

McGrath

Operations Manual

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Accurate as at January 2020 and subject to change.

McGrath

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The Future is Now

The McGrath Group's impact on the real estate market is largely due to its driving ambition to be "the world's most customer-centric real estate company." The company was born from one man's dream to own his own business and create his own path. In 1987, John McGrath began operating out of his own home, and quickly established a dominant presence within Sydney's Eastern Suburbs. His efforts resulted in founding McGrath Estate Agents in 1988, which through an expanding office network in key metropolitan precincts; McGrath became the leading boutique residential property agency and market leader.

Our Values

Integrity

Owens the word 'Integrity' in conducting themselves and in how they treat others, communicates openly and honestly with colleagues and clients, takes responsibility for themselves and their actions, displays ethical behaviours that encourage others to do the same.

Passion

Approaches every situation with intense enthusiasm and excitement.

Excellence

Provides 'Six Star Service'; to meet and exceed the expectations of McGrath colleagues, managers and external clients, maintains quality despite pressure and time restraints.

Simplicity

Remain uncomplicated and easy to understand. 'The quality of being simple'.

Community

Collaborates with other McGrath team members to achieve the most desirable outcome for all stakeholders, involved in the local community, gives 100% with little expectations of reward in return.

Version History

Version	Date of change	Description of change	Effective date of change
Version 2.1	30/01/2018	Annual Refresh	01/02/2018

Disclaimer

McGrath has prepared this document as a guide to the operation of a McGrath Office franchised business. While every effort has been made to ensure that this document is accurate as at the date of this publication, no warranty, guarantee or undertaking is given regarding the accuracy or completeness of this document. This document should not be relied on as legal advice and you are encouraged to seek independent legal advice relevant to your own particular circumstances. You should also note that this Operations Manual is subject to change. It is your responsibility to review all updates made to the Operations Manual from time to time.

Copyright Statement

This Operations Manual comprises the operations and procedures for the McGrath network. This Manual must not, in whole or part, be lent, copied, photocopied, reproduced, translated or reduced to any electronic medium or other such form without the express written permission of McGrath. McGrath claims copyright in this manual. Legal action will be taken against any breach or infringement of McGrath's rights in respect of this Manual.

Currency

The contents of this Operations Manual are correct as of the date of publication. You are responsible for ensuring that you are using the most up to date Manual, by checking the version number and date of publication.

1. About this Manual

1.1 Purpose of this Manual

When you join the McGrath network, you inherit the intrinsic values of the McGrath brand. You also inherit the responsibility to embrace and uphold the highest standards that have brought the McGrath name to the level of respect, recognition and market position that it currently commands.

McGrath brand integrity is not just about printed advertising or the look of a magazine. It covers everything from personal presentation, excellence in service, how the phone is answered, professional email signoff, professional attitude and conduct, office presentation to name a few. Every standard in place at McGrath is there to achieve three outcomes: to achieve the best possible price for McGrath vendors, to provide customers and clients with a great experience, and to create raving fans.

While the standards may at times seem restrictive, it is the attention to the finest details that sets the McGrath brand and the performance of McGrath people apart in the industry.

This Operations Manual is in existence to assist you to use the McGrath systems, comply with the high standards that are synonymous with the McGrath brand, and to maintain McGrath's community of excellence.

1.2 The role of this Manual

The Operations Manual (also referred to in this document as the Manual) is a guide to the operation of a McGrath Office. It sets out relevant standards, procedures, policies, processes, McGrath team laws and guidelines for the operation of a McGrath Office, in accordance with the System and Image and using the Marks.

Consistent replication of McGrath business processes and procedures is important in the context of the systemisation of the business, the achievement of consistency throughout the network, and to continue to differentiate the McGrath brand in each marketplace. For this reason, it is important that all McGrath Offices operate consistently with this Manual.

This Operations Manual does not necessarily include all information relevant to the operation of a McGrath Office. It is conceptual and primarily relates to matters over which McGrath has designed rules and specific operating procedures.

This Operations Manual may also refer to support manuals, these support manuals should be read and understood in conjunction with the Operations Manual.

Policy directives may also be issued by McGrath from time to time and will also form a part of the Operations Manual.

1.3 Relationship with your Agreement

This manual is loaned to you by McGrath for the duration of your Franchise Agreement or Employment/Contractors Agreement.

Franchisees

The legal relationship between this Operations Manual and your Franchise Agreement is set out in clause 21.2 of your Franchise Agreement. By way of summary:

1. This Manual is deemed to form part of your Franchise Agreement;
2. You must operate your McGrath Office franchised business strictly in accordance with the provisions of this Manual;
3. Your Franchise Agreement takes precedence over this Manual; and
4. If this Manual is inconsistent with the terms of your Franchise Agreement, the terms of your Franchise Agreement will prevail to the extent of the inconsistency.

Failure to comply with the provisions of this Manual may constitute a breach of your Franchise Agreement and may have serious legal implications.

1. About this Manual

Employee/Contractors

1. This Manual is deemed to form part of your Employment/Contractors Agreement;
2. You must operate strictly in accordance with the provisions of this Manual;
3. Your Employment/Contractors Agreement takes precedence over this Manual; and
4. If this Manual is inconsistent with the terms of your Employment/Contractors Agreement, the terms of your Employment/Contractors Agreement will prevail to the extent of the inconsistency.

Failure to comply with the provisions of this Manual may constitute a breach of your Employment/Contractors Agreement and may have serious implications.

1.4 Confidentiality and Security

The Operations Manual (and any support manuals) are confidential documents. You are bound to maintain confidentiality of the Manual, and ensure that all of your employees, contractors and other persons who access the Operations Manual maintain its confidentiality.

You must keep the Manuals in a secure place. The only persons authorised to access the Manuals are your officers, employees and contractors, who may do so for the sole purpose of operating the McGrath Office. You must ensure that the Manuals are not accessed by any persons who are not authorised to have access.

This Operations Manual (and any other manuals provided by McGrath) must not, in whole or part, be lent, copied, photocopied, reproduced, translated or reduced to any electronic medium or other such form without the express written permission of McGrath. Legal action will be taken against any breach or infringement of McGrath's rights in respect of this Manual.

Access to the Manuals will terminate at the end of your agreement with McGrath. All copies must be returned immediately at the end of your term with McGrath.

1.5 Intellectual Property

The Operations Manual comprises exclusive intellectual property of the McGrath Group, and McGrath reserves its intellectual property rights in all respects. The Employee/Contractor or Franchise Owner may only access and use the Manual where it has a current Franchise or Employment/Contractors Agreement. McGrath retains the right to conduct a forensic review of the Employee/Contractor or Franchise Owner's computer systems and premises at any time (including at the end of their employment or Franchise Agreement) to ensure that there has been no unauthorised use of the Manuals (including the making of any copies). The definition of McGrath intellectual property and the intellectual property rights and requirements are outlined in the Franchise Agreement and Employee Handbook.

1.6 Updates to the Manual

McGrath may, from time to time, add to, delete or otherwise modify the specifications, standards, operating procedures, systems, instructions and any other information set out in this Manual. Any changes to the Manual will come into effect 14 days after you receive notice of those changes.

McGrath is responsible for changes to this Manual. Whenever changes are made to this manual, the following will apply:

- McGrath will post the latest version of this Manual online via the McGrath Intranet.
- McGrath will send you an email to advise you of the changes and the relevant sections of the manual to which you should refer.
- You must access the manual online to read the changes made.

1. About this Manual

If you believe that changes to this manual are required, you should send an email to McGrath outlining the specific change required, the rationale for the change and the date upon which the change should come into effect.

1.7 Non-compliance with the Operations Manual

A breach of any of the operating guidelines, policies or procedures contained in the Operations Manual (and any support manuals and other policy documents) may comprise a breach of your Agreement, resulting in disciplinary action including where appropriate termination.

It is important that you read, understand and are comfortable with the Manual. You are advised to seek independent advice in relation to your obligations and, if there are any concerns or uncertainties about anything in the document, you should contact the General Manager of the Franchise Network or Company Compliance Officer.

1.8 Provision of Advice

You are responsible for the proper management and conduct of business. You are responsible for the operation of business in accordance with all laws and requirements.

This Manual does not necessarily include all information relevant to the operation of a McGrath Office. It primarily relates to matters over which McGrath has designed rules, specific operating procedures, and team laws.

It is your responsibility to know and comply with all laws and regulations applying to business operations. In some cases, references are made in this document to state and federal laws and regulations which may change at any time. It is your responsibility to know and comply with all laws and regulations applying to their business operations. This Manual does not provide legal or other advice.

McGrath has taken all reasonable precautions to ensure accuracy of material contained in this document as at the date of publication. McGrath is not liable for loss or damage, which may result from any inaccuracy or omission in this publication, of from the use of the information in it.

Please note that:

- All advice and information given by McGrath to you is given in good faith based on McGrath's best judgment;
- McGrath is not liable for any claims, losses or damages as a result of relying on the advice or information; and
- Any advice and information given by McGrath is not a representation, promise, term, condition, agreement, warranty or guarantee with respect to any of the matters referred to in the advice or information

2. McGrath Corporate Information and Core Values

2.1 Mission Statement

To be the world's most customer-centric and innovative real estate company in the world.

Core Values and Guiding Principles

The success of McGrath has been underpinned by the core values which John McGrath has valued, embraced and made as the foundation of what McGrath typifies today. The guiding principles are:

- Exclusivity
- Excellence
- Integrity
- Humility
- Respect
- Innovation
- Growth
- Style
- Community and Charity

2.2 Company Culture

The McGrath brand is much more than a logo. It exists in the minds and hearts of McGrath's team and clients. This means it is shaped by client experiences with McGrath as a company, with McGrath people, and McGrath services. McGrath members see everything they do, no matter how small it may seem, as an opportunity to build trust between their clients and themselves. McGrath members know that personal interaction drives financial transaction, not the other way around.

Across all touch points with McGrath clients, members are conscious of design and style. They think of everything they do as an advertisement for their business.

McGrath team members know they can tap into the collective knowledge and innovation of the best sales people in the industry. They have access to the best sales training, the most effective marketing tools and the most efficient support system that allows them to do what they do best – get the best listings and get the best results for their clients.

The McGrath culture nurtures individual and collective growth in a community of excellence, while providing clients and customers with a process that is fair, transparent and enjoyable without surprises at the end, simply a great experience.

2.3 Contact Information

Corporate Office

McGrath Australasia Pty Limited
191 New South Head Road
Edgecliff NSW 2027 Australia
McGrath Corporate Office Switch Board (02) 9386 3333

Contacting McGrath Corporate Office

The Corporate Office of McGrath is open 7.00am – 6.00pm (EST) Monday – Friday and 8:00am – 6:00pm (EST) on Saturday. The IT Service Desk is available 24/7, their core business operating hours are;

8.00am – 6.00pm (EST) Monday – Saturday

'Hot desks' have been prepared at Corporate Office for use during office hours for team members who may visit the city and need to use the phone or use the internet to check emails.

3. Providing the Real Estate Services

3.1 Office Location

Site selection for a McGrath office must reflect the guiding principles of McGrath core values and beliefs which are: Exclusivity, Excellence, Integrity, Humility, Respect, Innovation, Growth, Style and Community & Charity.

In addition, the location should be aligned with the qualities associated with the McGrath brand, some of which are: designer boutique image, high standards, and reputation for excellence. The site should provide an interesting outlook which might be an industrial feature, bush, or café/urban environment, as suitable for a metropolitan or regional location. Easy accessibility is important.

The physical location of a office must complement the company marketing strategy to acquire and control high end business and top 20% of market share in each Business Development Area. As such, site selection must be suitable to attract quality clients & customers in the desired market, and to attract quality agents for recruitment.

While the office needs to be positioned to achieve a good element of exposure it does not need high traffic exposure. There must be adequate parking for both staff and visitors.

McGrath Corporate Office written approval must be obtained prior to committing to a site/location. A lease or other agreement involving a site or premises should not be signed until McGrath approval has been obtained.

McGrath's approval of any location/premises is not a guarantee that the McGrath Office will be successful or that the location/premises will be suitable for the operation of the McGrath Office.

3.2 Premises Requirements

- Reception area
- IT and phone communications area
- Client meeting area(s) and training area(s)
- Multifunction Photocopier/Printer and utility area
- Kitchen, eating area, amenities

The premises must be of a size that will accommodate sufficient numbers of agents and support staff, meeting rooms and training areas to effectively service the large development area, while providing an excellent environment to attract quality agents, and to nurture the growth and development of agents and other team members. The size of the premises must be approved by McGrath.

The premises must be fit out prior to the commencement date and in accordance with the guidelines provided by McGrath, using approved supplier companies selected by McGrath to complete the design, layout and fit out required for the office rollout, and to maintain consistency across the network.

Under all circumstances, the fit out must not commence until the layout, colours and design, fixtures and fittings and other specifications have been approved in writing by McGrath.

3.3 Office Equipment

McGrath IT can provide details of current IT Standard Operating Environment requirements and McGrath IT Services and is provided by the McGrath IT Manager prior to the franchise set up.

Telephones, computers, Multi-Function Centre (including photocopier, printer, and scanner) and other current office equipment requirements and recommendations can be obtained from upon request.

3. Providing the Real Estate Services

3.4 Business Hours

McGrath offices are required to be open as minimum business hours between 8.30am and 5.30pm Monday to Friday and 9.00am to 12.00pm Saturday. Some offices may elect to open their offices on Sundays if both practicable and suitable to their business development areas. Recommended opening times for Sunday are 9.00am – 12.00pm. Additional opening hours are at the offices discretion.

The office is advised to have an opening and closing office check list and a nominated team member to open and secure the office. Each office must advise McGrath of the nominated after hours contact details for the office and insure that information is current and updated as required.

3.5 Prices for Services

Historically, McGrath's premium standards of products and services equates to premium results for clients and customers. While prices for services are negotiable, the McGrath best practice recommendation is that the price for services should reflect premium pricing for McGrath's premium products and services.

3.6 Office and Employee Security

The Franchise Owner or Principal is responsible for ensuring the safety of the office and of its employees. They must demonstrate documented policies and procedures relating to security of the premises, cash handling and storage, document security, burglary and theft, armed robbery, bomb threats and provide emergency contact details. Personal items of high value such as laptops and IT equipment should always be stored securely and out of sight in a locked area overnight or when not in use.

McGrath best practice: Visitors to the office should be welcomed and escorted to client areas. They should not be permitted to access staff areas freely.

3.7 Premises Security

Premises are required to be safe and secured overnight with limited afterhours access. Best practice is for premises to be alarmed and monitored by a back to base security system. All offices are required to nominate an employee or team member to be contactable after hours to attend to any reports of a breach in security. Afterhours access to an office is required to be lodged and registered with McGrath or the acting security company. The office should have written procedures in place for nominated staff members assigned to the responsibility of following the designated procedures for opening the office, and assigned to the responsibility to following procedures to ensure the premises is secure upon closing the office at the end of the work day.

3.8 Reception

All McGrath offices are required to employ a Front Office Manager to answer incoming calls and direct visitors.

3.9 Business Continuity

All offices should have a fully documented business continuity plan for reference in the office, detailing procedures such as emergency contacts, first aid and fire warden provisions, power failure and record retention procedures, plus other safeguards.

