

Independent Auditor's Report

to the Shareholders of Duna House Holding Nyrt.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Duna House Holding Nyrt. and its subsidiaries (the „Group”) for the year 2018 which comprise the consolidated balance sheet as at December 31, 2018 (which shows a total assets of **HUF 11 078 107 thousands**) and the related consolidated statement of comprehensive income (which shows a net profit for the year of **HUF 1 707 811 thousands**), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and consolidated notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Duna House Holding Nyrt. and its subsidiaries as at December 31, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (the „EU IFRS”), and the consolidated financial statements were prepared in all material respects in accordance with the provisions of the effective Hungarian Act C of 2000 on Accounting (hereinafter: “the Accounting Act”) relevant to the entities preparing consolidated financial statements in accordance with EU IFRS.

Basis for the opinion

We conducted our audit in accordance with Hungarian National Standards on Auditing (“HNSA”) and with applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report.

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors’ Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board (IEASBA Code of Ethics) and we also comply with further ethical requirements set out in Rules and Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter

How our audit addressed the Key Audit Matter

Revenue recognition

Refer to Notes 2.1.3, 2.3.3 and 28. in the consolidated financial statements

Revenue is an important measure used to evaluate the performance of the Group. As a consequence, it needs to be ensured that the revenue in the consolidated financial statements is real, accurate and refers to the current year. Revenue from sales transactions is recognized as of the performance date based on the terms of the delivery contracts.

Special revenue source is the referral fee payable by the financial institutes, which can be acquisition fee or maintenance (operative) fee. Acquisition fee is recognized relating to the contracting, while the maintenance fee is receivable if the contract is not terminated till a prescribed date. In case of maintenance fee the Group estimates the fee receivable from the loans contracted in the current year by means of a calculation method, considering the amount of contract terminations expected based on prior years' experience. Based on the above the maintenance fee recognition bears estimation uncertainty.

Our audit procedures supporting the revenue recognition included testing of controls as well as substantive audit procedures as follows.

We have performed review of the sales process relating to the operating of the franchise system and the own real estate brokerage network as well as the financial brokerage activity, during which we have assessed the risks in the certain processes, the existence of relating controls, and tested the operating effectiveness control procedures relevant to our audit.

Existence and accuracy of sales revenue have been tested on a sample basis and the items selected have been reconciled to source documents.

We have evaluated the appropriateness of the maintenance fee payable but not yet confirmed by the financial institutes, estimated by the management, by critically challenging the calculation method and the assumptions therein.

We have tested the last revenue invoices before and the first ones after the balance sheet date of 31 December 2018 evaluating whether they were recorded in the correct period. Also, we have tested the credit notes issued after the above balance sheet date in order to ensure that they did not refer to sales revenue recognized in the financial year of 2018.

We have tested manual journal entries regarding revenues in order to identify unusual items outside of the normal course of business and reviewed the audit evidences supporting the items selected.

