



CHAPMANS

HIGH CONVICTION INVESTMENT & FINANCE

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11 May 2015

Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

SUSPECTED IMPROPER REGISTRATION OF SECURITY INTEREST

Dear Shareholders

The directors of Chapmans Ltd (ASX:CHP) (**Company**) were notified this morning that Peter Koadlow as executor of estate of the Elsie Koadlow Estate (**Lender**) registered a security interest over all of the present and after-acquired property of the Company on 8 May 2015 (**Security Interest**).

The Company has received legal advice that the Lender had no authority or basis on which to register the Security Interest and as such the Company will be urgently seeking to have the Security Interest set aside. The Company reserves all rights in relation to any damage suffered as a result of an improperly registered Security Interest.

In any event, the Lender together with its associates control approximately 14.95% total votes attached to the voting shares in the Company and is classified as a "substantial holder" for the purposes of ASX Listing Rule 10.1. The Company considers that the registration of the Security Interest without shareholder approval is potentially a breach of ASX Listing Rule 10.1 and is presently consulting with the ASX on this matter. If the ASX determines that the Security Interest registration is in breach of ASX Listing Rule 10.1, it may, under ASX Listing Rule 10.1, require the Company to take corrective action in accordance with ASX Listing Rule 10.9.

The directors will continue to update the market on the status of this matter, and particularly, the ASX's response as and when it is received by the directors.

Yours Faithfully

CHAPMANS LIMITED

Peter Dykes
Chairman