

2 April 2015

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By electronic lodgement

Total pages: 11

Dear Sir/Madam

NOTICE OF GENERAL MEETING

Please find attached a Notice of General Meeting and Explanatory Memorandum being despatched to shareholders of Skydive the Beach Group Limited (ASX:SKB) today.

The meeting is being called for the shareholders of SKB to consider, and if thought fit to pass, a special resolution under section 260B of the Corporations Act 2001. This approval is required under the Share Sale Deed to be passed by shareholders as a formality relating to the recent acquisition of Australia Skydive Pty Ltd.

Yours faithfully
For and on behalf of Skydive the Beach Group Limited



.....
Anthony Ritter
Director and Company Secretary

SKYDIVE THE BEACH GROUP LIMITED
ACN 167 320 470

NOTICE OF
EXTRAORDINARY GENERAL MEETING

including Explanatory Memorandum
for meeting to be held at **the offices of RSM Bird Cameron at Level 12, 60 Castlereagh Street, Sydney, NSW 2000 on 4 MAY 2015 commencing at 10.00am (AEST)**

This is an important document and requires your immediate attention. You should read this document in its entirety. If you are in doubt as to what you should do, you should consult your investment or other professional adviser.

How to Vote

Venue

The Extraordinary General Meeting for Shareholders will be held at the offices of RSM Bird Cameron at Level 12, 60 Castlereagh Street, Sydney, NSW 2000 on 4 MAY 2015 at 10.00am (AEST)

Voting

IN PERSON

You may attend the Extraordinary General Meeting in person at the date, time and place specified in the Notice of Meeting. Prior registration is not required.

ONLINE - www.votingonline.com.au/skydivethebeachgm2015 no later than 10.00am (AEST) on Saturday, 2nd May 2015.

BY PROXY

If you are unable to attend the Extraordinary General Meeting, please vote by completing and signing the relevant proxy form enclosed with this document as soon as possible but so that it is received **no later than: 10.00am (AEST) on Saturday, 2 May 2015.**

Proxy forms received after this time will be invalid.

You may return the relevant proxy forms by posting them in the reply paid envelope provided or by delivering them to:

BY MAIL: Share Registry — Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000
GPO Box 3993
Sydney NSW 2001

or

Company - Attention: Company Secretary
Skydive the Beach Group Limited
Level 1, 51 Montague Street
Wollongong NSW 2500

BY FAX: Share Registry: + 61 2 9290 9655

IN PERSON: Share Registry	–	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000
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If the appointment of proxy is signed by an attorney, the power of attorney or a certified copy of it must also be sent.

If you have any questions, please email Anthony Ritter, Company Secretary at companysecretary@skydive.com.au

NOTES

1. A shareholder is entitled to appoint a proxy. A shareholder who is entitled to cast two or more votes is entitled to appoint two proxies. If two proxies are appointed by a shareholder, that shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and the appointment

does not specify the proportion or number of the shareholder's votes each proxy may exercise, each proxy may exercise half the votes.

- 2. For the purpose of determining a person's entitlement to vote at the meeting, a person will be recognised as a shareholder and the holder of shares if that person is registered as a holder of those shares at 10.00am (AEST) on Saturday, 2 May 2015 ("Entitlement Time").*
- 3. A proxy need not be a shareholder of the Company.*
- 4. A proxy form and the power of attorney or authority (if any) under which it is signed or a copy of the power of attorney or authority certified as a true copy by statutory declaration, must be duly completed and returned to the Company Secretary, Skydive the Beach Group Limited, either at the Company at Level 1, 51 Montague Street, North Wollongong NSW 2500, or at Boardroom Pty Ltd, Level 7, 207 Kent Street, Sydney NSW 2000 GPO Box 3993, Sydney NSW 2001, or fax number: 02 + 61 2 9290 9655 by no later than 10.00am on Saturday, 2 May 2015 for proxy forms for the Extraordinary General Meeting. Proxy forms received after this time will be invalid.*

SKYDIVE THE BEACH GROUP LIMITED

ACN 167 320 470

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting of shareholders of Skydive the Beach Group Limited (the "Company") will be held at the offices of RSM Bird Cameron at Level 12, 60 Castlereagh Street, Sydney, NSW 2000 on 4 MAY 2015 at 10.00am (AEST)

Important:

For information relevant to your decision as to how to vote, please refer to the Explanatory Memorandum.

