



19 OCTOBER 2015

SKYDIVE THE BEACH GROUP LIMITED (ACN 167 320 470)

ASX ANNOUNCEMENT

RETAIL OFFER BOOKLET

MAILED TO ELIGIBLE RETAIL SHAREHOLDERS

Skydive the Beach Group Limited (**SKB** or "**the Company**") hereby attach a copy of the **Retail Offer Booklet** for the **Retail Entitlement Offer** component of the fully underwritten Accelerated Non-Renounceable Entitlement Offer ("**ANREO**" or "**Entitlement Offer**") announced on 12 October 2015, together with a copy of the personalised Entitlement and Acceptance Form, that will be despatched to all Eligible Retail Shareholders today.

Eligible Retail Shareholders are advised that these are important documents and require your immediate attention on receipt. If Eligible Retail Shareholders have any questions about the Retail Entitlement Offer, or the contents of the Retail Offer Booklet, they should consult their stockbroker, accountant, financial adviser or other independent professional adviser, or contact the SKB Share Registry on (02) 9290 9600.

Ends

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ABOUT SKYDIVE THE BEACH GROUP (ASX:SKB)

Skydive the Beach is an Australian based company operating skydiving experiences to the public since its establishment in 1999 by founder and CEO Anthony Boucaut. The company operates 16 drop zones across 4 states and has grown to become the largest tandem skydive operation in the Southern Hemisphere, forecasting over 112,000 skydives in FY2016. The company offers a complete range of skydiving services to the public, agents and media including tandem skydiving, night skydiving, and helicopter jumps as well as courses and skills development courses. The company utilise more than 300 staff and contractors and owns a fleet of 21 aircraft throughout Australia. Since inception, the company has experienced considerable growth with an average 30% CAGR in the number of tandem jumps per annum.

For further information www.skydive.com.au



SKYDIVE THE BEACH GROUP LIMITED

ACN 167 320 470

**ACCELERATED NON-RENOUNCEABLE
ENTITLEMENT OFFER**

RETAIL OFFER BOOKLET

19th October 2015

SKYDIVE THE BEACH GROUP LIMITED

ACN 167 320 470

Retail Offer Booklet and Entitlement and Acceptance Form

19th October 2015

This **Retail Offer Booklet** is for the **Retail Entitlement Offer** component of a fully underwritten Accelerated Non-Renounceable Entitlement Offer ("**ANREO**" or "**Entitlement Offer**").

The Retail Entitlement Offer component of the ANREO offered under this Retail Offer Booklet is for a pro-rata 2 for 9 non- renounceable entitlement offer of new fully paid ordinary shares ("**New Shares**") in **Skydive The Beach Group Limited** ("**SKB**") at an **Offer Price** of \$0.30 per New Share to Eligible Retail Shareholders ("**Retail Entitlement Offer**").

Based on current shares on issue and following the Institutional Offer that raised \$18,612,850 for the issue of 62,042,836 New Shares, a total of up to 3,230,431 New Shares will be offered under this Retail Entitlement Offer component of the Entitlement Offer to raise up to \$969,129.

This **Retail Entitlement Offer closes at 5.00pm (Sydney time) on Wednesday, 28 October 2015** (unless extended). Valid applications must be received before that time.

This Retail Offer Booklet is important and requires your immediate attention. This Retail Offer Booklet is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. This Retail Offer Booklet is not a prospectus under the *Corporations Act 2001* (Cth) ("**Corporations Act**") and has not been lodged with the Australian Securities and Investments Commission ("**ASIC**"). Please call your stockbroker, accountant, financial adviser or other independent professional adviser or Skydive The Beach Group Limited Share Registry, Boardroom Pty Limited on 02 9290 9600, if you have any questions.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

IMPORTANT INFORMATION

This is an important document and requires your immediate attention.

Defined terms used in relevant information notices or market announcements have the meaning given in this Retail Offer Booklet.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Retail Offer Booklet is not a prospectus

This Retail Entitlement Offer of New Shares is being made without issuing a prospectus in accordance with certain provisions of the *Corporations Act*, when read in conjunction with ASIC Class Order 08/35, which facilitate entitlement offers such as this to be made without the need for SKB to issue a disclosure document. As a result, this Retail Offer Booklet does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus. It is important for potential investors to read and understand the information regarding SKB and this Retail Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to the information in this Retail Offer Booklet, the SKB Annual Report as at 30 June 2015 available at www.skydive.com.au/investor-centre, and other announcements made available at www.skydive.com.au and www.asx.com.au.

The information in this Retail Offer Booklet does not constitute a recommendation to exercise Entitlements, or acquire New Shares, nor does it constitute financial product advice. This Retail Offer Booklet has been prepared without taking into account the investment objectives, financial or taxation situation or particular needs of any applicant for New Shares. Before applying for New Shares, you should consider whether such an investment is appropriate for your particular needs, considering your individual risk profile for speculative investments, investment objectives and individual financial circumstances. If you are in any doubt about the Retail Entitlement Offer or the contents of this Retail Offer Booklet, you should consult your stockbroker, accountant, financial adviser or other independent professional adviser.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares, you acknowledge that you have received and read this Retail Offer Booklet and the Entitlement and Acceptance Form in their entirety, you have acted in accordance with the terms of the Retail Entitlement Offer detailed in this Retail Offer Booklet, you agree to all of the terms and conditions as detailed in this Retail Offer Booklet, and you have made your own enquiries and assessment as to the assets, liabilities, financial position, profit and losses and prospects of SKB and the rights attaching to the New Shares.

Future performance and forward-looking statements

This Retail Offer Booklet contains certain ‘forward-looking statements’. Forward-looking statements can generally be identified by the use of forward-looking words such as ‘anticipate’, ‘believe’, ‘propose’, ‘expect’, ‘project’, ‘forecast’, ‘estimate’, ‘likely’, ‘intend’, ‘predict’, ‘plan’, ‘should’, ‘could’, ‘may’, ‘target’, ‘plan’, ‘consider’, ‘foresee’, ‘aim’, ‘will’ and other similar expressions. Any forward-looking statements, opinions and estimates provided in this Retail Offer Booklet are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of SKB, including the risks and uncertainties described in the “Key Risks” in Section 11 of

this Retail Offer Booklet. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements may include indications, projections, forecasts and guidance on sales, earnings, dividends and other estimates. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which those statements are based. These statements may assume the success of SKB's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond the control of SKB, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. The forward-looking statements are based on information available to SKB as at the date of this Retail Offer Booklet. Readers are cautioned not to place undue reliance on forward-looking statements and, except as required by law or regulation, SKB undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

To the maximum extent permitted by law, the Directors, SKB, and any of its related bodies corporate and affiliates, and their respective officers, partners, employees, agents, associates and advisers, disclaim any obligation or undertaking to release any updates or revisions to the information in this Retail Offer Booklet to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or the likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement, and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

Past performance

Investors should note that past performance, including past Share price performance and pro forma historical information, is included for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future SKB performance, including future financial position or future Share price performance.

Jurisdictions

This Retail Offer Booklet, and any accompanying market announcements and the Entitlement and Acceptance Form, do not constitute an offer in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements to purchase New Shares or otherwise permit a public offering of the Entitlements or the New Shares, in any jurisdiction outside of Australia and New Zealand.

Neither this Retail Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. This Retail Offer Booklet and any accompanying market announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the Entitlements nor the New Shares have been, or will be, registered under the US Securities Act of 1933 ("Securities Act") or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be issued to, purchased or traded by, or taken up or exercised by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the

account or benefit of a person in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. The Entitlements and the New Shares may only be offered and sold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the Securities Act) in compliance with Regulation S under the Securities Act.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer which is not contained in this Retail Offer Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in this Retail Offer Booklet may not be relied upon as having been authorised by SKB or any of its related bodies corporate or any of their respective officers, employees, agents, consultants or advisers.

References to 'you' and 'your Entitlement'

In this Retail Offer Booklet, references to 'you' are references to Eligible Retail Shareholders and references to 'your Entitlement' (or 'your Entitlement and Acceptance Form') are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Retail Shareholders (as defined in Section 13 of this Retail Offer Booklet).

Trading Entitlements and New Shares

SKB will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by SKB or the Share Registry or the Lead Manager, or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, accountant, financial adviser or other independent professional adviser. Refer to the 'Additional Information' section of this Retail Offer Booklet for more details.

Times and Dates

Times and dates in this Retail Offer Booklet are indicative only and subject to change. All times and dates refer to AEDT (Sydney time). Refer to the 'Key Dates' section of this Retail Offer Booklet for more details.

Currency

Unless otherwise stated, all dollar values in this Retail Offer Booklet are in Australian dollars (" \$" or "AUD").

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19th October 2015

Dear Shareholder

On behalf of **Skydive The Beach Group Limited ("SKB")** I am pleased to invite you to participate in a 2 for 9 fully underwritten pro-rata accelerated non-renounceable entitlement offer ("**ANREO**") of SKB ordinary shares ("**New Shares**") at an offer price of \$0.30 per New Share ("**Offer Price**"). This is the Retail Entitlement Offer, comprising part of the ANREO (or "**Entitlement Offer**") which also includes the Institutional Offer. Together, through the Retail Entitlement Offer and the Institutional Offer, SKB is seeking to raise approximately \$19,581,980 (before costs). The Entitlement Offer was announced on 12 October 2015 and is fully underwritten by Veritas Securities Limited.

Purpose of the Entitlement Offer and Use of Proceeds

The funds raised from the Entitlement Offer will be used to acquire 100% of the Skydive Queenstown Limited Group trading as Nzone, New Zealand's leading tandem skydiving company, details of which were set out in the ASX Release made on Monday 12 October 2015. The funds raised will also cover the acquisition cost of 2 additional aircraft, to enhance operational capacity at two existing Australian drop zones, the costs of the Entitlement Offer and provide general working capital to the Company. Further details of the use of proceeds from the Entitlement Offer are set out in Section 3 below.

The Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders (see Section 2.4 of this Retail Offer Booklet) are entitled to acquire 2 New Shares for every 9 existing fully paid ordinary Shares in SKB (Shares) held at 7.00pm (AEDT) on Thursday, 15 October 2015 ("**Record Date**"), at the Offer Price of A\$0.30 per New Share. The Offer Price represents a 3.93% discount to the theoretical ex-rights price ("**TERP**"), being the theoretical price at which the Shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which the Shares trade immediately after the ex-date for the Entitlement Offer may vary from TERP.

New Shares will be issued on a fully paid basis and will rank equally with existing Shares.

The Entitlement Offer comprises an institutional component, being the Institutional Offer, and a retail component being the Retail Entitlement Offer including a Retail Oversubscription Facility (each of these aspects of the Entitlement Offer are described in Section 2 of this Retail Offer Booklet).

As announced on 14 October 2015, SKB has successfully completed the institutional component of the Entitlement Offer which raised a total of \$18,612,850 for the issue of 62,042,836 shares.

This Retail Offer Booklet relates to the retail component of the Entitlement Offer (“**Retail Entitlement Offer**”).

The Retail Entitlement Offer provides Eligible Retail Shareholders with the same opportunity offered to those investors who participated in the Institutional Offer.

If you are an Eligible Retail Shareholder, you may do any one of the following:

- take up all or part of your Entitlement (see Section 4 of this Retail Offer Booklet)
- take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement. Those Additional New Shares will come from any potential Shortfall and may be up to 100% of your Entitlement unless you are a Related Party of SKB (see Section 4 of this Retail Offer Booklet); or
- do nothing and allow your Entitlement to lapse.

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Wednesday, 28 October 2015. If you are an Eligible Retail Shareholder and wish to participate, you need to ensure that before that time your completed personalised Entitlement and Acceptance Form and Application Monies are received by the Share Registry, or that you have paid your Application Monies via BPAY®, in accordance with the instructions set out on your personalised Entitlement and Acceptance Form and in this Retail Offer Booklet.

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred. You will not receive any value or consideration for any part of your Entitlement that lapses.

The Entitlement Offer is underwritten

The Entitlement Offer is fully underwritten by Veritas Securities Limited (“**Veritas**”). Please refer to Section 12.13 for details of the Underwriting Agreement.

Retail Offer Booklet

This Retail Offer Booklet includes key information about the Retail Entitlement Offer including,

- Key dates for the Retail Entitlement Offer (see Section 1) and overview of the Retail Entitlement Offer (see Section 2);
- Instructions on how to participate in the Retail Entitlement Offer or to forego your Entitlement (See Section 4); and
- Other important information (see Sections 3 & 12).

In particular, you should consider the key risk factors outlined in Section 11 that could affect the operating and financial performance of SKB or the value of an investment in SKB. Accompanying this Retail Offer Booklet is a personalised Entitlement and Acceptance Form which details your entitlement. It is to be completed in accordance with the instructions on the form and the information contained in this Retail Offer Booklet. You should consult your stockbroker, accountant or other independent professional adviser to evaluate whether or not you wish to participate in the Retail Entitlement Offer.

Directors' Recommendation

Each of the Directors unreservedly recommends the Retail Entitlement Offer to Eligible Shareholders.

I encourage all Shareholders to read this Retail Offer Booklet and the Entitlement and Acceptance Form in their entirety. If you are in any doubt as to these matters or are not sure what you should do with these documents, you should first consult your stockbroker, accountant, financial adviser or other independent professional adviser. Please also refer to the 'Additional Information' section of this Retail Offer Booklet for more details.

On behalf of the Board, I invite you to consider this investment opportunity and thank you for your ongoing support of SKB.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'W. Beerworth', with a small mark below it.

William J Beerworth
Chairman

1. KEY DATES FOR THE RETAIL ENTITLEMENT OFFER

Event	Date
Institutional Offer	Monday, 12 October 2015
Institutional Offer Results	Wednesday, 14 October 2015
Record Date (for eligibility for the Retail Entitlement Offer)	Thursday, 15 October 2015
Personalised Entitlement and Acceptance Form and Retail Offer Booklet despatched to Eligible Retail Shareholders	Monday, 19 October 2015
Retail Entitlement Offer opens	Monday, 19 October 2015
Institutional Offer settlement date	Tuesday, 20 October 2015
Quotation of New Shares issued under the Institutional Offer	Wednesday, 21 October 2015
Retail Entitlement Offer closes	Wednesday, 28 October 2015
Announce Results & Shortfall (if any)	Monday, 2 November 2015
Placement of Shortfall (if any)	Wednesday, 4 November 2015
Issue of New Shares under the Retail Entitlement Offer	Wednesday, 4 November 2015
Quotation of New Shares issued under the Retail Entitlement Offer	Thursday, 5 November 2015
Despatch of holdings statements	Thursday, 5 November 2015

Dates and times in the timetable above are indicative only and subject to change. All times and dates refer to Sydney time (AEDT). SKB, in conjunction with the Underwriter (as defined in Section 12) reserves the right to amend any or all of these dates and times without notice subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, SKB reserves the right to extend the closing date of the Retail Entitlement Offer to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension to the Closing Date will have a consequential effect on the issue date of New Shares.

The commencement of quotation of New Shares is subject to the discretion of, and confirmation from, ASX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

Enquires

If you have any questions, please contact Boardroom Pty Limited on 02 9290 9600 or your stockbroker, accountant, financial adviser or other independent professional adviser.

2. THE OFFER

2.1 Overview of the Retail Entitlement Offer

SKB is undertaking a fully underwritten accelerated non-renounceable 2 for 9 pro-rata Entitlement Offer.