Head Office must be immediately notified of any breach of security or disruption to the business.

We recommend you make enquiries based on current WHS legislation.

3. Providing the Real Estate Services

3.10 Office Presentation

All McGrath offices are required to be fitted out in accordance with the pallet, design and instructions as outlined by McGrath.

It is expected that all McGrath offices will be maintained in a professional manner with clean surface areas and neat and tidy workspaces. McGrath best practice dictates that each office should be professionally cleaned a minimum of three times per week for offices of less than 15 staff; and daily for offices with more than 15 staff.

Offices and facilities must be maintained in a professional manner and remain in good repair and order. Carpets should be regularly cleaned and glass surfaces, entry points, lights and other fittings regularly wiped clean.

Following are McGrath best practices for controlling the senses in a McGrath office:

Sight

The office should have everything in its place with: no rubbish visible; chairs pushed in when not being used; surfaces clean, with all lights in working order. There should be well cared for plants throughout the office.

Smell

An oil burner or candle should be used at the reception area for each McGrath office. The smell must not be overpowering as it is there to create a pleasant and calming experience for the visitor.

Sound

The reception area of the office must have music in the background. The music should be well known, slightly up-tempo music to create a pleasant atmosphere. It should neither be loud or unfamiliar as this will distract the visitor.

Where a phone system allows –there should be music on hold, or a professional advertisement about the business recorded.

3.11 The Sales Process

The sales process at McGrath begins by understanding the DNA of this company: developing McGrath’s success habits and implementing McGrath’s six-star service standards.

The McGrath Way sales system was formulated over years of meticulous attention to detail and a commitment to the highest standards of marketing and performance to get the best results for the vendor. Everything that each member of McGrath does is with one single philosophy – to create a remarkable vendor experience while achieving the best price for the vendor. McGrath agents should maintain the objective to turn every vendor into a raving fan and client for life.

When the sales system has been mastered by a McGrath agent and success habits engrained, an ‘individual journey’ of personal evolvment begins. It is the agent’s participation in Power Breakfasts, mentoring, peer –partnering, business and life coaching that paves the path to the next and higher levels of personal greatness.

It is the Franchise Owner and Sales Leaders responsibility to assist agents in the implementation of the McGrath way of doing business, and to develop a culture of learning and personal development.

Listings

All listings must be entered into the McGrath management system. You do not have the right to sell a property that is not entered into the McGrath management system.

Prospecting

In McGrath best practice, agents can prospect designated core areas (agent territories or agent core business development areas) within the Business Development Area. Agents may not do direct prospecting outside of their core areas.

A protocol also exists when meeting a client who is already dealing with a McGrath agent.

3. Providing the Real Estate Services

- When first alerted to the fact that a client is speaking with another McGrath agent, you should respond with: “They are a great agent, you’re in good hands and you should get started with them.”
- If the client indicates they are not happy or confident with the McGrath agent they have been speaking with and have made the decision to go elsewhere, you should call that agent and let them know respectfully that they are off the list and you want to try and secure the business for McGrath. You should let that agent know if you secure the listing you are happy for them to bring any buyers they may have through the property. If there is an opportunity to work on it together then this should also be explored.
- At all times you should behave with honesty and integrity, remain ethical and do the right thing.
- At no time should you compete for the business against another McGrath agent nor should you undercut fees or undermine the proposed strategy.

Non-Core Area

If a Franchise Owner or Agent wants to prospect outside its Business Development or Core Area approval must be obtained from McGrath. Guidelines apply if an agent has a listing outside his/her core area as a result of, for example, a personal referral.

Property listing marketing outside of an office's BDA that is within another McGrath office's BDA must adhere to the following guidelines;

- Marketing should be relating to the property only, no agent personal marketing allowed
- Single sided Just listed, OFI Invite, Auction invite and Just sold cards only, no calls
- Marketing in regards to the individual property only
- No other sales results or marketing information to be distributed
- Metro office, distribution of 500 cards maximum per property
- Regional office, distribution of 100 cards maximum per property
- The listing office is required to notify the allocated office for the relevant BDA of the listing before marketing commences

McGrath Projects

McGrath Projects specialises in the marketing and sale of completed and off-the-plan project developments, including Residential Project Marketing and commercial project marketing.

The use of the McGrath Projects logo, any related intellectual property and all collateral, including specific marketing tools and processes is confined to the McGrath Group and by select franchisees in limited circumstances and at McGrath's sole discretion.

The skill set required to successfully list, manage and sell a Project is unique and generally developed over several years through direct experience in Project Developments. Therefore, it is encouraged that Project sales are referred to the McGrath Project team (where a referral fee can be negotiated upon introduction of the referral) particularly if the # of dwellings consist of >20 dwellings. This may include multi staged master planned communities of hundreds of dwellings.

3. Providing the Real Estate Services

McGrath Land

McGrath Land specialises in the marketing and sale of parcels of land.

The use of the McGrath Land logo, any related intellectual property and all collateral, including specific marketing tools and processes will be for use in select projects by the McGrath Group and by select franchisees, in limited circumstances and at McGrath's sole discretion.

The skill set required to successfully list, manage and sell parcels of land is unique and generally developed over several years through direct experience in Land sales. Therefore, it is encouraged that Land sales are either referred (where a referral fee can be negotiated upon introduction of the referral) or listed in conjunction with the McGrath Land team.

The McGrath Land team may also refer properties to a McGrath Real Estate Office where the following referral guidelines have been stipulated:

1. A vendor who is selling land where that lot was previously sold to the vendor through McGrath Land (as agent on behalf of a vendor of Development Land), and

- (a) On which a dwelling has now been constructed (or partially constructed).

Listing for sale be referred to the closest McGrath Real Estate Office to the property, who will receive 80% of the total commission for the sale. McGrath Land Office to receive 20%.

- (b) Where no dwelling has been constructed (or commenced construction).

The McGrath Land Office may act for the vendor of the vacant lot and need not refer the sale for listing to a McGrath Real Estate Office. If it wishes to refer the listing to a McGrath Real Estate Office then same Guideline above applies.

2. A purchaser or prospective purchaser of a lot or lots within Development Land who is wishing to sell a Residential Property, Commercial Property or Rural Property (other than the relevant lot/s).

Listing for sale to be referred to the closest McGrath Real Estate Office to the property to be listed, who will receive 80% of the total commission for the sale. McGrath Land to receive 20%.

3. A sale of Development Land (or a lot within Development Land) made in conjunction between the McGrath Land and a McGrath Real Estate Office.

Conjunction rates to be negotiated at point of sale depending on the vendor's terms; however, the relevant McGrath Real Estate Office must receive a minimum 60% conjunction fee.

4. A person to whom the Franchise Owner sold a lot within listed Development Land, who has erected a dwelling and now seeks ongoing Property Management Services in relation to the property.

One weeks letting fee plus GST to the McGrath Land Office for the referral to the relevant McGrath Real Estate Office.

3. Providing the Real Estate Services

Statutory Requirements

It is your responsibility to comply with all statutory requirements in the relative state. There are many provisions an Agency Agreement has to cover in most states in order for it to be compliant.

Agency agreements must continually be updated to ensure compliance with legislation changes are met.

Agency agreements that are automated in the McGrath management system, and it is the responsibility of the Franchise Owner and Agent to advise McGrath Corporate Office of any changes that must be made for agency agreements to comply with relative state legislation.

Agency Compliance and Contract Compliance

Prior to marketing a property for sale, the delegated manager will need to endorse the Agency Agreements, Authority, Form 6 or any other prescribed legal listing agreement, to ensure compliance is met.

All team members must comply with all legislative requirements.

It is important that clauses in Agreements are not altered. If they are altered, it will be the Franchise Owner or Agents responsibility for any legal costs and any damages awarded that may be incurred as a result of these changes.

Contracts

It is your responsibility to ensure that the property sale contract and its contents are compliant and the requirements of state Acts are met, including any necessary certificates, title information, surveys or other documentation is attached to meet compliance.

Listing Compliance

A McGrath compliance standard for listings exists.

It is your responsibility to ensure that all listings are compliant, and that any required documents are annexed to the listing file, which may include the Agency Agreement (or state equivalent) evidence of comparable sales, on the market comparisons, marketing proofs, auction documentation file notes, compliance checklists and any other relevant information.

Auctioneers

In accordance with McGrath Best Practice, you acknowledge that service quality is essential to maintaining consistency and uniformity in the services provided by the Network and accordingly a McGrath Auctioneer must be used for all auctions facilitated throughout the network.

McGrath may, by written notice, add a person to or remove a person from the list of McGrath Auctioneers that the office may use to provide auction services.

Where a McGrath Auctioneer is not available to provide auction services, you may use or obtain auction services from an alternative auctioneer. You must obtain McGrath's written consent to the alternative auctioneer, which consent must not be unreasonably withheld where the alternative auctioneer:

1. Has the qualifications and accreditations required for an auctioneer; and
2. Meets McGrath's quality controls and standards for an auctioneer

You must comply with the McGrath Auctioneer's service terms (including payment terms), and where required enter into an appropriate agreement or contract with the McGrath Auctioneer.

4. Relationships with other McGrath Offices

4.1 Contact with Corporate Office

1. The first point of contact for support is the nominated Key Personnel or Manager in the office.
2. Each office is required to nominate two management system delegates, or “System Champions”, who will be qualified as the first points of contact in the office to provide General System related support to sales people and staff. Delegates will contact the Help Desk at McGrath Corporate Office for Systems related matters.
3. IT Service Desk and Management System Support Desk will provide support to Franchise Owners and Key Personnel for all IT and Management Systems matters, respectively. Management System Support Desk will provide support to the nominated franchise System Delegates.
4. The Network Services team in conjunction with the IT service desk will provide first line support to nominated Key Personnel or Managers.
5. The General Manager of Franchise or Sales Leader for Company Owned offices is available as an escalation point for issues that are not able to be resolved through prescribed channels.

4.2 Contact with other McGrath Offices

The McGrath network brings valuable business networking opportunities to its offices. It is mutually beneficial for offices to forge healthy professional relationships with fellow McGrath offices, and to nurture positive communication among members.

Valuable opportunities exist for offices to do referrals with other McGrath offices.

4.3 Email address transfer

Where an employee transfers between employers under the McGrath brand, the employees email address is to remain with the employer (and the employee issued a new email address) unless;

1. The employer agrees to transfer the email address to the new employer
2. The employer is leaving the McGrath brand/network and therefore extinguishes their rights to the email address

Notwithstanding this, an employer should not be able to misrepresent the presence of an ex-employee i.e. its preferred that upon leaving an employer the email address is forwarded to the employers delegated email account, and that a copy of the original email account be provided to the employer for future reference.

5. Client care and customer service Offices

5.1 Customer Contact

McGrath's reputation and brand is built on superior customer service and transparent business practices. Being a 100% customer centric business is what sets McGrath apart from its competitors. Every office is responsible for maintaining customer service standards and instilling a customer service orientation in the office team.

McGrath customer service key performance indicators (KPI's) are to be included in staff and team members' performance reviews.

Staff and team members must always:

- Act fairly and honestly
- Exercise care and diligence in all their dealings
- Act to the best of their ability with all parties
- Not mislead or deceive any parties in conversations or negotiations
- Not engage in any unconscionable conduct
- Act in the best interests of their clients, except where it would be unreasonable or improper to do so
- Actively protect any parties dealing with McGrath and the general public from fraud, misleading information or misrepresentation

5.2 Service Standards KPI's

The following KPI's and service standards are the McGrath best practice minimum for each office:

- All customer contact is to be carried out in a professional and courteous manner.
- Leads received to the office are to be actioned within 2 hours of receipt. Personal contact between the allocated agent and potential vendor must occur within 24 hours of receipt.
- Voicemail, telephone and email messages are to be actioned and/or returned within 24 hours of receipt.
- Team and staff members who are away from the office for 24 hours or more are required to leave a detailed message on their voicemail and email detailing their expected return and provide alternate contact arrangements.

5.3 Oxygen Home Loans

Offices are required to accommodate employees from Oxygen to facilitate a mortgage broking function from their office and to provide administration and share support services.

Accommodation consists of, at a minimum: a separate desk with both data and telephone connections; a telephone with voicemail capability; storage space for active files and a lockable cabinet or desk pedestal.

Shared support services consist of: access to the office printer and internet connection; direction of calls and receipt of messages from Front Office Manager/Receptionist/Telephonist.

For more information regarding Oxygen, their referrals and fees, please contact Oxygen at Corporate Office on 1300 855 699 or refer to their website: www.oxygen.com.au

5.4 Property Management Services

An office may provide Property Management services after seeking written approval from McGrath Head Office. McGrath expects a culture of continuous learning and development in all McGrath offices. A suite of sales, property management and marketing tools continue to be evolved along with new training programmes developed to maintain a competitive edge for managers, sales professionals, property managers and their teams. McGrath expects all property management team members to attend the mandatory training requirements (in room and webinar) so they will maintain its high standards of service and compliance.

6. Training

Induction training helps with transition to the McGrath system and minimises “ramp up” time to full productivity. It is the responsibility of Franchise Owners and Principals to ensure that Key Personnel, Salespeople, Property Management Team Members, Client Service Managers and Campaign Coordinators attend relative McGrath induction and training programmes to ensure standards are met.

You must attend programmes, seminars and/or meetings conducted by McGrath to cover minimum training requirements, as well as the programmes to cover minimum training requirements for other members of the team.

6.1 Minimum training requirements for all staff

- McGrath Way (full day induction, hosted every month in capital cities where McGrath operate). It is the corporate and financial responsibility of the franchisee to ensure that every new starter attends McGrath Way.

For Sales Agents, CSM's and Sales Managers/Principals

- Fast Track (2 day prospecting, listing and vendor/buyer management course)
- Systems Training
- EBU Training
- Social Media Master Class
- Momentum Webinars
- Attendance at AREC (2 days)
- Campaign Track (for Campaign Coordinators)
- Sales Manager Alignment Training
- Sales Manager Forums
- Kickstart
- Other seminars as directed

For Property Management teams:

- Customer Service and Conflict resolution
- Time management and Goal setting
- Emotional Intelligence
- New Business 101
- Leasing Machine
- New Business/Leasing and PM Forums
- Kickstart and Power Breakfasts
- Attendance at ARPM

Additional minimum training requirements may be added from time to time. Some training programmes are covered by the training levy, additional training programs are offered at a fee. Franchise Owners or agents are responsible for costs associated with attendance of certain training programmes and/or conferences.

McGrath reserves the right to alter training programmes and minimum requirements for Franchise Owners and/or staff members at any time. Some training topics may be combined with other programs.

6. Training

6.2 Compulsory Training or Personal Development

Legislation varies from state to state and it is your responsibility to meet all training requirements to keep your individual Licence, certificate and/or other required credentials current/valid, to practice real estate in your respective state.

Where possible under legislation all McGrath training courses now carry CPD points (continuing professional development) allocation. Points credited vary from state to state and a fee is payable separately to McGrath's partner registered training organisation to gain the CPD certificate.

6.3 New Starter Process and Requirements

All new starters to the business must attend McGrath Way. This will provide the new recruit with an extensive introduction to the McGrath way of doing business, as well as details of relevant processes and procedures.

