

### Release of Shares from Voluntary Escrow

4 October 2017 – McGrath Limited (**McGrath**) (ASX code: MEA) refers to the Forms 603 lodged by McGrath, John McGrath and Fondorru Pty Limited (**Fondorru**) on 8 December 2015 and the subsequent Forms 604 lodged by McGrath, John McGrath and Fondorru on 11 September 2017.

As announced to ASX on 15 September 2017 and as described in McGrath's Prospectus dated 21 November 2015 (**Prospectus**), 10,000,000 shares issued to the Smollen Sellers as part of the consideration for the acquisition of the Smollen business were released from voluntary escrow on 30 September 2017.

Attached are the following forms:

- **Form 605 for McGrath**, showing that McGrath no longer has a relevant interest in the 10,000,000 shares that were subject to escrow. By way of background, as a result of the voluntary escrow agreements (as disclosed in the Prospectus), McGrath had a relevant interest in the shares under section 608(1)(c) of the Corporations Act 2001 (Cth) (**Corporations Act**). However, McGrath did not have the right to acquire these shares, or to control the voting rights attaching to the shares; and
- **Form 604 for John McGrath and Fondorru**, showing that Mr McGrath and Fondorru no longer have a technical deemed relevant interest in the 10,000,000 shares subject to escrow as a result of the voluntary escrow arrangements McGrath entered into (under section 608(3)(a) of the Corporations Act). Similar to the above, at no stage did Mr McGrath or Fondorru have the right to acquire these shares, or to control the voting rights attaching to the 10,000,000 shares.

Consistent with previous disclosures, Mr McGrath continues to hold (and there has been no change to this holding) 37,127,378 fully paid ordinary shares in McGrath (15,931,928 directly and 21,195,450 indirectly held by Fondorru).

-Ends-

**For further media information, please call Terri Sissian on +61 (0) 419 881414**

#### About McGrath

Founded in 1988, McGrath (ASX:MEA) has grown to be one of Australia's most successful residential real estate groups. An integrated real estate services business, McGrath is a total solution company offering agency sales, property management, mortgage broking and career training services.

McGrath Estate Agents currently has 102 offices located throughout the East Coast of Australia.

**Form 605**

Corporations Act 2001

Section 671B

**Notice of ceasing to be a substantial holder**

To Company Name/Scheme McGrath Limited (McGrath)

ACN/ARSN 608 153 779

**1. Details of substantial holder (1)**

Name McGrath Limited

ACN/ARSN (if applicable) ACN 608 153 779

The holder ceased to be a substantial holder on 30 September 2017

The previous notice was given to the company on 11 September 2017

The previous notice was dated 11 September 2017

**2. Changes in relevant interests**

Particulars of each change in, or change in the nature of, a relevant interest (2) of the substantial holder or an associate (3) in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (4)	Consideration given in relation to change (5)	Class (6) and number of securities affected	Person's votes affected
30 September 2017	McGrath	Release of ordinary shares from escrow	Nil.	10,000,000 ordinary shares	10,000,000 ordinary shares

**3. Changes in association**

The persons who have become associates (3) of, ceased to be associates of, or have changed the nature of their association (7) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

**4. Addresses**

The addresses of persons named in this form are as follows:

Name	Address
McGrath	191 New South Head Road, Edgecliff NSW 2027
Smollen Sellers	c/o 191 New South Head Road, Edgecliff NSW 2027

**Signature**

print name Morgan Sloper

capacity Authorised Signatory

sign here

date

4 OCTOBER 2017

**DIRECTIONS**

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 4 of the form.
- (2) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (3) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (4) Include details of:
  - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

- (5) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
  - (6) The voting shares of a company constitute one class unless divided into separate classes.
  - (7) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.
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**Form 604**

Corporations Act 2001

Section 671B

**Notice of change of interests of substantial holder**To Company Name/Scheme McGrath Limited (**McGrath**)

ACN/ARSN 608 153 779

**1. Details of substantial holder (1)**

Name John McGrath

Fondorru Pty Ltd

ACN/ARSN (if applicable) Fondorru Pty Ltd (ACN 003 939 839)

There was a change in the interests of the substantial holder on 30 September 2017

The previous notice was given to the company on 11 September 2017

The previous notice was dated 11 September 2017

**2. Previous and present voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary shares	47,127,378	33.84%	37,127,273	25.915%

**3. Changes in relevant interests**

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
30 September 2017	John McGrath	Release of ordinary shares from escrow	Nil.	10,000,000 ordinary shares	10,000,000

**4. Present relevant interests**

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
John McGrath	John McGrath	John McGrath	Relevant interest in ordinary shares under section 608(1) (a) of the Corporations Act as holder of the ordinary shares	15,931,928 ordinary shares	15,931,928
John McGrath and Fondorru Pty Ltd	Fondorru Pty Ltd	Fondorru Pty Ltd	Relevant interest in ordinary shares under section 608(1) (a) of the Corporations Act as holder of the ordinary shares (Fondorru Pty Ltd) and under section 608(3)(b) of the Corporations Act as a controller of the holder (John McGrath)	21,195,450 ordinary shares	21,195,450

## 5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

## 6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
John McGrath	Unit 621, 19 Hickson Road, Sydney NSW 2000
Fondorru Pty Ltd	c/o Unit 621, 19 Hickson Road, Sydney NSW 2000

## Signature

print name      John Damian McGrath      capacity      Authorised Signatory

sign here            date      04/10/2017

## DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
  - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.