

Puja Patel
Adviser, Listing Compliance (Sydney)
Australian Stock Exchange

21 January 2020

Dear Puja,

Kip McGrath Education Centres Limited – Response to Price and Volume Query

Thank you for your letter dated 21 January 2020.

The Company provides the following response in relation to the questions in the letter:

1. The Company has noted the recent increases in share price and volumes. The Company regularly receives approaches in relation to its business. The Company is considering a number of strategic options and is currently engaged in preliminary discussions on a number of these approaches. The discussions are preliminary and remain incomplete, and it is uncertain whether any of these will lead to a proposal for consideration by the Company's directors and shareholders.

These discussions are highly preliminary and remain incomplete, and are not in a position to be announced.

2. See above.
3. The Company is aware of two recent broker reports with buy recommendations above the current share price. Aside from the information already publicly released and the information referred to above, the Company is not aware of any other explanation for the price and volume change in the Company's securities.
4. The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. The Company confirms that its responses to the questions above have been authorised and approved under its published continuous disclosure policy by an officer with delegated authority from the board to respond to ASX on disclosure matters.

Yours sincerely



Brett Edwards
Company Secretary
Kip McGrath Education Centres Limited



21 January 2020

Reference: 12807

Mr Brett Edwards
Company Secretary
Kip McGrath Education Centres Limited
Level 3
6 Newcomen Street
Newcastle NSW 2300

By email

Dear Mr Edwards

Kip McGrath Education Centres Limited ('KME'): Price Query

We note the change in the price of KME's securities from a low of 125 cents on Wednesday 15 January 2020 to an intra-day high of 164.5 cents today, Tuesday 21 January 2020.

We also note the significant increase in the volume of KME's securities traded from Wednesday 15 January 2020 to today, Tuesday 21 January 2020.

Request for Information

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

1. Is KME 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?
2. If the answer to question 1 is "yes".
 - (a) Is KME relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in KME's securities would suggest to ASX that such information may have ceased to be confidential and therefore KME 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 KME may have for the recent trading in its securities?
4. Please confirm that KME is complying with the Listing Rules and, in particular, Listing Rule 3.1.

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5. Please confirm that KME's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of KME 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 Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **1:50 PM AEDT today Tuesday, 21 January 2020**. If we do not have your response by then, ASX will likely suspend trading in KME'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, KME'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 at ListingsComplianceSydney@asx.com.au. 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 KME'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 KME'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 KME'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*.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in KME's securities under Listing Rule 17.3.

Enquiries

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

Kind regards

Puja Patel
Adviser, Listings Compliance (Sydney)