A New Starter form must be completed in full and emailed to the New Starter & Exit email group. This step will begin the process of establishing access for the new recruit to email, phone register etc and allows the new starter to attend training and other McGrath events. The manager in that office will be required to set up new starters in the management system.

7. Marketing

7.1 Marketing and Brand Management

The McGrath brand represents excellence in property. Brand integrity is not just about printed advertising or the look of a magazine. It covers everything from personal presentation, excellence in service, how the phone is answered, professional email sign off, professional attitude and conduct, office presentation, to name a few.

Everything one does at McGrath leads one to achieving the best possible price for one's vendors. McGrath began revolutionising real estate marketing in 1990 when it set new paradigms in marketing quality, style, innovation and consistency. The McGrath brand is one of McGrath's most valuable assets. While the standards may at times seem restrictive, it is the attention to the finest details that sets McGrath apart in the industry.

When someone joins the McGrath network, he/she inherits the intrinsic values of the McGrath brand. Also inherited is the responsibility each individual has to embrace and uphold the highest standards that have brought McGrath name to the level it currently commands.

It is your responsibility to enforce brand integrity. If one marketing piece contains poor spelling, it tarnishes the brand and affects the entire network. If one low quality product is distributed in a community, it hurts the whole network. Poor brand management leaves a big mark and must be avoided at all times.

Marketing guidelines are in existence to assist you and your team to comply with the high marketing standards that are synonymous with the McGrath brand.

7.2 Logo and Brand Usage

The McGrath logo must not be changed nor recreated by anyone other than McGrath. The McGrath marketing department provides a range of logo uses that will cover most applications. The logo must always stand in isolation of other company or agent details, or other logos.

The McGrath logo, or any other associated logo (for example, McGrath Projects and McGrath Land) and/or brand cannot be associated in any way with products, services, causes, or events that have not received written endorsement by McGrath. The choice of logo and/or brand association will always be at the complete discretion of the Franchisor or Principal. The corporate image of McGrath is extremely important and it is therefore compulsory for all to comply with the same specifications for all marketing material.

McGrath sets benchmarks in the industry by only producing quality products, including those used for promotional purposes. Approved suppliers for all marketing materials, including agent collateral and promotional items can be obtained from the marketing department at Corporate Office. An Approved Supplier List may be supplied from time to time.

7.3 Conducting Marketing Activities

You must conduct office marketing activities within your Business Development Area.

All advertising, marketing and promotional activities must not be in any way misleading or deceptive and must comply with all laws and conform to the highest standards of ethical marketing. McGrath's written approval must be gained prior to undertaking any proposed marketing or promotional activity that does not strictly comply with the templates and guidelines set by McGrath marketing department.

No marketing activities can take place outside the Business Development Area without written approval from Corporate Office.

7. Marketing

7.4 Brand Infringement Policy

1. The Campaign Coordinator/Sales Leader is verbally notified by the Brand Co-ordinator of any issue that does not comply.
2. A follow up email is sent to the Campaign Coordinator/Sales Leader and relevant agent to rectify the issue.
3. A record of the concern is noted on a register so we can track the number of non-compliant issues being addressed per office/agent.
4. Confirmation is required in writing from the office that the issue has been rectified.

Should the above process take place 3 or more times for the one office the Brand Manager is to notify the General Manager of Network Services. The relevant Principal or Sales Leader is informed of the issue, followed by an email if required. If the problem persists, the Principal or Sales Leader will meet with the executive team to provide an explanation for the non-compliance and will provide strategies to prevent the behaviour reoccurring.

7.5 Property Listing Marketing

You must carry out property listing marketing activities for your listings and sales in your Business Development Area.

All property listing marketing activities must be conducted strictly in accordance with the guidelines set by McGrath marketing, and must comply with all legislative requirements.

Exchange Web Listing Rules:

- Under offer – this status should be used when a property has an accepted offer however no contracts have been signed
- Under contract – this status should be used when your contracts are conditional until they exchange unconditionally
- Exchanged – properties should be exchanged in MARS once the contracts go unconditional (this will then send the property to the sold sections in all the portals rather than leaving them in the for sale section until settlement)
- Settled – this status should be used once the property settles

7.6 Property and Agent Marketing

McGrath will procure Architype Pty Ltd to use reasonable endeavours to negotiate competitive terms and conditions (including price) with vendor and agent marketing suppliers for the provision of the vendor and agent marketing services to the network.

You must obtain the vendor and agent marketing services only from approved vendor and agent marketing suppliers.

Where a vendor marketing supplier is unable to or does not provide the vendor marketing service, you may use or obtain the relevant vendor marketing service from an alternative supplier if they have approval from McGrath.

You must obtain McGrath's prior written approval to using the alternative supplier of the Vendor Marketing Service.

Other suppliers and products may be nominated as key corporate products/suppliers from time to time.

7.7 Property Advertisements

To maintain consistency in image and brand recognition, you must use advertising templates generated through the Campaign Track System only.

7. Marketing

7.8 Agent Personal Marketing

McGrath offers a range of templates including such items as direct mail cards, media advertising for agents to access and promote themselves. Agents must comply with McGrath templates, the copyrights of which remain the property of McGrath and, therefore, cannot be reproduced. Creation of the artwork must be done by McGrath's approved supplier. The templates are all available via the online Campaign Track System. The templates have been designed to allow agents to create personalised material that communicates the McGrath brand consistently and effectively.

7.9 McGrath Magazine

Established in 2002, the McGrath Magazine is McGrath's weekly property guide. As well as showcasing some of McGrath's best property, the McGrath Magazine is a market leader, and one of our most valuable marketing channels of McGrath. We strongly encourage every property campaign to run minimum one week in the McGrath Magazine. Individual McGrath Office's may also have internal policies above and beyond the minimum outlined above.

7.10 Approved and Preferred Suppliers

McGrath corporate marketing department negotiates and engages on behalf of the network a number of supplier arrangements to provide agent collateral and business products or services. To maintain consistency and brand integrity across the network, McGrath may specify from time to time certain products that must be purchased from designated suppliers (Approved Suppliers). Some suppliers for certain products are recommended but are not mandatory (Preferred Suppliers). A number of products are available for order at the McGrath Store.

8. McGrath Social Media Policy

8.1 Local office Facebook, Instagram and Twitter Accounts

All McGrath Offices will use the username “McGrath [Suburb]”, in accordance with the Facebook, Instagram & Twitter Profile Specifications provided to each Office.

In keeping with the outlined purpose of the Social Media Policy, it is recommended that your posts are related to the below suggested topics.

Property market information specific to your local area

- Median house/unit prices
- Any notable current market trends (article links or observations)
- Record suburb sales (must be a suburb record, cannot be a record for a two-bedroom house with one bathroom in a given suburb, but a suburb record all together)
- Clearance rates or vacancy rates in the area (ensure your sources are always quoted if you are not posting a link to an article, failure to do so could result in legal action.)
- John McGrath’s market review (by linking to John’s blog (include URL))
- John’s appearances in the media, but only if they are relevant to your local area

General interesting property market information:

- Interesting information on the market in your area, state, Australia or overseas
- This information needs to be either educational or insightful, (e.g. trends, research, economy-related) or more to do with general interest and along the lines of ‘fun-facts’ (celebrities and their properties, article on the tallest building in the world being built in Saudi Arabia).

Property Improvement/Renovation/Style articles and tips:

Part of our social media strategy is to provide interesting information and tips for consumers. This may include content from other non-competitor websites however the material must be linked and/or attributed to the owner as referred to above.

Examples include:

- Tips on home improvements with a view to maximising return on your property
- Tips on making your property more environmentally friendly, i.e. energy saving, recycling
- Stylish home designs and interesting interior ideas i.e. Feng shui
- Interesting architectural-related content

Please ensure that you sufficiently indicate that all posts - in relation to property improvements and/or renovations - are opinions and suggestions only. Consumers should be encouraged to make their own enquiries. Furthermore, McGrath should not be seen as exclusively endorsing or promoting a particular service provider without express written approval of Head Office.

Finance related information:

- Interest rate movements
- New government grants
- Changes in tax laws relevant to property

All posts relating to financial and legal information must contain links to the source e.g. the ATO website. It is mandatory for us to advise consumers to seek independent financial and legal advice.

Local area lifestyle activities and events:

- Sports groups and fitness classes
- Charity events i.e. walks, swims, triathlons etc.
- New café opening, good restaurant review etc.

8. McGrath Social Media Policy

- Festivals, book fairs or similar important events in the area

All lifestyle posts must be linked to a recognized source of local information such as metropolitan and local area publications, council pages, food and lifestyle websites.

Real estate or property events in the local area:

Local real estate conferences or seminars (run by McGrath or well-known property experts important to exclude any that are run by competitors)

- Leadership workshops
- Investment courses
- Professional development seminars
- REI Awards (winners only). No photos with McGrath signage unless approved by head office

You must not film any activities inside McGrath events and/or post to any of your social media profiles without the prior permission of the Head Office marketing team. Such activities may include but are not limited to speeches, conversations, workshops, classes and other interactions. Such property remains the intellectual property of McGrath.

New developments in the local area:

- New school, hotel, shopping Centre and other amenity openings
- Proposed major redevelopments of sites i.e. old bowling alley being turned into a residential complex
- Infrastructure projects that will help improve the area i.e. railway, road, etc

Local council news and information relevant to the industry:

- Information about building permits
- Any new interesting and relevant policies
- Positive council initiatives to help the industry

Links to McGrath publicity from another source that is relevant locally:

- Article about your office in the local or national media
- Article featuring one of your agents' or principals' commentary or achievements
- Article featuring your auction or sale
- Any posts from external sources must be linked rather than copy and paste as all work must be referenced to the original source. Never scan print editorial and post it to the site, as this is copyright infringement.

Information about charity/volunteering events that your office or an employee is involved in:

- Sponsorship/donation to a charity
- Volunteering work undertaken by the team or an individual to help the community
- Any other positive and newsworthy contribution to your local community

Suburb profiles, agent profiles, property videos:

- Announcement that a new agent has joined the team with either an agent profile video OR a professional photo along with a link to their bio on the McGrath website – MAXIMUM ONE AGENT PER MONTH
- Suburb profile, either a suburb profile video OR an area lifestyle shot along with a link to the suburb profile on the McGrath website – MAXIMUM ONE SUBURB PER MONTH
- Property video with link to the full listing on the McGrath website and must be a property that is unique or interesting in some way – MAXIMUM ONE PROPERTY PER MONTH

8. McGrath Social Media Policy

Latest marketing, technology or other products/innovations introduced by McGrath

For example:

- Launch of a new McGrath app
- Use of virtual reality and other cutting-edge technologies in our properties

Giveaways or small initiatives designed to engage the followers:

Before you run any trade promotion or giveaway make sure you check with your relevant legal advisors regarding the trade promotion permits you may need. Each State and Territory has different rules and requirements depending on total prize pool, and whether the promotion is a game of chance or a game of skill. In all circumstances, it is mandatory to have legal terms and conditions posted in conjunction with any trade promotion, such as:

- Free coffee at the local café for an hour

Interesting quotes, trivia question or simply current and relevant posts that encourage positive conversation

- ‘Your favourite winter getaway would be?’
- ‘How well do you know your area? The suburb of Menai was named after who/what?’
- ‘Congratulations to the Socceroos on beating Germany last night!’

With all of the suggested topics, you should always be thinking about how to best to encourage interaction and always keep in mind the ultimate goal of portraying the office as knowledgeable experts, always up to speed with current property and community events.

When posting on your social media portals, it is important that you maintain a balance of posts on various topics suggested above and keep mixing it up in order to engage as many followers as possible.

Consistency is the key with social media, just as with any other marketing tool, and should you opt to embrace this social media portal, it is a requirement that you are active in posting and responding to any comments on a regular basis, as follows:

- Minimum of 2 posts a week
- Response time of maximum 4 hours to any questions or relevant comments by third parties
- Response time of maximum 2 hours for any negative feedback posted about services you provide or comments that could be potentially damaging to the McGrath brand as a whole set up a google alerts for “McGrath”

For Copyright purposes, all posts from external sources must be linked to, rather than copied and pasted, as all work must be referenced to the original source. Never scan printed editorial and post it to the site without attributing the original publication and author.

You must ensure that all sources are reliable and that any information used in social media posts can be supported e.g. official reports, newspaper articles and direct quotes etc. All other social media contributions should be made in a positive or neutral tone.

If you are unsure of whether something is relevant, useful or authorised under this policy, contact our PR Manager, department for prior written approval.

8.2 YOUTUBE Accounts

The ‘McGrathTV’ channel on youtube.com can be utilised as part of this policy. No other channels should be operating with McGrath branded content unless approved by the Marketing department: marketing@mcgrath.com.au.

If you would like a video to appear on ‘McGrathTV’, i.e. interviews or office promotions, please contact the Marketing department for approval and to organise filming.

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All externally supplied videos must adhere to the McGrath Video Guidelines:

Video Formats	.MOV or .mp4
Video Format Size	1280 X 720 16:9 (PAL)
Compression Type	H.264
Text Fonts	Candara
Title Slides	White Text on Black Background
Music	Music considered appropriate for the video or subject clip. There must be no offensive language or connotations that do not represent the values and beliefs of McGrath Limited.

Once videos have been approved and uploaded, a link will be made available for you to post on facebook.com and twitter.com in accordance with the Facebook and Twitter Guidelines.

NB: McGrathTV is a fully owned subsidiary of McGrath Limited. Design, strategy, photography and marketing are all highly creative and subjective art forms. As such McGrathTV takes every possible care with professional advice offered and any suggested creative concepts and/ or their implementation. Please be advised that every external supplied video must be fully approved by McGrathTV before association will be made with the clip.

8.3 Social Media Terms of Use

Should your office elect to participate in the social media platforms as a local McGrath office, you accept to be bound by the following terms of use:

- It is the responsibility of all principals to run a decentralised social media system, with more than one person (but no more than three) in the office having access as an administrator at all times, in order to ensure consistency in brand and message, and avoid any damage to the brand as a result of an employee leaving the company.
- All local McGrath offices are expected to be connected to the McGrath Estate Agents network-wide social media platforms, in order to maximise the communication impact and further enhance the brand strategy behind the Social Media Policy.
- Should you be approached by Head Office marketing staff to remove any posts deemed as inappropriate or in breach of the policy, you must undertake to do so immediately. Local McGrath office social media platforms that are found to be non-compliant with this policy will be required to complete internal social media training as directed by Head Office, and may be directed to cease all McGrath-related social media platforms until otherwise notified in writing by Head Office.
- You must comply with all McGrath Network workplace policies when using social media. This includes, but is not limited to, IT Usage Policies, Code of Conduct, Anti-Discrimination and Harassment Policy, Media Protocol and all guidelines and confidentiality agreements.
- Never publish or discuss any events, conversations or materials that are meant to be private, confidential or internal to the Company. This includes, but is not limited to, brand operations manuals and standards, training materials, new product plans, vendor negotiations, marketing or media plans, financial information, legal information, client information or any other protected information, personal information regarding other McGrath

8. McGrath Social Media Policy

network employees and Franchise Owners or customers. Breach of this section is a breach of your McGrath workplace policy and employment conditions, and may result in disciplinary action.

