

29 November 2018

Dear Shareholder

**Non-Renounceable 1 for 2 Rights Issue to Shareholders and notification of information contained in Appendix 3B lodged on 28 November 2018**

**1 Rights Issue**

Chapmans Limited ACN 000 012 386 (ASX: CHP) (the **Company**) announced a non-renounceable one (1) for two (2) rights issue on 28 November 2018 (**Offer**) and is pleased to provide further detailed information on the Offer.

The Offer is for new fully paid ordinary shares (**New Shares**) on the basis of one (1) New Share for every two (2) existing shares held (**Entitlement**) by Eligible Shareholders (defined below) on the Record Date (defined below) (**Existing Shares**), at a price of \$0.005 per New Share (**Issue Price**).

Based on the current shares on issue in the Company, a total of 135,703,062 New Shares will be offered to raise approximately \$678,515.31 (before the costs of the Offer).

The Issue Price represents a discount of approximately 24% to the weighted average price of the Company's shares on the ASX in the five trading days up to and including the trading day prior to the announcement of the Offer (this price being \$0.0066).

The Offer is non-renounceable, meaning that Eligible Shareholders who do not take up their Entitlement will not be able to transfer or receive any value for those Entitlements, and their equity interest in the Company will be diluted.

The Offer is not underwritten.

The Company will seek quotation on the ASX of the New Shares issued pursuant to the Offer.

**2 Prospectus**

The Prospectus was lodged with the ASX and ASIC on 28 November 2018 and will be sent to Eligible Shareholders on or before 6 December 2018, together with a personalised Entitlement and Acceptance Form.

An Appendix 3B was also lodged with the ASX on 28 November 2018.

All documents are available for inspection on the ASX website at [www.asx.com.au](http://www.asx.com.au) and the Company's website at [www.chapmanslimited.com](http://www.chapmanslimited.com).

**3 Eligibility and Record Date**

Holders of shares in the Company as at 7.00pm (Sydney time) on 3 December 2018 (**Record Date**) will be eligible to participate in the Offer (**Eligible Shareholders**).

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#### 4 Placement of Shortfall

The Company will allow Eligible Shareholders, in addition to applying for all of their Entitlements, to apply for such further number of New Shares out of any Shortfall (**Shortfall Shares**).

In the event that applications from Eligible Shareholders to participate in the Shortfall exceed the number of Shortfall Shares, those applications will be scaled back at the discretion of the directors however the Directors will have regard to any potential control effects of the Rights Issue on the Company.

The Directors will have discretion as to how to allocate Shortfall Shares, however, the Company intends to allocate Shortfall Shares in accordance with the following priorities:

- (a) first priority will be given to Eligible Shareholders that have subscribed for their full Entitlement provided that the issue of the Shortfall Shares will not result in the applicant's voting power in the Company exceeding 20%; and
- (b) second priority will be given to third parties applying for Shortfall Shares by 17 December 2018 (**Closing Date**).

If there are still Shortfall Shares which have not been subscribed for, the Directors may at their complete and absolute discretion place the Shortfall Shares with any third party, at not less than the issue price. The Directors will attempt to place those Shortfall Shares within 3 months of the Closing Date.

In the event of a scaling back of applications to participate in the Shortfall as described above, any application monies relating to Shortfall Shares applied for but not issued will be returned to Shareholders as soon as practicable following the Closing Date without interest.

#### 5 Use of proceeds from the Offer

The Company will use the proceeds raised under the Offer to fund general working capital.

#### 6 Timetable

The current proposed timetable for the Offer is set out below. All dates are subject to change and accordingly are indicative only. The Company has the right to vary the dates of the Offer, without prior notice, subject to the Corporations Act and the ASX Listing Rules.

Event	Date
Announcement of Offer, lodgment of Appendix 3B and Prospectus lodged with the ASX	28 November 2018
Notice to Shareholders containing information required by Listing Rules	29 November 2018
"Ex" Date	30 November 2018
Record Date to determine Entitlement to New Shares	3 December 2018
Despatch of Prospectus and Entitlement and Acceptance Form and announcement that despatch completed	6 December 2018
Last day to extend Closing Date	12 December 2018
Closing Date	17 December 2018

Securities quoted on a deferred settlement basis	18 December 2018
ASX notified of Shortfall	20 December 2018
Issue of New Shares, despatch date of holding statements, deferred settlement trading ends	24 December 2018
Trading commences for New Shares on a normal settlement basis	27 December 2018

**7 Capital Structure**

The effect of the Offer on the capital structure of the Company based on the current shares on issue is as follows:

- (a) the maximum number of New Shares that may be issued under the Offer is 135,703,062, raising a maximum of \$678,515.31 (before expenses); and
- (b) after completion of the Offer, the maximum number of issued shares in the Company will be 407,109,186.

This assumes that no other shares are issued prior to the completion of the Offer.

**8 Participating in the Offer**

The Board recommends the Offer to shareholders.

However, before making a decision whether to apply for New Shares, Eligible Shareholders should read the Prospectus carefully and in its entirety when they receive it.

For further information on your Entitlement, please contact your professional advisor or the Company's share registry, Security Transfer Australia Pty Limited by phone on 1300 992 916 (from within Australia) or +61 3 9628 2200 (from outside Australia).

Yours sincerely  
**CHAPMANS LIMITED**



**Peter Dykes**  
**Executive Chairman**

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