 32% due to longer sales bonus periods and one-off positive items booked in Q1 2017.
  - The franchise segment's revenue has grown by 11%, its gross profit by 18% compared to Q1 2017, however its EBIT contribution decreased by HUF 10 million due to increased management costs in the Hungarian SMART and the Polish Metrohouse networks.
  - The EBIT contribution of own offices increased by HUF 6 million due to higher gross profits.

(continued)

- MyCity`s development projects proceed according to plan. The construction work of Forest Hill project is expected to be completed in Q4 2018. Construction work has started on the MyCity Residence site.
- On the date of present quarterly report, the 1-year net return of Duna House Hungarian Residential Real Estate Fund (Duna House Fund) was 6.7% and its net asset value reached HUF 2.5 billion. The Group has expanded the distribution of the Duna House Fund, MKB Bank Zrt. joined sales with nationwide network from January, 2018.
- The management of the Group draws the Investors` attention to the fact that the financial results of its development activity are strongly tied to the handover of its completed units to the buyers. The timing of such handovers can cause significant volatility in the quarterly financials and KPIs of the Group.

Consolidated financial statements

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet data in thHUF	2018. March 31. (not audited)	2017. December 31. (audited)	Variance	
			thHUF	%
Other intangible assets	76 586	82 656	-6 070	-7%
Goodwill	1 050 061	1 048 936	1 125	0%
Investment property	1 021 013	1 061 613	-40 600	-4%
Property, plant	531 747	538 484	-6 738	-1%
Equipment	123 918	108 082	15 837	15%
Investment in a joint venture	202 555	206 009	-3 454	-2%
Deferred tax assets	158 067	160 006	-1 938	-1%
Other financial assets	70 071	69 609	462	1%
Non-current assets	**3 234 019**	**3 275 395**	**-41 377**	**-1%**
Inventories	3 406 062	3 399 013	7 049	0%
Trade receivables	501 228	482 247	18 981	4%
Receivables from affiliates	153 667	140 986	12 681	9%
Other receivables	173 720	181 878	-8 158	-4%
Current tax asset	40 751	35 405	5 346	15%
Other assets	394 997	316 446	78 551	25%
Cash and cash equivalents	1 406 727	1 428 343	-21 616	-2%
Assets held for sale	196 206	196 300	-94	0%
Current assets	**6 273 357**	**6 180 618**	**92 739**	**2%**
Total assets	**9 507 375**	**9 456 013**	**51 362**	**1%**

Consolidated balance sheet data in thHUF	2018. March 31. (not audited)	2017. December 31. (audited)	Variance	
			thHUF	%
Share capital	170 429	171 989	-1 560	-1%
Share premium	1 375 096	1 490 536	-115 440	-8%
Other reserves	26 008	27 518	-1 510	-5%
Retained earnings	3 526 277	2 888 307	637 970	22%
Equity attributable to the owners of the Company	**5 097 811**	**4 578 351**	**519 460**	**11%**
Non-controlling interests	-49 420	-48 581	-839	2%
Total equity	**5 048 391**	**4 529 770**	**518 621**	**11%**
Borrowings	1 764 606	1 271 662	492 944	39%
Deferred tax liabilities	147 002	144 520	2 483	2%
Non-current liabilities	**1 911 608**	**1 416 182**	**495 426**	**35%**
Borrowings	172 091	996 748	-824 657	-83%
Trade payables	430 401	388 240	42 161	11%
Payables to affiliates	143 649	581 775	-438 126	-75%
Other liabilities	1 199 660	1 140 882	58 778	5%
Current tax liabilities	82 000	8 799	73 200	832%
Accrued expenses	513 898	388 136	125 761	32%
Liabilities held for sale	5 677	5 481	196	4%
Current liabilities	**2 547 376**	**3 510 062**	**-962 685**	**-27%**
Total equity and liabilites	**9 507 375**	**9 456 013**	**51 362**	**1%**

Comments

- The book value of investment purpose property decreased by HUF 41 million since December 31, 2017, due to a reclassification into inventories.
- The Group reports its ongoing IT developments under Equipment asset line, the amount of which totaled HUF 78 million on March 31, 2018.
- The value of inventories were stable in Q1 2018, as the decrease of HUF 752 million related to Reviczky`s sold units was compensated by the capitalized construction costs of ongoing developments.
- The balance of receivables from affiliates is predominantly against MyCity Residence, the development project 50% owned by the Group.
- Other receivables are mainly attributable to Forest Hill project, where the Group provides HUF 92 million financing to the construction company.
- Asset and liability held for sale relate to the Irisz Haz project that is being sold currenlty. The agreed purchase price of liabilities and quota related to the project is HUF 250 million.
- Cash and cash equivalents of the Group amounted HUF 1,407 million, out of which HUF 653 million were guarantees related to project loans of Reviczky and Forest Hill developments, Metrohouse acquisition loan, and equity deposits re. fund management activity.

Comments

- The consolidated equity of the Group increased to HUF 5.0 billion due to current quarterly results. The Company purchased 31,200 pieces of own shares worth of HUF 117 million during the quarter, that have decreased its share capital and share premium compared to December 31, 2017.
- Loans decreased to HUF 1.9 billion, out of which HUF 1.4 billion related to development projects. The affiliated financing provided by the majority shareholder of the Group related to the developments has been repaid completely.
- Trade payables increased by HUF 42 million as a result of thid-party construction costs.
- Other liabilities consist mainly of prepayments and advance payments related to development projects, totaling HUF 691 as of March 31, 2018. Adding to that, prepayments and advance payments related to the sale of Irisz Haz project amounted to HUF 100 million.
- Accrued expenses increased mainly due to accrued construction costs amounting to HUF 122 million.

CONSOLIDATED INCOME STATEMENT

Consolidated income statement (data in thHUF, except earnings per share)	Quarterly				Accumulated			
	1-3. 2018.	1-3. 2017.	Variance		1-3. 2018.	1-3. 2017.	Variance	
	(not audited)	(not audited)	thHUF	%	(not audited)	(audited)	thHUF	%
Net sales revenue	2 576 010	1 052 042	1 523 968	145%	2 576 010	1 052 042	1 523 968	145%
Other operating income	41 974	28 553	13 421	47%	41 974	28 553	13 421	47%
Change in stocks of finished products and work in progress	-67 118	0	-67 118	0%	-67 118	0	-67 118	0%
Consumables used	17 690	15 145	2 546	17%	17 690	15 145	2 546	17%
Cost of goods and services sold	346 496	197 553	148 943	75%	346 496	197 553	148 943	75%
Services purchased	1 321 489	497 440	824 049	166%	1 321 489	497 440	824 049	166%
Personnel expenses	170 237	152 596	17 641	12%	170 237	152 596	17 641	12%
Depreciation and amortization	21 472	22 003	-532	-2%	21 472	22 003	-532	-2%
Other operating expenses	39 073	29 720	9 353	31%	39 073	29 720	9 353	31%
Operating income (EBIT)	**768 645**	**166 138**	**602 507**	**363%**	**768 645**	**166 138**	**602 507**	**363%**
Finance income	6 745	150 678	-143 933	-96%	6 745	150 678	-143 933	-96%
Finance costs	24 176	6 998	17 178	245%	24 176	6 998	17 178	245%
Share of the losses of a joint venture	-3 454	-20 531	17 077	-83%	-3 454	-20 531	17 077	-83%
Profit before tax	**747 760**	**289 288**	**458 472**	**158%**	**747 760**	**289 288**	**458 472**	**158%**
Income tax expense	110 737	23 313	87 423	375%	110 737	23 313	87 423	375%
Profit after tax	**637 023**	**265 974**	**371 049**	**140%**	**637 023**	**265 974**	**371 049**	**140%**
Currency translation difference	22 330	11 003	11 327	103%	22 330	11 003	11 327	103%
Other comprehensive income	**22 330**	**11 003**	**11 327**	**103%**	**22 330**	**11 003**	**11 327**	**103%**
Total comprehensive income	**659 353**	**276 977**	**382 376**	**138%**	**659 353**	**276 977**	**382 376**	**138%**
attributable to								
Shareholders of the Company	**663 229**	**279 113**	**384 116**	**138%**	**663 229**	**279 113**	**384 116**	**138%**
Non-controlling interest	**-3 876**	**-2 136**	**-1 740**	**81%**	**-3 876**	**-2 136**	**-1 740**	**81%**
Earnings per share (basic and diluted)	**175**	**81**	**94**	**116%**	**175**	**81**	**94**	**116%**