If you are an Eligible Retail Shareholder you may apply for 2 New Shares for every 9 Shares held at 7.00pm (Sydney time) on Thursday, 15 October 2015 (Record Date) at the Offer Price of A\$0.30 per New Share. Upon application, you must pay the Offer Price for each New Share (and each Additional New Share, if applicable) in full.

The Entitlement Offer comprises the Institutional Offer and the Retail Entitlement Offer.

2.2 Institutional Offer

Under the Institutional Offer, Eligible Institutional Shareholders were given the opportunity to acquire 2 New Shares at the Offer Price for every 9 Shares held. Entitlements under the Institutional Offer were non-renounceable.

New Shares that were not taken up by Eligible Institutional Shareholders, together with the Entitlements of Ineligible Shareholders who are Institutional Shareholders, were allocated to Eligible Institutional Shareholders at the discretion of the Directors, in consultation with the Underwriter.

The successful completion of the Institutional Entitlement Offer portion of the Entitlement Offer was announced on 14 October 2015 with 62,042,836 New Shares Issued which raised \$18,612,850 in new capital. Settlement of the Institutional Entitlement Offer will occur on Tuesday 20 October 2015 with allotment and trading expected to occur on the following business day.

2.3 Retail Entitlement Offer

The Retail Entitlement Offer is fully underwritten.

The Retail Entitlement Offer opens on Monday, 19 October 2015 and closes at 5.00pm (AEDT) on Wednesday, 28 October 2015.

The offer ratio and Offer Price under the Retail Entitlement Offer are the same as for the Institutional Offer.

Eligible Retail Shareholders will be sent this Retail Offer Booklet and a personalised Entitlement and Acceptance Form. The Entitlement and Acceptance Form will show the number of New Shares and Additional New Shares for which you are entitled to apply under the Retail Entitlement Offer.

Eligible Retail Shareholders are invited to subscribe for all or part of their Entitlement under the Retail Entitlement Offer. Eligible Retail Shareholders who take up all of their Entitlement

(and are not a Related Party of SKB) may also apply for Additional New Shares of up to 100% of their Entitlement. Additional New Shares, if any, may be issued from the Shortfall once quantified by the Company. Applications for Additional New Shares are subject to scale-back at the absolute discretion of SKB and the Underwriter.

2.4 Eligible Retail Shareholders

The Retail Entitlement Offer is only open to Eligible Retail Shareholders. Eligible Retail Shareholders are those persons who:

- Are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney time) on Thursday, 15 October 2015;
- Have a registered address on the SKB share register in Australia or New Zealand;
- Are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding Shares for the account or benefit of such person in the United States);
- Were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Offer and were not treated as Ineligible Shareholders under the Institutional Offer; and
- Are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Retail shareholders who are not Eligible Retail Shareholders are Ineligible Shareholders.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder.

SKB, in conjunction with the Underwriter, may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder of SKB that was eligible to participate in the Institutional Offer but was not invited to participate in the Institutional Offer (subject to compliance with relevant laws).

SKB has decided that it is unreasonable to make offers under the Retail Entitlement Offer to shareholders who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places. SKB, in conjunction with the Underwriter, may (in its absolute discretion) extend the Retail Entitlement Offer to shareholders who have registered addresses outside Australia and New Zealand (except the United States) in accordance with applicable law.

2.5 Additional New Shares

Eligible Retail Shareholders who take up all of their Entitlement (and are not a Related Party of SKB) may apply for up to 100% of their Entitlement in addition to their entitlement as Additional New Shares. This means that in total you may apply for up to 200% of your Entitlement (being the Entitlement plus Additional New Shares up to the same number as your Entitlement). Eligible Retail Shareholders who apply for Additional New Shares in excess of

their Entitlement may be offered some or all of the New Shares (as the case may be) not otherwise taken up by other Eligible Retail Shareholders. These shares will form part of the Shortfall.

Please note that Additional New Shares will only be allocated to you if there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlement or from New Shares that would have been offered to Ineligible Shareholders if they had been eligible to participate in the Retail Entitlement Offer, subject to any scale-back that SKB may apply (in its absolute discretion). If you apply for Additional New Shares, there is no guarantee you will be allocated any. Any allocation of Additional New Shares will be made on a pro-rata basis. Related Parties of SKB may not apply for Additional New Shares. SKB will only issue Shares under the Retail Entitlement Offer where the Directors are satisfied, in their discretion, that the issue of such Shares will not increase a Shareholder's voting power in contravention of the takeover prohibitions in section 606 of the *Corporations Act*.

2.6 Persons with more than one holding

If you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

2.7 Trading of New Shares and Additional New Shares

It is expected that trading on ASX will commence in relation to the New Shares (and Additional New Shares, if any) issued under the Retail Entitlement Offer on a normal 'T+3' settlement basis on 5 November 2015. It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares or Additional New Shares (if applicable). The sale of New Shares or Additional New Shares (if applicable) prior to the receipt of a holding statement is at the seller's own risk.

SKB and the Underwriter will have no responsibility and disclaim all liability (to the maximum extent permitted by law, including for negligence) to persons who trade New Shares or Additional New Shares (as the case may be) before they receive their confirmation of issue, whether on the basis of confirmation of allocation provided by SKB, the Share Registry or the Underwriter or otherwise, or who otherwise trade or purport to trade New Shares or Additional New Shares (as the case may be) in error or which they do not hold or to which they are not entitled.

2.8 Non-renounceable

The Retail Entitlement Offer is non-renounceable. Entitlements cannot be traded or transferred. Any New Shares not subscribed for by Eligible Retail Shareholders will form part of the Shortfall and, to the extent not allocated as Additional New Shares as part of the Shortfall, will be subscribed for by the Underwriter or by sub-underwriters, subject to the terms of the Underwriting Agreement.

You should read this Retail Offer Booklet carefully before making any decisions in relation to your Entitlement.

2.9 The Retail Entitlement Offer

Eligible Retail Shareholders are able to apply for 2 New Shares for every 9 existing SKB Shares held as at 7.00pm Sydney time on the Record Date of Thursday, 15 October 2015 at the Offer Price of \$0.30 per New Share.

The Retail Entitlement Offer opens at 10.00am Sydney time on Monday, 19 October 2015 and will close at 5.00pm Sydney time on Wednesday, 28 October 2015.

New Shares issued pursuant to the Retail Entitlement Offer will be fully paid and rank equally in all respects with existing Shares from the time of issue. New Shares will be entitled to any dividends with a record date after the date of issue on the same basis as existing Shares.

To date the Company has not paid any dividends but has declared a dividend of one cent per share payable on 30 October 2015, with a record date at 5.00pm on Friday 16 October 2015. The New Shares will not be eligible for this dividend.

The rights and liabilities attaching to the New Shares are set out in the Constitution of SKB, a copy of which is available at www.skydive.com.au/investor-centre.

2.10 Your Entitlement

Your Entitlement is set out in the personalised Entitlement and Acceptance Form accompanying this Retail Offer Booklet and has been calculated as 2 New Shares for every 9 existing SKB Shares you held as at the Record Date. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number of New Shares. If you have more than one registered holding of Shares, you will be sent more than one personalized Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Cooling off rights do not apply to applications submitted under the Retail Entitlement Offer or to an investment in the New Shares. You cannot withdraw your application once it has been accepted. Eligible Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

2.11 Summary of available responses

Response available to you	Key considerations
1. Take up all or part of your Entitlement	• You may elect to purchase some or all of the New Shares offered to you at the Offer Price (see Section 4 for instructions on how to take up your Entitlement). • The New Shares, once issued, will rank equally in all respects with your existing Shares. • The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Wednesday, 28 October 2015. • If you only take up part of your Entitlement, that part not taken up will lapse at the time of closing.
2. Take up all of your Entitlement and also apply for Additional New Shares	• Eligible Retail Shareholders who take up all of their Entitlement (and are not a Related Party of SKB) may also apply for Additional New Shares of up to 100% of their Entitlement. Applications for Additional New Shares are subject to scale-back at the absolute discretion of SKB and the Underwriter.
3. Do nothing and let your Entitlement lapse	• Any Entitlements not taken up will lapse (see Section 4. • By letting your Entitlement lapse, you will forgo any exposure to increases or decreases in the value of New Shares. Your percentage shareholding in SKB may also be diluted. • You will receive no value for your Entitlement if it lapses.

3. KEY INFORMATION

The following announcements have been made to ASX in connection with the ANREO and are reproduced herein for convenience:

ASX Release – Acquisition of Skydive Queenstown Limited Group – 12 October 2015

ASX Release – Underwritten ANREO – 12 October 2015

ASX Release – Investor Presentation – 12 October 2015

ASX Release – Completion of Institutional Offer - 14 October 2015



12 OCTOBER 2015

SKYDIVE THE BEACH GROUP LIMITED (ACN 167 320 470)

ASX ANNOUNCEMENT

ACQUISITION OF NEW ZEALAND'S LEADING TANDEM SKYDIVING GROUP

ANNOUNCES A\$19.6M EQUITY RAISING

Summary

- Skydive the Beach Group (**ASX: SKB**) has executed an agreement to purchase the Skydive Queenstown Limited Group (**SQ**)
- SQ is New Zealand's (**NZ**) leading tandem skydiving company, with an approximately 33% market share. It is the dominant player in Queenstown, the biggest adventure tourism destination in the Southern Hemisphere
- The SQ transaction is expected to be materially earnings accretive from completion
- Under the agreement, SKB will acquire 100% of the shares in SQ Group entities for a consideration of NZ\$17m (A\$15.5m¹) representing a multiple of 5.0x EV to SQ's FY15 underlying EBITDA
- The acquisition enhances SKB's market leading position with a major established NZ growth business
- It will lead to a 20% increase in SKB's tandems on an annualised basis, improving SKB's guidance for FY16 to 130,381 tandems, A\$54.9m revenue and A\$13.5m EBITDA
- The acquisition will be funded by a fully underwritten A\$19.6m equity raising via a 2 for 9 pro-rated accelerated non-renounceable entitlement offer launched today
- The transaction is expected to complete by 30 October 2015

Details

Skydive the Beach Group Limited ('the **Company**' or '**Skydive**' or '**SKB**') is pleased to announce it has entered into an agreement with the privately owned Skydive Queenstown Limited Group (**SQ**), trading as Nzone; New Zealand's leading tandem skydiving company.

SKB will acquire 100% of the SQ entities for a consideration of NZ\$17m (A\$15.5m) representing a multiple of 5.0x EV to SQ's FY15 underlying EBITDA². Financial close is expected on 30 October 2015.

To fund the acquisition, SKB has launched a fully underwritten A\$19.6m equity raising via an accelerated non-renounceable entitlement offer (**ANREO**) today. Please see SKB's separate ASX Announcement.

About SQ

SQ is New Zealand's leading tandem skydiving company, representing an approximately 33% market share. The business is the only skydive operator in Queenstown, the largest adventure tourism

¹ Exchange rate of AUDNZD 1.10 used throughout the release

² Underlying EBITDA of \$3.4m is unaudited EBITDA for FY15 (year-end 31 March 2015)

destination in the southern Hemisphere. A reported 1.4 million overseas travellers visited New Zealand in FY15, representing a growth of 12% year on year³.

SQ was founded in 1990, and has remained privately owned by its two founders. The business employs over 70 staff and has conducted over 250,000 tandem jumps during its 25 years of operation.

SQ operates two internationally recognised brands, Nzone Skydive (88% of jumps) and Skydive Paradise (12% of jumps) and is renowned for its superior product and adventure experience.

SQ operates an excellent aircraft fleet, including 2 Cessna Grand Caravans; the same aircraft as SKB key sites across Australia.

During FY15, SQ conducted 23,055 tandems (+9% on FY14), generated revenues of \$10.4m (+16% FY14) and reported an underlying EBITDA \$3.4m (+48% FY14). EBITDA margins were significantly increased from 25.5% in FY14 to 32.3% in FY15.

Strategic rationale

SQ is a strong strategic fit for SKB, and the acquisition delivers on three of SKB's four strategic priorities: acquisitions, diversification and efficiencies.

Outlook

SKB recently upgraded FY16 EBITDA guidance from \$10.9m to \$11.5m driven by savings and synergies from the integration of ASG, which was completed at the end of March 2015. At this time, the Company reaffirmed tandems of 112,827 and Revenue of \$47.5m.

Incorporating an 8-month impact of the SQ acquisition in FY16, FY16 guidance is upgraded to:

- 130,381 tandem skydives
- \$54.9m Revenues
- \$13.5m EBITDA

Investor Presentation

For further information on the SQ acquisition, please see the SKB's Investor Presentation in a separate ASX Announcement made today.

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³ Source: ZQN news: update from Queenstown Airport Corporation. Issue 24, September 2015. Available at www.queenstownairport.co.nz



ABOUT SKYDIVE THE BEACH GROUP (ASX:SKB)

Skydive the Beach is an Australian based company operating skydiving experiences to the public since its establishment in 1999 by founder and CEO Anthony Boucaut. The company operates 16 drop zones across 4 states and has grown to become the largest tandem skydive operation the Southern Hemisphere, forecasting over 112,000 skydives in FY2016. The company offers a complete range of skydiving services to the public, agents and media including tandem skydiving, night skydiving, and helicopter jumps as well as courses and skills development courses. The company utilise more than 300 staff and contractors and owns a fleet of 21 aircraft throughout Australia. Since inception, the company has experienced considerable growth with an average CAGR of tandems of 35% and delivering \$26.3m revenues and \$6.0m EBITDA in FY2015.

For further information www.skydive.com.au



12 OCTOBER 2015

SKYDIVE THE BEACH GROUP LIMITED (ACN 167 320 470)

ASX ANNOUNCEMENT

\$19.6m UNDERWRITTEN ACCELERATED NON-RENOUNCEABLE ENTITLEMENT ISSUE

Skydive the Beach Group Limited (**SKB or "the Company"**) is pleased to announce a fully underwritten accelerated non-renounceable Entitlement issue ("**Entitlement Issue**") to raise \$19,581,980 before costs. Under the Entitlement Issue, shareholders will be entitled to acquire 2 new ordinary shares ("**New Shares**") for every 9 held at 7.00pm (Sydney time) on Thursday, 15 October 2015 at an issue price of \$0.30 per New Share.

Based on the Company's capital structure, the maximum number of securities that may be issued under the Entitlement Offer is approximately 65,273,267 New Shares.

The Entitlement Issue will comprise an institutional component, being the Institutional Offer, and a retail component being the Retail Entitlement Offer. The Institutional Offer will raise approximately \$18.4 million from institutional and sophisticated investors in the Company for the issue of 61.4 million New Shares. The Retail Entitlement Offer component of the Entitlement Issue will raise approximately \$1.2 million for the issue of 3.9 million New Shares to eligible shareholders.

The offer price of \$0.30 per share represents a 4.76% discount to the last traded price of \$0.315 on Friday, 9 October 2015 (being the last traded price before the announcement of the Entitlement Offer) and a discount of 3.93% to the theoretical ex-rights price (TERP) of \$0.312

The Entitlement Offer is fully underwritten by Veritas Securities Limited ACN 117 124 535

The funds raised from the Entitlement Issue will be used to acquire 100% of **Skydive Queenstown Limited** trading as Nzone, New Zealand's leading tandem skydiving company ("**Acquisition**"), details of which are set out in the ASX Release made today accompanying this one.

The funds raised will also cover the acquisition cost of 2 additional aircraft, to enhance operational capacity at two existing Australian drop zones, the costs of the Entitlement Issue and provide general working capital to the Company.

