



CEE Equity Research | Hungary | Real Estate
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Duna House

Recommendation: Buy

Target price (12M): HUF 4,605

Equity Note

No more share overhang risk

Equity Analyst
Gellert Gaal
+361 489 2228
g.gaal@con.hu

50 Alkotás Street,
Budapest
www.con.hu

Duna House has recently announced that MKC investment (former owner of Metrohouse) sold all of its share in the company on the OTC market a few days ago. MKC received the two years ago shares during the transaction, when Duna House purchased Metrohouse as a part of financing the deal. Out of the ca. 67,000 pieces of share, Duna House purchased roughly half the amount (31,200 pieces) for treasury shares for the purpose of the employee stock ownership plan.

Opinion: We positively rate this news as one of the risk (share overhang) we indicated in our initiation report has disappeared. Alternatively, MKC could have sold of its stake on market putting pressure on stock price after in the end of April – when the lockup for the share would have expired. In this aspect we believe selling on OTC was a good choice and implying that there is a relevant demand for DH's share.

Duna House will release its Q4 report on 28th April.

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Rating	Trigger
Buy	Total return is expected to exceed 20% in the next 12 months
Accumulate	Total return is expected to be in the range of 10-20%
Neutral	Total return is expected to be in the range of 10%-(-10%)
Reduce	Total return is expected to be in the range of -10-(-20%)
Sell	Total return is expected to be lower than -20%
Under Revision	The stock is put Under Revision if covering analyst considers new information may change the valuation materially and if this may take more time.
Coverage in transition	Coverage in transition rating is assigned to a stock if there is a change in analyst.

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Prices are taken as of the previous day's close on the home market unless otherwise stated.

Valuations and risks:

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