Comments

- The increase of the quarterly net sales revenue of the Group, besides the growing volumes on the residential real estate and loan markets, was dominated by the partial handover of the units of Reviczky Liget project. Reviczky added HUF 1.3 billion to net sales revenues in Q1 2018, more than doubling it compared to Q1 2017. The revenues and profits generated by the development projects will cause significant volatility in the consolidated quarterly revenues and profits of the Group in the coming quarters.
- Change in stocks of finished products and in progress represent 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 costs of goods and services sold is related to the sale of Reviczky`s units. Development plots are classified as inventory and booked as cost proportionally on this line at the handover of the units.
- The significant increase in services purchased in Q1 2018 is attributable to the construction costs of MyCity developments. The Group has booked construction, marketing and operational costs of HUF 690 million related to these projects in this quarter, most of which has been capitalized as inventory. Further cost increase was caused by the increased loan volumes and proportional commission costs.
- Other operating expenses increased due to HUF 9 million one-time receivable write-off in Poland.
- Finance income decreased, as the Group booked one-time badwill on the acquisition of MyCity group in March 2017.
- Currency translation difference represents the FX gains and losses on assets and liabilities of the foreign subsidiaries.

Revenue, operating and after tax income by countries

In thousand HUF	Hungary		Poland		Czech Republic		Duna House Group	
	2018Q1	2017Q1	2018Q1	2017Q1	2018Q1	2017Q1	2018Q1	2017Q1
Net sales revenue	2 161 100	735 856	339 689	285 587	75 221	30 599	2 576 010	1 052 042
Operating income	765 566	180 670	-1 962	-7 061	5 041	-7 441	768 645	166 168
Profit after tax	644 316	277 741	-3 628	-4 029	-3 665	-7 738	637 023	265 974

- In Poland, a one-time receivables write-off of HUF 9 million has lowered the operating income and profit after tax in Q1 2018. The management considers the level of such write-offs extraordinary.
- In Czech Republic, decrease in deferred taxes with value of HUF 10 million caused net losses, in spite of operating profits reaching HUF 5 million.

MANAGEMENT`S GUIDANCE

in thousand HUF	Duna House Group		
	Duna House Group w/o MyCity	Reviczky liget	Forest Hill
Operating income – 2018Q1	185 812	594 726	*Under construction*
Profit after tax – 2018Q1	157 433	517 848	*Under construction*
Management forecast – 2018 FY	950 000 – 1 150 000	680 000	1 060 000

- The Group`s management is confident to reach its net profit guidance of HUF 2.7-2.9 billion in 2018.

**=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.). 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	1-3. 2018 (not audited)	1-3. 2017 (not audited)
Data in thHUF		
Cash flows from operating activities		
Profit after tax	637 023	265 974
Adjustments:		
Received / paid interests	20 178	0
Depreciation	21 472	22 003
Deferred tax expense	5 170	-53 773
Fair value adjustments of investment properties	0	0
Badwill	0	-139 595
Share of profit of a joint venture	3 454	20 531
Movements of working capital		
Increase in inventories	-2 630	-1 429
Increase in trade- and other receivables	-28 850	-542 498
Decrease of other assets	-78 551	-38 829
Increase of trade payables	-395 965	-123 680
Increase of other short term liabilities	63 146	107 117
Increase in accruals	125 761	-30 053
Net cash generated by operating activities	***370 210***	***-514 233***

Consolidated cash flow statement	1-3. 2018 (not audited)	1-3. 2017 (not audited)
Cash flows from investing activities		
Payments for property, plant and equipment	-37 707	-86 946
Proceeds from the sale of properties	5 669	0
Net cash outflow on acqusition of subsidiaries	0	-171 668
Net cash used in investing activities	***-32 038***	***-258 614***
Cash flows from financing activities		
Proceeds from borrowings	-331 713	-60 046
Proceeds from shareholders for capital increase	0	0
Dividends paid	-8 054	0
Securities sold	0	0
Received / paid interests	-20 178	0
Net cash generated from financing activities	***-359 946***	***-60 046***
Net increase in cash and cash equivalents	-21 774	-832 893
Cash and cash equivalents at the beginning of the year	1 428 501	1 583 686
Cash and cash equivalents at the end of the year	**1 406 727**	**750 793**

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Attributable to the shareholders of the Company	Attributable to non-controlling interests	Total equity
data in thHUF							
31 December 2015	**153 050**	**9 479**	**0**	**1 525 238**	**1 687 767**	**0**	**1 687 767**
Dividend paid				-247 600	-247 600		-247 600
Aquisition of Subsidiary						-40 214	-40 214
Total comprehensive income			-23 318	1 166 454	1 143 136	60	1 143 196
31 December 2016	**153 050**	**9 479**	**-23 318**	**2 444 092**	**2 583 303**	**-40 154**	**2 543 149**
Dividend paid				-479 260	-479 260		-479 260
Capital increase	18 939	1 481 057			1 499 997		1 499 997
Total comprehensive income			50 836	923 224	974 060	-8 427	965 633
31 December 2017	**171 989**	**1 490 536**	**27 518**	**2 888 056**	**4 579 100**	**-48 581**	**4 530 519**
Total comprehensive income			-1 510	637 221	635 711	-839	634 872
Purchase of treasury shares	-1 560	-115 440			-117 000		-117 000
31 March 2018	**170 429**	**1 375 096**	**26 008**	**3 526 277**	**5 097 811**	**-49 420**	**5 048 391**