An offer document relating to the Entitlement Offer (**Retail Offer Booklet**) will be released to the ASX and is expected to be mailed to eligible retail shareholders on 19 October 2015, together with a personalised Entitlement and Acceptance Form.

Timetable

The current proposed timetable for the Entitlement Offer is set out below.

Event	Date
Institutional Offer & Bookbuild	Monday, 12 October 2015
Institutional Offer Results	Wednesday, 14 October 2015
Record Date (for eligibility for the Retail Entitlement Offer)	Thursday, 15 October 2015
Personalised Entitlement and Acceptance Form and Retail Offer Booklet despatched to Eligible Retail Shareholders	Monday, 19 October 2015

Institutional Offer settlement date	Monday, 19 October 2015
Retail Entitlement Offer opens	Monday, 19 October 2015
Quotation of New Shares issued under the Institutional Offer	Tuesday, 20 October 2015
Retail Entitlement Offer closes	Wednesday, 28 October 2015
Announce Results & Shortfall (if any)	Monday, 2 November 2015
Placement of Shortfall (if any)	Wednesday, 4 November 2015
Issue of New Shares under the Retail Entitlement Offer	Wednesday, 4 November 2015
Quotation of New Shares issued under the Retail Entitlement Offer	Thursday, 5 November 2015
Despatch of holdings statements	Thursday, 5 November 2015

The dates and times in the timetable above are indicative only and subject to change. All times and dates refer to Sydney time (AEDT). SKB, in conjunction with the underwriter reserves the right to amend any or all of these dates and times without notice subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, SKB reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension to the Closing Date will have a consequential effect on the issue date of New Shares.

Further details of the Entitlement Issue are included in separate ASX Announcements today relating to an Investor Presentation and an Appendix 3B; and further information will be provided to eligible retail shareholders in the Retail Offer Booklet to be released on 19 October 2015.

CONTACT

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ABOUT SKYDIVE THE BEACH GROUP (ASX:SKB)

Skydive the Beach is an Australian based company operating skydiving experiences to the public since its establishment in 1999 by founder and CEO Anthony Boucalt. The company operates 16 drop zones across 4 states and has grown to become the largest tandem skydive operation the Southern Hemisphere, forecasting over 112,000 skydives in FY2016. The company offers a complete range of skydiving services to the public, agents and media including tandem skydiving, night skydiving, and helicopter jumps as well as courses and skills development courses. The company utilise more than 300 staff and contractors and owns a fleet of 21 aircraft throughout Australia. Since inception, the company has experienced considerable growth with an average CAGR of tandems of 35% and delivering \$26.3m revenues and \$6.0m EBITDA in FY2015.



12 OCTOBER 2015

SKYDIVE THE BEACH GROUP LIMITED (ACN 167 320 470)

ASX ANNOUNCEMENT

INVESTOR PRESENTATION

FOR

ACQUISITION OF SKYDIVE QUEENSTOWN

AND

UNDERWRITTEN ACCELERATED NON-RENOUNCEABLE ENTITLEMENT ISSUE

Skydive the Beach Group Limited (**SKB or "the Company"**) hereby attach a copy of the Investor Presentation for the acquisition of Skydive Queenstown and the underwritten accelerated non-renounceable Entitlement issue.

CONTACT

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ABOUT SKYDIVE THE BEACH GROUP (ASX:SKB)

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For further information www.skydive.com.au



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Summary information

This presentation contains summary information about SKB and its related bodies corporate and their activities, current as at 12 October 2015. The information in this presentation is a general background and does not purport to be complete or comprise all the information that an investor should consider when making an investment decision. SKB, its Directors, Officers, Employees and advisers (Affiliates) have used reasonable endeavours to ensure that the information contained in this presentation is not misleading but they make no representation and give no warranty in this regard and, to the extent permitted by law, disclaim all liability arising from any direct, special, indirect or consequential losses of any kind arising from any cause (including without limitation negligence) which any person may sustain as a result of reliance on this presentation. The information contained in this presentation has not been independently verified.

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AGENDA

- ① Acquisition Summary
- ② Strategic Rationale
- ③ Transaction Funding and Impact
- ④ Entitlement Offer and Transaction Process
- ⑤ Key Risks
- ⑥ Foreign Jurisdictions & Eligibility Criteria
- ⑦ SKB background Information

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1. Acquisition Summary

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ACQUISITION SUMMARY

SKB has entered into an agreement to acquire Skydive Queenstown Ltd. (“SQ”)

Transaction Overview	- SKB to acquire SQ, New Zealand’s (NZ) leading tandem skydiving company, with approximately 33% market share 2 drop zones located in NZ’s highest adventure, leisure and travel destination, Queenstown - Operates under two brands: NZONE Skydive (88% of jumps), Skydive Paradise (12%) - Acquisition cost of NZ\$17m (A\$15.5m)* funded via predominantly cash and part scrip
Compelling Strategic Rationale	- Expected to be materially EPS accretive to SKB shareholders on an annualised basis - Creates a diversified, international portfolio of assets and drop zones - Key SQ sites are growing strongly (8% 2 YEAR CAGR of tandem), adding in excess of 23,000** tandem skydives to SKB per annum - Executes on SKB’s growth strategy of acquisitions, diversification (geographically and seasonally) and efficiencies. - SKB has an experienced leadership team with track record of execution on strategic growth and successful acquisitions

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* Exchange rate of AUDNZD 1.10 used throughout the presentation
 ** SQ delivered 23,055 tandem skydives in FY15, with 17,554 jumps for 8 months included in FY16

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ACQUISITION SUMMARY

Transaction Funding	⦿ A\$19.6m fully underwritten accelerated renounceable entitlement offer (ANREO) with Institutional Offer opening 12 October 2015 and Retail Offer opening on 19 October 2015
Attractive Financial Rationale and Expected Financial Impact	⦿ Anticipated to deliver significant value to SKB shareholders: ⦿ Proposed transaction expected to be EPS accretive in FY16 (8%) and FY17 (12%) ⦿ Upgrade to guidance for FY16: ⦿ Tandem Skydives: from 112,827 to 130,381 jumps ⦿ Revenue: from A\$47.5m to A\$54.9m ⦿ EBITDA: from A\$11.5m to A\$13.5m
Timetable	⦿ Completion date of SQ acquisition 30 October 2015
FY16 and beyond	⦿ SKB intention to maintain dividend of circa 1 cent per share per annum going forward ⦿ SKB to continue to pursue growth opportunities in FY16 and beyond

ACQUISITION

- ✓ **On 28 July 2015, SKB executed a confidential, non-binding MOU with Skydive Queenstown Limited trading as Nzone (SQ)** so the parties could negotiate a potential transaction
- ✓ **Under the terms of the Sale and Purchase Agreement signed on 9 October 2015,** SKB will acquire all of the shares in the SQ Group entities for a consideration of NZ\$17m (circa A\$ 15.5m). The consideration is to be paid as follows:
 - ✓ Non-refundable deposit of NZ\$250,000 paid to SQ Accountant trust account on the date of the MOU
 - ✓ Cash settlement of NZ\$15,250,000 to be paid on completion
 - ✓ Scrip settlement to the value of NZ\$500,000 in SKB (at the ANREO price of A\$0.30)
 - ✓ Cash amount of NZ\$1,000,000 to be placed into escrow for 12 months to support warranties. Of the total placed into escrow, 50% will be released to the vendors on successful agreement of the completion accounts

OVERVIEW OF SQ

Key Facts

- High barriers to entry: the only skydive operator in arguably the world's largest adventure tourist destination (Queenstown)
- Founded in 1990 and headquartered in Queenstown
- SQ has conducted 250,000 tandem jumps during 25 years of operations
- Circa 70 employees located across 2 drop zones, shop front and head office; long term leases in place
- Premium aircraft fleet; 3 aircraft owned outright
- No company debt
- Leading market position, reputation and brand (previous winner of NZ Supreme Tourism Award)
- Strong operating culture with established quality systems and procedures, excellent safety record
- Operates in region where international visitors increased by 29% in FY15

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Location

Queenstown



Two well recognised brands



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SQ BUSINESS TIMELINE

Corporate History

1991	1993	1999	2000	2001	2005	2009	2010	2011	2012
Introduced Freefall Photography and purchased 1 st aircraft	Erected Customer Service Facility at Dropzone	Purchased 1 st Turbine aircraft	Built Aircraft Hanger and Extended Customer facilities	Rebranded from Skydive Tandem "The Ultimate Jump" to NZONE "The Ultimate Jump" Opened Customer Booking Centre in central Queenstown	Introduced XLR - Learn to Skydive Course	Extended Hangar and improved Customer Facilities	Supervan 900 purchased to Double Aircraft Capacity	Celebrated 21 years of operation	2nd Supervan 900 purchased, completed Extensive Renovation of DropZone and Customer Service Centre in Queenstown

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NZONE

**Internationally recognised brand, ideal dropzone location,
quality aircraft fleet**



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NZONE

SQ has quality fleet including 2 Cessna Grand Caravans



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2. Strategic Rationale

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EXECUTES ON 3 OF 4 KEY STRATEGIC PRIORITIES DRIVING FUTURE GROWTH

Acquisitions ✓

Efficiencies ✓

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Diversification ✓

Further Start ups

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STRATEGIC RATIONALE FOR SQ ACQUISITION – HIGHLIGHTS

- ① Track record of delivering growth
- ② Market leading position in strong growth sector
- ③ Strong strategic fit with SKB
- ④ Profitable business, SKB EBITDA accretive

1. TRACK RECORD OF DELIVERING GROWTH

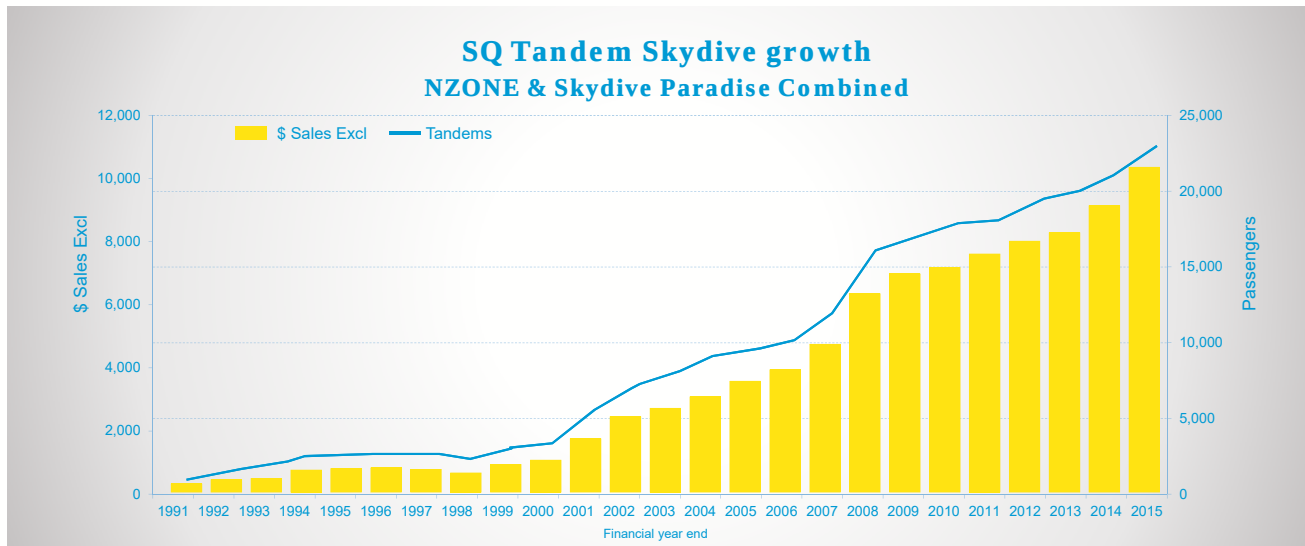
Rationale for growth:

- ⦿ The NZ leader in tandem skydiving
- ⦿ Proven operational expertise
- ⦿ Sustained competitive advantages: positioning, aircraft fleet, certifications and barriers to entry
- ⦿ Location: the adventure capital of the world

NZD	FY13	FY14	FY15
Tandems	19,673	20,930	23,055
Revenue (NZ\$000's)	9,253	8,955	10,443
Normalised EBITDA (NZ\$000's)	1,985	2,286	3,375
Normalised EBITDA Margin (%)	21.4%	25.5%	32.3%
Average transaction value	470	428	453

* Based 31 March 2015 year-end

1. TRACK RECORD OF DELIVERING GROWTH



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2. MARKET LEADING POSITION IN STRONG GROWTH SECTOR

Skydiving long-term industry growth is supported by overseas traveller numbers, annual spend by overseas travellers as well as domestic travellers

NZ Industry Statistics

- 🕒 NZ saw a record 3 million visitors in FY15
- 🕒 Visitors spent \$8.7bn, up 28% on FY14*
- 🕒 SKB's key target market, Youths, represented 22% of total arrivals and 34% of value of spend**

Queenstown Industry Statistics

- 🕒 1.4m travellers through Queenstown airport in FY15, up 12%***
- 🕒 Growth driven by offshore travellers (30% of total numbers growing c.30% in FY15)***
- 🕒 New flight routes into Queenstown should support traveller growth over the medium-term

* Source: Tourism Industry Association New Zealand. Press Release 21 August 2015,

** Source: Inside Tourism 18 September 2014,

*** Source: ZQN news: update from Queenstown Airport Corporation. issue 24, September 2015. available at available at www.queenstownairport.co.nz

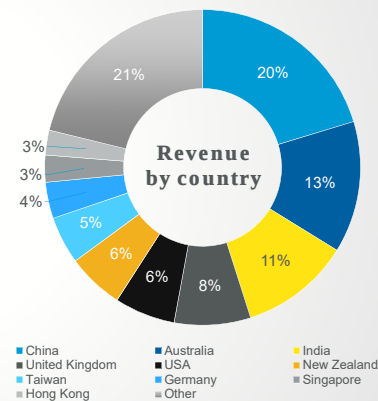
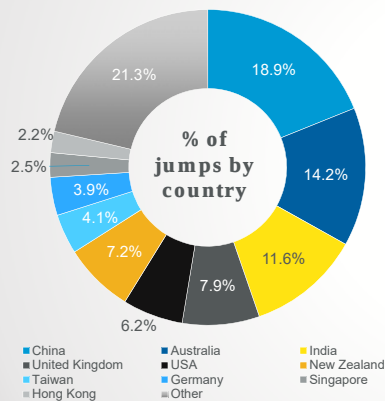
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2. MARKET LEADING POSITION IN STRONG GROWTH SECTOR

Mix of jumps and revenue by international travellers, 2015



Source is data collected from customers captured on arrival at Nzone for the financial year

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3. STRONG STRATEGIC FIT WITH SKB

- ⦿ **Executes on SKB's growth strategy**
 - ⦿ Enhances SKB's market leading position with established growth business
 - ⦿ Creates an international operational footprint, diversifying and complementing existing SKB footprint
- ⦿ **Increases expertise and skills** across the business
- ⦿ **Synergies** – economies of scale with potential significant cost savings
- ⦿ **SKB EBITDA** accretive

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3. Transaction Funding and Impact

TRANSACTION FUNDING

- ⦿ **A\$19.6m accelerated non-renounceable entitlement offer (ANREO) announced today (12 October 2015)**
- ⦿ Institutional and retail components of Offer at ratio of 2 shares for every 9 held on record date
- ⦿ Offer price A\$0.30 per share
- ⦿ The Offer is fully Underwritten
- ⦿ New shares represent 18.2% of expanded capital

Use of funds:

