



ASX/Media Release
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CHAPMANS TO MAKE STRATEGIC INVESTMENT IN LEADING MEDICINAL CANNABIS COMPANY AUNT ZELDA'S

The Directors of Chapmans Limited (ASX: CHP) (Chapmans, the Company) are pleased to announce that its specialist wholly owned medicinal cannabis subsidiary, Cannabis Investments Limited (CIL), has entered into a Term Sheet with AZ Pharmaceuticals Inc., the owner of the Aunt Zelda's medicinal cannabis business, to invest USD 2 million in Aunt Zelda's.

CIL is delighted to make this strategic investment in Aunt Zelda's. It is CIL's first investment in the medicinal cannabis sector, pursuant to its mandate to invest in high quality, value accretive opportunities in the rapidly emerging global medicinal cannabis sector (ASX announcement, 16 May 2017).

Aunt Zelda's is a leading research and data-driven developer and producer of cannabis-based medicines including cannabis infused oils and cannabis extracts, which are designed to treat a range of medical conditions and illnesses.

Aunt Zelda's is headquartered in California and is a significant player in the medicinal cannabis sector in North America. Since being established in 2010, it has developed an extensive portfolio of human data related to medicinal cannabis-based formulations and treatment protocols. Some of its formulas have been licenced to ASX listed Zelda Therapeutics Limited (ASX: ZLD).

Chapmans views CIL's investment in the Aunt Zelda's parent company as being strategically advantageous. It provides it with direct exposure to Aunt Zelda's portfolio of medicinal cannabis data, formulations and protocols, and also provides a mechanism for CIL to derive benefit from licencing deals entered in to by Aunt Zelda's.

Under the Term Sheet, CIL will invest USD 2 million in Aunt Zelda's and will acquire a 20% direct interest in Aunt Zelda's. The investment is to be funded from existing investment capital and debt and is expected to be completed within 30 days.

The funds will be used by Aunt Zelda's to fund the further growth and expansion of the business, with a specific emphasis on enhancing its business development capabilities and increasing sales of its medicinal cannabis oils and extracts in the US market, and also for expansion in to key international markets.

Chapmans' entry into medicinal cannabis sector is entirely consistent and complementary to its 'active', high conviction investment philosophy to invest in high growth opportunities across a diversified class of industry sectors.

CIL is a specialist cannabis investment company established by Chapmans to pursue high quality, value accretive investment opportunities in the rapidly emerging global medicinal cannabis sector.

In addition to its initial investment in Aunt Zelda's, CIL is currently in ongoing negotiations with a number of other targeted opportunities in the medicinal cannabis sector that meet its investment parameters, and will update the market on any material progress on these opportunities.

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About Cannabis Investments Limited

Cannabis Investments Limited (CIL) is a specialist, wholly owned medicinal cannabis subsidiary of Chapmans Limited (ASX: CHP). CIL was established to pursue high quality, value accretive investment opportunities in the rapidly emerging global medicinal cannabis sector. Its mandate is to evaluate and invest in a targeted and select number of high value added opportunities in advanced segments of the medicinal cannabis sector. CIL will also seek to pursue global licensing and distribution opportunities for its investments, to help ensure maximum market penetration and return on investment. It will initially focus on the North American market, which is acknowledged as the world's largest and most developed medicinal cannabis market.

About Chapmans

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. It seeks to be an active strategic investor in high growth areas of the market, and to identify and work with emerging high growth companies. The Company's 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.

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