Franchise segment

DUNA HOUSE HOLDING FRANCHISE BRANDS

DUNA HOUSE

HUNGARY, CZECH REPUBLIC

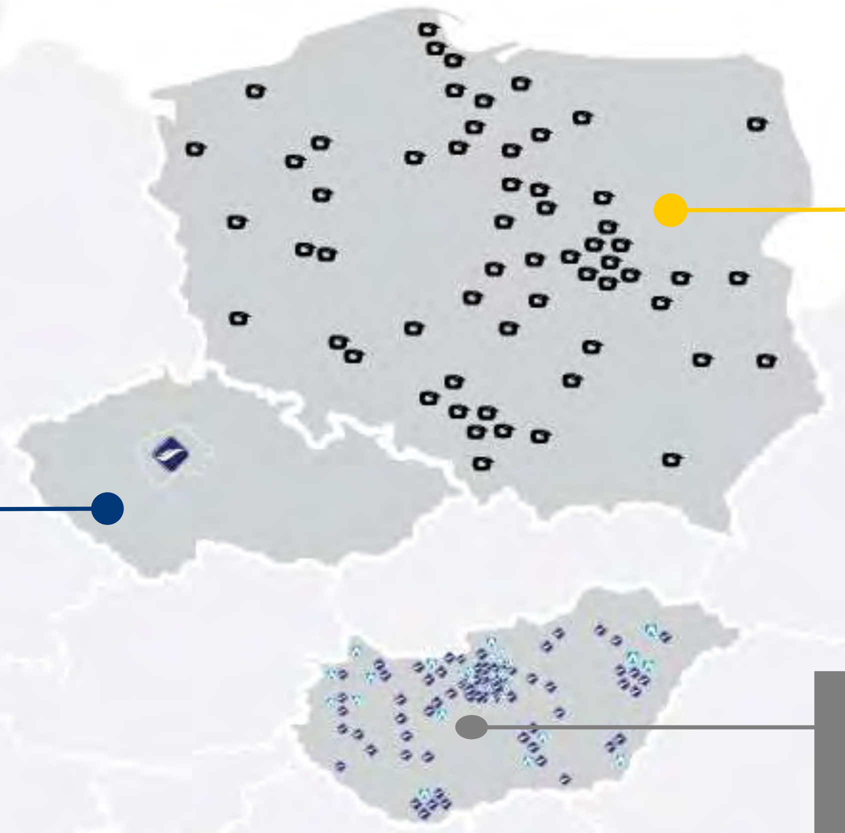
SMART INGATLAN

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

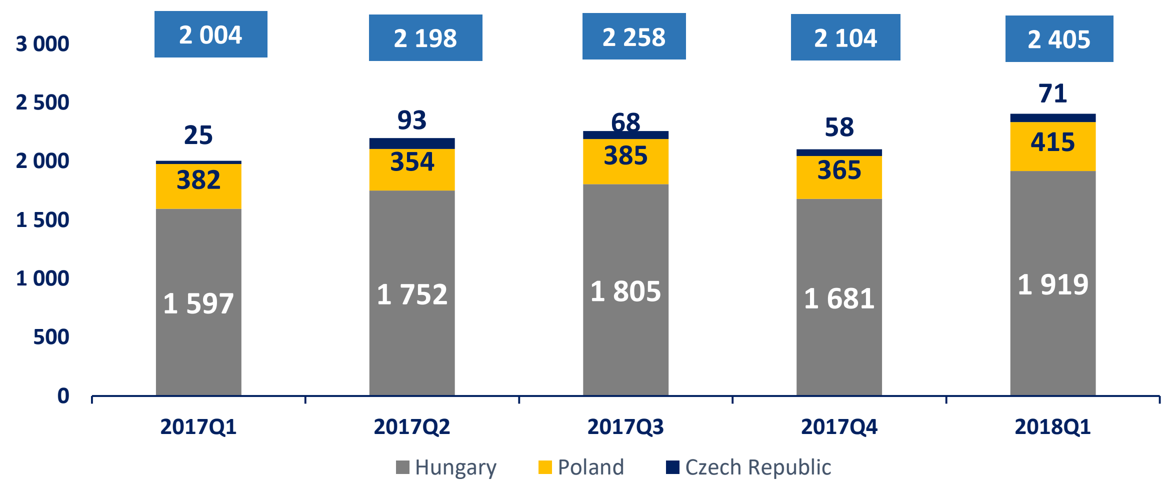
The development of Duna House franchise network has been started in 2018.

Hungary

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

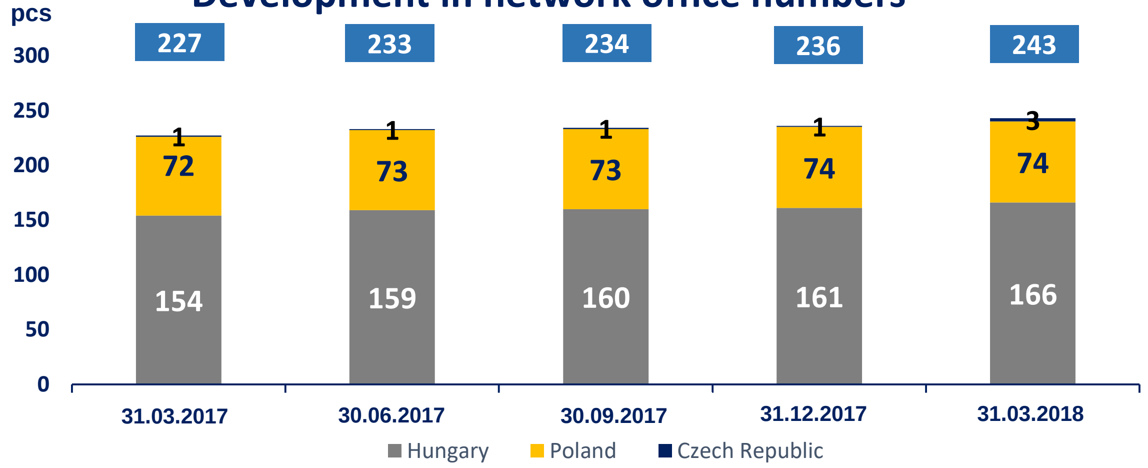
Changes in network commission revenues and office numbers

Commission revenues for the entire network*



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

Development in network office numbers



- Duna House Group started 2018 with very strong, over 20% y-o-y growth in real estate commissions, reaching quarterly record of HUF 2.4 billion.
- Growth was driven by Hungary, where total commissions exceeded HUF 1.9 billion (+20.2% y-o-y) and were supported by an estimated market growth of 4.8% in terms of residential real estate transaction volumes. Average commission per office increased by 11.5% y-o-y and office numbers have elevated from 154 in Q1 2017 to 166 in Q1 2018 (+7.8% y-o-y).
- In Poland, commission revenues exceeded HUF 0.4 billion (+8.6% y-o-y) as a combination of slight office number increase (+2.8% y-o-y) and average commission per office improvement (+5.7% y-o-y).
- In the first quarter the group increased its office numbers by 7 in comparison with the previous quarter (+3.0% q-o-q). Out of these, 2 franchise offices were opened in the Czech Republic. Commission revenues were not yet produced by these 2 entities.

SEGMENT LEVEL RESULTS

(data in thHUF)	FRANCHISE SEGMENT							
	Quarterly				Accumulated			
	1-3. 2018	1-3. 2017	Variance (thHUF)	Variance (%)	1-3. 2018	1-3. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	**367 925**	**331 425**	**36 500**	**11%**	**367 925**	**331 425**	**36 500**	**11%**
Direct expenses	46 027	57 707	-11 680	-20%	46 027	57 707	-11 680	-20%
Gross profit	**321 898**	**273 717**	**48 180**	**18%**	**321 898**	**273 717**	**48 180**	**18%**
Gross profit margin (%)	*87%*	*83%*	*5%p*		*87%*	*83%*	*5%p*	
Depreciation and amortization	10 126	8 797	1 328	15%	10 126	8 797	1 328	15%
Indirect expenses	270 838	214 055	56 783	27%	270 838	214 055	56 783	27%
Operating income (EBIT)	**40 934**	**50 865**	**-9 931**	**-20%**	**40 934**	**50 865**	**-9 931**	**-20%**
EBIT margin (%)	*11%*	*15%*	*-4%p*		*11%*	*15%*	*-4%p*	

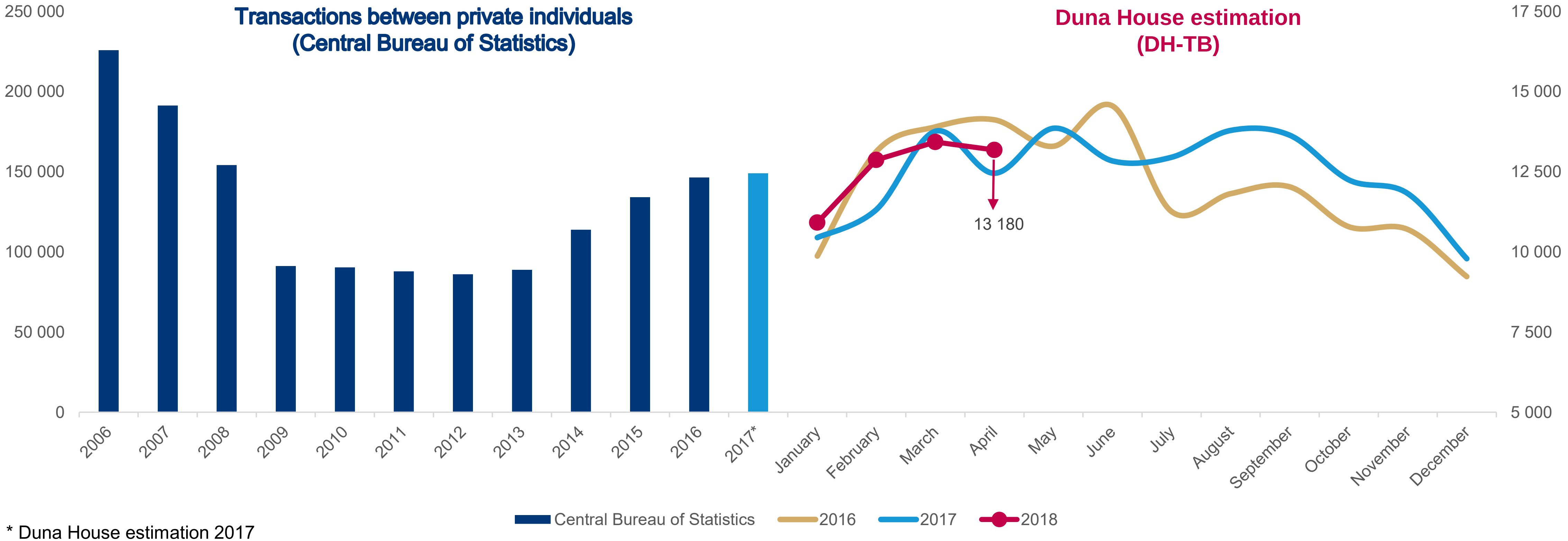
Revenue of the franchise segment grew by 11% compared to Q1 2017. The majority of the almost HUF 37 million growth came from Hungary, due to continued positive market dynamics and 12 additional offices compared to last years. Furthermore, additional revenues derived from the improved services offered to the network (e.g. training programs). As a result of the Czech expansion that was started at the end of 2017, number of offices increased by 2 in the country – although their impact is marginal still.

