



CHAPMANS
HIGH CONVICTION INVESTMENT & FINANCE

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ABN 34 000 012 386

3 November 2015

Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Via: Electronic Lodgement

UNMARKETABLE PARCEL SHARE SALE FACILITY

The directors of Chapmans Limited (ASX: CHP) (**Chapmans** or the **Company**) are pleased to announce the establishment of a share sale facility (**Facility**) for holders of less than a marketable parcel (defined in the ASX Listing Rules as a parcel of securities of not less than \$500 in value) (**Less Than Marketable Parcel**) of the Company's shares. Of the Company's approximately 1,360 shareholders, 840 hold Less Than Marketable Parcels.

A Less Than Marketable Parcel Notice will be sent to all Chapmans shareholders with a registered shareholding of 55,555 shares or less on the Record Date. The Record Date for the purposes of establishing holders of Less Than Marketable Parcels has been set at 5:00pm AEST on 30 October 2015.

The Company is providing the Facility to holders of Less Than Marketable Parcels to sell their shares without incurring any costs that could otherwise make a sale of their shares uneconomic. The Company also expects to reduce the administrative costs associated with maintaining a large number of small shareholdings.

A summary of the key dates in relation to the Facility is as follows:

Unmarketable Parcels Record Date: 30 October 2015 at 5:00pm (AEST)

Unmarketable Parcels Announcement to ASX: 3 November 2015

Letters sent to shareholders holding Unmarketable Parcels: 3 November 2015

Closing Date for receipt of Share Retention Forms: 16 December 2015

Unmarketable Parcels Payment date: expected to be on or about 29 December 2015

The sale price will be equal to the average sale price of the whole Facility and rounded down to the nearest 0.1 cent. Each shareholder will receive the sale proceeds for their shares sold through the Facility on or around 29 December 2015.

Attached is a copy of the Share Retention Form which will be sent to all shareholders holding less than a Marketable Parcel of shares on the Record Date.

For more information contact:

Peter Dykes
Executive Chairman
T: (02) 9300 3630

Or visit our website at www.chapmansltd.com



Dear Chapmans Shareholder,

1 Notice of intention to sell shares of Less Than Marketable Parcel

The Board of Directors of Chapmans Limited (ASX: CHP) (**Chapmans** or the **Company**) are pleased to announce the Company will commence the process for the sale of ordinary shares (**shares**) for holders who hold less than a "marketable parcel" (defined in the ASX Listing Rules as a parcel of securities of not less than \$500 in value) (**Less Than Marketable Parcel**) (**Less Than Marketable Parcel Sale**).

This offer applies to shareholders who at 5:00pm (AEST) on 30 October 2015 (**Record Date**) were holders of shares in Chapmans valued at less than \$500 based on the closing price of Chapmans shares of \$0.009 per share on the Record Date. Our records show that you were a holder of Less Than a Marketable Parcel as at Record Date and accordingly your shareholding is eligible to participate in this share sale facility.

Chapmans is offering this facility as it provides the following benefits:

- (a) holders of Less Than a Marketable Parcel have the opportunity to sell their shares without incurring any brokerage or handling costs which, in proportion to the value of their holding, may otherwise render a sale unattractive or uneconomical; and
- (b) the expense and administration involved in maintaining shareholders with Less Than a Marketable Parcel is reduced.

The Company has approximately 1,360 shareholders of which approximately 840 hold Less Than a Marketable Parcel of shares that in aggregate represent approximately 3.25% of all issued shares of the Company.

You may choose to sell all of your holding or retain your existing holding as explained below.

2 Sell all of your Less Than Marketable Parcel

Unless you advise the Company by 5:00pm (AEST) on 16 December 2015 (**Closing Date**) that you do NOT wish to sell your shares through the Facility in accordance with Rule 7.6 of the Company's constitution. However, if on the Closing Date the value of your shares has increased such that you no longer have a Less Than Marketable Parcel (e.g. due to an increase in the Company's share price), your shares will not be sold. Your shares will be pooled with other shares under this facility and sold as soon as practicable after the Closing Date.

Chapmans will appoint an execution-only broker on behalf of shareholders to effect any sales under this facility. The price you receive for each share sold through this facility will be equal to the average price for the total shares sold through the facility.

All costs associated with the sale of your Shares will be borne by the Company. No brokerage will be payable by you.

Payment will be sent to you following settlement of the sale of all of the shares through the facility or otherwise as practicable. Payment will be made in Australian dollars by cheque. You will be notified by way of a transaction confirmation statement of the number of your shares that have been sold, the sale price obtained and the sale proceeds payable to you. The transaction confirmation statement and cheque will be sent by post to your address as shown in the share register.