Based on our procedures we have not identified material misstatements.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of Goodwill Refer to Notes 2.1.5, 2.1.7, 2.3.1 and 6. in the consolidated financial statements</p> <p>In the consolidated financial statements of the Group the balance sheet value of goodwill is significant (amounts to Thousand HUF 1,320,667 as of 31 December 2018 and Thousand HUF 1,048,936 as of 31 December 2017). Goodwill has not been amortized, but the Group evaluates annually whether there are any indicators raising doubts about the recoverability of its carrying value.</p> <p>As required by the applicable accounting standards, the Group conducts annual impairment tests to assess the recoverability of the carrying value of goodwill. Goodwill is allocated to cash generating units, and the recoverable value of cash generating units is determined by the calculation of value-in-use.</p> <p>For the value-in-use calculation the management needs to estimate the future expected cash flows of the cash generating units and an appropriate discount rate, since these are necessary for determining the present value. Based on the impairment test no impairment was recorded in current year.</p> <p>The valuation is dependent on certain assumptions regarding factors influencing the value-in-use of cash generating units, which bear uncertainty, thus the value of goodwill may change in parallel with the change of influencing factors.</p>	<p>Our audit procedures regarding the valuation of goodwill were as follows.</p> <p>We have evaluated the appropriateness of the cash flows of the cash generating units estimated by the management, by critically challenging the reasonableness and validity of the calculation method and the assumptions therein.</p> <p>We have checked the accuracy and relevance of input data used in the cash flow projections and checked the accuracy of the calculation by recalculating it.</p> <p>We have evaluated the sensitivity of projections regarding the changes of assumptions applied in the model. We have compared the cash flows projected in prior year to current year against the realized performance.</p> <p>We have checked the appropriate compliance with relevant financial reporting standards, accounting records and disclosures.</p> <p>Based on our procedures we have not identified material misstatements.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of investment properties Refer to Notes 2.1.13, 2.3.4, 4, and 29. in the consolidated financial statements</p> <p>Value of investment properties in the consolidated financial statements of the Group amounts to HUF 1,443,600 as of 31 December 2018 and 1,061,613 as of 31 December 2017. Above balance sheet value reflects the estimated fair value of the investment properties determined by an independent external valuation expert engaged by the Group. As a consequence of the fair value adjustment, a revaluation gain of HUF 196,060 thousands has been recorded as other operating income.</p> <p>The valuation is dependent on certain assumptions regarding factors influencing the value of properties, which bear uncertainty, thus the value of investment properties may change in parallel with the change of influencing factors.</p>	<p>Our audit procedures regarding the valuation of investment properties were as follows.</p> <p>We have evaluated the independent external valuer’s professional competence, capabilities, objectivity.</p> <p>We have assessed the methodologies and the appropriateness of the key assumptions used by the valuer based on our knowledge of the property industry.</p> <p>We have checked the accuracy and relevance of input data used for determining the balance sheet value of investment properties and checked the accuracy of the fair value adjustments by recalculating them.</p> <p>We have checked the appropriate compliance with relevant financial reporting standards, accounting records and disclosures.</p> <p>Based on our procedures we have not identified material misstatements.</p>

Other information: the business report

The other information comprises the consolidated business report of the Company for the year 2018. Management is responsible for the preparation of the consolidated business report in accordance with the provisions of the Accounting Act and other relevant regulations. Our opinion on the consolidated financial statements expressed in the “Opinion” section of our independent auditor’s report does not cover the consolidated business report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the consolidated business report and, in doing so, consider whether the consolidated business report is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the consolidated business report is materially misstated we are required to report this fact and the nature of the misstatement.

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Furthermore, in accordance with the Accounting Act, our responsibilities regarding the consolidated business report also include reviewing the consolidated business report to assess whether the consolidated business report was prepared in accordance with the relevant provisions of the Accounting Act and other regulations, if any, including the assessment whether the consolidated business report complies with the requirements of Section 95/B. (2) e) and f) of the Accounting Act. Furthermore, in accordance with the Accounting Act we shall make a statement whether the information referred to in Section 95/B. (2) a)-d), g) and h) has been provided in the consolidated business report.

In our opinion, the consolidated business report of Duna House Holding Nyrt. and its subsidiaries for 2018 corresponds to the consolidated financial statements of Duna House Holding Nyrt. and its subsidiaries for 2018 and the relevant provisions of the Accounting Act in all material respects. The information referred to in Section 95/B. (2) a)-d), g) and h) of the Accounting Act has been provided. As there is no other regulation prescribing further requirements for the Group's consolidated business report, we do not express an opinion in this respect.

We are not aware of any other material inconsistency or material misstatement in the consolidated business report therefore we have nothing to report in this respect.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

The auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HNSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HNSAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis in the preparation of the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we

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determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10 (2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagement

We were appointed as the auditors of the Duna House Holding Nyrt. by the General Meeting of Shareholders on 20 April 2018 and our uninterrupted engagement has lasted for 4 years.

Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Duna House Holding Nyrt., which we issued on 22 March 2019 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Group. In addition, there are no other non-audit services which were provided by us to the Duna House Holding Nyrt. and its controlled undertakings and which have not been disclosed in the consolidated financial statements or in the consolidated business report.

The engagement partners on the audit resulting in this independent auditor's report are the signatories of the report.

Budapest, 22 March 2019

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Managing Director

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This is the translation of the original Hungarian statutory report. In case of any discrepancies, the original Hungarian version prevails.

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