- Any sponsored links appearing on your platforms which are by companies with whom your Office may have an affiliation with, or a vested interest in, may be considered to be misleading or deceptive under consumer protection law unless these affiliations are duly disclosed.
- Carefully consider the content of all posts before you publish or discuss anything on Social Media networks or blogs – you own the consequences of your participation. Anything you publish will be publicly available. Any comments made by a third party (including customers) on your social media platform will be considered the opinions of McGrath network.
- You must take immediate action to remove any exaggerated, insensitive or inappropriate comments or illegally obtained materials posted by third parties on your platform. This constitutes a serious breach of the McGrath Social Media Policy and may result in disciplinary action being taken.
- Be respectful of the community with which you interact through social media, others and the McGrath Network. All communications must be polite and respectful of others opinions and not engage in opinionated discussion that could negatively impact our business and /or customers through the use of social media services.
- Steer away from any inflammatory subjects, sexual overtones, age-specific content or anything that may be perceived as bad humour by any portion of the public. Racism and any speech with a tendency to incite others to hate any segment of the population is punishable by law and strictly prohibited.
- You must immediately report any verbal threats made to McGrath staff and/or offices to the Marketing Department at Head Office and assist them with any enquiries pertaining to the cause and effect of such threats.
- If you make or are advised of a mistake in your posts or comments, get advice (admissions in the context of defamation are fatal) and correct it in accordance with any directions given to you. Be direct and prompt with your correction. If you have any concerns, please direct them to your manager or Communications Director: Terri Sissian 02 9386 3342 / 0419 881 414
- Any publishing or posting of photos or videos of McGrath Network events or activities is strictly prohibited unless they comply with the above-outlined content guidelines. In all other circumstances you must obtain explicit permission by McGrath Head Office. Do not sell or misappropriate any McGrath Network materials (e.g. training or promotional materials).
- Do not use other people's intellectual property, including trademarks, trade secrets and copyright materials (such as music, photos, graphic images, and movies) unless you have express written authorisation from the owner. Where it is appropriate to include a part of someone else's work in your posting (such as a short excerpt from a news article or a trade publication), make sure you have the right to use and publish it and/or always give proper credit for the work.
- If any member of the media or a blogger contacts you about a posting that concerns the business of the McGrath Network, do not respond but immediately refer that person to our PR Department.
- Do not report or publish business concerns or complaints on Social Media. Instead, you should notify your manager or Head Office.

8.4 Personal Social Media Platforms

The rapid rise and popularity of social media and next generation communication tools presents new challenges with regard to protecting the assets, goodwill, and reputation of McGrath. McGrath acknowledges the use of social media as an additional communication and marketing service of benefit to both the business and our customers. As a member of the McGrath Network your personal participation in social media must comply with this Social Media Policy.

It is important to understand that any content published on a social media service is freely available within the public domain and in most cases cannot be retracted.

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This Policy applies to all types of social media platforms and communication tools that exist now or may exist in the future (collectively referred to as “Social Media”), such as:

- Multimedia or user-generated media sites
- Social networks
- Virtual worlds
- Blogs or micro Blog services
- Wikis

If you have referenced McGrath Estate Agents as your employer (either directly or indirectly) on any of your private social media platforms, you must:

Adhere to this Social Media Policy as it forms part of your employment contract.

8.5 Consequences of a Social Media Breach

McGrath Estate Agents regularly monitor external postings and review internal postings for compliance with this policy. Violations of this policy should be reported to the Marketing Department at Head Office. The decision to post is yours and you are responsible for the consequences. Any breach of this Policy may result in disciplinary action being taken. This may include termination of employment, any agreement or other arrangement in place. In addition, the McGrath Network may withdraw access privileges and there may be civil or criminal prosecution or other legal action brought. There may be personal financial liability for any resulting losses, damages, costs or expenses, including legal fees, which the McGrath Network incurs.

9. McGrath Communications & Media Policy

This Policy applies to all McGrath stakeholders inclusive of Principals, Sales Agents, Property Managers and Support Staff.

1. Overview
2. Internal Communications Policy
3. Media Policy
4. Social Media Policy
5. Marketing Policy

9.1 Overview

The McGrath Communications and Media Policy has been developed to ensure the high standards synonymous with the McGrath brand are upheld across all mediums.

As a publicly listed company, McGrath Limited and all its associated companies (including McGrath Estate Agents, Oxygen Home Loans and TRET) must comply with the continuous disclosure obligations of the Australian Securities Exchange (ASX). The Continuous Disclosure Policy requires the Company to keep the market fully informed of information which may have a material effect on the price or value of the Company's securities (material information). Matters which may require disclosure to the Company Secretary include:

- Major financial results or forecasts;
- Acquisitions or disposals of key company assets or partners;
- Significant events or occurrences that may have a material impact on the operations of McGrath or may impact the market, or be deemed "price sensitive."

All McGrath stakeholders must comply with this Policy. Failure to comply may result in disciplinary action and/or termination.

9.2 Internal Communications Policy

- All communication via the 'All Staff' email to the network must be approved by The Marketing Department. This includes Company announcements, events and training.
- All communication to the network (or its key stakeholders) which may have a material effect on the Company must be approved by The Marketing Department.
- Internal communication, from either John McGrath, McGrath's CEO or Senior Management (Corporate), is not to be forwarded, reproduced or copied on any medium. The only exception to this is The McGrath Report which is designed to be sent to current and prospective clients within your database.

9.3 Media Policy

- McGrath stakeholders should be aware of company policy when dealing with the media. If you are contacted by the media directly, always be polite and efficient.
- All Company communication to the media must be made by an approved spokesperson, or a person who has been nominated by the approved spokesperson, in conjunction with The PR Department.
- If a McGrath stakeholder is contacted by the media requesting information about the Company, the inquiry must be directed to The PR Department immediately. Such items include:
 - › Financial data or forecasts;
 - › ASX inquiries;
 - › New offices and/or Company expansion plans.

9. McGrath Communications & Media Policy

- All media releases, announcements and statements must be approved by The PR Department prior to distribution. This includes:
 - › Property;
 - › New Developments;
 - › Charity/Sponsorship;
 - › Awards
- Any reference to a McGrath stakeholder or a McGrath office in a third party media release must be approved by The PR Department prior to distribution.

9.3 A) Property and Market Commentary: PRINT MEDIA

- McGrath stakeholders are not authorised to give comments to the media regarding the state of the market outside of their core areas of business. These must be referred directly to The PR Department to handle and direct to the appropriate spokesperson.
- McGrath stakeholders can only give print media commentary where it pertains to the properties they list or the core suburbs they service.
- McGrath stakeholders should not make general market comments on broader issues such as interest rates, the political environment, economic factors, etc.
- If a journalist requests property information or images, please provide to the journalist promptly. If there are any issues, please contact The PR Department for assistance.

9.3 B) Property and Market Commentary: TV AND RADIO MEDIA

- All TV and Radio requests must be directed to The PR Department immediately. McGrath stakeholders are not permitted to appear on camera or radio unless approved by The PR Department in advance. This includes local, metro and national media outlets.

9.3 C) Weekend Auctions

- Television camera crews are not permitted to attend an auction unless prior approval is given by The PR Department. If a situation arises on the weekend, please call Head Office Reception (02 9386 3333) who will contact The PR Department immediately to advise on, or handle, the situation. If the auction is held in the street, then it becomes a public space and we are not at liberty to refuse media coverage. McGrath stakeholders are not permitted to give comments on camera unless granted approval from The PR Department.
- If a journalist and/or photographer from print media attend a weekend auction without prior knowledge, please always be polite. They are welcome however we do ask that photographers are not intrusive. If there is a potential problem, please consult with your Auctioneer or contact The PR Department.
- It will be your Auctioneer's responsibility to ensure that the auction is not compromised and buyers are not intimidated by close-up cameras.

9.3 D) Industry Awards

- Financial data for industry awards/rankings must be approved by The PR Department in writing prior to submission. This includes individual sales agent submissions and office submissions.

Note: Any financial data must also be approved by McGrath's Chief Financial Officer (CFO).

9. McGrath Communications & Media Policy

9.4 Social Media Policy

- McGrath stakeholders must comply with all McGrath Network Workplace Policies when using social media. If approached by Head Office to remove any posts deemed as inappropriate or in breach of the Policy, you must do so immediately.
- McGrath office social media platforms that are found to be non-compliant with this Policy may be directed to cease all McGrath-related social media activity on these platforms until otherwise notified in writing by Head Office.
- McGrath stakeholders who reference the Company as their employer (either directly or indirectly) on their personal social media accounts must comply with the Social Media Policy. For example, if a McGrath stakeholder posts a picture of a McGrath signboard or office, they are considered to be representing the company and therefore must comply with the Social Media Policy.
- Company information must not be discussed on social media platforms (individual or office). This includes, but is not limited to, brand operations manuals and standards, training materials, new product plans, vendor negotiations, marketing or media plans, financial information, legal information, client information or any other protected information, personal information regarding other McGrath network stakeholders and franchisees or customers.
- Please refer to the Social Media Policy on the Intranet for additional information.

9.4 A) Copyright Infringement

- For copyright purposes, McGrath stakeholders should not post reproductions (e.g. scanned PDFs or “screen grabs”) of editorial on any of their social media platforms. These include, but are not limited to, Facebook, Twitter, Instagram and LinkedIn.
- All posts from external sources must be linked by the sharing icon and must reference to the original source.

9.5 Marketing Policy

- Marketing collateral that contains financial information is subject to an internal approval process. This may include authorisation from the McGrath PR, Finance and Legal Departments.
- McGrath stakeholders must seek approval on the following elements:
 - › Financial data that pertains to network, franchise group or individual office results;
 - › Financial forecasts or expectations;
 - › John McGrath market commentary.
- Marketing reports published by an office or franchise group must be approved by The PR Department, this includes:
 - › End of Financial Year Reports;
 - › End of Calendar Year Reports;
 - › Office Market Reports.

Any reference a McGrath stakeholder or a McGrath office in external marketing collateral must be approved by The PR Department.

9. McGrath Communications & Media Policy

9.5 A) Agent Marketing

- Agents are approved to include local market commentary in marketing collateral. However, they must not include the following:
 - › Market commentary outside of their core area of business;
 - › Political commentary;
 - › Market predictions or forecasts.

9.5 B) John McGrath

- McGrath stakeholders are not authorised to attribute market commentary or personal endorsements to John McGrath unless approved by The PR Department in advance.

9.5 C) Success Claims

- A success claim must be substantiated by an approved source with a disclaimer detailing the pertinent information relating to the statement (e.g. time period). Approved sources include:
 - › CoreLogic RP Data;
 - › APM;
 - › domain.com.au;
 - › realestate.com.au;
 - › BIS Shrapnel.

Any sources outside of those outlined above must be approved by The PR Department.

- A success claim must be derived from a reasonable sample of data. For example, claiming a clearance rate of 100% in relation to three property sales is not sufficient.
- Only significant and genuine records can be claimed. For example, an agent can claim a suburb record (if verified by an approved source); however, they cannot claim a 'street record' or 'building record.'

9.5 D) Messaging

- Marketing collateral must not reference or base messaging on racial, gender, or any other demographic standpoint.

10. Business Management

10.1 Business Requirements

All Franchise Owners and Sales Leaders are required to devote full time and attention to the operation of the McGrath Office and business. The role of management is to provide leadership, build careers, promote growth, deliver resources and, in the spirit of cooperation, utilise and contribute to the development of the network. While McGrath provides the tools to build a successful real estate business, it is up to you to make the commitment, devote the time and effort required, develop necessary business skills and apply the tools necessary to build a successful McGrath business.

Responsibilities may include, however not be limited to:

- Business Planning, Market Research
- Sales productivity Management reporting
- Managing high value clients & customers
- Financial management of the business
- Recruitment and HR
- Compliance (with all laws and regulations)
- Performance Management of staff
- Networking
- Training & mentoring staff
- Team culture
- Accounting, payroll and settlements
- Community relationships and profile

10.2 The McGrath Business Framework

McGrath establishes a state-of-the-art designer boutique environment where salespeople receive nurturing, management, training, systems and development opportunities to become high achievers in real estate. The business model provides for unique business growth potential by providing a large business development area (BDA). Growth will be accomplished by:

1. Opening additional offices within the BDA (subject to McGrath's approval);
2. Recruiting a mixture of new and seasoned salespeople into the office(s); and
3. Increasing productivity of existing sales people.

The business is underpinned by a framework of world-best operational components and development tools. These elements, combined with the right people with the right levels of commitment, skills and motivation, can take the business and its people to higher levels.

10.3 Management and Operational Support

The McGrath system provides products, services and systems to support and assist all offices in the network.

McGrath will support all offices to help them achieve minimum revenue targets. A number of regular meetings and forums will support this objective.

McGrath may from time to time and in the manner that it considers appropriate provide assistance to an office that McGrath considers reasonably necessary, including assistance in relation to:

1. The provision of the Real Estate Services – It is the Franchise Owner/Principal's responsibility to ensure the business complies with local, state and federal legislation, and to ensure that they and all their members attend appropriate induction programs to learn the McGrath way of providing Real Estate Services, and other training programmes provided by McGrath. McGrath may require team members to repeat scheduled programmes if deemed necessary by McGrath.

10. Business Management

2. New developments in the real estate agency industry – McGrath offices are required to become members of the Real Estate Institute (REI), in the relevant state (except QLD) and Real Estate Employers Federation (REEF, or REEA in QLD), and McGrath recommends that team members subscribe online with the legislative body governing real estate in the relevant state, e.g. Office of Fair Trading NSW, Fair Trading QLD or Consumer Affairs VIC, to receive online updates where possible of all legislative changes. It is necessary for you to become familiar with the state Act(s) governing the real estate agency industry in their respective states. Copies of the appropriate Act(s) can usually be obtained online and must be reviewed regularly. Periodic communications concerning new developments in the real estate agency industry may be distributed from McGrath from time to time.
3. Relationships with clients – guidelines for maintaining good client relationships are provided in Induction Training, as outlined in the Sales Process Manual, the Technology Manual and Worker Resource Centre.
4. Marketing techniques – McGrath has developed some of the highest standards in the industry for marketing properties to achieve the best price for vendors. Marketing techniques are reviewed during the Induction Training Program and detailed in other components of the Operations Manual, Marketing Manual and Sales Process Manual.
5. General operating procedures for the business – the Operations Manual, support manuals, guide books and support documents provide general operating procedures that relate to specifics for operating a McGrath business. Principals are advised to also seek advice from their professional advisors for general operating procedures for their businesses and are encouraged to obtain further education in general business operation skills.
6. The implementation of and compliance with the Operations Manual in the conduct of the business – Principals and relevant managers are expected to familiarise themselves with the Operations Manual, implement it into their businesses and maintain compliance. McGrath will provide counselling as necessary, or as requested.

10.4 Staff Meetings

Franchise Owners, Principals and/or Sales Leaders are responsible for conducting regular staff meetings, including sales meetings, in-house training sessions, and one-on-one meetings with team members. McGrath may at any time, upon giving reasonable notice, convene meeting with McGrath Corporate office to discuss performance of the office.