The gross profit margin improved both in Poland and Hungary, where SMART network`s contribution has been most significant. Network size and volumes improved significantly at SMART.

The indirect expenses increased to a smaller extent due to management expenses, while to a larger extent due to planned television and radio campaigns, general marketing spending in Hungary. The costs of improved services (e.g. training programs) are also shown on these cost lines.

Overall, the EBIT decreased by HUF 10 million compared to Q1 2017.

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



* Duna House estimation 2017

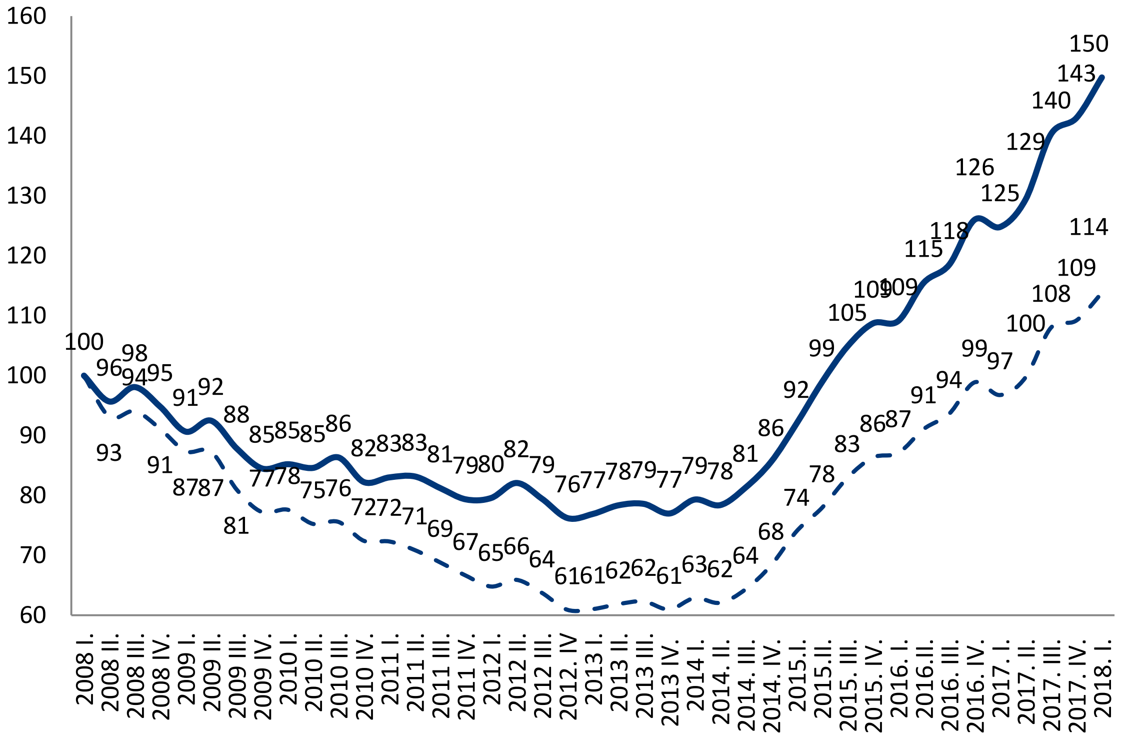
The spring vitality can still be felt on the property market. Following a strong March, the month of April presented a transaction volume above 13 thousand, thus the number of sale and purchase transactions during the first 4 months of the year exceeded 50 thousand. The turnover volume of April is close to being the average of the past two years, as it is 7% behind 2016 and 6% higher than the previous year.

* No similar data available in relation of Poland at present

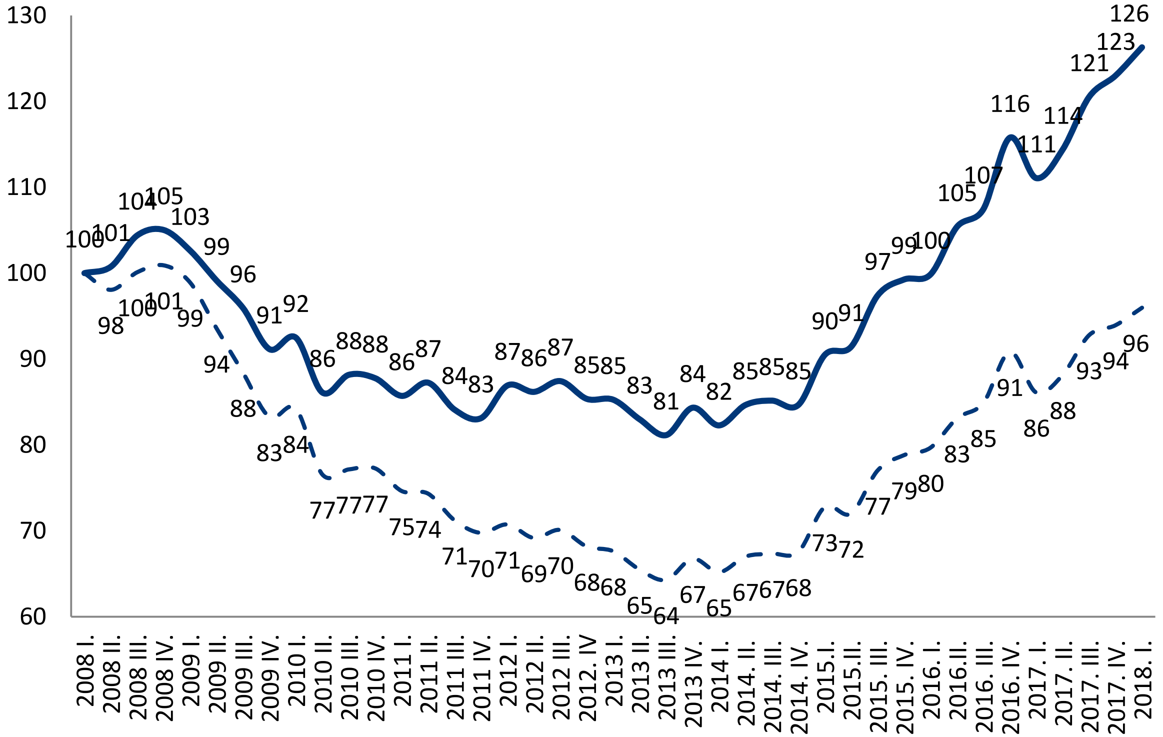
**Due to the lack of up-to-.date official data, the above presented data is based on Duna House own estimates.