- ⦿ Acquisition of SQ for cash consideration on settlement of NZ\$16.5m (A\$15m)
- ⦿ Purchase of 2 new aircraft circa US\$3.0m (A\$4.0m)
- ⦿ Costs of offer

PRO-FORMA CONSOLIDATED BALANCE SHEET (A\$)

	SKB Audited		Pro forma		SKB Pro-forma
Assets	30-Jun-15		adjustments		30-Jun-15
Current assets					
Cash and cash equivalents	9,235,000		(3,734,416)		5,500,584
Trade and other receivables	1,979,000		0		1,979,000
Inventories & Other Assets	1,661,000		0		1,661,000
Total current assets	12,875,000		(3,734,416)		9,140,584
Non-current assets					
Trade and other receivables	1,762,000		0		1,762,000
Property, plant and equipment	26,883,000		4,000,000		30,883,000
Investment in Nzone	0		15,454,545		15,454,545
Intangible assets	7,624,000		0		7,624,000
Total non-current assets	36,269,000		19,454,545		55,723,545
Total assets	49,144,000		15,720,129		64,864,129
Liabilities					
Current liabilities					
Trade and other payables	2,297,000		0		2,297,000
Borrowings	1,401,000		0		1,401,000
Other Current liabilities	2,080,000		0		2,080,000
Total current liabilities	5,778,000		0		5,778,000
Non-current liabilities					
Borrowings	8,218,000		0		8,218,000
Other Non-current Liabilities	1,963,000		0		1,963,000
Total non-current liabilities	10,181,000		0		10,181,000
Total liabilities	15,959,000		0		15,959,000
Net assets	33,185,000		15,720,129		48,905,129
Equity					
Issued capital	32,039,000		19,057,426		51,096,426
Retained earnings	2,468,000		(3,337,297)		(869,297)
Reserves	(1,322,000)		0		(1,322,000)
Total equity	33,185,000		15,720,129		48,905,129

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Key assumptions of pro-forma Balance Sheet

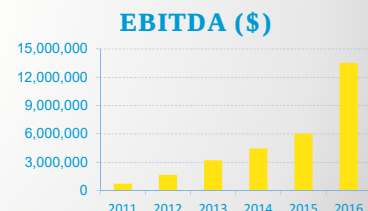
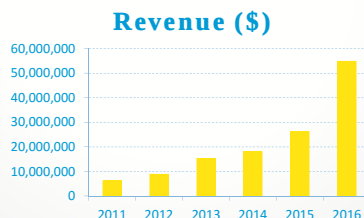
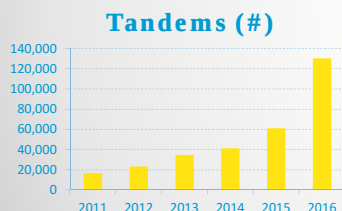
- Rights Issue to raise A\$19.6m
- Acquisition of Skydive Queenstown for:
 - A\$15.5m in cash
 - A\$0.454 in SKB shares
- Purchase 2 new aircraft for SKB AU operations A\$4m
- Cost of Offer and other costs A\$1.3m
- Dividend paid 30 October 2015 A\$2.9m

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EXPECTED FINANCIAL IMPACT AND FY16 GUIDANCE

- Upgrade to guidance for FY16 to:
 - **130,381 tandem jumps**
 - **\$54.9m revenue and**
 - **\$13.5m EBITDA**
- Previous FY16 guidance: 112,827 tandem jumps, \$47.5m revenue and \$11.5m EBITDA
- Strong business momentum expected to continue in FY16



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4. Entitlement Offer and Transaction Process

ENTITLEMENT OFFER OVERVIEW

Offer size	2 for 9 pro-rated accelerated non-renounceable entitlement offer to raise A\$19.6m - New SKB ordinary shares to be issued (18.2% of issued capital)
Offer Price	- A\$0.30 per share, representing: 3.93% discount to the TERP (Theoretical ex-rights price) 4.76% discount to last closing price on 9 October of \$0.315 per share
Institutional Entitlement Offer	- Institutional Entitlement Offer opens on Monday 12 October 2015 and closes Tuesday 13 October 2015 - Executive Directors and associated entities intend to relinquish entitlement to facilitate further institutional participation on SKB register
Retail Entitlement offer	- Record date for Retail entitlements will be 15 October 2015 - Retail Entitlement Offer opens on Monday 19 October 2015 and closes Wednesday 28 October 2015 - The Retail Entitlement Offer is open to eligible shareholders with a registered address in Australia or New Zealand - Entitlement not taken up and entitlements of ineligible retail shareholders will be forfeited
Dividends	New shares will rank equally in all respects with existing shares from the date of allotment, but will not be entitled to the final FY15 dividend payable on 30 October 2015
Underwriting Agreement	The Offer is fully underwritten by Veritas Securities Limited

ENTITLEMENT OFFER TIMETABLE

Event	Date
Institutional Entitlement Offer opens	Monday 12 October 2015
Institutional Offer results	Wednesday 14 October 2015
Record date (for eligibility for the Retail Entitlement Offer)	Thursday 15 October 2015
Retail Offer booklet dispatched to Eligible Retail Shareholders	Monday 19 October 2015
Institutional Offer settlement date	Monday 19 October 2015
Retail Entitlement Offer opens	Monday 19 October 2015
Quotation of new shares under Institutional Offer	Tuesday 20 October 2015
Retail Entitlement Offer closes	Wednesday 28 October 2015
Announce Results & Shortfall (if any)	Monday 2 November 2015
Placement of Shortfall (if any)	Wednesday 4 November 2015
Issue of new shares under the Retail Entitlement Offer	Wednesday 4 November 2015
Quotation of New Shares issued under the Retail Entitlement Offer	Thursday 5 November 2015
Despatch of holdings statements	Thursday 5 November 2015

5. Key Risks

KEY RISKS

Type of Risk	Description of Risk
SKB Specific Risks (risks specific to the SKB Group's business and the industry in which it operates)	
Acquisition risk	The Entitlement Offer is aimed at raising sufficient funds for SKB Group to expand its business by undertaking the Acquisition. There can be no guarantee that the conditions precedent to the completion of that transaction will be met or waived. There can be no guarantee that the SKB Group will be able to achieve the revenue or profits from its business, including the business the subject of the Acquisition within the currently proposed timelines, or within the proposed budget.
Dilution risk	In the event that a Shareholder does not participate in the Retail Entitlement Offer at all or to the maximum amount of its Entitlement it is likely to see its shareholding in SKB diluted.
Reputation risk	The success of the SKB Group is dependent on it maintaining a positive reputation. Unforeseen issues or events which place the reputation of the SKB Group at risk may impact on future earnings and growth prospect. Investors should be aware that the activities undertaken by the SKB Group are inherently risky and any adverse event may impact the SKB Group's reputation.
Development risk	- Whilst SKB was incorporated on 19 December 2013, the businesses it acquired on 1 July 2014 and on 31 March 2015 have significant operating histories. The prospects of SKB must be considered in light of the risks, expenses and difficulties frequently encountered by companies in development and expansion of an existing business. - There are a number of risks facing SKB in the execution of its business strategy. While the Directors are of the view that there are plans in place to ensure these risks are mitigated, these factors may still impact upon investor returns.
Competition and sensitivity	- It is possible that other entities in Australia, New Zealand and around the world may try to compete with the SKB. SKB cannot guarantee that a competitor will not reduce the SKB's market share or margins through competitive businesses or strategies. - SKB's financial performance is sensitive to a number of variables, which variables (both positive and negative) may arise as a result of competition or otherwise.
Funding	The ability of SKB to effectively implement and expand its business plan over time may depend, in part, on its ability to raise additional funds as required. SKB and the Directors give no assurances that any equity or debt funding will be available to SKB, or be available on acceptable terms.
Weather	The ability of SKB to provide its skydiving services is weather dependent. Parachuting can be adversely affected by strong wind, rain, low cloud or a combination of these meteorological events. Whilst every effort is made to maximise the number of jumps per day, safety of the customers is of paramount importance and cancellation or postponement of scheduled jumps may affect revenue and profitability, notwithstanding that a certain level of "adverse weather factor" is built into the budgets and forecasts.

KEY RISKS (CONT'D)

Type of Risk	Description of Risk
SKB Specific Risks (risks specific to the SKB Group's business and the industry in which it operates)	
Reliance on Board Members and Key Management	- The responsibility of overseeing the day-to-day operations and the strategic management of SKB depends substantially on its Board of Directors, senior management and key personnel. There can be no assurance given that there will be no detrimental impact on SKB if one or more of these personnel cease their employment or engagement with SKB. - While every effort is made to retain key personnel, and to recruit new personnel as the need arises, the loss of one or more key personnel may adversely affect SKB's development plans, earnings or growth prospects.
Drop zone leases	The SKB Group does not own any real estate and leases all of its drop zone sites. There is a risk that SKB Group's operations and financial performance may be adversely affected in the event that any drop zone leases were not renewed in the future.
Equipment	- SKB Group's business has significant reliance on its aircraft, parachutes and associated parachute equipment, vehicles and systems necessary for tandem skydiving and from time to time may incur significant expenditure on equipment and systems upgrades and maintenance. The SKB Group's equipment and systems are an essential part of the successful running of its day to day business and as such any interruptions to one or more of these equipment or systems could impair the ability of the SKB Group to service its clients. - Maintenance, repair, backup and restoration procedures are in place, however a natural disaster or other unforeseen event that results in a loss of use of, or access to, SKB Group's equipment or systems, the loss or corruption of data or the inability of the SKB Group to service its clients could have a negative impact on the SKB Group's performance.
Relationship with suppliers and lessors	The SKB Group contracts with third parties to provide certain goods and services including hangars, runways and some aircraft and including leases of all of its existing drop zone sites. The ongoing relationship management with its suppliers is important to the ongoing success of the SKB Group's business. Failure to maintain such relationships with its suppliers and certifiers in the future may lead to termination of any of the supply contracts or lease agreements and provide opportunities for competitors to gain a competitive advantage, and may have other adverse effects such as lessening the ability of the SKB Group to service its customers which may have an adverse effect on the SKB Group's earnings and growth prospects.
Government and legal risk	Changes in government, fiscal, monetary environmental, taxation, regulatory policies and other laws may also affect the business of the SKB Group. The market in which the SKB Group provides products and services is anticipated to become subject to increasing regulation. Changes to the regulatory framework could impact on the industry generally and have an adverse impact on the financial position, performance, assets and operations of the SKB Group.

KEY RISKS (CONT'D)

Type of Risk	Description of Risk
SKB Specific Risks (risks specific to the SKB Group's business and the industry in which it operates)	
Aviation permits	- SKB's operations rely upon the availability of aircraft it either owns or sources from Subsidiaries or external suppliers from time to time. Some of SKB's Subsidiaries are appointed the registered operator by CASA for aircraft it owns. SKB and Related Parties endeavor to meet all CASA operational requirements and flight standard approvals. There is no guarantee that each of the aircraft will continue to meet the appropriate CASA flight approvals and standards at all times. CASA may issue changes to the flight approvals and standards from time to time and the resultant changes may require the installation of additional equipment, modifications, additional costs and time to resolve or comply. Flight approval changes may result in particular locations not being able to be operated whilst complying with any regulation change. If this circumstance arises this could impact on SKB's proposed future sales of skydiving and related products and would negatively impact future revenue generation. - In the event that the Acquisition is completed, SKB or its relevant Subsidiary will need to ensure compliance with regulation of Aviation regulatory bodies in New Zealand in addition to those in Australia. Risks of the nature set out above will apply in the New Zealand jurisdiction as well as in Australia as a result.
Growth Management	- SKB's success is dependent upon the successful management and execution of its growth strategy. To manage this growth effectively, SKB will need to maintain efficient control and supervision of its operations and financial systems and continue to expand, train and manage its employees and secure new appropriate skilled employees. Further to this, SKB will need to keep abreast of new and developing technology. There is a risk that SKB may not be able to execute its growth strategies. - In particular, SKB's growth strategy depends upon its ability to continue to maintain and grow generic earnings as well as identify and make suitable acquisitions that are revenue and profit accretive.
Taxation	Changes in tax law, or changes in the way taxation laws are interpreted may impact the tax liabilities of SKB or the tax treatment of a Shareholder's investment. In particular, both the level and basis of taxation may change. In addition, an investment in the New Shares involves tax considerations which may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in SKB.
Regulatory risk	SKB is subject to a range of regulatory controls imposed by government and regulatory authorities in Australia. In the event that the Acquisition is completed, SKB may be required to also comply with regulatory controls imposed by the government of, and regulatory authorities in, New Zealand. The relevant regulatory regimes are complex and are subject to change over time depending on changes in the laws and the policies of the governments and regulatory authorities. SKB is exposed to the risk of changes to the applicable laws and/or the interpretation of existing laws which may have a negative effect on SKB, its investments and/or returns to Shareholders or the risks associated with non-compliance with these laws (including reporting or other legal obligations). Non-compliance may result in financial penalties being levied against the SKB.

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KEY RISKS (CONT'D)

Type of Risk	Description of Risk
SKB Specific Risks (risks specific to the SKB Group's business and the industry in which it operates)	
Dividend risk	There is no certainty that SKB will continue to pay dividends in the future.
Insurance	- The operation of a skydiving business involves hazards and risks that could result in SKB incurring losses or liabilities that could arise from its operations. The SKB Group's parachuting operations at each of its Australian drop zones are covered by public liability insurance provided to all members of the Australian Parachute Federation (APF) as part of membership fees paid by the SKB Group to the APF. The public liability insurance provided with membership of the APF responds in relation to negligent damage caused to third party person or property whilst participating in parachuting activity under the auspices of APF. - If SKB incurs losses or liabilities which are not covered by the insurance policies provided by the APF, the funds available for working capital and/or revenue growth opportunities may be reduced. - SKB has, and intends to maintain, insurance of its assets and operations in accordance with industry practice through its own insurance policies. However, the occurrence of an event that is not covered or fully covered by these insurance policies could have a material adverse effect on the business, financial condition and results of SKB. - Relevant insurance in New Zealand for skydiving is under the Accident Compensation Corporation (ACC) scheme. The ACC scheme provides a no fault system for personal injury. The Accident Compensation Act 2001 precludes any person from suing another person, where the first person's injury may have been caused by the other person's negligence. The scheme also supports people who have suffered an injury where no one else is involved.
Loss of goodwill	There is an inherent risk of loss of business goodwill in the event of an accident occurring involving the SKB Group or any of its operations.

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KEY RISKS (CONT'D)

Type of Risk	Description of Risk
Investment Specific Risks (general risks associated with an investment in SKB)	
Income and capital risk	An investment in SKB is speculative in nature and the capital contributed and the returns projected are not guaranteed by SKB, its Directors, officers or any other person. The speculative nature of the investment poses a risk and the capital may not be returned.
Proportionate Share Liability	Given the likelihood of a Shortfall arising in relation to the Retail Entitlement Offer, with such Shortfall being placed as referred to in this Retail Offer Booklet, SKB cannot determine the impact on existing proportionate shareholding until this Entitlement Offer is complete.
Liquidity Risk	Shares may not trade at a particular price or a particular volume. There may be no ongoing liquid market for Shares. Accordingly there is a risk that, should the market for shares become illiquid, Shareholders will be unable to realise their investment in SKB.
Dilution	SKB may need to raise additional funds through a further capital raising or debt facility at some time in the future after the conclusion of capital raising being undertaken under this Entitlement Offer. Any such further capital raising is likely to have the effect of diluting the interests of Shareholders.
Litigation	In the ordinary course of its business, the SKB Group may be subject to the risk of litigation and other disputes with its employees, consultants, lessors, regulators and other third parties. Proceedings may result in high legal costs, adverse monetary judgments and/or damage to SKB's reputation, which ultimately is likely to have an adverse effect on the financial performance of the SKB Group.
Financial performance	The operating results of the SKB Group are difficult to predict and are subject to a number of factors from time to time. SKB may not achieve its stated objectives and forward-looking statements may not be achieved.
General economic risks	- The performance of SKB, in common with other companies, is subject to general economic conditions, movements in interest and inflation rates, prevailing global commodity prices and currency exchange rates that may have an adverse effect on SKB's activities, as well as its ability to fund those activities. - Share market conditions may affect the value of the SKB's quoted securities regardless of the SKB's operating performance. Share market conditions can be affected by many market factors such as: - General economic outlook; - Interest rates and inflation rates; - Currency fluctuations; and - Changes in investor sentiment.