10.5 Financial Requirements (Franchise only)

Franchise Owners must meet financial requirements as set out in the Franchise Agreement, including timely payment of franchise fees, levies, and minimum contributions to the marketing fund.

10.6 Minimum Revenue Targets (Franchise only)

The Franchise Owner must achieve the Minimum Revenue Targets for each assessment period as specified in the McGrath Franchise Agreement.

The minimum Franchise Fee payable to McGrath for each year of the Term is directly linked to the amount of the Minimum Revenue Target. Where Gross Revenue for the Business in any Assessment Period is less than the Minimum Revenue Target for that Assessment Period, the Franchise Owner must pay an additional amount to McGrath so that the total amount received by McGrath by way of Franchise Fees for that Assessment Period is 7% of the Minimum Revenue Target.

The Franchise Owner must notify McGrath as soon as possible if they have reason to believe that the Minimum Target Revenue will not be met. If the Franchise Owner fails to achieve the Minimum Revenue Target, McGrath may require some or all of the business owners to meet with McGrath to discuss the performance of the business.

If following the meeting McGrath reasonably considers that the reasons for the failure are due to factors within the control of the Franchise Owner, further training of the Franchise Owner and their employees may be required at the Franchise Owner's cost.

10. Business Management

10.7 Financial Operations (Franchises only)

Franchise Owners are advised to obtain professional advice and assistance as needed to operate effectively. Some financial areas that would require professional advice and assistance include:

- Cash flow Projections
- Forecasting and budgeting
- Working Capital
- Balance Sheet and Profit & Loss
- Debtor Control and Requirements
- Vendor Paid Marketing and Exposure (Acceptable Risk)
- Accounts Payable
- Filing

10.8 Vendor Paid Advertising and Exposure

McGrath Agency Agreements contain clauses that require Vendor Paid Marketing (VPM) funds and Auctioneer's Booking Fees to be paid up front. Strict office policies should be in place and enforcement upheld to collect VPM upfront or unless otherwise agreed. Recommended preferred payment method would be by electronic bank transfer, credit card, or cheques.

If operating as a Franchise, it is up to the Franchise Owner to make the commercial decision as to whether or not the respective office will accept delayed payments in certain circumstances where they assess that there is acceptable risk in allowing partial payment of marketing money.

For any delayed payment, tight accounting controls should be in place to follow up and collect payments in a timely manner. Office policy should be established to require that the Agents are held accountable for accepting delayed payments and may be required by the Principal to cover the cost themselves by credit card or EFT until the vendor reimburses the agent.

Deceased Estates in NSW is an instance that may require Delayed Payments. Public Trustees may have their own Agency Agreements, in which case the agent must nominate the marketing company and attach a copy of the campaign to the Public Trustees Agency Agreement. A Power of Attorney is required after the sale.

It is recommended that delayed payments are monitored and managers and/or agents are counselled if unnecessary delayed payments are being accepted.

Professional advice should be obtained regarding vendor paid marketing and exposure (acceptable risk) matters.

10.9 Insurance

You should examine your business risks and ensure you have appropriate insurance cover. Minimum insurance requirements include:

- Public Liability Insurance – in the names of the Owner and McGrath against liability to the public for all sums which either party shall become legally liable to pay for compensation in respect of bodily injury (which expression includes death or illness) and damage to property (which expression includes loss of minimum insurance cover required shall be the sum of \$10 million in respect of any one occurrence and shall take the form customarily in use by insurers in Australia);
- Workers' Compensation Insurance - where possible, in the names of the Owner and McGrath;
- Professional Indemnity - with a minimum insurance cover of \$5 million.

Other types of insurance cover to consider might be:

- Death and Disability
- Building and contents

10. Business Management

- Computer equipment
- Furniture & equipment
- Business interruption
- Loss of profits
- Rewriting of records
- Cash
- Motor vehicles
- Income protection
- Plate Glass Insurance
- Asset and building

You may have other business risks and McGrath recommends you seek expert advice from an insurance broker or agent.

10.10 Management System and Buyer Databases

You must enter the complete details for all new clients and customers and prospective clients and customers into McGrath's database. The following must be entered into the database:

- Any pipeline or appraisals
- All buyers

Please refer to your Franchise Agreement or Employer/Contractors Agreement for the data ownership model.

10.11 Third Party Referral Partner Policy

This policy is supplementary to and forms part of the McGrath Operations Manual and is therefore Confidential Information under the McGrath Franchise Agreement.

This policy must not be reproduced, copied or distributed without the express permission of McGrath Australasia Pty Limited.

Capitalised words not otherwise defined have the same meaning as in the McGrath Franchise Agreement.

Introduction

The McGrath Group may enter into arrangements with third parties (Referral Partners) for the referral of prospective clients for Real Estate Services and Property Management Services to the Network. This is intended to assist McGrath Offices to increase revenue and expand the Client Database. In entering these arrangements, the McGrath Group will endeavour to treat all McGrath Offices in a fair and equitable manner.

It is acknowledged that some third-party Referral Partners may not refer prospective clients across all Business Development Areas or in locations serviced by some Franchise Owners or McGrath Offices.

The commission sharing or fee arrangement will vary for each Referral Partner.

The McGrath Group makes no promises that referrals will be received from a Referral Partner or as to the number or value of any referrals.

Participation Agreement - Franchises Only

All McGrath Offices which are not franchised are required to participate in any third-party referral arrangement.

The details of the arrangement with each Referral Partner will be communicated to the network separately.

A Franchise Owner must indicate its agreement to participate in a particular third party referral arrangement on the agreed terms by entering into a participation agreement with the Franchisor or other relevant entity in the McGrath Group in order to participate in the referral arrangement.

10. Business Management

Where applicable the participation agreement is intended to be a conjunction agreement for the purposes of section 34 of the Property, Stock and Business Agents Act 2002 NSW or equivalent under any other Estate Agents Act however where the law (including any subsequent regulations or changes in the law) requires, the Franchise Owner must also enter into a separate conjunction or referral agreement with respect to a particular property or vendor subject to a referral.

Franchise Owners that do not agree to the terms of the third-party referral arrangement or enter into a relevant participation agreement will not receive any referrals from that arrangement.

Franchise Owners are encouraged but are not required to participate in any third-party referral arrangement.

11. Staff and Workplace Issues

11.1 Requirements of a Principal/Sales Leader

As a brief summary, the Principal/Sales Leader has the role of effectively controlling the day to day running of the business. Obligations include;

- All legislation requirements
- Being engaged in the business full time
- Holding a valid Real Estate Agent's license
- Recruitment, management, retention and training & development of staff
- Seeking professional advice for all Human Resource matters
- Disclosing to McGrath involvement in other businesses and financial information (if required)
- Attending training specified by McGrath

11.2 Staff Recruitment, Development and Management

"Staff" means any person employed by the business. This includes contractors, agents or any other person engaged by the business. The approved titles within a McGrath Sales office are:

Sales Manager/Sales Leader

Responsible for the development and performance of all sales activities in the assigned market. Directs a sales team and provides leadership towards the achievement of maximum profitability and growth in line with company vision, values and strategic plan.

Sales Agent

Responsible for listing properties and selling, renting or buying them for clients.

Associate Agent

Responsible for collecting and recording the contact information of prospects, or leads, using databases, cold-calling and other promotional methods in order to add and retain new customers, and to ultimately create growth and generate revenue for the McGrath Sales Department.

Sales Support/CSM (Client Service Manager)

Responsible for providing administrative and sales support and related services to sales agents, exhibiting a high level of customer service to ensure the efficient and timely execution and delivery of Sales Agent requests, in order to ultimately create growth and generate revenue for the McGrath Sales Department.

Front Office Manager (FOM)

Responsible for the smooth and uninterrupted service of Front Office Desk Operations; greeting clients, ensuring office supplies are available as required and maintenance of office facilities, to ensure a safe and comfortable work environment, with a high standard of office presentation and excellent service to clients visiting.

Campaign Coordinator (CC)

Campaign Coordinators are responsible for all advertising material for properties & agents using McGrath's marketing software. Responsible for Brand style compliance for the office, the marketing coordinator is McGrath's Brand ambassador, working with agents in preparation and roll out of marketing campaigns, managing daily deadlines and liaising with Head Office marketing team and suppliers.

11. Staff and Workplace Issues

Office/Compliance Manager

To be responsible for the smooth day-to-day running of the McGrath office/s including ensuring all staff operate according to the relevant legislation through listing approval processes. Ensure that performance is in accordance with McGrath company values and to a standard that consistently meets or exceeds customer expectations.

Accounts or Finance Manager

As the Finance Manager, you will be leading the day to day financial activities of the finance department. Including, oversight of accounts payable and receivable functions, payroll operations, financial transactions, regulatory reporting and audit processes. This position also offers scope to drive both transactional and reporting process improvements.

The approved titles within a McGrath Property Management office are:

General Manager, Property Management

To ensure the smooth daily operation of corporate property management offices whilst developing departments, achieving budget targets and financial forecasts.

Team Leader, Property Management

Provide guidance, coaching and training to all allocated Senior Portfolio Managers, Property Managers and Leasing consultants (if required). Maintain and manage the complaint process. Distribute weekly and monthly reports to the General Manager and company team members. Support and work alongside the General Manager as required with special projects. Maintain budget expectations as directed by General Manager. Work with all Senior Portfolio Managers to achieve or exceed KPI requirements for their role and for the business.

Senior Property Manager

Responsible for managing and following up all clients and tenants while providing 6 star customer service.

Property Manager

Responsible for managing and following up all clients and tenants while providing 6 star customer service.

New Client & Leasing Manager

Proactively identify potential leads and new areas of growth for the business and team. Provide guidance, coaching and training to all New Client Consultants and Leasing Consultants. Manage and maintain the complaint process. Distribute weekly and monthly reports to the General Manager and all Company team members. Support and work with the General Manager as required on specific allocated projects. Maintain budget and growth expectations as directed by General Manager.

New Client Consultant

Responsible for obtaining new clients and nurturing existing client base to ensure that growth and targets are achieved.

Leasing Consultant

Responsible for managing essential databases, providing critical reports to the department and liaising between relevant team members and assisting with management duties within the department to achieve the leasing of all existing and new managements.

*** The above are brief descriptions only and may have considerable variations depending on the size of the business. Any titles excluded from the above must be approved by McGrath Head Office.

11. Staff and Workplace Issues

11.3 Approved Email Format

All McGrath employee should be provided with their own, personal email address which contains their first and last name.

In addition to brand consistency, the reasons behind the restraint to broaden the format is to encourage and enhance personal contact to create a better customer experience. This assists with building repour and professional relationships within both internal and external customers.

Each McGrath email address should be set up in the following format: -

FirstNameLastName@mcgrath.com.au

John McGrath

johnmcgrath@mcgrath.com.au

Only letters should be used, no comers, full stops, dash, numbers and/or astricts are to be included in the email format.

Should the character count of a person's name exceed 15 characters in total (for both first and last name) the following format will be approved: -

FirstNameLastInitital@mcgrath.com.au

John McGrath

johnm@mcgrath.com.au

Email Variations

Any requests for an email address that does not comply with the above format should be forwarded to Head Office for consideration via the McGrath IT Service Desk.

These may include generic emails for office administrative tasks, such as: -

Accounts - AccountsOfficeName@mcgrath.com.au

Sales Admin - SalesAdminOfficeName@mcgrath.com.au

Generic emails will be required to reference the office name, and will not be granted for roles that are considered client facing, such as: -

- Sales Agent
- CSM
- New Business Consultant
- EA to Director etc.

11.4 New Starter and Exit Process and Requirements

McGrath employee induction is a learning process where new employees become familiar with the company. A good induction process is crucial if new employees are to perform well in their jobs and contribute to the overall McGrath vision.

A new starter/ transfer or exit process should be followed. A document designed to give managers instructions for preparing for new employee's commencement with McGrath in terms of systems requirements, as well as those changing roles or exiting the company is available in the McGrath resource centre.

All new starters to the business must attend McGrath Way. This will provide the new recruit with an extensive introduction to the McGrath way of doing business, as well as details of relevant processes and procedures.

11. Staff and Workplace Issues

11.5 Recruitment of Staff from other McGrath Offices

Guidelines have been established to maintain an ethical recruitment policy within the McGrath network with respect to not proactively recruiting members from other McGrath offices.

From time to time within our network of offices there will be circumstances where an existing McGrath team member may want to move from one office to another. Our highest priority is to keep good people within our brand and to maintain harmony and excellent relations between offices.

Below is the company protocol to follow for this situation:

1. No active soliciting of staff from another office
2. If approached by a staff member, the principal should ask that person to speak in the first instance with their principal or manager.
3. The principal being approached if seriously contemplating appointing the person will then speak with the principal/manager of that staff member ASAP. This may jeopardise the person's confidence but the relationship between principals is paramount.
4. Ultimately, we want the person to stay in the network if they benefit the McGrath values.

11.6 Compliance Requirements

Both employers and staff have obligations or duties to each other under common law. Conditions of employment are regulated by various state and federal laws. Depending on the state of employment, Principals will be required to provide minimum terms and conditions of employment for their staff which will need to be set down in an employment agreement and agreed upon by all parties.

McGrath requires that advertisements for employment only be placed in media and/or web sites that represent McGrath values. If McGrath branding is used in the advertisements, approval from the McGrath Marketing Manager must be obtained prior to placement of the advertisement.

11.7 Conditions of Employment

Conditions of employment are regulated by various state and federal laws. Both employers and staff have obligations or duties to each other under common law. Depending on the state of employment, you may be required to provide minimum terms and conditions of employment for your staff which will need to be outlined in an employment agreement. Contracts will vary depending on the job position and nature of engagement.

McGrath offices must obtain membership with the Real Estate Employers Federation (REEF) or Real Estate Employers Association in QLD (REEA). REEF are an external employer representative who specialise in employment law for the real estate industry and can advise on any HR related matters that a Principal may have. This service can include employment agreement advice and templates, performance management queries, minimum award requirements, parental leave and alike.

Up to date copies of relevant awards may be obtained by REEF or REEA members via the REEF or REEA website

Principals are required to establish recruitment and retention programs to ensure that their McGrath office attracts and retains good personnel. Principals must be aware of all issues relating to their staff, such as staff benefits, legal framework, taxation, etc.

11.8 Policy and Compliance Document (Franchise only)

While McGrath has developed a number of policies and best practice recommendations, it is recommended that Franchise Owners develop their own policies, procedures and compliance codes as required, to run their McGrath franchises in the relative state. For example, policies for anti-discrimination, equal employment opportunity and sexual harassment. Franchise

11. Staff and Workplace Issues

Owners are advised to seek advice from their independent advisers (REEF/REEA) to ensure their Policy & Procedures or Policy & Compliance document complies with all pertinent legislation.

11.9 McGrath Standard for Personal Appearance

While not wanting to restrict individual taste or expression, team members are expected to dress and be groomed to promote a professional and business-like image.

Statement of Policy

Presentation of its employees in the workplace contributes to a professional environment and the public image that has contributed to the success of McGrath. Therefore McGrath expects employees to be well groomed and professional in appearance when coming to work or engaged in work-related tasks with customers, clients and colleagues.

