

22 February 2019

The Manager
Company Announcements
Australian Stock Exchange Ltd
20 Bridge Street
Sydney NSW 2000
via: www.asxonline.com

Dear Sir/Madam

PROPOSAL TO VOLUNTARILY DELIST FROM THE ASX (SUBJECT TO SHAREHOLDER APPROVAL)

Chapmans Limited (ASX: CHP) (**Company**) has today, following a resolution of the board of the Company, submitted a formal application for the removal of the Company from the Official List of the Australian Securities Exchange (**ASX**) pursuant to ASX Listing Rule 17.11.

The Company has obtained in-principle advice from the ASX in relation to the delisting. The ASX has confirmed that upon receipt of a formal request to delist, it is likely to remove the Company from the Official List of the ASX, subject to the Company complying with certain conditions of which the Company intends to fully comply with. Those conditions are as follows:

1. the Company's removal from the Official List of the ASX is approved by ordinary resolution of ordinary security holders of the Company;
2. the notice of meeting seeking security holder approval for the Company's removal from the Official List of ASX must:
 - (i) disclose the reasons for the Company seeking removal to the satisfaction of ASX;
 - (ii) include a statement, in form and substance satisfactory to ASX, setting out the consequences to security holders of giving that approval; and
 - (iii) include a statement to the effect that the removal will take place no earlier than one month after approval is granted;
3. The Company releases the full terms of this decision to the market upon making a formal application to ASX to remove the Company from the Official List of ASX.

This in-principle advice, as well as the above conditions, only apply to 13 May 2019, and may change as a result of any amendments to the ASX Listing Rules or their interpretation or administration, or the policies of the ASX.

Reasons for Delisting from the ASX

The key reasons for the Company in seeking approval for the Company to be removed from the Official List of the ASX are as follows:

1. **Listing Fees and other Compliance costs:** Given the market capitalisation of the Company, the board considers the costs associated with being listed on the ASX a significant burden and very difficult to justify with securityholders. These costs include not just the annual listing fees but also costs incurred in complying with the plethora of ASX Listing Rules and constant dealings with the ASX;

2. **Delays in implementing the Company's objectives:** Compliance with the ASX Listing Rules does not only create a financial burden but, in the board's experience, creates major delays and other regulatory obstacles to simply implementing what the board believes is its primary business objective; namely, investing in a multitude of industries, technologies and asset classes. The board wishes to act opportunistically in this endeavour but is constantly frustrated by the regulatory road blocks contained in the ASX Listing Rules or by the ASX interpretation of those rules; and
3. **Share Valuation:** the board believes that the value of its fully paid ordinary shares (**Shares**) has not adequately reflected the value of its investments and considers that securityholders may realise greater returns for an ultimate 'exit' in the future (either through a takeover, sale of its investments or listing on another stock exchange (for example the National Stock Exchange of Australia (**NSX**))).

Company's Intentions following Delisting and Consequences

The main consequence of the Company's removal from the Official List of the ASX is that the Company's Shares and options (**Securities**) will no longer be quoted on the ASX and will no longer be traded on the ASX.

In addition, if the Company is delisted, the ASX Listing Rules will no longer apply to it. In particular, securityholders will forego the protections inherent in the ASX Listing Rules in respect of matters including:

1. disclosures and restrictions on the issue of securities such as the inability to issue over 15% of the Company's capital in a 12-month period without shareholder approval;
2. making significant changes to the Company's activities; and
3. the requirement to disclose the Company's compliance with the ASX Corporate Governance Principles and Recommendations.

However, the Company will continue to be bound by the requirements of the Corporations Act, and will still be subject to a continuous disclosure regime as an unlisted disclosing entity

Furthermore, the Company may require future funding to operate its business and there is currently no certainty as to the terms on which such funding may be provided. Following delisting from the ASX, the Company will no longer be subject to the constraints on the issue of new Securities without shareholder approval under the ASX Listing Rules, and existing securityholders may be significantly diluted as a result of the funding.

While the Company is currently considering listing on the NSX, the Company has only engaged in preliminary discussions with the NSX and no decision has been made. If the Company decides not to list on the NSX, the Company's Securities will only be capable of sale via off-market private transactions which will require the Company's securityholders to identify and agree terms with potential purchasers of the Company's Securities, and there is no guarantee that securityholders will be able to dispose of their Securities.

If the Company decides to proceed with listing on the NSX, this may occur quite quickly or otherwise at such time when it becomes strategic to relist. As a result, until the Company is formally listed on the NSX, the Company's Securities will still only be capable of sale via off-market private transactions.

Subject to formal approval by the ASX, as well as the Company's shareholders, the Company expects that the Company will be removed from the Official List of the ASX in late April 2019.

The notice of meeting in respect of this proposal will be despatched to shareholders and released to the market in the coming days.

A handwritten signature in black ink, appearing to be 'PD' followed by a horizontal line.

Peter Dykes

Company Secretary

Chapmans Limited

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