HUNGARIAN* PROPERTY MARKET TRENDS BASED ON DH-BAROMETER

DH - COUNTRYWIDE PANEL INDEX



DH - COUNTRYWIDE BRICK INDEX

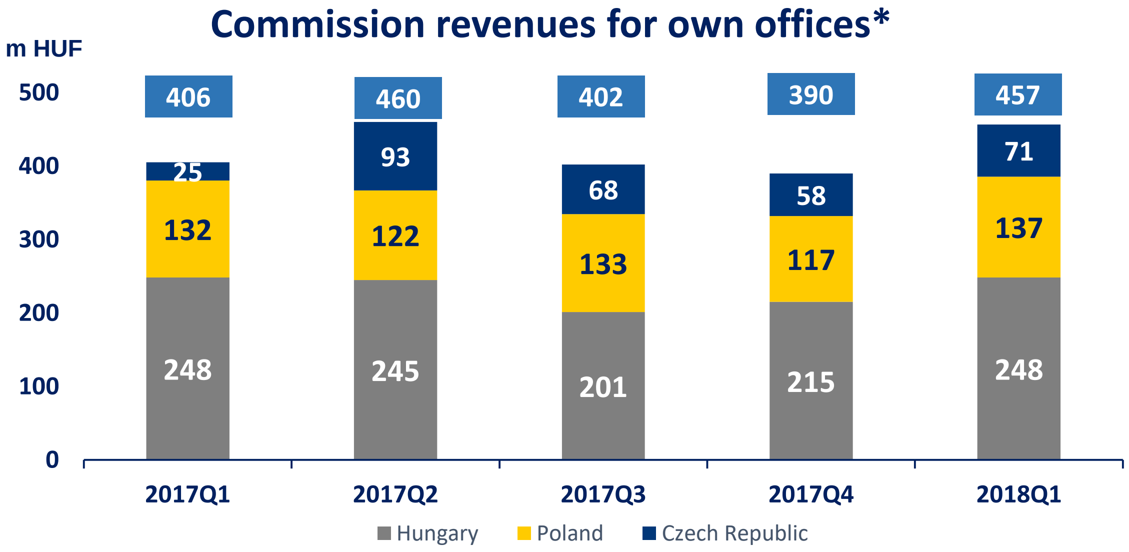


The increase of property prices has continued in Q1 2018, resulting in a 137 point nominal value, and a 4 point higher real value than the base data from 2008.
The nominal value of the Panel price index is 150, while the Brick price index is on 126 points currently – the latter only 4 points behind the base value on real value.

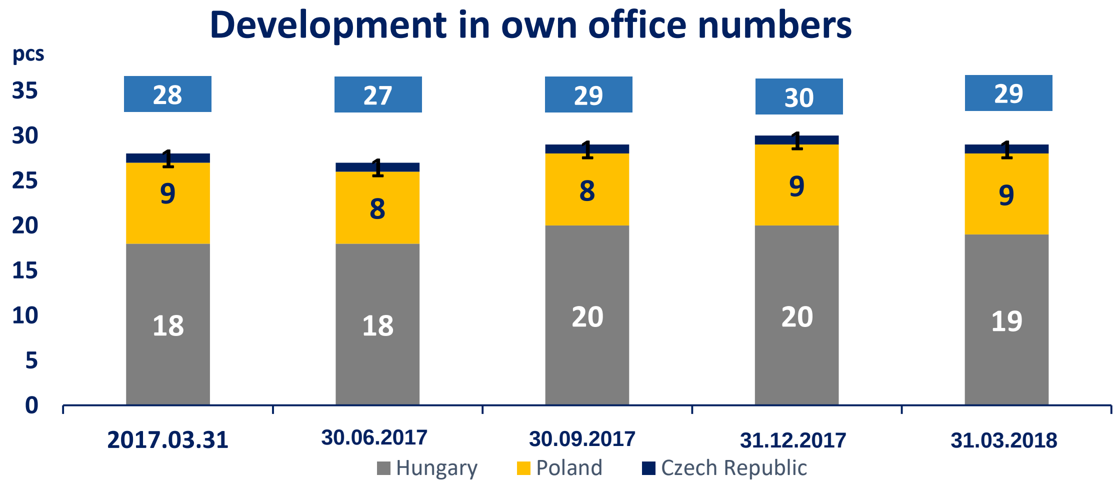
* No similar data available in relation of Poland at present

Own office operation segment

Changes in network commission revenues and office numbers for own offices



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



- The commission revenues generated by the own office segment increased to HUF 457 million (+12.8% y-o-y) in Q1 2018.
- In Hungary, revenues equaled the Q1 2017 levels, a promising start after the underperformance in the middle of 2017.
- The commission revenues of Polish own offices increased by 3.8% y-o-y and by 17.1% compared to Q4 2017, representing a strong start of the year.
- The Czech own offices also performed strongly, reaching the second highest quarterly performance since their foundation.
- Note: The commission revenue figures of the Hungarian own office segment have been reclassified due to a marginal error. The changes have no impact on financial figures, only on presented volumes.

SEGMENT LEVEL RESULTS

(data in thHUF)	OWN OFFICE SEGMENT							
	Quarterly				Accumulated			
	1-3. 2018	1-3. 2017	Variance (thHUF)	Variance (%)	1-3. 2018	1-3. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	**379 579**	**341 535**	**38 044**	**11%**	**379 579**	**341 535**	**38 044**	**11%**
Direct expenses	213 643	189 591	24 052	13%	213 643	189 591	24 052	13%
Gross profit	**165 936**	**151 944**	**13 992**	**9%**	**165 936**	**151 944**	**13 992**	**9%**
Gross profit margin (%)	*44%*	*44%*	*-1%p*		*44%*	*44%*	*-1%p*	
Depreciation and amortization	3 847	6 295	-2 448	-39%	3 847	6 295	-2 448	-39%
Indirect expenses	139 449	129 073	10 376	8%	139 449	129 073	10 376	8%
Operating income (EBIT)	**22 640**	**16 576**	**6 064**	**37%**	**22 640**	**16 576**	**6 064**	**37%**
EBIT margin (%)	*6%*	*5%*	*1%p*		*6%*	*5%*	*1%p*	

The own office segment achieved a 11% revenue growth compared to Q1 2017 with constant gross profit margins

On a regional level, the Czech office performed exceptionally and tripled its revenues from Q1 2017. The Hungarian operations started to grow again following weak performance in past quarters.

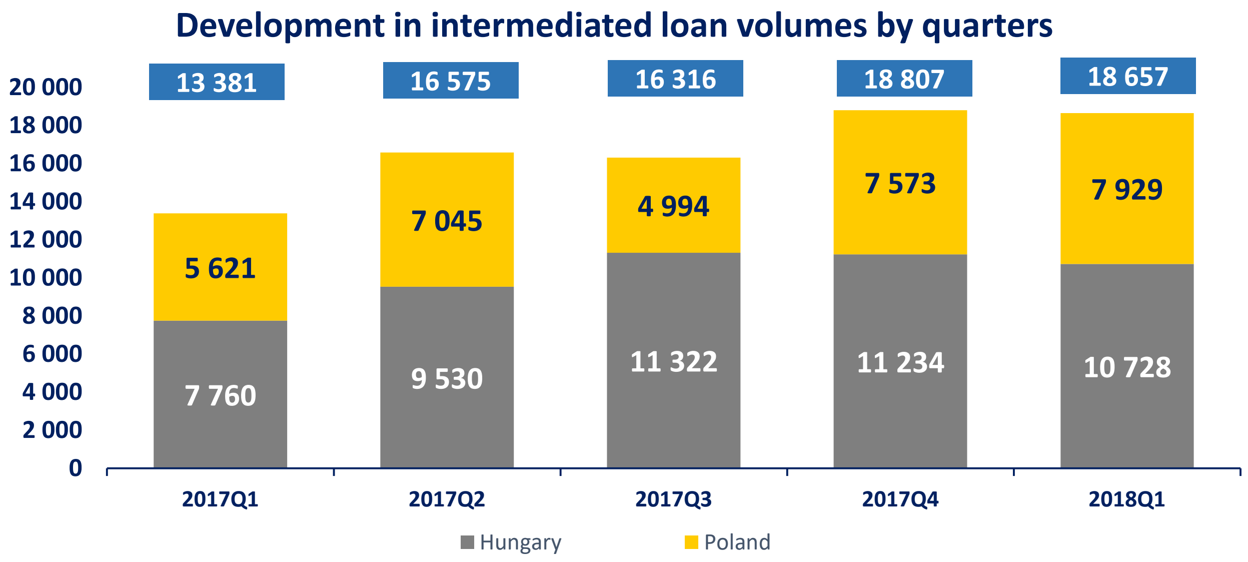
Indirect costs have increased by HUF 10 million, mainly due to the write-off of bad debt in Poland. The management regards such level of bad debt provisioning as extraordinary.

The segment achieved HUF 6 million higher EBIT, than in Q1 2017.