Hygiene

Every employee is expected to practice daily hygiene and good grooming habits as set forth in further detail below.

Hair

Hair should be clean, combed, and neatly trimmed or arranged. Unkempt hair is not permitted. Sideburns, mustaches and beards should be neatly trimmed. Non-traditional hair colours are not permitted.

Make-Up

Make-up must be professional and conservative.

Fragrance

Fragrant products that may be offensive to others should be in moderation out of concern for others in the workplace.

Nails

Hands and nails should be clean and conservatively manicured.

Jewellery

Employees may wear tasteful jewellery in moderation.

11.10 Agent Success Plan

It is recommended that Principals and/or Sales Leaders spend quality initial time with each new recruit to establish an Agent Success Plan incorporating McGrath activity standards and key performance indicators (KPI's).

11.11 Counselling and Disciplinary Procedures

All McGrath offices are expected to create a working environment that establishes a set of mutual obligations and guidelines. This ensures that fair, safe and reasonable goals and conditions of work are set and everyone concerned accepts there are responsibilities on both the employer and the team member to meet these goals and conditions.

11.12 Grievance Policy and Procedures

Franchise Owners, Principals and relevant managers are required to ensure that people working within their office(s) are treated equally, fairly and reasonably at all times. In situations where disputes arise McGrath recommends that the Principal ensures a grievance process is in place to assist with reaching a satisfactory resolution.

11. Staff and Workplace Issues

11.13 Staff Incentives

McGrath has established incentive programs to provide a reward to their teams. Such benefits are:

1. Residential Sales Referral Fee – refer to the office manager or Principal
2. Oxygen Home Loan Referral Fee – Contact Oxygen at Corporate Office for details
3. Other staff incentives may be introduced at the discretion of the Principal

11.14 Health and Safety

All offices are required to provide a healthy and safe environment in which their staff can work and to do everything possible to ensure that every person who is engaged to provide services for them, or comes into contact with them, can do so knowing that his or her health and safety is guaranteed as much as possible. For further information please refer to relevant WHS legislation.

11.15 Employee Records and Confidentiality

All Franchise Owners and/or Principals must be committed to ensuring the privacy of the personal information provided to them by their employees. All business owners are bound by the 10 National Privacy Principles which form part of the Privacy Act 1988 (Commonwealth).

If a Manager of the business receives a request from an external party for personal information relating to a staff member, that information must not be made available without the staff member's explicit consent unless it is required under law, i.e. by subpoena. Under no circumstances should personal information be given out over the telephone without first checking that the staff member approves.

11.16 Complaints Policy

If a complaint is received, the staff member is required to inform the Principal or nominated Manager of any complaints that are received – written or verbal.

All complaints are logged into the internal complaints register at the time of receipt. Each office is required to hold its own separate register.

Persons making verbal complaints of a serious nature are asked to document the complaint in writing and address it to the relevant manager.

Each Principal or nominated Manager is responsible for insuring the timely response and resolution of complaints. A report should be made available daily and a consolidated report should be generated and emailed to the Manager and/or Principal on a weekly basis.

All complaints are to be logged according to the person involved, the office, the nature of the complaint and status of the complaint resolution.

All complaints are to be acknowledged within 48 hours of receipt.

All complaints are to be fully investigated by the responsible Manager for the office.

All investigations are to be conducted in accordance with all laws (including the Privacy Act).

All written complaints received from Solicitors, the Department of Fair Trade or other state government bodies, are to be immediately escalated to the Principal and/or relevant manager who must advise McGrath Corporate Office of the investigation and response. A log of these issues is maintained in addition to the General complaints register.

11. Staff and Workplace Issues

The nature of complaints is to be monitored. Procedural and system breakdowns resulting in complaints are logged and addressed with the nominated Manager. Any recurring complaints relating to procedural and system breakdowns are escalated to the Principal.

11.17 Complaints Register

McGrath standards are to provide 6 star customer service in all aspects of business operation.

To uphold McGrath's best practice, the Principal or relevant Manager should strive to resolve complaints to the mutual satisfaction of both parties. All complaints received by the office should be treated equally.

All complaints (verbal or written) should be logged into a central Complaints Register. The Principal or nominated Manager must respond to all complaints.

The Principal and/or nominated Manager is responsible for communicating to all team members the name and task responsibilities of the person nominated for handling complaints, and for ensuring procedures are followed through by team members.

11.18 Complaints Handling Process

The following steps should be taken for complaint handling;

Complaint Received (Phone/Email);

1. Acknowledge receipt of complaint within the same business day and inform the client the matter will be escalated to the department manager for a response.
2. Collect relevant details
 - Request customer details;
 - › Full name
 - › Preferred contact method
 - › Contact details (phone/email)
 - › Most convenient time to make contact
 - Request details of complaint;
 - › Property address
 - › Department (PM/Sales/Other)
 - › Staff member/s involved
 - › Details of complaint
3. Log the complaint on your office complaint register.
4. Send to relevant office representative for action. The department manager and principal should be notified immediately.

Complaint Received (Social Media);

1. Tips for Social Media Complaints
 - Acknowledge receipt of complaint within 15 minutes of receiving in public forum (maximum of 1 hour)
 - Respond calmly and politely
 - Thank them for feedback, apologies for inconvenience (use Human language, not formal)
 - Encourage them to send a private message with further details so you can investigate.
 - It's important that people see that you respond to every inquiry and you're interested in your customer's opinions.

11. Staff and Workplace Issues

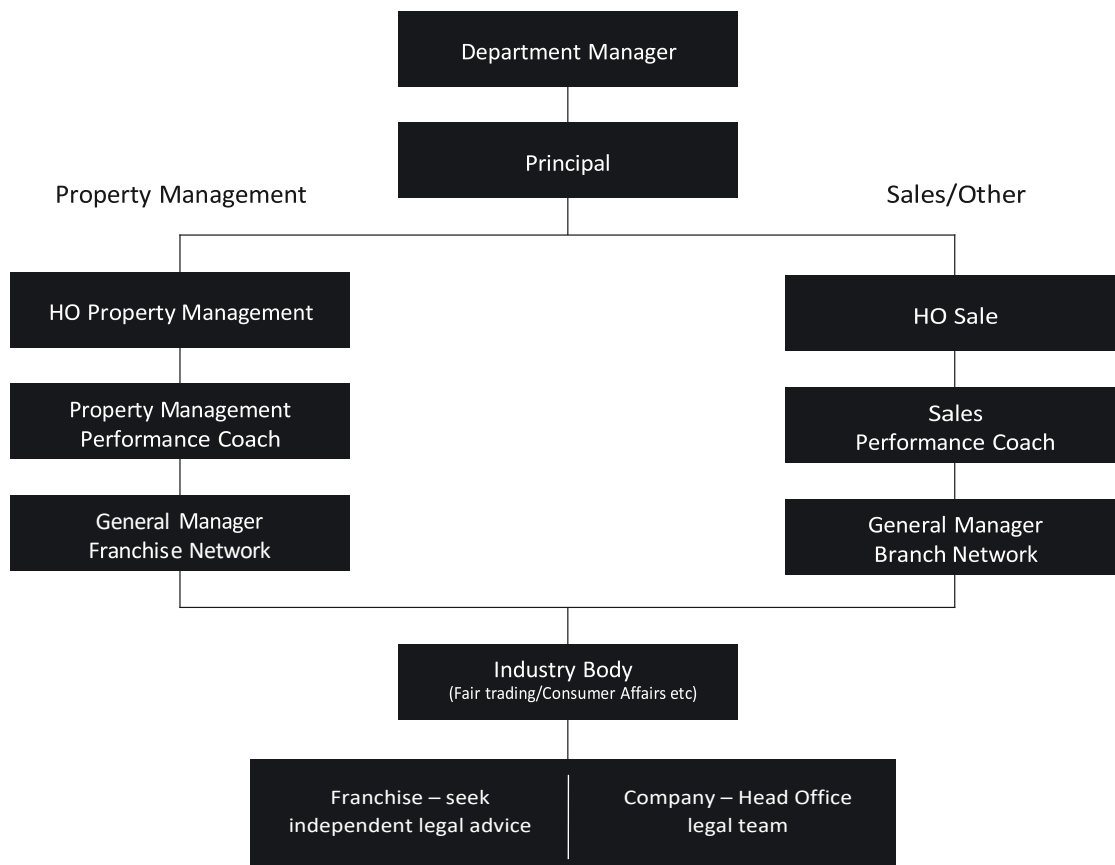
2. Once you get the feedback in a private message, resolve in the normal manner. Collect relevant details
 - Request customer details;
 - › Full name
 - › Preferred contact method
 - › Contact details (phone/email)
 - › Most convenient time to make contact
 - Request details of complaint;
 - › Property address
 - › Department (PM/Sales/Other)
 - › Staff member/s involved
 - › Details of complaint
3. Log the complaint on your office complaint register
4. Send to relevant office representative for action. The department manager and principal should be notified immediately.

Actions for complaint resolution

1. Details about the issue must be provided by those submitting the official complaint.
2. Department Manager should review and investigate further where necessary.
3. Department Manager to contact Client with resolution and confirm in writing.
4. If further escalation is required, the Principal should be informed.

11. Staff and Workplace Issues

Escalation points



*Where a complaint is escalated to an Industry Body an expectation to reply and resolve the same day is in place.

11.19 Grievance Process

A Principal and/or nominated Manager must make every effort to minimise grievances with other staff and team members, and complaints from clients or the general public.

A Principal and/or nominated Manager must take steps to resolve grievances in a fair and timely manner and demonstrate that they have a suitable complaint and dispute handling process and policy within the business that seeks a mutually satisfactory outcome for all parties. McGrath requires all complaints to be fully documented in a complaints register to allow for full investigation, and requires a response to all written complaints. Principals and/or nominated Managers must advise McGrath of any complaints that are escalated to state regulators.

McGrath must be advised of any investigations being conducted by state regulators. Any written warnings and/or formal breaches or findings against the office or any staff or team members by any State governing body may affect a breach in the Franchise or Agreement of Employment.

Franchise Owners are advised to retain independent legal advisors.

12. McGrath Office Branding

12.1 Signage Requirements

All McGrath offices are required to have the owners Certificate of Registration of Business prominently displayed in the place of business.

In the interest of maintaining consistency across the McGrath brand and also complying with the strictest of legislations, we require all McGrath offices in all states to display their corporation and licensee details on the door as per below.

Corporation Name Pty Limited ABN
41 222 333 444
Corporation Licence 1055530
Trading as
McGrath Suburb
Agent Name 3344550 Licensee (or 'Officer in Effective Control' in VIC) Licensed
Real Estate Agent

In addition, in NSW any Independent Contractors operating from that office must also display their license details on the door, as per below:

KLS Properties Pty Ltd
ABN 91 067 825 594
Karen Stevens 820072 –Licensee

Peters Estate Agency Pty Ltd
ABN 91 334 990 888
Robert Peters 1026789 Licensee

NSW Legislation

The Property Stock and Business Agents Act 2002, No. 66 (NSW) states:

29. Display of name at registered office

- (1) A licensee must display legibly and conspicuously outside the licensee's registered office and any other place at which the licensee's business as a licensee is carried on:
 - (a) the licensee's name and description as a licensee, and
 - (b) a description of the kind of licence or licences held by the licensee.
- (2) In addition, a licensee that is a corporation must display legibly and conspicuously:
 - (a) outside the corporation's registered office, the name of the person in charge of the corporation's registered office, and
 - (b) outside any other place at which the business of the corporation is carried on, the name of the person in charge at that place.

QLD Legislation

In compliance with the Property Occupations Act 2014 (QLD), there is no requirement for a Real Estate office in QLD to display any license details on the door. Section 79 however states:

- (1) A licensee that is a corporation must keep a copy of the licensee's licence available for inspection at each place of business of the licensee.

12. McGrath office branding

- (2) A principal licensee must keep a copy of the principal licensee's licence available for inspection at each place of business of the principal licensee.
- (3) A licensee employed by a principal licensee must keep a copy of the licensee's licence available for inspection at each place of business where the licensee is employed as an employed licensee.

We recommend keeping this documentation at reception at all times for ease of accessibility.

VIC Legislation

In compliance with the Estate Agents Act 1980 (VIC) authorised version no. 113 as at 1 July 2012, there is no requirement for a Real Estate office in Victoria to display any license details on the door. Section 33 however states that the Registrar must keep a register of estate agents and agent's representatives open for public inspection in the form determined by the Registrar. This should be kept at reception for ease of accessibility. Please refer to section 33 of the Act for further details.

12.2 McGrath Brand Requirements

The McGrath Group has established a substantial reputation and goodwill in its residential property real estate business operating under the McGrath brand. Brand management requires strict guidelines to be followed to safeguard the integrity of the brand. It is the responsibility the Principal to maintain the image created or prescribed by McGrath for a McGrath Office including layout, fixtures and fittings, design and colour schemes, uniform service ranges and branding, as modified by McGrath from time to time.

All offices must comply with McGrath brand requirements in all aspects of the office set up and in all aspects of operation of the business.

McGrath IT provides each office with details of IT standard operating environment, office network requirements and McGrath IT Services and is provided prior to the franchise office set up.

All users connecting to IT services provided by McGrath IT must accept and abide by the McGrath IT Usage Policy, via the action of logging onto or connecting to McGrath IT services acceptance of the terms outlined within the policy is accepted by the user.

McGrath offices are responsible for complying with all laws in relation to IT services, including legislation covering Spam, privacy and data protection.

13. The McGrath management system

(Franchise only)

13.1 Introduction

This document is intended as an IT overview for the Franchise Principle and a technical guide for the Franchise Local IT.

The first section is important for the Principle to understand the IT Policy, requirements, and set up lead times.

The later part of the document dives into the technical requirements of the local Franchise IT.

13.2 McGrath IT Services

McGrath provides and supports the following services:

- MARS, MAP, McGrath TV, McGrath Website
- TRET and TRET Shop, McGrath Store, Oxygen Home Loans
- McGrath Email, Webmail and Mobile Email

13.3 Initial Implementation

New Franchises or Franchises moving offices will have an IT Project Manager assigned from McGrath IT to assist with connectivity to these systems.

McGrath recommends the Franchise engage an IT consultancy firm for onsite support.

13.4 Exclusions

Services which are excluded from McGrath IT support include, but are not limited to, the following:

- Network and Server configuration
- Setting the firewall and IPSec Tunnel at the office end
- Desktop, laptop or mobile related issues
- Logon passwords to desktops or laptops
- Office printing issues (excluding printing from MARS)
- Internet connectivity
- Home connections to office (VPN)
- Desktop, laptop or mobile upgrades
- Any other local IT related issues

13.5 Connectivity Requirements – Important Information

To consume the McGrath IT Services, you will be required to provide an internet link with sufficient bandwidth for both McGrath IT Services and your own requirements, and establish connectivity to the McGrath data centre via VPN to access the services.

