

ASX Release | Chapmans Limited (ASX:CHP)**Securrency Update – August 2018****HIGHLIGHTS**

- **Securrency launches platform in August as scheduled with several large reputable US based broker dealers with more to follow**
- **Launch activities have commenced under technical services agreements with each broker dealer involved in security token offerings (STO's) and tokenized asset offerings (TAO's) for private placements across the energy, sport & entertainment and real estate industries.**
- **Securrency accelerates commercial expansion in the UAE through its successful selection and participation in the Financial Services Regulatory Authority (FSRA) in Abu Dhabi owned Reglabs program**
- **Subject to Reglab Review in Q4 this year, the Company anticipates full license approval and commencement of operations as a crypto asset exchange and custodial license in the Abu Dhabi Global Market (ADGM)**
- **Securrency has recently advanced its intellectual property assets with the publishing of its first patent, now pending approval by the United States Patent and Trademark Office with filings in other key international jurisdictions with its second provisional patent planned to be filed as patent pending in coming months**
- **Securrency has held further meetings and platform demonstrations with key market regulators and stakeholders in the US**

15 August 2018: Diversified investment company Chapmans Limited (ASX:CHP) ("Chapmans") is pleased to provide the following update on its investment in Securrency Inc. ("Securrency" or "the Company").

Market Focus for Launch

After conducting beta testing with initial broker dealer customers in July, Securrency launched its platform in August with the commencement of on-platform support for two security token offering (STO) enrollments with US based investment bank Entoro Capital. The Company is also entering into license agreements with additional broker dealers in the United States to begin issuing tokenized asset offerings for private placements representing energy, sport & entertainment, and real estate industry assets.

The Company's immediate market focus is in the United States and United Arab Emirates (UAE) with its initial principal customers being securities broker dealers and Alternative Trading Systems and Multilateral Trading Facilities (ATS/MTF's). ATS' and MTF's are alternatives to traditional securities exchange venues such as stock exchanges and are typically built around computerised systems bringing buyers and sellers together according to a set of pre-defined rules. For MTF's these rules are governed by the European Commissions' Markets in Financial Instruments Directive (MiFID).

Middle East Expansion

Sydney Office
Level 12, 95 Pitt Street
Sydney NSW 2000 Australia
T +612 8079 2939

Malaysian Office
100-5.005, Block J, 129 Offices, Jaya One No 72A,
Jalan Universiti 46200 Petaling Jaya Selangor, Kuala Lumpur
T +60 3 7932 4039

The Company's activities in the UAE continue to accelerate through the Financial Services Regulatory Authority (FSRA) in Abu Dhabi owned Reglabs program which is designed for approved businesses including start ups and mature businesses with innovative and globally scalable financial technology (FinTech) offerings.

Under the FSRA's FinTech Reglabs program selected participants including Securrency receive the following benefits:

- Guidance and support from a dedicated team of FSRA supervisors in understanding and navigating regulatory requirements;
- Support and mentorship from ADGM's Innovation Centre partners including financial institutions, venture capital and angel investors, accelerators, technology firms, academic institutes and professional service providers; and
- Access to a core banking digital sandbox environment that allows participants to integrate their solutions with banking data and functionality and to test them for scalability and robustness.

The Company expects to formally apply for a crypto exchange and custodial license in the Abu Dhabi Global Market (ADGM) and now has a wholly owned ADGM subsidiary – Securrency MENA Holdings Ltd, with Securrency Solutions Ltd. as the operating company to support 'RegLab' activities. Subject to successful completion of the RegLab review, Securrency Solutions will be fully licensed and operate as a Private Financing Platform and MTF for private equity security tokens in the ADGM. Yet to be named, the crypto asset exchange will complement the private equity institutional focused Securrency Solutions exchange. The crypto asset exchange entity is in negotiations with one of the largest and reputable crypto exchanges worldwide (whose name cannot be disclosed yet for confidentiality reasons) to use its order matching engine to deliver a fully regulated 24/7 crypto exchange for both institutional and retail investors.

Subject to the ADGM's Reglab approving Securrency's exchange platform, once launched, investors from around the world and onboarded using Securrency's patent pending RegTex services, will be able to participate in a secure, convenient, and compliant exchange environment in the ADGM. The crypto exchange is planned to launch prior to the end of this year.

Commercial Development

Securrency has established relationships with broker-dealers who will license and distribute the Company's services to companies seeking to engage in tokenized securities offerings. SeriesOne, a broker-dealer with offices in New York and Miami, is an example for this type of relationship. Securrency has recently entered into similar agreements or strategic partnerships with larger broker dealers such as SharesPost (San Francisco, Menlo Park and New York) and Entoro Capital (Houston, Texas) and anticipate adding three additional broker dealers to its network in the months ahead.