If your shares are held in a CHESS holding, Chapmans may, after the Closing Date initiate a holding adjustment to move your shares to the issuer sponsored sub-register for the purpose of this facility.

Any tax consequences arising from the sale or buy-back of your shares will be your responsibility.

3 Retain your existing holding

If you wish to retain your existing holding then you must either:

- (a) correctly complete, sign and return the enclosed Share Retention Form so that it is received by 5.00pm AEST on 16 December 2015, being the Closing Date of this facility; or
- (b) arrange to have multiple holdings consolidated into the one holding which has \$500 in value (55,556 or more shares at a price of \$0.009) on the Closing Date; or
- (c) make your own arrangements outside this facility to purchase additional shares so that on the Closing Date you are the registered holder of \$500 in value (55,556 or more shares at a price of \$0.009 cents) or more shares under the holder number stated on the Share Retention.

If you successfully take one of these steps, Chapmans will not be entitled to sell your shares.

4 Important information

Chapmans reserves the right to vary, delay or terminate this sale facility by notice to the ASX.

Chapmans is not bound to sell any or all of the shares that may be available for it to sell under this facility, and there is no guarantee that Chapmans will be able to sell your shares. In addition, the sale proceeds may differ from the market value of your shares on the Record Date, depending on movements in the market price of the shares and on the Company appointed brokers' ability to procure purchasers.

The Company will determine whether a shareholder has a Less Than Marketable Parcel as at the Record Date. The Company will not have any reference to any increase in the price of shares after the Record Date in determining whose shares may be sold or bought back pursuant to this facility.

If you have a less than marketable parcel as at the Record Date, then unless you take one of the steps outlined in section 3 of this letter, Chapmans will be entitled to sell your shares under this facility.

Neither Chapmans nor any other person involved in the facility shall be liable for failure to sell the shares or at a particular price. The price of Chapmans shares is subject to change and an up-to-date price can be obtained from the ASX website (www.asx.com.au) under the code "CHP".

Chapmans does not make any recommendation or provide any advice to you regarding whether to sell your holding under this facility or retain your existing holding.

If you require advice as to whether to sell your shares, please consult your legal, financial or taxation adviser.

For further information, please contact the Company on (02) 9300 3630 between the hours of 8.30am and 5.00pm AEST, Monday to Friday.

Yours faithfully

On behalf of the Board of Directors of Chapmans Limited

A handwritten signature in black ink, appearing to be 'PD', with a long horizontal stroke extending to the right.

Peter Dykes
Executive Chairman

CHAPMANS LIMITED

ACN: 000 012 386

NOTICE OF RETENTION OF SHARES

Record Date: 30 OCTOBER 2015

«Holder_name»

«Address_line_1»

«Address_line_2»

«Address_line_3»

«Address_line_4»

HIN/SRN:

«Holder_type»«Holder_number»

Unmarketable Holding:

«Securities_1_»

The Directors

IMPORTANT NOTICE

**Please complete this inform if you do not wish your Shares in Chapmans Limited to be sold.
If you do not understand this notice you should immediately consult your financial advisor.**

I/we wish to retain my/our shareholding in the Company and hereby advise the Company that the provisions of Rule 7.6 of the Constitution are not to apply to my/our shares.

Signatures(s)

Individual/Security holder 1

3

Security holder 2

Security holder

Sole Director & Sole Company
Secretary

Director/Company Secretary

Director

Dated:/...../

Daytime Telephone Number

PLEASE RETURN THIS NOTICE TO THE COMPANY'S SHARE REGISTRY:

SECURITY TRANSFER REGISTRARS PTY LTD

Delivery:

770 Canning Highway

APPLECROSS WA 6153

Post:

PO BOX 535

APPLECROSS WA 6953

Facsimile: (08) 9315 2233

Telephone: (08) 9315 2333

Notes:

1. If you wish to retain your shareholding in the Company, please sign this notice in the space provided and return it to the Company's share registry **by 5:00pm AEST 16 December 2015.**
2. Notice in respect of a corporation must be executed in accordance with the constitution of that corporation.
3. Notices signed under power of attorney or by the executor of an estate must be accompanied by a copy of that power or letters of administration, as the case may be, unless previously lodged for noting.
4. In the case of holdings held by two or more persons, all holders must sign.
5. Please provide your daytime telephone number so we can contact you if there are any problems with your Notice of Retention.

**THIS NOTICE OF RETENTION MUST BE RECEIVED BY THE COMPANY'S SHARE REGISTRY
BY NO LATER THAN 5.00PM AEST ON 16 DECEMBER 2015**