The Franchise Owner acknowledges and agrees that:

- Franchises must procure its own internet service with a static IP through an internet service provider. The minimum bandwidth to consume McGrath IT Services is 1MB upstream and 1MB downstream per user at the Franchise premises, e.g. 20 users will require 20mb of internet bandwidth. **NOTE: The lead time to install a new internet service can be 6-12 weeks.**
- Franchises must procure a Unified Threat Management device commonly known as a 'Firewall' to provide the VPN endpoint at the Franchise premises. This device must be compatible with a Palo Alto Networks VPN endpoint. McGrath can recommend devices we know to work consistently with our environment. Local IT is responsible for installing and configuring the firewall and IPSec Tunnel, assistance from McGrath IT is available if a preferred firewall device is used. **NOTE: The lead time to purchase a suitable Firewall can be 2-6 weeks and we recommend this is ordered in parallel with internet service.**

13. The McGrath management system

(Franchise only)

- Franchises must ensure the Firewall is connected to the McGrath Virtual Private Network. **NOTE: McGrath requires a minimum of 2 weeks' notice from the date the internet link is live to plan and perform the changes required in its data centre.**
- Franchise must procure support services for the Firewall to ensure that the configuration and firmware version remains secure and compatible with the McGrath IT environment.

13.6 Service Desk

The Service Desk is available Monday to Saturday, 8:00 am to 6:00 pm (Sydney time)

Phone - 02 9386 3113

Email - servicedesk@mcgrath.com.au

All requests will be logged into our ticket logging system, you will be provided with a ticket number via email.

13.7 Email Passwords

McGrath IT administers a rolling password change policy for email systems, this is due to the highly confidential information accessible via email from outside of the network.

Passwords expire every 85 Days. Reminder emails to reset your passwords are sent 21, 14 and 7 days prior to expiry and include a link to reset the password.

Passwords must meet the following minimum criteria:

- Minimum 8 characters
- Different to the last 6 passwords used
- Combination of letters and numbers
- Combination of upper and lower case
- No similar characters (to replace letters; for example @ for a)
- It must not be your name or username
- It must not be your address
- It must not be your child's name or date of birth

Password changes can be performed by the McGrath Service Desk 02 9386 3113

13.8 Standard Desktop or Laptop Specification

All office IT equipment must meet the following requirements:

- Windows 10 Professional / Ultimate or later with at least 8 Gigabyte Memory
- Minimum 500 GB of hard disk space
- Office Professional 2016 or later
- Internet Explorer 11 or later
- Updates for security vulnerabilities applied to all software (automatic weekly updates recommended)
- Malware protection software (McAfee, Symantec, Trend Micro, Kaspersky, etc)
 - Runtime Access scan must be enabled
 - Daily Virus and Spyware updates must be enabled

Alternative OS such as Mac OS X can be used however a Windows operating system running Internet Explorer is required for access to MARS. Malware protection must be installed and be regularly updated for security vulnerabilities.

13. The McGrath management system

(Franchise only)

13.9 Mobile Phone Connectivity to McGrath Email

The following mobile phones are compatible with McGrath email services:

- Android phone or tablet with latest OS
- Apple iPhone or iPad with latest iOS

13.10 Services We Recommend You Deploy

McGrath recommends that you request the following services from your IT consultancy firm:

- TCP/IP networking including DNS, DHCP and secure wireless services
- Appropriate Microsoft Windows Licenses, Office Licenses and Client Access Licenses (CALs)
- A Windows file server for storage of business documents
- Daily, Weekly and Monthly backups with offsite storage, and monthly backups stored for 7 years
- Multi-Function Copier with the ability to scan files to PDF and send to central file server
- Telephone system with voicemail services, call forwarding and reception console

13.11 Network Installation

The Franchise local IT support provider will be required during office fit out to manage and test the installation of an internet connection to support the McGrath IT services provided via your ISP.

This will involve:

- Ensuring adequate cabling is available in MDF
- Tie cable or jumper cables are installed from MDF to IDF or server cabinet frame or patch panel
- On site visits by network providers – testing and tagging the service, installing and terminating the service, and installation of managed router service
- Testing of network once ready for service authorisation has been provided

Care must be taken if network services are installed before the office fit out works are complete. McGrath IT suggests services are installed into a locked cabinet with a permanent power source and UPS, clearly marked and communicated to all tradespersons with consequences of service disconnection communicated to all parties.

Should services become disconnected or disrupted during building works “Test and Tag” may be required which may incur an additional cost and potentially delay the Franchise office opening.

13.12 IPSEC VPN Overview and Requirements

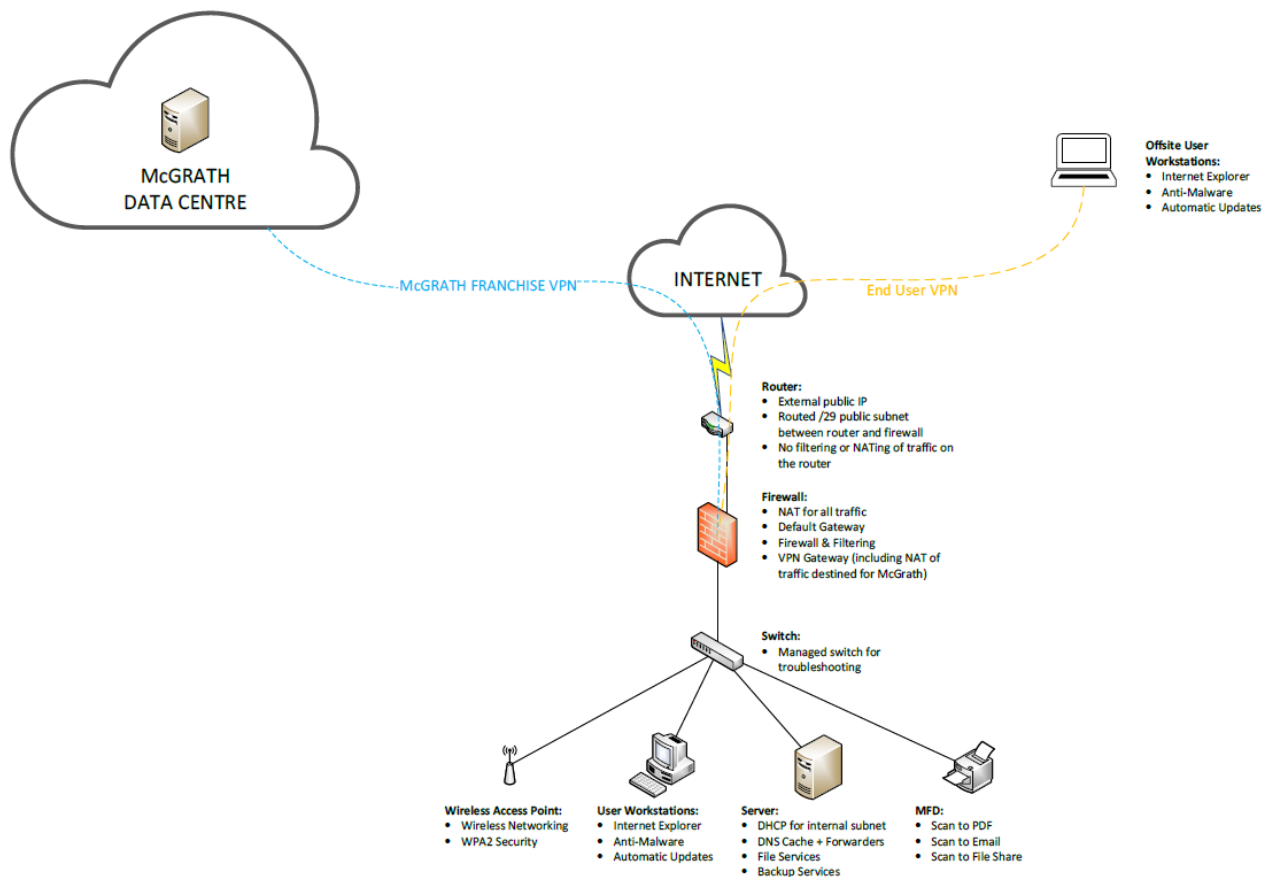
The Franchise local IT support provider must install and configure a Unified Threat Management Firewall/VPN device able to support IPSEC VPN. This device must be installed between the franchise office LAN and your internet connection as indicated in the diagram below. The Firewall needs to have a VPN configured to route McGrath-specific traffic using routes across the VPN.

- Appropriately sized Firewall for number of office users (up to 50 concurrent connections and 1mb upstream / downstream bandwidth per user)
- Firewall must be able to support one to many NAT rules across the VPN
- Ability to establish a VPN connection compatible with a Palo Alto Networks endpoint
- Security features
 - State full packet inspection
 - Content filtering
 - Gateway Antivirus and Antispam

13. The McGrath management system

(Franchise only)

- Optionally, end user VPN client support if there is a need to VPN into the office for remote access e.g. staff working from home



*Recommendation: Many McGrath franchises use a Fortigate firewall at their branch. If you procure a Fortigate device McGrath IT can supply a sample configuration template that can be uploaded to simplify the IPSEC VPN implementation process.

13.13 Router / Firewall Rules

Connectivity to McGrath will be enabled through an IPSEC VPN between your firewall and McGrath's VPN infrastructure.

The lead time for the IPSEC VPN connection is 4 weeks. This 4-week lead time starts after the office internet connection is fully commissioned and the IPSEC form and Fee Acceptance form are completed and returned.

You will need to complete a VPN questionnaire provided by McGrath prior to establishment of the VPN, as McGrath will use this information to establish their end of the tunnel.

The IPSEC VPN connection will provide you with a /29 IP subnet on your firewall, to be used for NATing of traffic destined for McGrath. This 192.168.xxx.xxx/29 address ensures your devices are not publicly available on the rest of the McGrath WAN.

In addition, the following rules should be implemented on your Unified Threat Management firewall:

- Disable broadcast to McGrath VPN routed networks
- Route 10.224.14.0/24 subnet via the McGrath VPN Connection using the /29 subnet provided
- Allow traffic to be routed to sister franchise offices on McGrath VPN if applicable

13. The McGrath management system

(Franchise only)

- Block peer to peer traffic to the McGrath VPN

13.14 DNS

You will be required to implement the conditional forwarders on the local DNS server so DNS requests for McGrath owned domains go to 10.224.14.18 and 10.224.14.19. This will allow resolution of McGrath addresses without affecting normal local network operations.

The forwarding rules for McGrath owned domains are as follows:

Domain names to forward	Forwarded to
mcgrath.com.au	Primary 10.224.14.18 Secondary 10.224.14.19

References for setting up DNS forwarding: <http://technet.microsoft.com/en-us/library/cc754941.aspx>

Note: If you do not have a DNS server onsite please discuss further options with the McGrath IT Project Manager

13.15 Office 365

McGrath provide the email exchange through Office 365. Franchise offices must procure and manage their own mail client, compatible clients are:

- Outlook 2013 or 2016 (Microsoft home & Business or Professional)
- Outlook for Mac 2016

You must add the following static DNS entries:

sts.mcgrath.com.au 210.193.160.37

To add these static DNS entries to your DNS server, execute the following commands:

```
dnscmd . /zoneadd sts.mcgrath.com.au. /primary /file <DatabaseFileName>
dnscmd . /recordadd sts.mcgrath.com.au. @ A 210.193.160.37
```

You can find more information regarding the dnscmd command at the following URL:

<https://technet.microsoft.com/en-us/library/cc772069.aspx>

If you are using Chrome or Firefox, please implement the fix found at the following URL:

<http://support.microsoft.com/kb/2709891/en-au>

13.16 Internal Office Network

The following specifications are recommended for your internal network:

- TCP/IP networking between all systems
- 1Gbit/s network switches
- No changes to existing office network shares or printing services (retain and transfer)
- DNS and network settings on all desktop and server systems as per DNS section

13. The McGrath management system

(Franchise only)

13.17 Desktop Settings

McGrath Email Setup – Outlook 2013 or Outlook 2016

To add an email account to Outlook 2013 or Outlook 2016 for Windows, install via the Auto Account Setup that starts automatically when you first run Outlook.

- Start Outlook for the first time.
- From the Welcome screen, click Next.
- To add an email account, click Yes, and then click Next.
- Enter your name, McGrath email address, and password, and then click Next.
- Click Finish.

For more detailed instructions, please see the Microsoft Office 365 setup information here:

<https://support.office.com/en-us/article/Set-up-your-Office-365-mailbox-in-Outlook-a8059189-d5e5-419e-8702-0462e16891e1>

McGrath Email Setup – Phones and Tablets

To add an email account to an Apple iOS, Google Android or Windows Phone device, please refer to the following links:

<https://support.office.com/en-us/article/Set-up-email-on-iPhone-iPad-or-iPod-Touch-b2de2161-cc1d-49ef-9ef9-81acd1c8e234?ui=en-US&rs=en-US&ad=US>

<https://support.office.com/en-us/article/Set-up-email-on-an-Android-phone-or-tablet-886db551-8dfa-4fd5-b835-f8e532091872?ui=en-US&rs=en-US&ad=US>

<https://support.office.com/en-us/article/Set-up-email-on-Windows-Phone-181a112a-be92-49ca-ade5-399264b3d417?ui=en-US&rs=en-US&ad=US>

Desktop Icons

Desktop shortcuts to McGrath websites (MARS, McGrath Public website and McGrath Webmail) will be installed by the “McGrath Icons.msi” application. Apple Macs will need to be installed manually.

Extract “McGrath Icons.msi” from <http://files.mcgrath.com.au/ITSysAdmin/McGrathIcons.7z> to a local file share. Install “McGrath Icons.msi” on all PCs to add McGrath Desktop and Shortcuts

Internet Explorer

The following conditions must be met to successfully access McGrath websites:

- Add *.mcgrath.com.au to the trusted sites or include as an intranet zone.
- Java Script, Oracle Java runtime environment and Adobe Flash are required by McGrath websites and must be installed on all PCs

13.18 Contacts

Project Manager: TBC at the point of project kick-off

- Implementation
- On-boarding

McGrath Service Desk: 02 9386 3113 or servicedesk@mcgrath.com.au

- Email support
- Password Resets

13. The McGrath management system

(Franchise only)

- Mars Support

Escalation: McGrath IT Head of Operations: 02 9386 3744

13.19 Implementation and Test Plan

1. Complete the form
2. Verify the detail loaded into the FW is the same as the form; Peers Public IP, McGrath assigned subnet, Phase 1 settings, Phase 2 settings, Pre-Shared Key,
3. Confirm Tunnel is up – Visual from FR Engineer on FW
4. Ping 10.224.14.12
5. Add DNS conditional forwarders
6. Ping mars.mcgrath.com.au
7. Ping marsmedia.mcgrath.com.au
8. STS DNS Entry for O355 Sync – PING 210.193.160.37
9. Test the Mars Home Page from every desktop / laptop (Especially if there are more than 6 machines in the office)
10. Test load the McGrath STS page using the FOM email address
11. Test McGrath icons are on the desktop
12. Print from Mars

14. Making Structural Changes to Your Business

(Franchise only)

14.1 Expansion Policy

This policy sets out the requirements for expansion of the Franchise Owner's business.

This policy applies in the following situations:

- Acquisition of a rent roll
- Acquisition of an established business (to combine with the existing McGrath Office)
- Opening a satellite office in the existing BDA
- Opening a second (or multiple offices) in a new BDA
- Relocation of the McGrath Office to another premises
- Refurbishment of existing office

Important reminder: Any expansion of the business is subject to the Franchise Owner complying with the terms set out in the Franchise Agreement, which includes obtaining McGrath's prior approval. This expansion policy supplements the terms set out in the Franchise Agreement.