DUNA HOUSE®
GROUP

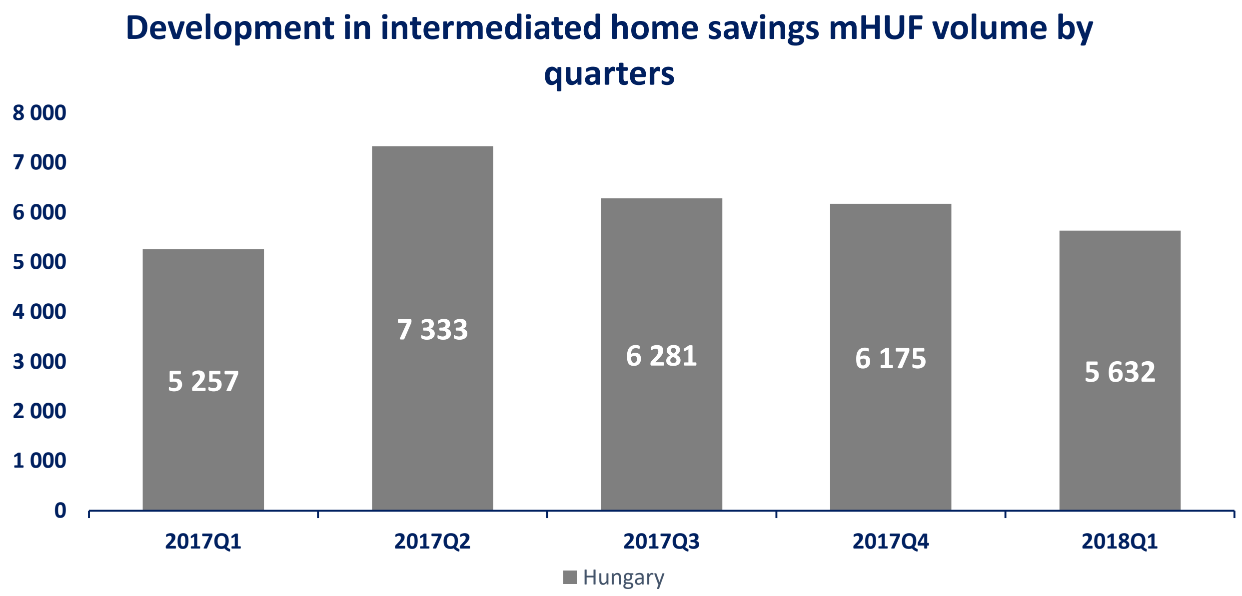
Financial product intermediary services segment

Changes in intermediated loan volumes



- The strong performance of the loan activities of Duna House Group continued in Q1 2018, reaching intermediated loan volumes of HUF 18.6 billion (+39.4% y-o-y). The growth rates were even in Poland (+41.1% y-o-y) and Hungary (+38.2% y-o-y).
- Volumes in Poland increased compared to Q4 2017, setting a new quarterly record of HUF 7.9 billion this quarter.
- Volumes have somewhat decreased in Hungary in Q1 2018 compared to Q4 2017, as the result of usual seasonality, Q1 being the weakest quarter of most years.

Changes in intermediated home savings volume



- Being the period with generally the lowest volume throughout the year, home savings volumes reached HUF 5.6 billion this quarter, 7.1% above the volumes of Q1 2017, but significantly below the levels of Q4 2017.

SEGMENT LEVEL RESULTS

(data in thHUF)	FINANCIAL PRODUCT INTERMEDIARY SERVICES SEGMENT							
	Quarterly				Accumulated			
	1-3. 2018	1-3. 2017	Variance (thHUF)	Variance (%)	1-3. 2018	1-3. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	**485 126**	**376 453**	**108 674**	**29%**	**485 126**	**376 453**	**108 674**	**29%**
Direct expenses	328 633	226 106	102 527	45%	328 633	226 106	102 527	45%
Gross profit	**156 493**	**150 347**	**6 146**	**4%**	**156 493**	**150 347**	**6 146**	**4%**
Gross profit margin (%)	*32%*	*40%*	*-8%p*		*32%*	*40%*	*-8%p*	
Depreciation and amortization	381	148	233	158%	381	148	233	158%
Indirect expenses	52 678	49 871	2 807	6%	52 678	49 871	2 807	6%
Operating income (EBIT)	**103 434**	**100 328**	**3 106**	**3%**	**103 434**	**100 328**	**3 106**	**3%**
EBIT margin (%)	*21%*	*27%*	*-5%p*		*21%*	*27%*	*-5%p*	

The revenues of the financial intermediation segment grew by almost 30%, driven by strong volume growth.

Gross profit margin decreased by 8 p.p. due to intra-year impacts. The short term dynamics of the gross profit margin depend on three factors:

i) The periodic review of the trailing commission model, that can shift the quarterly gross profit up or downwards, as well – having had a positive impact in Q1 2017.

ii) The structure of home saving products bonus schemes that can cause significant volatility among quarters even with same volumes – 2018 bonuses are delayed compared to last year.

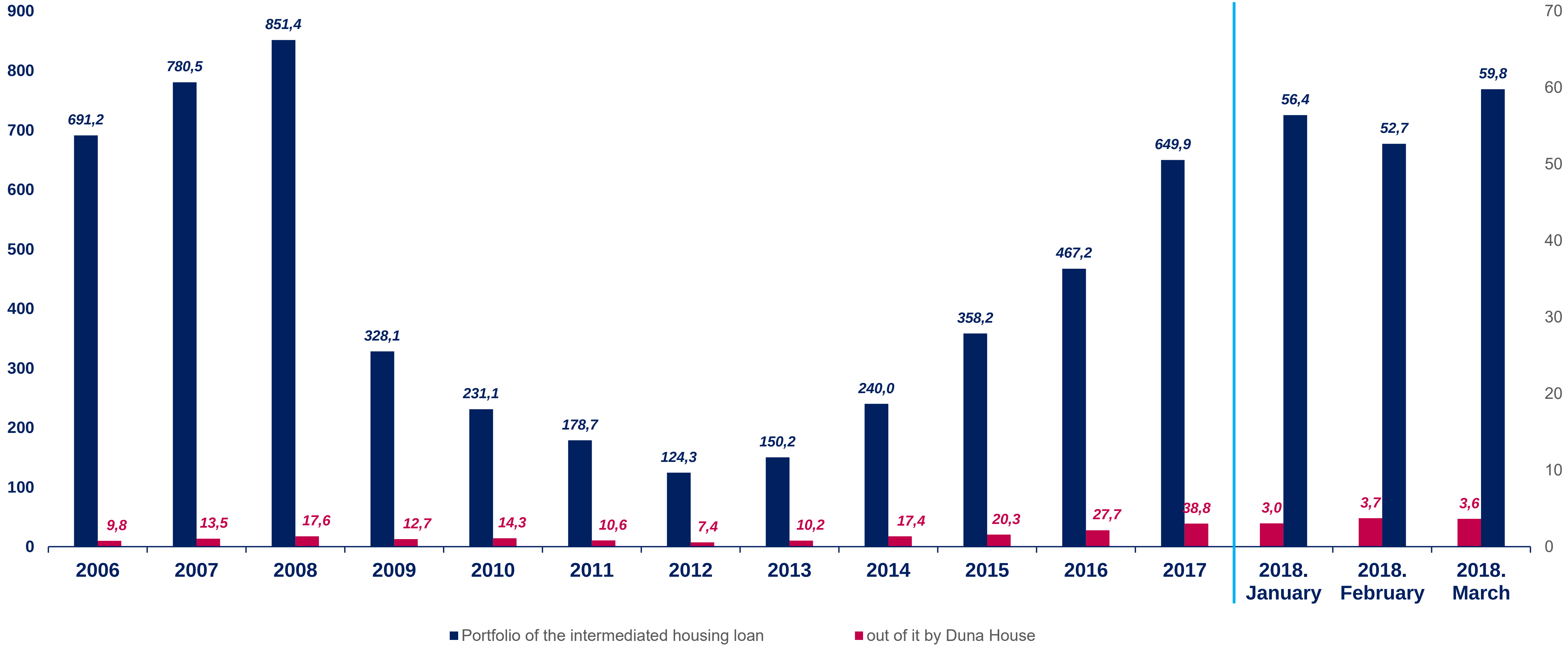
iii) The share of Hungarian/Polish loan volumes, as the Polish operation has narrower gross profit margins, than the Hungarian.

According to the management`s opinion, apart from the above independent factors, the segment maintains solid processes and has a stable gross profit margin on annual level.