Special Business

Approval of financial assistance by Australia Skydive Pty Ltd ACN 134 382 004 ("**Australia Skydive**"), being a wholly held subsidiary of Skydive the Beach and Beyond Sydney Wollongong Pty Ltd ACN 169 433 363 ("**STB Sydney Wollongong**") (which is a wholly held subsidiary of the Company), in connection with the acquisition of Australia Skydive by STB Sydney Wollongong.

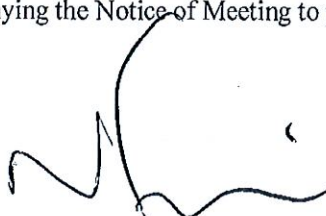
To consider and, if thought fit, pass the following resolution as a special resolution:

"That, for the purposes of section 260B(2) of the *Corporations Act 2001* (Cth), approval is given for the financial assistance to be provided by Australia Skydive (of which the Company is the ultimate holding company), to Skydive the Beach and Beyond Sydney Wollongong (being a wholly owned subsidiary of the Company), in connection with the acquisition of all of the issued share capital of Australia Skydive by Skydive the Beach and Beyond Sydney Wollongong, as described in the Explanatory Memorandum accompanying the Notice of Meeting to pass this resolution."

By order of the Board

DR NIGEL FINCH

Director



DATED: 2 APRIL 2015

Explanatory Memorandum to the Notice of Extraordinary General Meeting

This Explanatory Memorandum has been prepared for the information of the shareholders of the Company in connection with the business to be conducted at the Extraordinary General Meeting.

The purpose of this Explanatory Memorandum is to provide information which the Directors believe to be material to shareholders in deciding whether or not to pass the special resolution in the Notice of Extraordinary General Meeting.

BACKGROUND

On 31 March 2015, Skydive the Beach and Beyond Sydney Wollongong Pty Ltd ACN 169 433 363 ("**STB Sydney Wollongong**") (which is a wholly held subsidiary of the Company) acquired the entire issued share capital of Australia Skydive Pty Ltd ACN 134 382 004 ("**Australia Skydive**") under the terms of a Share Sale Deed ("**Share Sale Deed**") dated 10 December 2014 ("**Acquisition**"). The main provisions of the Share Sale Deed were summarised in section 12.1 of the Replacement Prospectus dated 5 March 2015 issued by the Company for the initial public offering of ordinary shares in the Company which closed on 18 March 2015 ("**Replacement Prospectus**"). Accordingly, on completion of the Acquisition, Australia Skydive became a wholly owned subsidiary of STB Sydney Wollongong, and a wholly owned subsidiary (as defined in the *Corporations Act 2001* (Cth)) of the Company because the Company became the ultimate holding company of Australia Skydive.

SHAREHOLDER APPROVAL FOR FINANCIAL ASSISTANCE

Section 260A(1) of the *Corporations Act 2001* (Cth) ("**Corporations Act**") provides that a company (in this case Australia Skydive) may financially assist a person (in this case STB Sydney Wollongong) to acquire shares (or units of shares) in the company or a holding company of the company only if:

- (a) giving the assistance does not materially prejudice:
 - (i) the interests of the company or its shareholders; or
 - (ii) the company's ability to pay its creditors; or
- (b) the assistance is approved by shareholders under section 260B of the Corporations Act; or
- (c) the assistance is exempt under section 260C of the Corporations Act.

Financial assistance is defined very broadly and may include giving security over a company's assets.

Under section 260A(2) of the Corporations Act, financial assistance may be given before or after the acquisition of shares.

If the company will be a subsidiary of a listed domestic corporation immediately after the acquisition, then section 260B(2) requires that the financial assistance must also be approved by a special resolution passed at a general meeting of the listed holding company.

The Company is listed and is a domestic corporation.

