

ASX Release | Chapmans Limited (ASX:CHP)**Chapmans Completes Due Diligence and Commits to US\$4m Investment in Leading Blockchain Finance and Securities Trading Platform - Securrency Inc****Highlights**

- Chapmans has completed all due diligence and executed all documentation to invest US\$4m in Securrency Inc
- Chapmans has committed to the investment based on Securrency's pre-money price of US\$50 million
- Chapmans has advanced US\$1m to Securrency with the balance to be paid in monthly US\$1m tranches
- Chapmans and Securrency have also agreed to work together to finalise a strategic channel partnership agreement enabling Chapmans to add further value and revenues through developing white labelling opportunities for Securrency's platform with asset and securities portfolios seeking to benefit from the global market liquidity and trading strengths of Securrency's platform
- Chapmans will receive direct board representation upon completion of its next US\$1m contribution
- Securrency aims to secure a number of other institutional and strategic investors and plans to list on the TSX Ventures Exchange within the next 4 months
- Securrency offers a unique combination of patented and proven RegTech and FinTech asset trading and compliance-based features
- Compliance has become the major focus of the blockchain and cryptocurrency sector worldwide
- Securrency's team has an extensive background in the technical aspects of blockchain, asset and securities trading, cyber security, compliance, and regulatory frameworks

12 March 2018: Diversified investment company Chapmans Limited (ASX:CHP) ("Chapmans" or "the Company") is pleased to announce that it has completed all due diligence and to invest US\$4m in leading blockchain finance and securities trading platform Securrency Inc ("Securrency").

As previously announced, Chapmans entered into a binding term sheet to invest US\$4 million in Securrency based on Securrency's effective pre-money price of US\$50 million [ASX Announcement: February 9, 2018].

Chapmans has now completed all legal, technical, and commercial due diligence and executed all investment documentation with Securrency. Chapmans has advanced US\$1m to Securrency with the balance to be paid in \$1m tranches each month subject to and in line with Securrency's execution plans to list on the TSX Ventures Exchange (TSX) in the next four months and Chapmans acceptance of listing pricing and terms. Chapmans will receive direct board representation upon completion of its next contribution, representing a total of US\$2m.

On a recent due diligence visit to the US to meet Securrency executives and customers, Chapmans also held discussions with strategic investors and brokers shortlisted by Securrency for the lead advisory and TSX listing managers role. Chapmans understands Securrency expects to appoint a major broking firm based in Toronto to advise and manage Securrency's imminent TSX listing and further capital raising.

Solving blockchain's biggest problem

Securrency has created an exchange platform which assets can be tokenised and traded by customers. The platform represents a unique combination of patented and proven RegTech and FinTech asset trading and compliance-based features.

Currently, the blockchain sector is plagued by a lack of jurisdictional compliance and verifiable security practices. Many of the recent Initial Coin Offerings (ICOs) are not sufficiently vetted and no easy way exists to make them comply with regulatory requirements. This limits the blockchain sector's market capitalisation as institutional money cannot participate in unregulated offerings.

Securrency solves this problem by bringing compliance to the blockchain sector. Using Securrency's patent pending RegTeX software, the Securrency platform provides Know Your Client (KYC) global identity verification, artificial intelligence financial fraud monitoring, anti-money laundering (AML) and automated tax, regulatory, and back secrecy act reporting.

Customers and partnerships

Securrency has numerous customers including a large private equity firm and a major Wall Street firm. Securrency also owns 35% of the recently launched London Football Exchange (LFE), a platform which aims to bring the world's one billion global football fans into the blockchain space. The LFE will allow fans to participate in various activities including the purchasing of tickets, tours and merchandise, player meet and greets, and other third-party partner offers, all via the blockchain.