The expansion policy is necessary to ensure that there is no ambiguity should a Franchise Owner wish to expand their business.

Expansion is subject to McGrath's approval. In deciding whether or not it will give its approval, McGrath will take into consideration the following:

Current Performance

- Franchise Owner is working fulltime in its current business
- Franchise Owner has no outstanding un-remedied breaches of the Franchise Agreement
- Franchise Owner has no outstanding Alignment issues or un-remedied breaches of the Franchise Agreement
- Franchise Owner is achieving its minimum performance target
- Franchise Owner has no outstanding accounts with McGrath or Suppliers
- Franchise business is operating its existing business in line with McGrath's values

Business Behaviors

- Franchise business is in growth phase and suitably structured
- Franchise Owner has completed all training requirements
- Franchise Owner has the skills required to conduct the new business (in addition to the existing business)
- The new business will not negatively impact the business and management structure capacity

Financial Position

- Franchise Owner must possess the financial resources necessary to conduct and operate the new business and to service any borrowings it makes in order to acquire the business
- Franchise Owner must provide current cash flow position and last six months demonstrating a positive cash flow
- Franchise Owner must provide a forecast P&L and cash flow for 12 months
- Profit & Loss statements must be included for the last six months demonstrating a positive cash flow
- It must be demonstrated that the current business is within McGrath credit terms
- It must be demonstrated that the current business is within suppliers credit terms

Market Considerations

- For any new BDA, McGrath must be satisfied that the Franchise Owner is the candidate
- For any Satellite Office, McGrath must form the reasonable opinion that a satellite office is required to meet customer demand and expectation in the BDA. This may be met where the franchise owner's existing market share exceeds 20% share of the residential real estate market

15. Fees, Payments and Record Keeping

(Franchise only)

- The new business will not have any detrimental effect on McGrath or any other McGrath Office.

General

- Franchise must enter into the required legal agreement specified by McGrath to give effect to the operation of the new business
- Franchise Owner must demonstrate their willingness to fit-out any new premises with required items of the McGrath concept, to approved standards, using approved suppliers
- No BDA will be held for a Franchise Owner at any time
- McGrath forms the reasonable opinion that a satellite office is required to meet customer demand and expectation in the Business Development Area warrants expansion due to Market share exceeding minimum 20% share of the residential real estate market
- The opening of the Satellite Office, acquisition of rent roll or relocation must not have any detrimental effect on any other McGrath Office in regards to the location proximity

Once the Franchise Owner satisfies the McGrath expansion criteria they can move forward to the Pre-Approval stage which will be completed by the Franchise Rollout and Administration Manager. The Franchise Owner will be required to present to the McGrath Executive Management team the following:

- Business Plan
- Current cash flow position and last six months demonstrating a positive cash flow for current business
- Profit & Loss statements are included for the last six months demonstrating a positive cash flow for current business.
- Forecast P&L and cash flow for 12 months for new business
- Balance Sheet position for Pre/Post acquisition

Once approved Franchise Owner will work with the Franchise Rollout and Administration Manager on the successful transition of the new office into the McGrath network.

15. Fees, payment and record keeping

(Franchise only)

15.1 Monthly Franchise Returns and Payments

Monthly Franchise Fees, Marketing Levies, Training & Technology Levies, and licence fees for the Management System, and other payments as directed by McGrath are payable monthly in arrears on or before the fifth (5th) business day of each month.

The preferred form of payment is by electronic funds transfer. The Franchise Owner will only need to do one transfer for the total combined fees for the month.

On each electronic bank transfer, complete information including: identification of office location, month and year in the 'description' area of the electronic transfer. For example: St Kilda Jan 16.

Alternatively, a company cheque can be made payable to: McGrath Australasia Pty Ltd, and posted to:
Level 1, 191 New South Head Road, Edgecliff NSW 2027.

In instances where Franchise Owners have multiple offices, separate monthly returns are required for each office location.

A franchise return tax invoice which is provided to the Franchise Owner on commencement must be submitted with the monthly return.

For more information or questions concerning Monthly Franchise Returns, contact the Corporate Financial Accountant.

15.2 Minimum Revenue Targets

The achievement of the Minimum Revenue Targets (and other service and performance standards) by franchise owners is central to the ongoing growth of the Franchise Owner's business and the McGrath network. Due to the confined number and the large size of the allocated business development areas, the requirement to achieve (as a minimum) the designated Minimum Revenue Target is an essential obligation. Performance and targets will vary over the course of time to ensure that the entire business continues to grow and remain viable for all franchise owners.

The Minimum Revenue Target for the franchise business is outlined in your Franchise Agreement. Where Gross Revenue for the Business in any Assessment Period is less than the Minimum Revenue Target for that Assessment Period, the Franchise Owner must pay an additional amount to McGrath so that the total Franchise Fee for that Assessment Period is received by McGrath. For Franchise Owners with multiple offices the Minimum Revenue Target applies to the individual office for that territory and the figures will be calculated based on the office that listed the sale.

15.3 Reporting

The Franchise Owner must provide a number of reports to McGrath. These requirements include:

Report	Submitted By
Monthly Franchise Returns	5th business day of each month
Balance sheet, profit & loss statement & cash flow statement (accountant certified)	1 September (for 6 months ending 30 June) 1 March (for 6 months ending 31 December)
Certified copy of last Annual Return	When requested by McGrath
Any other relevant financial information verbal analysis of any reports, statements or other financial information provided or requested	Within 5 business days after request by McGrath
Annual Business Plan	To be provided before 1 July each year. The Business Plan is for the 12 month period 1 July to 30 June.

15. Fees, payments and record keeping

(Franchise only)

15.4 Banking Requirements

Franchise Owners must maintain all Trust Accounts in accordance with their relevant state regulations for the handling of deposits and or rental payments.

Trust monies should not, under any circumstances be receipted into a general account. Bank charges / fees for each trust account must be debited from a nominated general account and not the trust accounts.

Franchise Owners are required to comply with all provisions of relative state regulations relating to banking requirements.

15.5 Sales / Property Management Trust Account's

The Franchise Owner must ensure that the provisions for both Sales & Property Management Trust Accounts outlined in the Federal and State Acts Legislation relative to the state in which they operate the franchise are complied with at all times. It is imperative to adhere to the Act to avoid severe penalties that may be imposed by the Office of Fair Trading or relevant governing body.

- Banking of trust money
- Records of trust money to be kept by Licensees
- Additional requirements for strata managing agents and community managing agents
- Computer systems control
- Receipts for trust money
- Payment of trust money by cheque or electronic funds transfer
- Trust deposits
- Record of trust account transactions
- Journal
- Trust account ledger
- Trust account ledger trial balance
- Furnishing of particulars of trust account or transactions
- Signing of cheques or effecting electronic funds transfers – trust account
- Exemptions

The Office of Fair Trading requires that all Trust Accounts be audited each year. This includes receipts, disbursements, bank statements, and bank reconciliations. The Act can be found within the OFT website or via the Government website, www.austlii.edu.au Records must be held at the place of business and produced immediately upon request from an authorised representative or inspector of the Office of Fair Trading, and in accordance with scheduled inspections, reviews and audits of the Franchise Owners business by an authorised representative or auditor of McGrath.

Franchise must comply with relative state legislation in relation to banking requirements.

15.6 Banking of Trust Money

Please refer to the Legislation relative in your State. This can be found on the following websites:

QLD Government – Trust Accounts

NSW Fair Trading – Trust Accounts

Consumer Affairs VIC – Trust Accounts

15. Fees, payments and record keeping

(Franchise only)

15.7 Banking Reconciliation

It is imperative that the bank reconciliation is performed at least once a week to ensure all deposits and disbursements are monitored, checked and reconciled in a timely manner. As best practice within McGrath, each unrecognised item must be investigated immediately in order to ensure the items are reconciled in a timely manner.

As well as processing the bank reconciliation on a daily and or weekly basis, it must also be performed at the end of each month. The closing bank balance must reflect the last day of the month. Once the monthly bank reconciliation is completed, it is mandatory that the Licensee reviews and signs the bank reconciliation within the required time frame. It is best practice that the monthly bank reconciliation is signed by the Franchise Owner within five (5) working days of the end of the month.

15.8 Settlements and Disbursement of Funds

Upon notification by the legal representatives to the parties of the transaction and only when in receipt of the “Order on the Agent”, the Key Personnel member who is responsible for coordination of settlements will disburse funds to the appropriate parties (in accordance with the Franchise Owner Exchanges & Settlements Manual). Settlements should be processed within a timely manner of receiving the required authorisation.

Commissions and or selling fees must never be drawn prior to settlement and without the express directions of the legal representatives to the transaction. Payment can only be disbursed upon settlement.

Trust money must not be drawn from a Licensee’s trust account other than by cheque or electronic funds transfer.

Franchise Owners must comply with relative state legislation regarding settlements, rental funds, and disbursements of funds and banking requirements. A breach of any of these acts or regulations may result in disciplinary action by McGrath or could cause the franchise agreement to be terminated.

Franchise Owners are advised to seek independent legal and financial advice to ensure they are familiar with, and operate in accordance with all obligations under all relevant legislation and applicable Acts. There are a variety of ways to receive information and updates about these requirements. It is necessary to maintain membership with the applicable state industry body, the REI in the state, and attend regular training courses.

This section is not intended to provide legal advice, nor be used as legal advice. You are responsible for obtaining your own legal, accounting and other professional advice required for the diligent operation of your business in accordance with all laws and other legal requirements. McGrath does not provide legal advice to Franchise Owners.

Some of the laws relevant to your business include:

- State based real estate agency legislation
- Corporations Law
- Competition and Consumer Act
- Employment laws
- Workplace Health and Safety laws
- Tax legislation
- Environmental legislation
- Retail Tenancies legislation
- Privacy legislation

16. Legal compliance

16.1 Corporations Act 2001 and ASIC Compliance

All McGrath offices are required to comply with the Corporations Act 2001 and associated ASIC lodgements and requirements.

Offices are required to maintain financial and other records as required under the Corporations Act 2001 for the required time period.

A copy of the business structure is required to be submitted to McGrath prior to the opening of an office, and any amendments or changes to the structure are required to be submitted to McGrath within fourteen (14) days of the change.

All team members are required to:

- Act in good faith and for proper purpose.
- Act with care and diligence.
- Maintain confidentiality and not to misuse their position or information for personal gain or to another's detriment.
- Not to trade when there are reasonable grounds to suspect insolvency.

Any breach of these duties carry significant fines, and if found that a breach is negligent, intentionally dishonest or malicious, criminal penalties apply.

16.2 Certificates, Licenses and Registrations

All Sales and Property Management team members are required to provide McGrath with a copy of all required certificates, licenses, business registrations & proof of CPD points as required under the relevant acts to trade within their jurisdiction. It is your responsibility to ensure that these documents are kept current and do not lapse and to provide a certified copy to McGrath within 5 days of renewal or change of details.

Every office must also keep accurate information in regards to each Agent's certificate/license renewal and ensure that all certificates of registration or licenses of all agents are current. If an agent's certificate or licence is expired, they cannot perform the duties of a Real Estate Agent under the legislative Acts.

16.3 Tax Compliance

Franchise Owners and Conjunction Agents are required to comply with applicable taxation legislation including, but not limited to:

- Payroll
- Pay as you go (PAYG) and PAYG withholding
- Fringe Benefits
- GST
- Business Activity Statements
- Income Statements and Group Certificates

Information provided by McGrath is not intended to provide or be a substitute for specific individualised accounting, tax, or legal advice. Where specific advice is necessary or appropriate, we recommend consultation with a qualified tax advisor or accountant.

Franchise Owners and Conjunction Agents are required to make and retain such records as required under taxation legislation and these records are to be maintained securely for the required time.

16. Legal compliance

16.4 Insurance Requirements

All Franchises and Conjunction Agents are required to provide certificates of currency for the required insurances as and when required by McGrath.

Franchise Owners and Conjunction Agents may also wish to consider the risks in their business and take appropriate other insurance as recommended by their outside insurance broker or agent, or other professional advisor.

16.5 Fixed Asset Register

The Franchise Owner and Conjunction Agent is required to maintain a fixed asset register that contains records of all capital equipment used in connection with the business, regardless of whether the equipment was purchased or is leased. Franchise Owners and Conjunction Agents are encouraged to seek independent advice and assistance from their financial advisors and/or accountants.

16.6 Dealings and Communication with Regulators and Industry Bodies

From time to time, offices may receive correspondence and or a site inspection from various government departments and regulatory bodies. These include but are not limited to:

- NSW Government Fair Trading, QLD Government Fair Trading or Consumer Affairs VIC.
- Work Cover.
- Australian Investment and Securities Commission (ASIC).

Any guidance provided by McGrath Head Office is on a non-reliance basis so offices should obtain their own independent legal advice if they are unsure how to respond to any communication from a government department.

An office should respond to written enquires from any fair trading, consumer or equivalent department, or other government departments and regulatory bodies, within the time specified in the communication.

The Office must notify McGrath Head Office within 24 hours of receiving communications from a government department/regulatory body – where the communication is relevant to the operation of the McGrath Office. A failure to inform McGrath Head Office may cause damage to the business.

The office may be asked to provide access to records, books and other information. Again, the office should obtain their own independent legal advice if they are unsure how to deal with any request from a government department or regulatory body.

In any dealings with the Regulators, it is important to:

- Be polite.
- Answer any questions honestly.
- Provide any documentation that is requested.
- Fully cooperate with the investigation.

Bear in mind that a regulator may not appreciate or take into consideration the fact that the office is a franchise or company owned office, and that McGrath's brand and reputation could be affected.

16. Legal compliance

16.7 Dispute Resolution

The Code of Conduct sets out the process for dealing with and resolving disputes. All disputes are to be handled in accordance with the provisions set out in the Code.

If there is a serious concern or problem or a reoccurring problem, the Principal or relevant Manager is required to provide written details of the issue and their suggested outcome to McGrath (addressed to its registered office). McGrath will acknowledge receipt of this correspondence and outline the probable time required to investigate and or resolving the issue within one (1) week. McGrath always hopes to be able to work constructively with each office to achieve a mutually satisfactory outcome for all parties. In order to do this, McGrath may send a representative to the office or ask the Principal or Manager to attend a meeting at McGrath's office, or another mutually convenient location to discuss and investigate the issues as outlined.

McGrath will then formalise any outcome or suggested resolution in writing to the registered office.

If a mutually satisfactory resolution cannot be found within three (3) weeks of the initial correspondence, either party can refer the issue to mediation or ask McGrath to appoint a mediator. If one party requests mediation, both parties must attend and try to resolve the dispute. In this circumstance, each party would be responsible for bearing his/her own costs and should be aware that it is a no cost forum, that is, the successful party cannot be asked to pay the other parties expenses in bringing the matter to mediation. The majority of mediations result in a binding agreement.

Each party's right to commence legal proceedings is not affected by the dispute resolution process as outlined. Legal proceedings can be damaging to relationships, costly and time consuming, therefore it is always preferable to seek resolution through mediation and the dispute resolution process in the first instances.