Technological Development The Company now has more than 80 developers engaged on the development of its platform. Over the last 6 months more than 1.1M lines of code have been produced and tested in its proprietary Software as a Service (SaaS) platform.

The Company's patent-pending Regtex™ engine can facilitate KYC in 160+ countries, AML on both fiat (regular hard currency) accounts and cryptocurrency wallets, and source of funds and accredited investor verification in near real time.

Intellectual Property

Securrency's "platform patent", entitled "Dividend Yielding Digital Currency through Elastic Securitization, High Frequency Cross Exchange Trading, and Smart Contracts" has been published and is pending approval by the United States Patent and Trademark Office. It has also been filed with the European Patent Office, Australia, United Arab Emirates, Canada, China, Japan, and Singapore.

Securrency's second patent application, focusing on the Compliance Aware Token and Rules Engine, has been provisionally filed in the United States. Securrency plans to file a nonprovisional application before the end of September.

Regulatory Engagement. The Company continues to engage in extensive informal dialogue with the US Securities and Exchange Commission, US Treasury, National Economic Council, and several members of Congress. During May and June the Company's senior executive team met with three SEC commissioners with very positive informal feedback. The company returned in June to conduct a platform demonstration where the Company's representatives met with an SEC Commissioner for a second time as well as the newly assigned Head of Digital Assets Valerie Szczepanik.

Securrency's approach with these discussions has been based on education and awareness of its platform benefits to market regulators, with the expectation that once regulators understand the existence of its platform capabilities, they will be even more enthusiastic about the economic benefits of tokenized securities without lowering investor protection standards. The primary focus of these discussion has been to demonstrate the Securrency platform's capabilities with respect to customer identification (KYC), anti-money laundering (AML), tracking sources of funds, rules engine and distribution control systems.

Expanded Executive Team - Key Hires.

Since the beginning of the year, the Company has added a number of highly experienced executives. In sequence of hiring, they include:

Liviu Floroae – Chief Financial Officer
Patrick Campos – Chief Strategy Officer
Justin Hadgkiss – Chief Risk Officer
David Britt – Chief Information Officer
Jeff Truitt – Chief Corporate Development and Legal Officer

The Company also has extended offers to engage certain key personnel to support the operating exchange in the ADGM.

Capital Strategy

In February 2018, the Company canvassed the leading investment banks in Toronto, Canada to consider a strategic course of action that would have resulted in the Company raising capital publicly on the TSX Venture Exchange. While pre-public offer enterprise values were attractive, the Company decided to continue executing and build further value prior to considering listing in the future.

In March 2018, the Company conducted the first closing under a \$10 million Convertible Note offering with Chapmans Limited. Chapmans' initial investment was US\$1 million. The Convertible Notes raising values the company at US\$50 million. To date \$4.8 million has been raised in the Convertible Note offering.

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For further information please contact:

Peter Dykes
Executive Chairman
Chapmans Limited
E: peter.dykes@chapmanslimited.com
T: 02 8079 2939

Anthony Dunlop
Executive Director
Chapmans Limited
E: anthony.dunlop@chapmanslimited.com
T: 02 8079 2939

Sydney Office
Level 12, 95 Pitt Street
Sydney NSW 2000 Australia
T +612 8079 2939

Malaysian Office
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Jalan Universiti 46200 Petaling Jaya Selangor, Kuala Lumpur
T +60 3 7932 4039

About Chapmans Limited

Chapmans Limited (ASX:CHP) is an ASX-listed diversified investment company engaged in investments across a diverse range of industries, with a focus and expertise in the mobile and advanced industrial technology sectors.

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

About Securrency Inc

Securrency delivers a complete suite of financial technology products for the tokenized issuance and trading of securities. Through its proprietary and patent pending FinTech/RegTech platform, 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.

Securrency has developed a unique Compliance Aware Token™ that embeds regulatory and transactional rules in a compliance layer to facilitate legally-compliant securities offerings in the United States and global markets. Securrency's protocol can be utilized on the Ethereum, Stellar, Ripple, EOS and other distributed ledgers, as well as on legacy systems, allowing for seamless on-chain and off-chain movement of tokens.

Securrency's technology strategy is to assemble best-in-breed tools on one platform to support tokenized securities offerings and their secondary exchange. Securrency has also established relationships with broker-dealers contracted to distribute Securrency's services to companies seeking to engage in tokenized securities offerings.

Securrency's vision is a global compliance, security, and interoperability platform that will link pools of liquidity around the world. Each new broker dealer who licenses its software platform will contribute to this network effect and grow Securrency's revenues through capital formation, trade, and transfer transaction fees.

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