Since Chapman's initial announcement about this investment last month, Securrency has announced a number of important achievements including:

- Big Blockchain Intelligence Group Inc ("BIG") recently announced that it had formed a partnership with Securrency that combines BIG's proprietary cryptocurrency verification product BitRank Verified with Securrency's FinTech/RegTech platform. This partnership will allow financial institutions and businesses to mitigate the risks of using cryptocurrencies.
- Securrency has been granted approval-in-principle by the Financial Services Regulatory Authority (FSRA) to enter the Abu Dhabi Global Market (ADGM). This authorisation will allow FSRA regulators to ensure the security and compliance of Securrency ahead of its receiving of a full licence to operate in the ADGM.
- The LFE has signed multiple Italian, European, and English Premier League Clubs and raised €5m as part of its presale Initial Coin Offering (ICO), and signed Singapore-based Fatfish Internet Group Ltd (ASX:FFG) to advise on its upcoming ICO.
- Securrency has engaged in additional Securities Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC) discussions in Washington for agreement or approval of Securrency's exchange platform compliance functionality.

Backed by a world-class team

Securrency's team has an extensive background in the technical aspects of blockchain, compliance, and regulatory framework.

Founder & CEO of Securrency Dan Doney was the former Chief Innovation Officer at the US Defense Intelligence Agency and has over 20 years' experience in emerging technology development and finance across government and private sectors. He leads a team of highly credentialed executives who have extensive expertise in blockchain, information technology, compliance, and regulatory frameworks.

Outlook

The investment in Securrency has a strong potential short term upside for Chapmans with Securrency's imminent TSX listing. The pre-money for the TSX listing is expected to be significantly higher than the valuation represented by Chapmans' investment.

Blockchain is the technology that underpins most major cryptocurrencies including Bitcoin, Ethereum and Ripple. Chapmans made its first significant investment in blockchain in December 2017 when it invested A\$1 million in REFFIND Limited ("REFFIND") (ASX:RFN). REFFIND's exposure to blockchain comes through a strategic investment it made in Loyyal Corporation ("Loyyal"), a blockchain-based global leader in the loyalty and rewards industry. In the past six months, Chapmans has evaluated a number of blockchain opportunities and in the December 2017 Quarter, the Company established a Blockchain Industry Advisory Board to provide guidance on future investments.

Chapmans Executive Director Anthony Dunlop: "We are very pleased to have closed this deal with Securrency. After completing all due diligence, we see huge potential in Securrency's platform and believe this investment will deliver significant value to our shareholders. The investment in a platform which brings 24/7 trading and liquidity to asset and securities markets with much-needed regulatory compliance to the blockchain sector aligns with our commitment to investing in emerging technologies with opportunities for fast growth."

Securrency Founder and CEO Dan Doney: "Regulatory authorities around the world, including the U.S Securities and Exchange Commission, continue to clarify their expectations for securities markets and tokenization of securities. The Securrency Inc. team anticipated this direction more than two years ago and is well ahead of the market in fielding a RegTech and FinTech solution to address these concerns. Now having secured this important investment commitment from Chapmans Ltd, Securrency is well positioned to complete platform development and transition to open on-boarding of participants. Having Chapmans' experience and leadership on our board will help us grow as a company while setting the scene through their extensive network and partnerships for entry into Asia and Pacific Rim markets. I couldn't be more excited about where we are as a company and to have Chapmans alongside us as we take these important next steps."

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About Chapmans Limited

Chapmans Limited (ASX:CHP) is an ASX-listed diversified investment company engaged in special situation investments across a diverse range of industries, with a focus and expertise in the mobile and advanced industrial technology sectors. The Company seeks to be an active strategic investor in high growth areas of the market and to identify and work with emerging high growth companies. Chapmans' investment philosophy and approach are based on a unique mix of high conviction and special situation features, characterised by advisory and equity investments structured around specific events and assets for both public and large private corporates.

The Company made its first strategic investment into blockchain in 2017 and established the Blockchain Industry Advisory Board to identify and assess compelling blockchain investment opportunities. Chapmans' investment in blockchain technology aligns with its growth plans and commitment to investing in early stage technologies with reach into key international markets.

To learn more, please visit: www.chapmansltd.com

About Securrency Inc

Securrency is a combined FinTech/RegTech platform that enables the free trading of previously illiquid asset classes. Securrency makes financial services more secure, transparent, efficient, and accessible by integrating legacy financial services with recent advances in distributed ledger technologies, payment gateways, and security frameworks.

To learn more, please visit: www.securrency.com