6. Foreign Jurisdictions & Eligibility Criteria

FOREIGN JURISDICTIONS & RESTRICTIONS ON ELIGIBILITY CRITERIA

Eligible Retail Shareholders

This Information contains an offer of New Shares to Eligible Retail Shareholders with a registered address on the SKB Share register in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by ASIC.

Eligible Retail Shareholders are those persons who:

- Are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney time) on Thursday 15 October 2015;
- Have a registered address on the SKB share register in Australia or New Zealand;
- Are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds SKB ordinary shares for the account or benefit of such person in the United States);
- Were not invited to participate (other than as nominee in respect of other underlying holdings) under the Institutional Offer and were not treated as Ineligible Shareholders under the Institutional Offer; and
- Are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Shareholders who are not Eligible Institutional Shareholders or Eligible Retail Shareholders are Ineligible Shareholders. SKB reserves the right to determine whether a shareholder is an Ineligible Shareholder.

By returning a completed personalized Entitlement and Acceptance Form or making a payment by Bpay®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Overseas Shareholders

Shareholders with registered addresses outside Australia and New Zealand will be considered as Ineligible Shareholders and not be offered Entitlements pursuant to this Retail Entitlement Offer.

7. SKB Background Information

DIRECTORS OF SKB



William (Bill) Beerworth
NON-EXECUTIVE CHAIRMAN

Experienced Investment Banker and Corporate Solicitor specialising in corporate strategy, M&A, IPOs and foreign investment. Before founding Beerworth + Partners, held a number of senior positions and career successes including: ED of HSBC Bank Australia and MD of its corporate finance subsidiary, Senior Partner of King & Woods Mallesons, a member of the Inquiry into the Australian Financial System (the Wallis Inquiry) and Chair of the Australian Commission on Safety and Quality in Healthcare and of Macquarie Graduate School of Management.

Bill's degrees are BA LLB (Sydney), LL.M SJD (Virginia), MCOM (NSW), MBA (Macquarie). He is a member of the NSW Law Society and is FAICD, FCPA and CTA.



Anthony Boucat
EXECUTIVE DIRECTOR
CHIEF EXECUTIVE OFFICER

Founder and major shareholder of Skydive, he has over twenty years in the skydiving industry and 25 years experience in the aviation industry. He has a proven track record in the delivery of targets and cost efficiencies.

During Anthony's 6 years in the military, he completed an Aviation trade and went on to perform aviation electronic engineering.

Anthony has a Bachelor of Science degree from University of Wollongong, and is a member of the Australian Institute of Company Directors (AICD) and the Australian Parachute Federation. He previously held the role as Director of Tourism Wollongong



Anthony Ritter
EXECUTIVE DIRECTOR
CHIEF FINANCIAL OFFICER

Anthony has over twenty years of financial, management and corporate governance experience as CFO, CEO, GM and director of both private and not-for-profit entities. Since Anthony has joined the Skydive the Beach Group in FY11, the business has increased from 3 drop zones to 16. Anthony was also instrumental in listing SKB on the ASX.

Anthony is currently Executive Director and shareholder of SKB and has been the President of Scarborough Wombarra Surf Lifesaving Club Inc for the past ten years.

Anthony has a Bachelor of Commerce degree from University of Wollongong, was admitted as a member of the Institute of Chartered Accountants of Australia in 2004, is a member of the Australian Institute of Company Directors and the Australian Parachute Federation.

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DIRECTORS OF SKB



Timothy Radford
EXECUTIVE DIRECTOR
CHIEF OPERATING OFFICER

AS COO for the last 6 years, Tim has 22 years of skydiving experience including 10 years at SKB and 8 years service in the infantry corps with experience in military parachuting and a love for civilian skydiving development. He is qualified and worked as a skydiving instructor, both in Australia and overseas.

Tim is currently an Executive Director and shareholder of SKB. Tim is also a member of the Australian Institute of Company Directors and the Australian Parachute Federation.



John Diddams
NON-EXECUTIVE DIRECTOR

With over 40 years of financial and management experience as CFO, CEO and director of both private and public listed companies, John has been the principal of a CPA firm that provides corporate advisory services to SME & mid-cap companies across a variety of industries. Experienced in of IPO advisory for the last 20 years, including an IPO to establish Australia's first indoor skydiving wind tunnel (ASX: IDZ).

John is currently a non-executive Director of Martin Aircraft Company Limited (ASX: MJP) and is Deputy Chair of Not for Profit, House with No Steps.

John has a B.Com from UNSW, is a Fellow of the Australian Society of CPAs and a Fellow of the Australian Institute of Company Directors.



Dr Nigel Finch
NON-EXECUTIVE DIRECTOR

More than 3 decades in directorships and senior management positions across private, public and not-for-profit companies as well as early stage and mature businesses in manufacturing, mining, entertainment financial services, higher education and emerging markets and has significant experience in economic development and institution building throughout Asian markets.

Nigel was Associate Dean at the University of Sydney Business School, and holds degrees in accounting, business and law and a PhD in business law. He was the Associate Professor in Accounting at the University of Sydney.

Nigel is the non-executive chairman of 3D Medical Limited (ASX:3DM)

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ABOUT SKYDIVE THE BEACH

- ⦿ Established in **1999**, Wollongong NSW
- ⦿ **Substantial business, growth** organically and through acquisitions
- ⦿ Wollongong drop zone is the **largest tandem skydive operation in Australia**
- ⦿ **16 drop zones** spread over Australia in 4 states
- ⦿ More than 300 staff and contractors engaged throughout Australia
- ⦿ Owns a fleet of **21 aircraft** throughout Australia
- ⦿ Established Skydive the Beach Group Ltd in December 2013
- ⦿ **Offering a range of skydiving experiences in scenic locations including:**
 - Tandem skydiving
 - Night tandem skydives
 - Learn to skydive courses
 - Helicopter jumps

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**Skydive
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16 DROP ZONES: WELL DIVERSIFIED PORTFOLIO, GEOGRAPHICALLY SPREAD

- | | |
|------------------------|-----------------|
| ⦿ SYDNEY – WOLLONGONG | ⦿ ROCKINGHAM |
| ⦿ CENTRAL COAST | ⦿ YORK |
| ⦿ HUNTER VALLEY | ⦿ AIRLIE BEACH |
| ⦿ NEWCASTLE | ⦿ CAIRNS |
| ⦿ MELBOURNE – ST KILDA | ⦿ BRISBANE |
| ⦿ GREAT OCEAN ROAD | ⦿ BYRON BAY |
| ⦿ YARRA | ⦿ MISSION BEACH |
| | ⦿ CENTRAL COAST |



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AUSTRALIA: INDUSTRY OVERVIEW

Insurance

- The Australian Parachute Federation holds a master insurance policy that is arranged to respond in relation to negligent damage caused to third party person or property whilst participating in parachuting under an APF Licence. Cost for this insurance is included in membership fees. All customers of SKB become a member of the APF prior to their skydive, and as such they fund the cost of such insurance (currently set at \$17 per member)
- SKB has never had a successful claim against this master insurance policy.
- Other insurance held by SKB includes personal liability, passenger cover, aviation hull and liability cover, management liability

Safety

- SKB has developed state of the art operational procedures and safety systems
- SKB is the largest purchaser of new parachuting equipment in the southern hemisphere
- Injuries sustained with tandem skydiving are extremely low and below the industry average
- SKB utilises the automatic opening parachuting equipment
- APF audit SKB for equipment, safety systems, reporting, and aircraft compliance annually
- SKB has never had a tandem skydive fatality

Competition

- Currently 73 drop zones in Australia offering tandem jumps for first time jumpers, mostly based on east coast
- Competition from indoor skydiving could have an affect on "fun jumping" by experienced skydivers, but is unlikely to affect tandem jumps and is considered complimentary to the SKB business.
- Other competitors include other adventure activities like V8 super cars, white water rafting, bungee jumping, hot air ballooning, etc.

Further information
www.skydive.com.au



14 OCTOBER 2015

SKYDIVE THE BEACH GROUP LIMITED (ACN 167 320 470)

ASX ANNOUNCEMENT

INSTITUTIONAL COMPONENT OF ENTITLEMENT OFFER COMPLETE

WITH STRONG INSTITUTIONAL SHAREHOLDER & INVESTOR SUPPORT

Highlights:

- \$18.6m raised in a strongly supported institutional share placement
- Offer well supported by existing shareholders, with strong interest from new institutions,
- We welcome Perpetual Investments as a substantial shareholder,
- Funds raised will primarily be used to acquire Skydive Queenstown Limited ("SQ"), trading as Nzone, New Zealand's leading tandem skydiving business, and
- SKB continues to pursue growth opportunities in FY16 and beyond

Skydive the Beach Group Limited (**SKB or "the Company"**) announces the successful completion of the Institutional Offer component of a fully underwritten 2 for 9 pro-rata accelerated non-renounceable Entitlement offer at a price of \$0.30 per share ("**Entitlement Offer**") to raise \$19,581,980 before costs.

The issue price of \$0.30 per new share represents a discount of 3.93% to the TERP (Theoretical ex-rights price) and a 4.76% to last closing price of SKB on the ASX on Friday 9 October 2015.

The institutional component of the Entitlement Offer raised \$18,612,850 from institutional and sophisticated investors in the Company for the issue of 62,042,836 New Shares. The Offer was well supported by existing Institutional shareholders, with strong interest from new institutions.

The funds raised from the Entitlement Issue will be used to acquire 100% of **Skydive Queenstown Limited** trading as Nzone, New Zealand's leading tandem skydiving company, details of which were set out in the ASX Release made on Monday 12 October 2015. The funds raised will also cover the acquisition cost of 2 additional aircraft, to enhance operational capacity at two existing Australian drop zones, the costs of the Entitlement Issue and provide general working capital to the Company.

Mr Bill Beerworth, SKB Chairman said, "We are very pleased with the support we have received from our existing institutional shareholders and would like to welcome Perpetual as a new substantial shareholder. As over 95% of the Entitlement Offer has now been placed through the Institutional Offer, I would commend the Retail Offer to the Eligible Retail Shareholders and encourage them to read the Retail Offer Booklet for further details relating to the Retail Entitlement Offer.

I would also add that the acquisition of Skydive Queenstown is an excellent one for the Company. It executed on SKB's strategic growth plans and will greatly enhance the operations and future profitability of the Company."

An offer document relating to the retail component of the Entitlement Offer ("**Retail Offer Booklet**") will be released to the ASX on Monday 19 October 2015, and will be mailed to Eligible Retail Shareholders, together with a personalised Entitlement and Acceptance Form.

Eligible Retail Shareholders with a registered address in Australia and New Zealand on the **Record Date of 7:00pm (Sydney Time) on Thursday 15th October 2015** will be invited to participate in the Retail Entitlement Offer and are encouraged to carefully read the Retail Offer Booklet for further details relating to the Retail Entitlement Offer. The dates and times in the timetable mentioned above and included in the Retail Offer Booklet are indicative only and may be subject to change.

The Retail Entitlement Offer, as with the Institutional Offer, is fully underwritten by Veritas Securities Limited. Eligible Retail Shareholders who take up all of their Entitlement may apply for up to 100% of their Entitlement, in addition to their Entitlement as Additional New Shares, should there be a Shortfall

in the Retail Entitlement Offer, however, there is no guarantee that there will be a Shortfall, nor whether Eligible Retail Shareholders who apply for New Shares will receive any Additional New Shares. Further details of the Retail Entitlement Issue will be provided to Eligible Retail Shareholders in the Retail Offer Booklet to be released on Monday 19 October 2015.

Defined terms have the same meaning as set out in the Retail Offer Booklet.

ENDS

CONTACT

ANTHONY RITTER

COMPANY SECRETARY

T 1300 663 634

E COMPANYSECRETARY@SKYDIVE.COM.AU

ABOUT SKYDIVE THE BEACH GROUP (ASX:SKB)

Skydive the Beach is an Australian based company operating skydiving experiences to the public since its establishment in 1999 by founder and CEO Anthony Boucaut. The company operates 16 drop zones across 4 states and has grown to become the largest tandem skydive operation the Southern Hemisphere, forecasting over 112,000 skydives in FY2016. The company offers a complete range of skydiving services to the public, agents and media including tandem skydiving, night skydiving, and helicopter jumps as well as courses and skills development courses. The company utilise more than 300 staff and contractors and owns a fleet of 21 aircraft throughout Australia. Since inception, the company has experienced considerable growth with an average CAGR of tandems of 35% and delivering \$26.3m revenues and \$6.0m EBITDA in FY2015.

For further information www.skydive.com.au

4. HOW TO APPLY AND ACTIONS REQUIRED BY YOU

4.1 Consider the Retail Entitlement Offer carefully in light of your particular investment objectives and circumstances

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act, when read in light of ASIC Class Order 08/35, which allow entitlement offers to be made without a prospectus. This Retail Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Retail Entitlement Offer. As a result, it is important for you to read carefully and understand the information on SKB and the Retail Entitlement Offer made publicly available, prior to accepting all or part of your Entitlement. In particular, please refer to the information in this Retail Offer Booklet, the SKB 2015 Annual Report [is available at www.skydive.com.au/investor-centre](http://www.skydive.com.au/investor-centre) and other announcements (including made after publication of this Retail Offer Booklet) made available at www.skydive.com.au or www.asx.com.au.

The information in this Retail Offer Booklet does not constitute a recommendation to exercise Entitlements and/or acquire New Shares and does not constitute financial product advice. This Retail Offer Booklet has been prepared without taking into account the investment objectives, financial or taxation situation or particular needs of any person with an Entitlement or any applicant for New Shares. Before taking any action with respect to your Entitlement or applying for New Shares, you should consider whether such action and/or investment is appropriate to your particular needs, considering your individual risk profile for speculative investments, investment objectives and individual financial circumstances. An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of SKB, including possible loss of income and principal invested. SKB does not guarantee any particular rate of return or the performance of SKB, nor does it guarantee the repayment of any capital from SKB or any particular tax treatment. In considering an investment in New Shares, you should also refer to the “Key Risks” referred to in in Section 11 of this Retail Offer Booklet. If you are in any doubt about the Retail Entitlement Offer or the contents of this Retail Offer Booklet, you should consult your stockbroker, accountant, financial adviser or other independent professional adviser.

