

McGrath

28 April 2017

Violetta Codreanu
Adviser, Listings Compliance
ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

BY EMAIL: Violetta.Codreanu@asx.com.au

Dear Ms Codreanu

McGrath Limited (the "Company"): Price Query

I refer to your letter of 27 April 2017 which referred to the article on page 18 of the Dataroom section of The Australian on the same day, entitled *"Open house at McGrath as real estate agents exit"* (the "Article").

In response to Question 1 in your letter, the Company confirms that it is not aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities.

With reference to the specific content in the Article regarding franchisees, we have no information regarding any Franchisees intending to leave the Company other than one Franchisee - Ascot in Queensland - whose Franchise Agreement expires on 30 May 2017. We note that this Franchisee and McGrath mutually agreed not to renew the Franchise Agreement back in late 2016 and can so no reason why this would trigger any publicity at the current time. This franchisee operates one office of our 72 Franchise offices, was of only marginal contribution and the non-renewal was mutual, given normal commercial considerations on each side.

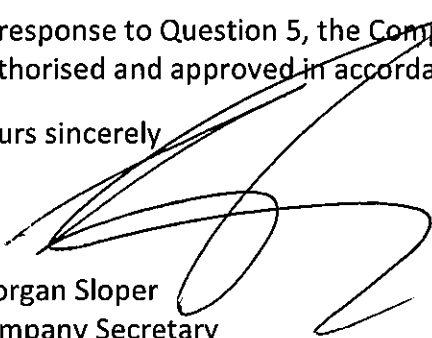
Question 2 is not applicable, as the answer to Question 1 is no.

In response to Question 3, the Company is not aware of any other reason for the recent trading in its securities. The Company has previously updated the ASX regarding the previous departure of high performing agents in its market announcement dated 23 January 2017.

In response to Question 4, the Company believes it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

In response to Question 5, the Company's responses to the questions in your letter have been authorised and approved in accordance with its published continuous disclosure policy.

Yours sincerely



Morgan Sloper
Company Secretary

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27 April 2017

Mr Morgan Sloper
Company Secretary
McGrath Limited
191 New South Head Road
Edgecliff NSW 2027

By email

Dear Mr Sloper

McGrath Limited (the “Company”): Price Query

We note the change in the price of the Company’s securities from a high of 68.5 cents on 7 April 2017 to a low of 58 cents at the time of writing today, 27 April 2017. We also note a significant rise in the volumes traded.

We refer to an article on page 18 of the Dataroom section of The Australian today, 27 April 2017, entitled *“Open house at McGrath as real estate agents exit”* (the “Article”).

In light of this, ASX asks the Company to respond separately to each of the following questions and requests for information:

1. Is the Company aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities? In your response, please include the Company’s specific comments on the substance of the Article.

2. If the answer to question 1 is “yes”:

a) Is the Company relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Company’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Company may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.

b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).

c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

3. If the answer to question 1 is “no”, is there any other explanation that the Company may have for the recent trading in its securities?

4. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **9.30 am AEST, Friday 28 April 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that the Company's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and

- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Violetta Codreanu

Adviser, Listings Compliance (Sydney)