The indirect costs increased somewhat due to increase fees from Q3 2017 related to the infrastructure used by the segment.

HUNGARIAN HOUSING LOAN TRENDS

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



DUNA HOUSE®
GROUP

Complementary services segment

COMPLEMENTARY SERVICES SEGMENT

Complementary services segment at present includes 4 activities:

HOME MANAGEMENT

Comprehensive property management services

- Operation of empty and inhabited premises
- Property rent out and sales
- Cleaning, renovation, furnishing

DUNA HOUSE® ÉRTÉKBECSLÉS

- Deep knowledge of property market transactions – significant additional, up-to-date and detailed information and data.
- Property valuation is carried out by independent professionals throughout the country.

ENERGETIKAI TANÚSÍTVÁNY

Serving both individuals and business entities:

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

IMPACT ASSET MANAGEMENT

Fund Manager belonging to the Group

MNB cert.No:

- H-EN-III-130/2016

Date of registry:

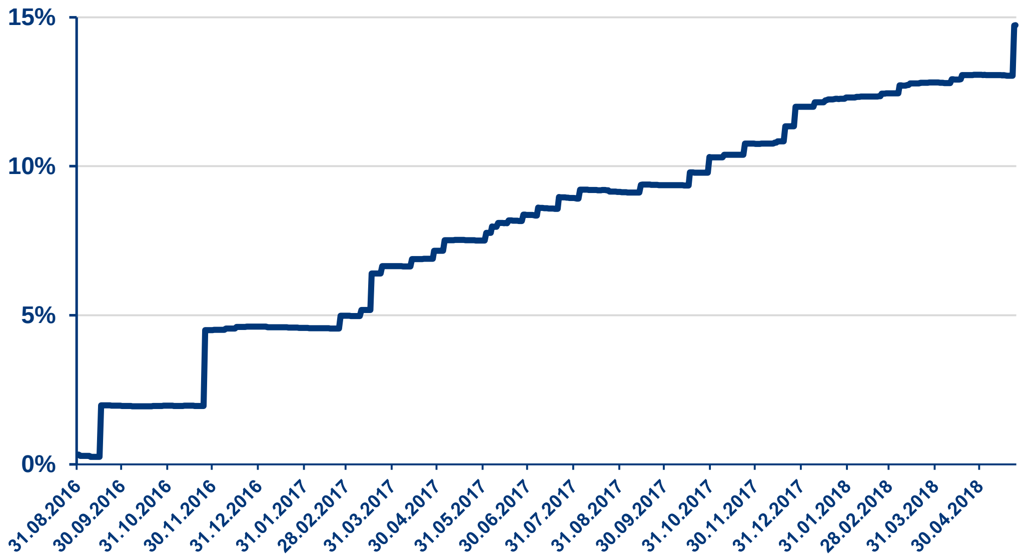
- April 2016.

Currently managed fund:

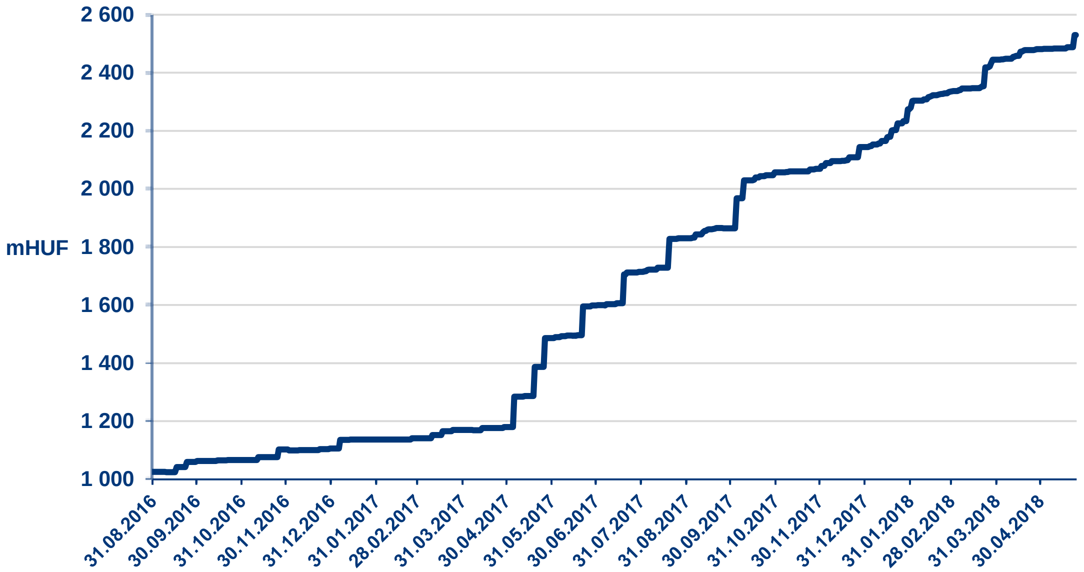
- Duna House Fund, open-end, public

DUNA HOUSE HUNGARIAN RESIDENTIAL REAL ESTATE FUND

Generated yield from the beginning by Duna House Fund



Net asset value development from the beginning of Duna House Fund

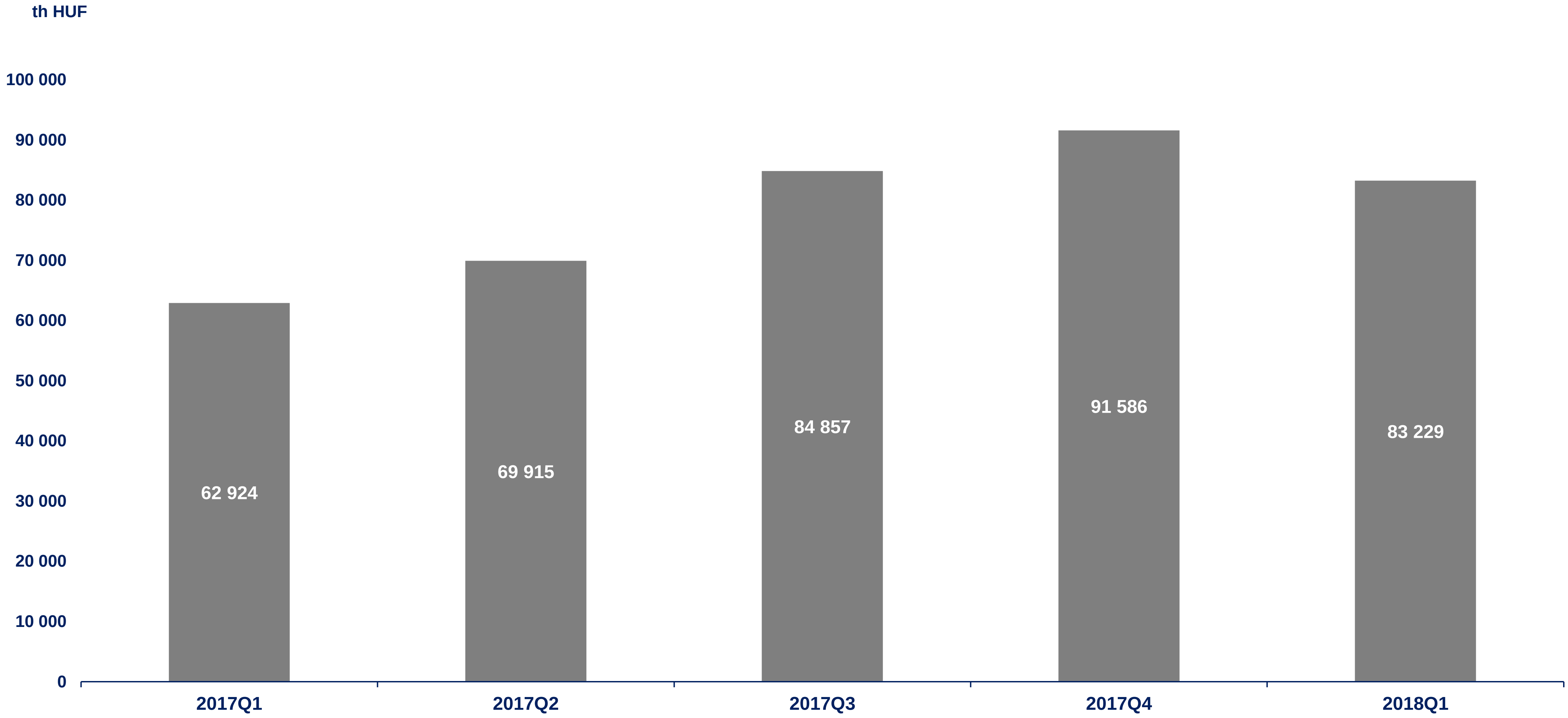


Annual yield of the Duna House Fund was 6.7% as of May 25, 2018.