4.2 Options available to you

If you are an Eligible Shareholder, you may take any of the following actions:

- (a) take up all or part of your Entitlement (see Section 4.3);
- (b) If you take up all of your Entitlement and are not a Related Party, you may also apply for Additional New Shares of up to 100% of your Entitlement (see Section 4.3); or
- (c) do nothing and let your Entitlement lapse (see Section 4.4)

4.3 If you wish to take up all or part of your Entitlement (and potential Additional New Shares, if applicable)

If you wish to take up all or part of your Entitlement (and potential Additional New Shares if applicable), please either:

- Complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies; or
- Pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form, in which case you do not need to return your personalised Entitlement and Acceptance Form,

in each case, by no later than 5.00pm (Sydney time) on Wednesday, 28 October 2015.

If you only take up part of your Entitlement, the remaining part you do not take up will lapse and the New Shares not subscribed for will form part of the Shortfall. Your percentage holding in SKB will be reduced. As the Entitlement Offer is non-renounceable, you will not receive any value or consideration for any part of your Entitlement that lapses. Your Entitlement cannot be traded on ASX, or any other exchange, nor can it be privately transferred.

If you take up and pay for all or part of your Entitlement (and pay for Additional New Shares if applicable) before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares (and Additional New Shares if applicable) on Wednesday 4 November 2015. SKB's decision on the number of New Shares (and Additional New Shares if applicable) to be issued to you will be final.

SKB, in conjunction with the Underwriter, also reserves the right (in its absolute discretion) to reduce the number of New Shares and Additional New Shares issued to Eligible Retail Shareholders (or persons claiming to be Eligible Retail Shareholders), if SKB believe their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to SKB's satisfaction.

4.4 If you do nothing:

If you decide not to apply for any of your Entitlement, or fail to apply by the Closing Date, your Entitlement will lapse. The New Shares not subscribed for will form part of the Shortfall and your percentage holding in SKB will be reduced. As the Entitlement Offer is non-renounceable, you will not receive any value or consideration for any part of your Entitlement that lapses. Your Entitlement cannot be traded on ASX, or any other exchange, nor can it be privately transferred.

5. PAYMENT

5.1 You can pay in the following ways:

- by Bpay®; or
- by cheque or bank draft or money order.

Cash payments will not be accepted. Receipts for payment will not be issued.

SKB will treat you as applying for as many New Shares as your payment will pay for in full, up to your Entitlement. If your payment will pay for more than your full Entitlement, SKB will treat you as applying for your full Entitlement and as many Additional New Shares by way of oversubscription to any Shortfall as your payment will pay for in full.

Any Application Monies received for more than your final allocation of New Shares (or Additional New Shares if applicable) will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

5.2 Payment by Bpay®

For payment by Bpay®, please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make payment via Bpay® if you are the holder of an account with an Australian financial institution that supports Bpay® transactions.

If you are paying by Bpay®, please make sure you use the specific Biller Code and your unique Customer Reference Number (CRN) on your personalized Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognized as valid. Please note that if you choose to pay by Bpay®:

- (a) you do not need to submit your personalized Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in this section 5 and, if applicable, section 6, at the time of payment; and
- (b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered by your Application Monies.

It is your responsibility to ensure that your Bpay® payment is received by the Share Registry by 5:00 pm on the Closing Date and time as set out in this Retail Offer Booklet. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make your payment.

5.3 Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalized Entitlement and Acceptance Form in accordance with the instructions on the form and return it so that it is received by the Share Registry by 5:00 pm on the Closing Date, accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to “SKB Retail Entitlement Offer” and crossed “Not Negotiable”.

Your cheque, bank draft or money order must be:

- (a) for an amount equal to \$0.30 multiplied by the number of New Shares (and, if applicable, Additional New Shares) for which you are applying; and
- (b) in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque

for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares (and, if applicable, Additional New Shares) for which you have applied in your personalized Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares (and, if applicable, Additional New Shares) as your cleared Application Monies will pay for (and to have specified that number of New Shares (and, if applicable, Additional New Shares) on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

5.4 Mailing or hand delivery of Entitlement and Acceptance Forms

To apply for an allocation from your Entitlement of New Shares (and, if applicable, Additional New Shares) in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being **5.00pm Sydney time on Wednesday, 28 October 2015**. If you make payment via cheque, bank draft or money order, you should mail or hand deliver your completed personalized Entitlement and Acceptance Form together with Application Monies to:

Mailing Address:

SKYDIVE THE BEACH GROUP LIMITED
SKB Retail Entitlement Offer
c/- Boardroom Pty Ltd
GPO Box 3993
Sydney NSW 2001

Hand Delivery Address:

SKYDIVE THE BEACH GROUP LIMITED
SKB Retail Entitlement Offer
c/- Boardroom Pty Ltd
Level 12, 225 George Street
Sydney NSW 2000

Entitlement and Acceptance Forms and Application Monies will not be accepted at SKB's registered or corporate offices, or other offices of the Share Registry.

6. REPRESENTATIONS MADE ON ACCEPTANCE OF THE RETAIL ENTITLEMENT OFFER

By completing and returning your personalized Entitlement and Acceptance Form or making payment by Bpay® you will be deemed to have acknowledged, agreed, represented and warranted to SKB that you, and each person on whose behalf you are acting:

- (a) acknowledge that you have fully read and understood both this Retail Offer Booklet and your Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Retail Offer Booklet and the Entitlement and Acceptance Form;
- (b) agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet, and the Constitution of SKB;
- (c) authorise SKB to register you as the holder(s) of New Shares (including any Additional New Shares) allotted to you;
- (d) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (e) declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;

- (f) acknowledge that once SKB receives your Entitlement and Acceptance Form or any payment of Application Monies via Bpay®, you may not withdraw your application or funds provided except as allowed by law;
- (g) agree to apply for and be issued up to the number of New Shares (and, if applicable, Additional New Shares) specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via Bpay®, at the Offer Price per New Share;
- (h) authorize SKB, the Lead Manager, Underwriter, the Share Registry and their respective officers, employees and agents to do anything on your behalf necessary for New Shares and Additional New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- (i) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) acknowledge that the information contained in this Retail Offer Booklet and your Entitlement and Acceptance Form is not investment advice or financial product advice nor have they been prepared taking into account your investment objectives, financial circumstances or particular needs or circumstances. You acknowledge that this Retail Offer Booklet and your Entitlement and Acceptance Form is not a recommendation that Entitlements or New Shares are suitable for you given your investment objectives, financial situation or particular needs or circumstances;
- (k) acknowledge that this Retail Offer Booklet is not a prospectus or disclosure document and does not contain all of the information that you may require in order to assess an investment in SKB and is given in the context of SKB's past and ongoing continuous disclosure announcements to ASX;
- (l) acknowledge the statement of risks referred to in the "Key Risks" section of this Retail Offer Booklet and that investments in SKB are subject to risk;
- (m) acknowledge that none of SKB, the Lead Manager, Underwriter, the Share Registry or their respective directors, officers, partners, employees, representatives, agents, consultants or advisers guarantee the performance of SKB, nor do they guarantee the repayment of capital from SKB;
- (n) agree to provide (and, if applicable, direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding Shares on the Record Date;
- (o) authorise SKB to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- (p) represent and warrant (for the benefit of SKB, the Lead Manager, Underwriter, the Share Registry and their respective related bodies corporate and affiliates), that the law of any place does not prohibit you from being given this Retail Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares or Additional New Shares and you are eligible under all

applicable laws to receive an offer under this Retail Entitlement Offer without a prospectus, disclosure document or any lodgement, filing, registration or qualification;

- (q) represent and warrant that your acceptance of the Retail Entitlement Offer does not breach any laws in a jurisdiction outside Australia;
- (r) acknowledge, agree, represent and warrant that you are an Eligible Shareholder or otherwise eligible to participate in this Retail Entitlement Offer and:
 - (i) you are not in the United States and you are not acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer of or issue of Entitlements or New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;
 - (ii) you understand and acknowledge that neither the Entitlements nor the New Shares have been, or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, the Entitlements may not be issued to, purchased or traded by, or taken up or exercised by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States. You further understand and acknowledge that the Entitlements and the New Shares may only be offered, sold and resold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S under the Securities Act;
 - (iii) you are subscribing for Entitlements and/or purchasing New Shares outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S under the Securities Act;
 - (iv) you and each person on whose account you are acting have not and will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States;
 - (v) you are not acting for the account or benefit of a person in the United States; and
 - (vi) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting an Entitlement and Acceptance Form is not in the United States, and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form, or any information relating to the Retail Entitlement Offer to any such person in the United States.

7. NO WITHDRAWALS

You cannot withdraw your application once it has been accepted by SKB. Cooling-off rights do not apply to the Entitlements or an investment in New Shares or Additional New Shares.

SKB reserves the right to withdraw the Retail Entitlement Offer at any time before the issue of New Shares to Eligible Shareholders, in which case SKB will refund any Application Monies

already received in accordance with the Corporations Act and will do so without interest being payable to applicants.

8. CONFIRMATION OF YOUR APPLICATION AND MANAGING YOUR HOLDING

You may access information on your holding, including your Record Date balance and manage the standing instructions the Share Registry records on your holding on the Share Registry website on www.investorserve.com.au. To access the Share Registry records you will need your Security Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored/CHESS statements and you will need to pass the security challenge on the site.

9. ENQUIRIES

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact Share Registry on 02 9290 9600. If you have any further questions, you should contact your stockbroker, accountant, financial adviser or other independent professional adviser.

10. PARTICIPATION IN RETAIL ENTITLEMENT OFFER BY DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The Directors unreservedly recommend the Retail Entitlement Offer to Eligible Shareholders. Each Director has stated their support for the Retail Entitlement Offer. Some Directors will take up their respective Entitlement to a varying extent. The Executive Directors and associated entities have relinquished their entitlement to facilitate further institutional participation on SKB register.

11. KEY RISKS

SKB is subject to a number of risks and other factors that may impact both on its future performance and the market price at which its Shares trade. Broadly, these risks can be classified as risks general to investing in the stock market and risks specific to an investment in SKB. You should carefully consider the risks involved in relation to the Retail Entitlement Offer, including those risks described below and all of the other information set out in this Retail Offer Booklet before deciding to invest. If any of the events or developments described below occurs, SKB's business, financial condition or results of operations could be negatively affected. In that case, the market price of the Shares could decline, and you could lose all or part of your investment. As with any equity investment, substantial fluctuations in the value of this investment may occur. The table below, which is not exhaustive of risks, identifies the risks that the Directors regard as major risks associated with the SKB Group's business and the industry in which it operates and the risks associated with an investment in the Retail Entitlement Offer. You should read the entire Retail Offer Booklet (with particular emphasis on this section) before any decision is made in relation to participating in the Retail Entitlement Offer. The Directors are of the opinion that the funds being sought will enable the Company to capitalise on the next phase of activity. However, if you are considering a further investment in SKB, you are strongly advised to consider whether participating in the Retail Entitlement Offer is a suitable investment having regard to your personal investment objectives and financial circumstances (and the risk factors set out in the table below). If you are in any doubt about the suitability of any investment in SKB, you should consult your

financial advisor, stockbroker, solicitor, accountant or other professional adviser before deciding whether to participate in the Retail Entitlement Offer.

Type of Risk	Description of Risk
<u>SKB Specific Risks (risks specific to the SKB Group's business and the industry in which it operates)</u>	
Acquisition risk	The Entitlement Offer is aimed at raising sufficient funds for SKB Group to expand its business by undertaking the Acquisition. There can be no guarantee that the conditions precedent to the completion of that transaction will be met or waived. There can be no guarantee that the SKB Group will be able to achieve the revenue or profits from its business, including the business the subject of the Acquisition within the currently proposed timelines, or within the proposed budget.
Dilution risk	In the event that a Shareholder does not participate in the Retail Entitlement Offer at all or to the maximum amount of its Entitlement it is likely to see its shareholding in SKB diluted.
Reputation risk	The success of the SKB Group is dependent on it maintaining a positive reputation. Unforeseen issues or events which place the reputation of the SKB Group at risk may impact on future earnings and growth prospect. Investors should be aware that the activities undertaken by the SKB Group are inherently risky and any adverse event may impact the SKB Group's reputation.
Development risk	Whilst SKB was incorporated on 19 December 2013, the businesses it acquired on 1 July 2014 and in March 2015 have significant operating histories. The prospects of SKB must be considered in light of the risks, expenses and difficulties frequently encountered by companies in development and expansion of an existing business. There are a number of risks facing SKB in the execution of its business strategy. While the Directors are of the view that there are plans in place to ensure these risks are mitigated, these factors may still impact upon investor returns.
Competition and sensitivity	It is possible that other entities in Australia, New Zealand and around the world may try to compete with the SKB. SKB cannot guarantee that a competitor will not reduce the SKB's market share or margins through competitive businesses or strategies. SKB's financial performance is sensitive to a number of variables, which variables (both positive and negative) may arise as a result of competition or otherwise.
Funding	The ability of SKB to effectively implement and expand its business plan over time may depend, in part, on its ability to raise additional funds as required. SKB and the Directors give no assurance that any equity or debt funding will be available to SKB, or be available on acceptable terms.

Weather	The ability of SKB to provide its skydiving services is weather dependent. Parachuting can be adversely affected by strong wind, rain, low cloud or a combination of these meteorological events. Whilst every effort is made to maximise the number of jumps per day, safety of the customers is of paramount importance and cancellation or postponement of scheduled jumps may affect revenue and profitability, notwithstanding that a certain level of “adverse weather factor” is built into the budgets and forecasts.
Reliance on Board Members and Key Management	The responsibility of overseeing the day-to-day operations and the strategic management of SKB depends substantially on its Board of Directors, senior management and key personnel. There can be no assurance given that there will be no detrimental impact on SKB if one or more of these personnel cease their employment or engagement with SKB. While every effort is made to retain key personnel, and to recruit new personnel as the need arises, the loss of one or more key personnel may adversely affect SKB's development plans, earnings or growth prospects.
Drop zone leases	The SKB Group does not own any real estate and leases all of its drop zone sites. There is a risk that SKB Group's operations and financial performance may be adversely affected if any drop zone leases are not renewed in the future.
Equipment	SKB Group's business has significant reliance on its aircraft, parachutes and associated parachute equipment, vehicles and systems necessary for tandem skydiving and from time to time may incur significant expenditure on equipment and systems upgrades and maintenance. The SKB Group's equipment and systems are an essential part of the successful running of its day to day business and as such any interruptions to one or more of these equipment or systems could impair the ability of the SKB Group to service its clients. Maintenance, repair, backup and restoration procedures are in place, however a natural disaster or other unforeseen event that results in a loss of use of, or access to, SKB Group's equipment or systems, the loss or corruption of data or the inability of the SKB Group to service its clients could have a negative impact on the SKB Group's performance.
Relationship with suppliers and lessors	The SKB Group contracts with third parties to provide certain goods and services including hangars, runways and some aircraft and leases of all of its existing drop zone sites. The ongoing relationship management with its suppliers is important to the ongoing success of the SKB Group's business. Failure to maintain such relationships with its suppliers and certifiers in the future may lead to termination of any of the supply contracts or lease agreements and provide