THE FINANCIAL ASSISTANCE

As disclosed in the Replacement Prospectus, under the terms of the Share Sale Deed, the vendor shareholders of Australia Skydive are required to provide vendor finance in the sum of approximately

\$3,300,000 ("**Facility Amount**") to fund a portion of the purchase price payable by STB Sydney Wollongong for the Acquisition. The Facility Amount was the subject of a Loan Agreement entered into by STB Sydney Wollongong as Borrower, and each of the vendor shareholders of Australia Skydive. The main provisions of the Loan Agreement were summarised at section 12.1(d) of the Replacement Prospectus as follows:

"Interest is payable at 6% per annum on the Facility Amount outstanding from time to time, and interest is payable in arrears monthly on each Advance. The Facility Amount of \$3,300,000 together with accrued interest is repayable in full to the Vendor no later than the date that is 3 years from the date of the Loan Agreement. The Loan Agreement and the Facility Amount will be secured by:

- i. A second ranking security interest over all the assets and undertaking of Australian Skydive (as governed by the terms and conditions of a General Security Deed to be entered into by Australia Skydive as the grantor and the Vendor as the grantee and effective upon completion of the Loan Agreement) (provided however that such security shall be first ranking in relation to Aircraft VH-DVS). Financial assistance consents may be required pursuant to the Corporations Act; and*
- ii. A second ranking security over all of the ordinary shares in Australia Skydive acquired by the Purchaser (as governed by the terms and conditions of a Specific Security Deed to be entered into by the Purchaser as the grantor and the Vendor as the grantee and effective upon completion of the Loan Agreement)."*

As, following completion of the Share Sale Deed, there is no remaining first ranking security in either of the circumstances referred to above, in each case the security interest referred to above will be first ranking.

A company may be regarded as giving financial assistance if something is needed in order that a transaction be carried out or something in the nature of aid or help. Common examples of financial assistance include issuing a debenture, giving security over a company's assets, and giving a guarantee or indemnity in respect of another person's liability. The giving of security over the assets of Australia Skydive will give financial assistance to STB Sydney Wollongong and hence to the Purchaser referred to above in connection with the Acquisition.

The granting of the security interest by way of Australia Skydive entering into a General Security Deed as referred to in paragraph i. above constitutes the giving of financial assistance by Australia Skydive to STB Sydney Wollongong in relation to the Acquisition. As the Company is the listed holding company of Australia Skydive, shareholders of the Company are asked to approve the giving of financial assistance.

Reasons for giving the financial assistance

The reason for giving of the financial assistance described above is to enable STB Sydney Wollongong to comply with its obligations under the Loan Agreement. If such obligations are not complied with, it will be a default of the Loan Agreement and all monies owing to the Financier will be payable immediately on the Financier's demand, or the Facility Amount may not become available. Either consequence could result in an insufficiency for the funding needs of the Company and its subsidiaries ("**STB Group**") to develop the growth opportunities available following the Acquisition.

The advantage of shareholders of the Company passing the proposed special resolution set out in the Notice of Meeting to which this Explanatory Memorandum is annexed is that STB Sydney Wollongong will be able to give the security required under the Loan Agreement and ensuring that STB Sydney Wollongong is not in default of the Loan Agreement.

Effect of financial assistance

As STB Sydney Wollongong is already liable for the amounts payable under the Loan Agreement (as such amounts form a portion of the total purchase price payable by STB Sydney Wollongong for the Acquisition pursuant to the Share Sale Deed), the giving of the financial assistance as described in this Explanatory Memorandum by Australia Skydive is unlikely to have any adverse effect on the Company or any member of

the STB Group, except that the funding options relating to Australia Skydive will be restricted by the security over its assets granted by the General Security Deed until the Loan Facility is repaid.

The Directors of the Company do not currently believe that either STB Sydney Wollongong as Borrower under the Loan Agreement or Australia Skydive as grantor of the General Security Deed are likely to default in their obligations under either the Loan Agreement or the General Security Deed (as applicable).

Recommendation of the Board

The Directors of the Company unanimously recommend that the shareholders vote in favour of the special resolution set out in the Notice of Meeting to which this Explanatory Memorandum is annexed to approve the giving of the financial assistance.