The net asset value of the fund averaged HUF 2.3 billion in Q1 2018 and amounted to HUF 2.5 billion as of May 25, 2018.

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

(data in thHUF)	COMPLEMENTARY SERVICES SEGMENT							
	Quarterly				Accumulated			
	1-3. 2018	1-3. 2017	Variance (thHUF)	Variance (%)	1-3. 2018	1-3. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	**83 229**	**62 924**	**20 305**	**32%**	**83 229**	**62 924**	**20 305**	**32%**
Direct expenses	26 515	24 005	2 510	10%	26 515	24 005	2 510	10%
Gross profit	**56 714**	**38 919**	**17 795**	**46%**	**56 714**	**38 919**	**17 795**	**46%**
Gross profit margin (%)	*68%*	*62%*	*6%p*		*68%*	*62%*	*6%p*	
Depreciation and amortization	186	438	-252	-58%	186	438	-252	-58%
Indirect expenses	47 767	42 619	5 148	12%	47 767	42 619	5 148	12%
Operating income (EBIT)	**8 760**	**-4 139**	**12 899**	**-312%**	**8 760**	**-4 139**	**12 899**	**-312%**
EBIT margin (%)	*11%*	*-7%*	*17%p*		*11%*	*-7%*	*17%p*	

The complementary services segment has increased its revenues by HUF 20 million (32% y-o-y). All the activities expanded their operations, while new services (advertisements, data services, private webportal) contributed by an additional HUF 7 million to revenues.

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

On the indirect cost side, new services added HUF 7 million in one-time marketing spending this quarter.

Overall, the segment increase EBIT-level profitability significantly, making EBIT of HUF 9 million at 11% margin.

DUNA HOUSE GROUP

Property investments segment

PROPERTY INVESTMENTS SEGMENT

SEGMENT LEVEL RESULTS

(data in thHUF)	PROPERTY INVESTMENT SEGMENT							
	Quarterly				Accumulated			
	1-3. 2018	1-3. 2017	Variance (thHUF)	Variance (%)	1-3. 2018	1-3. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	**1 349 895**	**26 571**	**1 323 324**	**4980%**	**1 349 895**	**26 571**	**1 323 324**	**4980%**
Direct expenses	754 933	3 447	751 485	21798%	754 933	3 447	751 485	21798%
Gross profit	**594 962**	**23 123**	**571 839**	**2473%**	**594 962**	**23 123**	**571 839**	**2473%**
Gross profit margin (%)	*44%*	*87%*	*-43%p*		*44%*	*87%*	*-43%p*	
Depreciation and amortization	5 720	5 289	431	8%	5 720	5 289	431	8%
Indirect expenses	-10 726	5 590	-16 316	-292%	-10 726	5 590	-16 316	-292%
Operating income (EBIT)	**599 968**	**12 244**	**587 725**	**4800%**	**599 968**	**12 244**	**587 725**	**4800%**
EBIT margin (%)	*44%*	*46%*	*-2%p*		*44%*	*46%*	*-2%p*	

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

**before April 1, 2017, the result of MyCity companies' activity was indicated under "Share of profit of a joint venture" in the consolidated income statement.

The most significant change in the segments financials was caused by the completion of Reviczky Liget development (running under MyCity** brand) and the handover and invoicing of 70% of its residential units. The significant jump both in revenues, gross profit and EBIT are related to this development. The sale of approx. 30% of Reviczky`s flats will be booked in the following quarters.

The construction work of Forest Hill proceeds according to plan, significant share of its units are expected to be handed over in Q4 2018.

Investment purpose properties remain mostly stable, one property has been reclassified as inventory as it is being sold. The share of rented properties has increased compared to Q1 2017.

The investment purpose properties are revalued every six months, next time on June 30, 2018. No revaluations have been booked in present quarter.

The Group`s management maintains its net profit guidance for 2018 regarding Reviczky Liget and Forest Hill projects.

VOLUME* AND VALUE OF INVESTMENT AND OPERATIVE PROPERTIES

(data in thHUF)	31 December 2017		31 March 2018	
	Number (pcs)**	Carrying amount	Number (pcs)**	Carrying amount
Investment purpose property	13	1 061 613	12	1 021 013
Operational property	5	396 165	5	392 457
Total	**18**	**1 457 779**	**17**	**1 413 470**

* ˙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 June 30, 2018.

PROPERTY DEVELOPMENT ACTIVITY

Duna House Group manages the development of 385 flats in 3 projects under MyCity brand, as follows:

	Forest Hill Budapest III. district	Reviczky Liget Budapest XVIII. district	MyCity Residence Budapest III. district	TOTAL
Duna House Group's share in Project	**100%**	**100%**	**50%**	
Landsize (m2)	29 314	5 625	3 345	**38 284**
Sellable area (m2)	16 085	4 672	6 882	**27 639**
Number of Apartements (pcs.)	196*	86	103	**385**
Average Apartements size (m2)	80	54,3	68,8	**71,3**
Actual status of Projects				
Construction permit	✓	✓	✓	
Construction is ongoing	✓	✓	✓	
Active presale started	✓	✓	✓	
Handover in progress		✓		

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

PROPERTY DEVELOPMENT ACTIVITY

- District 18. Reviczky Liget Project: The occupation permit was obtained in December, 2017, technical take-overs and final settlements are in progress. 83% of the units are sold; invoicing and revenue recognition is in progress.
- District 3. Forest Hill: Constructing and sales of the 148-flat project are proceeding according to plans. 50% of the units are sold. Construction deadlines is September 30, 2018.
- District 3. MyCity Residence: Construction started end of January, 2018. 38% of the units are sold. Construction deadline is October 30, 2019.
- According to the Management, the performance of property development activity within MyCity is in accordance with the set goals, and shows positive tendency.

ON-GOING PROJECTS

Forest Hill

Reviczky Liget

MyCity Residence

DUNA HOUSE GROUP

Other- and consolidation segment

SEGMENT LEVEL RESULTS

(data in thHUF)	OTHERS- AND CONSOLIDATION SEGMENT							
	Quarterly				Accumulated			
	1-3. 2018	1-3. 2017	Variance (thHUF)	Variance (%)	1-3. 2018	1-3. 2017	Variance (thHUF)	Variance (%)
Net sales revenue	**-89 744**	**-86 865**	**-2 879**	**3%**	**-89 744**	**-86 865**	**-2 879**	**3%**
Direct expenses	-10 488	-33 008	22 520	-68%	-10 488	-33 008	22 520	-68%
Gross profit	**-79 256**	**-53 857**	**-25 399**	**47%**	**-79 256**	**-53 857**	**-25 399**	**47%**
Gross profit margin (%)	*88%*	*62%*	*26%p*		*88%*	*62%*	*26%p*	
Depreciation and amortization	1 212	1 036	176	17%	1 212	1 036	176	17%
Indirect expenses	-73 377	-45 157	-28 220	62%	-73 377	-45 157	-28 220	62%
Operating income (EBIT)	**-7 092**	**-9 736**	**2 645**	**-27%**	**-7 092**	**-9 736**	**2 645**	**-27%**
EBIT margin (%)	*8%*	*11%*	*-3%p*		*8%*	*11%*	*-3%p*	

Under the Other and consolidation segment we present the Company`s supporting holding activity performance, as well as yields and expenditures detected in the consolidation process, and the result of consolidation amendments.

The Q1 expenses of the holding include primarily 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.

The EBIT improvement was driven by the reallocation of management costs of MyCity projects to the property investments 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 2018Q1 negyedeves 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, 28 May, 2018.

Duna House Holding Plc. Board of Directors

Represented by: Doron Dymschiz, Board of Directors, President

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