	opportunities for competitors to gain a competitive advantage, and may have other adverse effects such as lessening the ability of the SKB Group to service its customers which may have an adverse effect on the SKB Group's earnings and growth prospects.
Government and legal risk	Changes in government, fiscal, monetary environmental, taxation, regulatory policies and other laws may also affect the business of the SKB Group. The market in which the SKB Group provides products and services is anticipated to become subject to increasing regulation. Changes to the regulatory framework could impact on the industry generally and have an adverse impact on the financial position, performance, assets and operations of the SKB Group.
Aviation permits	SKB's operations rely upon the availability of aircraft it either owns or sources from Subsidiaries or external suppliers from time to time. Some of SKB's Subsidiaries are appointed the registered operator by CASA for aircraft it owns. SKB and Related Parties endeavor to meet all CASA operational requirements and flight standard approvals. There is no guarantee that each of the aircraft will continue to meet the appropriate CASA flight approvals and standards at all times. CASA may issue changes to the flight approvals and standards from time to time and the resultant changes may require the installation of additional equipment, modifications, additional costs and time to resolve or comply. Flight approval changes may result in particular locations not being able to be operated whilst complying with any regulation change. If this circumstance arises this could impact on SKB's proposed future sales of skydiving and related products and would negatively impact future revenue generation. In the event that the Acquisition is completed, SKB or its relevant Subsidiary will need to ensure compliance with regulation of Aviation regulatory bodies in New Zealand in addition to those in Australia. Risks of the nature set out above will apply in the New Zealand jurisdiction as well as in Australia as a result.
Growth Management	SKB's success is dependent upon the successful management and execution of its growth strategy. To manage this growth effectively, SKB will need to maintain efficient control and supervision of its operations and financial systems and continue to expand, train and manage its employees and secure new appropriate skilled employees. Further to this, SKB will need to keep abreast of new and developing technology. There is a risk that SKB may not be able to execute its growth strategies. In particular, SKB's growth strategy depends upon its ability to continue to maintain and grow generic earnings as well as identify and make suitable acquisitions that are revenue and profit accretive.
Taxation	Changes in tax law, or changes in the way taxation laws are interpreted may impact the tax liabilities of SKB or the tax treatment of a Shareholder's investment. In particular, both the level and basis

	of taxation may change. In addition, an investment in the New Shares involves tax considerations which may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in SKB.
Regulatory risk	SKB is subject to a range of regulatory controls imposed by government and regulatory authorities in Australia. In the event that the Acquisition is completed, SKB may be required to also comply with regulatory controls imposed by the government of, and regulatory authorities in, New Zealand. The relevant regulatory regimes are complex and are subject to change over time depending on changes in the laws and the policies of the governments and regulatory authorities. SKB is exposed to the risk of changes to the applicable laws and/or the interpretation of existing laws which may have a negative effect on SKB, its investments and/or returns to Shareholders or the risks associated with non-compliance with these laws (including reporting or other legal obligations). Non-compliance may result in financial penalties being levied against SKB.
Dividend risk	There is no certainty that SKB will continue to pay dividends in the future.
Insurance	The operation of a skydiving business involves hazards and risks that could result in SKB incurring losses or liabilities that could arise from its operations. The SKB Group's parachuting operations at each of its Australian drop zones are covered by public liability insurance provided to all members of the APF as part of membership fees paid by the SKB Group to the APF. The public liability insurance provided with membership of the APF responds in relation to negligent damage caused to third party person or property whilst participating in parachuting activity under the auspices of APF. If SKB incurs losses or liabilities which are not covered by the insurance policies provided by the APF, the funds available for working capital and/or revenue growth opportunities may be reduced. SKB has, and intends to maintain, insurance of its assets and operations in accordance with industry practice through its own insurance policies. However, the occurrence of an event that is not covered or fully covered by these insurance policies could have a material adverse effect on the business, financial condition and results of SKB. Relevant insurance in New Zealand for skydiving is under the Accident Compensation Corporation (ACC) scheme. The ACC scheme provides a no fault system for personal injury. The Accident Compensation Act 2001 precludes any person from suing another person, where the first person's injury may have been caused by the other person's negligence. The scheme also supports people who have suffered an injury where no one else is involved.

Loss of goodwill	There is an inherent risk of loss of business goodwill in the event of an accident occurring involving the SKB Group or any of its operations.
<u>Investment Specific Risks (general risks associated with an investment in SKB)</u>	
Income and capital risk	An investment in SKB is speculative in nature and the capital contributed and the returns projected are not guaranteed by SKB, its Directors, officers or any other person. The speculative nature of the investment poses a risk and the capital may not be returned.
Proportionate Share Liability	Given the likelihood of a Shortfall arising in relation to the Retail Entitlement Offer, with such Shortfall being placed as referred to in this Retail Offer Booklet, SKB cannot determine the impact on existing proportionate shareholding until this Entitlement Offer is complete.
Liquidity Risk	There is no guarantee that Shares will trade at a particular price or a particular volume. There is no guarantee that there will be an ongoing liquid market for Shares. Accordingly there is a risk that, should the market for shares become illiquid, Shareholders will be unable to realise their investment in SKB.
Dilution	SKB may need to raise additional funds through a further capital raising or debt facility at some time in the future after the conclusion of capital raising being undertaken under this Entitlement Offer. Any such further capital raising is likely to have the effect of diluting the interests of Shareholders.
Litigation	In the ordinary course of its business, the SKB Group may be subject to the risk of litigation and other disputes with its employees, consultants, lessors, regulators and other third parties. Proceedings may result in high legal costs, adverse monetary judgments and/or damage to SKB's reputation, which ultimately is likely to have an adverse effect on the financial performance of the SKB Group.
Financial performance	The operating results of the SKB Group may be difficult to predict and are subject to a number of factors from time to time. There can be no guarantee that SKB will achieve its stated objectives or that any forward-looking statements will eventuate.
General economic risks	The performance of SKB, in common with other companies, is subject to general economic conditions, movements in interest and inflation rates, prevailing global commodity prices and currency exchange rates that may have an adverse effect on SKB's activities, as well as its ability to fund those activities. Further, share market conditions may affect the value of the SKB's quoted securities regardless of the SKB's operating performance. Share market conditions can be affected by many market factors such as: • General economic outlook; • Interest rates and inflation rates;

	• Currency fluctuations; and • Changes in investor sentiment.
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The above list of risk factors should not be taken as exhaustive of the risks faced by the SKB Group or by investors in SKB. The above factors, and others not specifically referred to above, may in future materially affect the financial performance of SKB and the value of the Shares. Therefore, there is no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement or an application for Additional New Shares.

12. ADDITIONAL INFORMATION

This Retail Offer Booklet and enclosed personalised Entitlement and Acceptance Form (“**Information**”) have been prepared by SKB.

The Information included herein is dated 19 October 2015. This Information remains subject to change without notice and SKB is not responsible for updating this Information.

There may be additional announcements made by SKB after the issue date of this Retail Offer Booklet and throughout the period that the Retail Entitlement Offer is open, which may be relevant to your consideration of whether to take up or do nothing in respect of your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by SKB (by visiting the SKB website at www.skydive.com.au or at www.asx.com.au) before submitting your Entitlement and Acceptance Form or paying for New Shares.

No party other than SKB has authorised or caused the issue of this Information, or takes any responsibility or makes any statement, representation or undertaking in this Information.

12.1 This information is important

You should read this Information carefully and in its entirety before deciding how to deal with your Entitlement. In particular, you should consider the risk factors referred to in Section 11.

You should consult your stockbroker, accountant, financial adviser or other independent professional adviser to assess whether or not to participate in the Retail Entitlement Offer.

You can obtain a copy of the information in this Retail Offer Booklet during the period of the Retail Entitlement Offer via the SKB website at www.skydive.com.au or www.asx.com.au. Persons who access an electronic version of this Retail Offer Booklet should ensure that they download and read the entire Retail Offer Booklet. The electronic version of this Retail Offer Booklet will not include a personalised Entitlement and Acceptance Form.

A replacement Entitlement and Acceptance Form can be requested by calling the SKB Share Registry on (02) 9290 9600.

12.2 Eligible Retail Shareholders

This Information contains an offer of New Shares to Eligible Retail Shareholders with a registered address on the SKB Share register in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as modified by ASIC.

Eligible Retail Shareholders are those persons who:

- (a) are registered as a holder of Shares as at the Record Date, being 7.00pm (Sydney time) on Thursday, 15 October 2015;
- (b) have a registered address on the SKB share register in Australia or New Zealand;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds SKB ordinary shares for the account or benefit of such person in the United States);
- (d) were not invited to participate (other than as nominee in respect of other underlying holdings) under the Institutional Offer and were not treated as Ineligible Shareholders under the Institutional Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Shareholders who are not Eligible Institutional Shareholders or Eligible Retail Shareholders are Ineligible Shareholders. SKB reserves the right to determine whether a shareholder is an Ineligible Shareholder.

By returning a completed personalized Entitlement and Acceptance Form or making a payment by Bpay®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

12.3 Overseas Shareholders

Shareholders with registered addresses outside Australia and New Zealand will be considered as Ineligible Shareholders and not be offered Entitlements pursuant to this Retail Entitlement Offer.

12.4 No Cooling-off Rights

Cooling-off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

12.5 Rounding of Entitlements

Where fractions arise in the calculation of your Entitlement, they will be rounded up to the nearest whole number of New Shares.

12.6 Shortfall and Oversubscriptions

Whilst the Directors are confident the Retail Entitlements Offer will be well received (in light of the success of the Institutional Offer), there may be a Shortfall in the Retail Entitlements Offer and the Directors, in consultation with the Underwriter, intend to firstly satisfy the applications for Additional New Shares made by Eligible Retail Shareholders wishing to participate in the Shortfall (if any) as soon as possible after the close of the Retail Entitlement Offer and in any event by 28 December 2015, being within two (2) months of 28 October 2015, the date of the close of the Retail Entitlement Offer.

SKB does not guarantee that there will be any Shortfall. SKB reserves the right at its sole discretion to issue Additional New Shares from any Shortfall or to decline any application for New Shares to be issued out of any Shortfall.

See Section 4 on how to apply for New Shares and Additional New Shares in excess of your Entitlement to participate in any Shortfall.

12.7 Ranking of New Shares

New Shares and Additional New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally in all respects with existing Shares. The rights and liabilities attaching to the New Shares are set out in SKB's Constitution, a copy of which is available at www.skydive.com.au.

12.8 Effect on SKB Share Capital

The principal effect of the Entitlement Offer on SKB's share capital will be to increase the number of Shares on issue from 293,729,700 to up to 359,002,967 Shares following completion of the Entitlement Offer.

The capital structure of SKB following completion of the Entitlement Offer is summarised below assuming that all Entitlements under the Entitlement Offer (including those that would have otherwise been available to Ineligible Shareholders) are fully exercised.

Share Capital Table:

Shares on Issue before Offer	293,729,700	81.8%
Institutional Offer	62,042,836	17.3%
Retail Offer	3,230,431	0.9%
Total Entitlement Offer	65,273,267	18.2%
Shares on Issue after Offer	359,002,967	100.0%

The final number of New Shares to be issued under the Entitlement Offer is subject to reconciliation.

12.9 Control implications of the Entitlement Offer

The potential effect the Entitlement Offer will have on the control of SKB, and the consequences of that effect will depend on a number of factors, in particular Shareholder demand under the Entitlement Offer and the underwriting arrangements described in Section 12.3. The primary consequences are that:

- if all eligible Shareholders take up their Entitlements to New Shares, the Entitlement Offer would have no material effect on the control of SKB as eligible Shareholders would continue to hold the same percentage interest in SKB, excluding the minimal effect of ineligible shareholders not participating in the Offer; or
- if some eligible Shareholders do not take up their full Entitlement, such Shareholders' interest would be diluted relative to those who did take up their full Entitlement, and those who apply for and are issued Additional New Shares.
- The Executive Directors and associated entities relinquished entitlement to facilitate further institutional participation on SKB register and as a result the shareholding of Anthony Boucaut and associated entities dropped from 61.2% to 50.1%

New Shares that are not taken up by Eligible Retail Shareholders:

- will first be used to satisfy valid applications for Additional New Shares; and
- if not taken up as Additional New Shares, may be placed to the Underwriter and, by extension, to one or more general sub-underwriters.

Prior to the announcement of the Entitlement Offer, the major Shareholders' relevant interests in SKB were as follows:

	Number of Shares	% held Before Offer
Mr Anthony P Boucaut & Associated Companies	179,817,245	61.2%
Perennial Value Management Pty Ltd	18,361,368	6.3%
Paradice Investment Management Pty Ltd	16,000,000	5.4%

Following completion of the Institutional component of the Entitlement Offer, the major Shareholders' relevant interests in SKB are as follows:

	Number of Shares	% held After Offer
Mr Anthony P Boucaut & Associated Companies	179,817,245	50.1%

Perennial Value Management Pty Ltd	28,823,938	8.0%
Paradise Investment Management Pty Ltd	28,655,556	8.0%
Perpetual Investment Management Limited	18,300,000	5.1%

12.10 Interests of Directors

The interests of the directors of SKB and their Related Parties in the securities of SKB at the date of this Retail Offer Booklet are as follows:

	Shares	Options
William Beerworth	0	500,000
Anthony Boucaut	179,817,245	3,000,000
Timothy Radford	7,267,940	2,500,000
Anthony Ritter	3,383,970	2,500,000
John Diddams	3,300,545	1,500,000
Dr. Nigel Finch	40,000	300,000
	193,809,700	10,300,000

12.11 No Entitlement Trading

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred.

12.12 Reconciliation and Rights of SKB

SKB reserves the right to reduce the size of an Entitlement, or the number of New Shares, or persons claiming to be Eligible Retail Shareholders or Eligible Institutional Shareholders or other applicable investors, if SKB believes in its absolute discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. The relevant Shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they or SKB are required to take in this regard.

By applying under the Retail Entitlement Offer, those doing so irrevocably acknowledge and agree to do the above as required by SKB in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of SKB to require any of the actions set out above.

12.13 Lead Manager & Underwriter

SKB has entered into the Underwriting Agreement with Veritas under which Veritas will Act as Lead Manager and Underwriter and will be paid a management fee of 1% of the gross proceeds raised under the Entitlement Offer plus an underwriting fee of 4% of the gross proceeds raised under the Entitlement Offer and any shortfall that Veritas places.

SKB has also agreed to reimburse the Underwriter reasonable legal expenses up to \$20,000 and reasonable travel and other expenses up to \$15,000 (unless the underwriting fee is paid), all costs payable by the Underwriter in relation to CHESD DvP settlement service, and all costs payable by the Underwriter in respect of any review of the offer document or the Cleansing Notice undertaken by ASIC, ASX or any other regulatory body.

As is customary in these arrangements, terms and conditions of the Underwriting Agreement include that:

- (a) sub-underwriters may be appointed by Veritas,
- (b) any approvals as may be required by the ASX have been granted, and not withdrawn or modified;
- (c) any modifications as may be required by ASIC have been granted;
- (d) lodgements of material required to be lodged with ASX are duly lodged and ASX not having indicated to SKB or the Underwriter that the Offer securities will not be quoted; and
- (e) ASX granting SKB a trading halt pursuant to ASX Listing Rule 17.1.

Conditions not satisfied

If any of the conditions in the Agreement to be satisfied are not satisfied (or waived under the terms of the Agreement) by their respective deadlines, the Underwriter may, in its absolute, unfettered and sole discretion, terminate the Agreement by notice in writing to the Company.

Further obligations of SKB under the Agreement include obligations to keep the Underwriter informed of progress of the Offer, compliance with applicable legal obligations, and any misleading or deceptive conduct or breach of law of which it becomes aware in relation to the Offer.

The Underwriter may terminate the Agreement in certain circumstances including if the Underwriter forms the opinion that a statement contained in the Offer Materials is or becomes misleading or deceptive or likely to mislead or deceive, or that there are delays in the Offer timetable.

SKB has indemnified the Underwriter and its Related Bodies Corporate and Affiliates and each of their respective officers, directors, employees, advisers, representatives on standard terms.