Notice to ASIC

As required by section 260B(5) of the Corporations Act, copies of the Notice of Meeting and this Explanatory Memorandum as sent to shareholders was lodged at the Australian Securities and Investments Commission before being sent to shareholders.

All correspondence and enquiries to:

BoardRoom
Smart Business Solutions

Company or Trust in which Investment is Held

Full Name(s) of
Registered
Holding

Registered
Address

Post Code

GPO Box 3993
Sydney NSW 2001
Tel: 1300 737 760 (within Aust)
Tel: + 61 2 9290 9600 (outside Aust)
Fax: + 61 2 9279 0664
www.boardroomlimited.com.au
enquiries@boardroomlimited.com.au

You are required to insert this number

Securityholder Reference Number (SRN) or
Holder Identification Number (HIN)

Appointment of Corporate Representative

Use a **black pen**. Print in **CAPITAL** letters inside the boxes

A Appointment of Corporate Representative

We, the above mentioned holder appoint:

To act as our representative at

☐

The meeting of the above named company to be held on:

OR

☐

All Meetings of the above named company.

Please state if there are any restrictions on the representative's power:

Yes

☐

No

☐

If yes, please describe the restriction

Contact Name

Telephone Number - Business Hours

Telephone Number - After Hours

B Sign Here – This section **must** be signed for your instructions to be executed

I/We authorise you to act in accordance with our instructions set out above. I/We acknowledge that these instructions supersede and have priority over all previous instructions in respect to our securities.

Sole Director and
Sole Company Secretary

Director

Director/Company Secretary

Companies:

Two Directors, Director & Company Secretary, or Sole Director and Sole Company Secretary can sign.
Please indicate the office held by signing in the appropriate space.

Day

Month

Year

Privacy Statement

The personal information in this form is collected by Boardroom Pty Limited ("Boardroom"), as registrar for the issuer of the securities you hold. Boardroom's privacy policy can be viewed on our website (www.boardroomlimited.com.au).

Your personal information is required for administration of the register of securityholdings. Should some or all of the requested information not be provided correct administration of your securityholding may not be possible. Your personal information may be disclosed to the issuer of the securities you hold, its or our related bodies corporate, external service companies such as print or mail service providers or otherwise as permitted by law. If, in accordance with the provisions of the Corporations Act the issuer of the securities you hold approves, you may be sent marketing material in addition to general corporate communications. You may elect not to receive marketing material by contacting Boardroom Pty Limited.

You can obtain access to your personal information and (if required) advise of any incorrect, inaccurate or out of date data information held, by contacting Boardroom Pty Limited on 1300 737 760

Skydive the Beach

GROUP LIMITED

All Correspondence to:

✉ By Mail Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

📠 By Fax: +61 2 9290 9655

💻 Online: www.boardroomlimited.com.au

☎ By Phone: (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (AEST) on Saturday 2nd May 2015**

🖨 TO VOTE ONLINE

- STEP 1: VISIT** www.votingonline.com.au/skydivethebeachgm2015
- STEP 2: Enter your holding/investment type:**
- STEP 3: Enter your Reference Number:**
- STEP 4: Enter your VAC:**

PLEASE NOTE: For security reasons it is important you keep the above information confidential.

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form must be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. Please indicate the office held by signing in the appropriate place.

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am (AEST) Saturday, 2 May 2015**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 Online www.votingonline.com.au/skydivethebeachgm2015
- 📠 By Fax +61 2 9290 9655
- ✉ By Mail Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 In Person Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Skydive the Beach Group Limited

ABN 56 167 320 470

☐ Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of Skydive the Beach Group Limited (Company) and entitled to attend and vote hereby appoint:

☐

the Chair of the Meeting (mark box)

OR if you are NOT appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at THE OFFICES OF RSM BIRD CAMERON, LEVEL 12, 60 CASTLEREAGH STREET, SYDNEY NSW 2000 on MONDAY 4TH MAY 2015, at 10:00am (AEST) and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

Resolution 1 Approval of financial assistance

For	Against	Abstain*
☐	☐	☐

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2015