VERITAS DISCLAIMER

Neither Veritas nor any of its related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives, agents or advisers have authorised or caused the issue of this Information and they do not take responsibility for this Information or any action taken by you on the basis of such Information. To the maximum extent permitted by law, Veritas and its related bodies corporate and affiliates, and their respective directors, officers, partners, employees, representatives, agents and advisers exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Retail Entitlement Offer and this Information being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. Neither Veritas nor its related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives, agents or advisers make any recommendations as to whether you or your related parties should participate in the Retail Entitlement Offer, nor do they make any representations or warranties to you concerning the Retail Entitlement Offer or any such information, and you represent, warrant and agree that you have not relied on any statements made by Veritas or any of its related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives, agents or advisers in relation to the New Shares or the Entitlements or the Retail Entitlement Offer generally.

The engagement of Veritas by SKB is not intended to create any agency, fiduciary or other relationship between Veritas and SKB Shareholders (including Eligible Retail Shareholders) or any other investor.

12.14 Not Financial Product Advice

This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances, particular needs or circumstances. SKB is not licensed to provide financial product advice in respect of the Retail Entitlement Offer, the Entitlements or the New Shares.

This Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the Corporations Act. It should be read in conjunction with SKB's other periodic statements and continuous disclosure announcements, copies of which are available at www.skydive.com.au and www.asx.com.au. There are a number of risk factors that could potentially impact SKB. For information about some of these risks please read Section 11 and the documents to which that Section 11 refers.

Before deciding to apply for New Shares or Additional New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives, financial circumstances, personal needs and circumstances and having regard to the merits or risks involved. If you have any questions you should contact your stockbroker, accountant, financial adviser or other independent professional adviser.

12.15 Foreign jurisdictions

This Information has been prepared to comply with the requirements of the securities laws of Australia. To the extent that you hold Shares or Entitlements on behalf of another person resident outside Australia, it is your responsibility to ensure that any participation (including

for your own account or when you hold Shares or Entitlements beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are submitting the personalized Entitlement and Acceptance Form is not in the United States and not acting for the account or benefit of a person in the United States.

This Retail Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the Entitlements or the New Shares, in any jurisdiction other than Australia.

The distribution of this Information (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

12.16 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Information.

Any information or representation that is not in this Information may not be relied upon as having been authorised by SKB, or its related bodies corporate, in connection with the Retail Entitlement Offer. Except as required by law, and only to the extent so required, none of SKB, nor any other person, warrants or guarantees the future performance of SKB or any return on any investment made pursuant to this Information or its content.

12.17 Withdrawal of the Retail Entitlement Offer

SKB reserves the right to withdraw all or part of the Retail Entitlement Offer and this Information at any time, subject to applicable laws, in which case SKB will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Institutional Offer has occurred, SKB may only be able to withdraw the Retail Entitlement Offer with respect to New Shares issued under the Retail Entitlement Offer.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to SKB will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to SKB.

12.18 ASX Quotation & Trading

SKB has applied to the ASX for official quotation of the New Shares in accordance with the ASX Listing Rule requirements. If ASX does not grant quotation of the New Shares, SKB will not allot any New Shares and will repay all Application Monies (without interest).

Subject to approval being granted, it is expected that New Shares (and Additional New Shares if applicable) allotted under the Retail Entitlement Offer will commence normal settlement trading on 9 November 2015.

12.19 Tax

The taxation consequences of any investment in the New Shares will depend on the investor's particular circumstances. It is the responsibility of Eligible Shareholders to make their own enquiries concerning the taxation consequences of accepting Entitlements or subscribing for New Shares under the Retail Entitlement Offer.

12.20 Privacy

By filling out the Entitlement and Acceptance Form to apply for New Shares, you are providing personal information to SKB and the Share Registry, directly or via the Share Registry. The Privacy Act 1988 (Cth) regulates the way SKB collects, uses, disposes, keeps secure and gives people access to their personal information. SKB is committed to respecting the privacy of your personal information. Please see the details of SKB's privacy policy at <http://www.skydive.com.au/privacy-policy/>. SKB collects, holds and uses that personal information in order to process your application and to administer your shareholding in SKB. If you do not provide the information requested in the Entitlement and Acceptance Form, SKB may not be able to process or accept your application for New Shares. Your personal information may also be provided to SKB's agents or service providers and to third parties in connection with the Offer. You have the right to gain access to your personal information held by, or on behalf of, SKB, subject to certain exemptions under the law. You may be required to pay a reasonable charge in order to access your personal information. You can request access to your personal information by telephoning or writing to the Share Registry as follows:

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Telephone: 02 9290 9600

12.21 Governing Law

This Information, the Retail Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

13. GLOSSARY

Acquisition	The acquisition by SKB of 100% of Skydive Queenstown Limited Group
Additional New Shares	New Shares forming part of the Shortfall and for which Eligible Retail Shareholders may apply in addition to their Entitlement, equivalent to up to 100% of their Entitlement
AEDT	Australian Eastern Daylight Time
ANREO	Accelerated non-renounceable entitlement offer, comprising the Institutional Offer together with the Retail Entitlement Offer
APF	Australian Parachute Federation Incorporated
Application Monies	The amount accompanying an Entitlement and Acceptance Form submitted by an applicant for New Shares, or paid by Bpay by an applicant for New Shares (and, if applicable, Additional New Shares)
ASIC	Australian Securities and Investments Commission

ASX	Australian Securities Exchange Limited ACN 000 943 377
ASX Listing Rules	the rules of the ASX that govern the admission, quotation and removal of securities from the ASX official list
Board	The board of Directors of SKB
CASA	Civil Aviation Safety Authority
Closing Date	The closing date of the Retail Entitlement Offer being Wednesday 28 October 2015
Corporations Act	Corporations Act 2001 (Cth)
Directors	Each of the directors of SKB
Eligible Institutional Shareholder	An institutional Shareholder of SKB to whom the Lead Manager made an invitation on behalf of SKB under the Institutional Offer (either directly or indirectly through a nominee), and in relation to whom the Lead Manager has accepted that Institutional Shareholder's Offer to participate in the Institution Offer.
Eligible Retail Shareholder	A Shareholder as at the Record Date who has a registered address in Australia or New Zealand on the share register of SKB in Australia and otherwise satisfies the eligibility criteria set out in Section 12.2
Entitlement	The entitlement of a Shareholder under this ANREO, not including any entitlement to Additional New Shares
Entitlement and Acceptance Form	The Entitlement and Acceptance Form accompanying this Retail Offer Booklet
Entitlement Offer	Offer of New Shares under the Institutional Offer and the Retail Entitlement Offer
Ineligible Shareholder	Any Shareholder who is not an Eligible Institutional Shareholder or an Eligible Retail Shareholder
Information	For the purposes of Section 12, means this Retail Offer Booklet and accompanying Entitlement and Acceptance Form
Institutional Offer	The offer to Eligible Institutional Shareholders
Lead Manager	Veritas
New Share	A Share offered under the Entitlement Offer

Offer Price	\$0.30 per New Share
Opening Date	The opening date of the Retail Entitlement Offer being Monday 19 October 2015
Prospectus	The replacement prospectus for the initial public offering of SKB Shares dated 5 March 2015
Record Date	Thursday, 15 October 2015
related bodies corporate	Has the meaning given to that expression in the Corporations Act
Related Party	Has the meaning given in section 228 of the Corporations Act. Related Parties of SKB include, without limitation, the Directors and their respective spouses or de facto partners, their respective parents and children, and any entity controlled by any of them.
Retail Entitlement Offer	The offer to Eligible Retail Shareholders of 2 New Shares for every 9 Shares in SKB held on the Record Date, at the Offer Price.
Retail Offer Booklet	This Retail Offer Booklet dated 19 October 2015
Retail Oversubscription Facility	The opportunity for Eligible Retail Shareholders who take up all of their Entitlement to also apply for Additional New Shares in excess of their Entitlement, up to a maximum of 100% of their Entitlement.
Share Registry	Boardroom Pty Ltd ACN 003 209 836 (refer to Corporate Directory in this Retail Offer Booklet)
Share	A fully paid ordinary share in SKB
Shareholder	A shareholder in SKB
Shortfall	The number of Entitlements and attaching New Shares for which applications have not been received by SKB by 5.00pm on Wednesday, 28 October 2015, plus that number of New Shares which would have been offered to Ineligible Shareholders if they had been eligible to participate in the Retail Entitlement Offer.
SKB	Skydive the Beach Group Limited ACN 167 320 470 (refer to the Corporate Directory in this Retail Offer Booklet)
SKB Group	SKB together with its related bodies corporate
Subsidiary	Has the same meaning as give to that expression in the Corporations Act

Underwriter	Veritas Securities Limited ACN 117 124 535, the underwriter of the Entitlement Offer
Underwriting Agreement	The underwriting agreement between SKB and the Underwriter dated 12 October 2015
Veritas	Veritas Securities Limited ACN 117 124 535 (refer to Corporate Directory in this Retail Offer Booklet)

CORPORATE DIRECTORY

Registered Office:

Skydive the Beach Group Limited
ACN: 167 320 470
Level 1, 51 Montague Street
Wollongong NSW 2500

Principal place of business:

Level 1, 51 Montague Street
Wollongong NSW 2500
Phone: 1300 663 634
Email: info.skydive.com.au

Directors:

William (Bill) Beerworth, Non-Executive Chairman
Anthony Boucaut, Executive Director & CEO
Timothy Radford, Executive Director & COO
Anthony Ritter, Executive Director & CFO
John Diddams, Non-Executive Director
Dr Nigel Finch, Non-Executive Director

Company Secretaries:

Anthony Ritter
John Diddams

Share Registry:

Boardroom Pty Limited
ACN 003 209 836
Level 12, 225 George Street
Sydney NSW 2000

Lead Manager and Underwriter:

Veritas Securities Limited
ACN 117 124 535
Level 4, 175 Macquarie Street
Sydney NSW 2000

ASX Code: SKB

SKB Website: www.skydive.com.au

RIGHTS ISSUE ENTITLEMENT AND ACCEPTANCE FORM

Entitlement No.

Subregister

SRN/HIN.

Number of Shares held at 5pm
(AEDT) on 15 October 2015

Offer Closes: 28 October 2015 at 5:00pm (AEDT)

OFFER OF NEW SHARES UNDER ACCELERATED NON-RENOUNCEABLE RIGHTS ISSUE AT AN ISSUE PRICE OF \$0.30 PER SHARE ON THE BASIS OF 2 NEW SHARES FOR EVERY 9 ORDINARY SHARES HELD, PAYABLE IN FULL UPON ACCEPTANCE OF THIS OFFER

A Rights Acceptance

If you wish to accept your **FULL ENTITLEMENT** please complete and return this form **WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW**. The return of this form by the close date with payment will constitute acceptance of the Offer. Your signature is only required when an alteration to your address is indicated by you over the page.

Entitlement to New Shares on the basis of 2 New Shares for every 9 Ordinary Shares held	Price Per Share	Amount Payable for Full Acceptance, at \$0.30 per New Share
	\$0.30 per Share =	

If you wish to accept **PART OF YOUR ENTITLEMENT ONLY** please complete this form showing in the box below the **NUMBER OF NEW SHARES BEING ACCEPTED** and the appropriate amount payable.

Number of New Shares accepted	Price Per Share	Amount Enclosed
	\$0.30 per Share =	\$

B Application for Additional Shares if available

If you wish to apply for additional shares to your Entitlement above please insert the number of shares in the box below and the appropriate amount payable. These additional shares will only be allotted if available.

Number of Shortfall Shares Applied for	Price Per Share	Amount Enclosed
	\$0.30 per Share =	\$

C Payment

Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Skydive The Beach Group Limited Share Registry. Payments cannot be made at any bank.

Payment Option 1 - BPAY



Biller Code:

Ref:

Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: www.bpay.com.au

© Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY please contact your participating financial institution.
- If paying by BPAY you do not need to return the Entitlement and Acceptance Form.
- If paying by BPAY the amount of your payment received in the account divided by the issue price will be deemed to be the total number of shares you are applying for.

Payment Option 2 – Cheque (Record cheque details below)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				\$

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to "SKB Retail Entitlement Offer" and crossed "Not Negotiable."
- Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.

THIS FORM CONTINUES OVERLEAF

D Contact Details

CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME	EMAIL ADDRESS
	()	()	

By submitting this Entitlement and Acceptance Form or by using the BPAY facility to accept the Offer, I/We represent and warrant that I/we have read and understood the Retail Offer Book to which this Entitlement and Acceptance Form relates and declare that this Application is completed and lodged according to the Retail Offer Book and the instructions on the reverse of the Entitlement and Acceptance Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Skydive The Beach Group Limited and agree to the terms and conditions of the Offer. I/We represent and warrant that I/we have not relied on any other information provided by the Company other as set out in the Retail Offer Book when making my/our decision to invest.

The Offer to which this Entitlement and Acceptance Form relates does not constitute an offer to any person who is not an Eligible Shareholder This Entitlement and Acceptance Form does not constitute an offer in the United States of America (or to, or for the account or benefit of, US Persons) or in any jurisdiction in which, or to any persons to whom it would not be lawful to make such an offer.

LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

ACCEPTANCE OF YOUR ENTITLEMENT IN FULL OR PART

Multiply the number of New Shares for which you are applying by \$0.30 then fill in the acceptance details, where necessary, in the space provided on the front of this form. Complete your cheque details on the front of this form and send your cheque/draft and completed form to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Telephone No. 02 9290 9600
Facsimile No. 02 9279 0664

If you do not deal with your Entitlement it will lapse at 5.00 pm (AEDT) on 28 October 2015.

PAYMENT – AUSTRALIAN RESIDENTS**Cheque or Draft**

All cheques or drafts (expressed in Australian currency) are to be made payable to “SKB Retail Entitlement Offer” and crossed “Not Negotiable”.

BPAY

If you make payment using BPAY you must contact your Australian bank, credit union or building society to make this payment from your cheque or savings account. For more information: www.bpay.com.au. Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before 5.00 pm (AEDT) on 28 October 2015.

PAYMENT – OVERSEAS RESIDENTS

Overseas shareholders who are permitted to apply for shares must obtain a draft in Australian currency payable on a bank in Australia, or where the shareholder has an account with a bank in Australia, by a cheque drawn on that bank within Australia.

The Australian currency draft should be attached to your completed form and the document mailed to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

OVERSEAS SHAREHOLDERS ARE ADVISED TO ENSURE THEIR DOCUMENTS ARE POSTED TO AUSTRALIA BY AIRMAIL.

Personal cheques drawn on overseas banks in Australian or any foreign currency will not be accepted. These will be returned and the acceptance deemed to be invalid.

INTERPRETATION

Terms used in this Entitlement and Acceptance Form have the same meaning as defined in the Retail Offer Book

CHANGES OF ADDRESS SUPPORTED BY YOUR SIGNATURE(S)

If your address is not exactly as shown, please provide details below. This is only relevant for Issuer Sponsored registered holdings. CHESS holders must notify your sponsoring broker for amendments to holdings on the CHESS Subregister.

CHANGE OF ADDRESS DETAILS – ISSUER SPONSORED ONLY		
SIGN HERE FOR ADDRESS AMENDMENTS:		

Shareholder 1 (Individual) /
Sole Director & Sole Company
Secretary

Joint Shareholder 2 (Individual) /
Director

Joint Shareholder 3 (Individual) /
Director/Company Secretary
(Delete one)

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Entitlement and Acceptance Form.

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/privacy.html>).