



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.

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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 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



Skydive the Beach

AND BEYOND

Skydive Queenstown Acquisition
and
Underwritten Entitlement Offer
12 October 2015

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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

1. Acquisition Summary

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

• 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

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

Location

Queenstown



**Two well
recognised
brands**



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

NZONE

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



NZONE

SQ has quality fleet including 2 Cessna Grand Caravans



2. Strategic Rationale

EXECUTES ON 3 OF 4 KEY STRATEGIC PRIORITIES DRIVING FUTURE GROWTH

Acquisitions ✓



Efficiencies ✓

**Skydive
the Beach**

AND BEYOND

..... Diversification ✓



Further Start ups

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

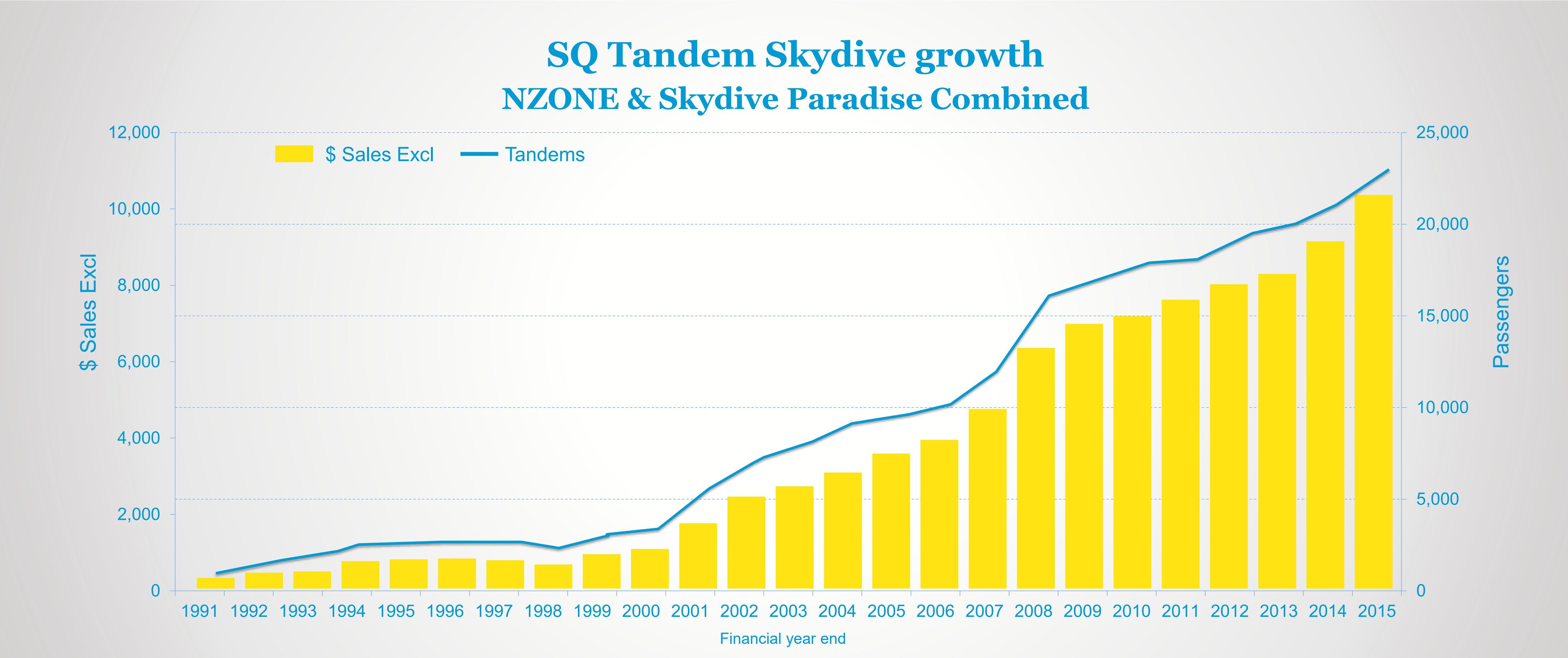
Rationale for growth:

- ⦿ 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



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

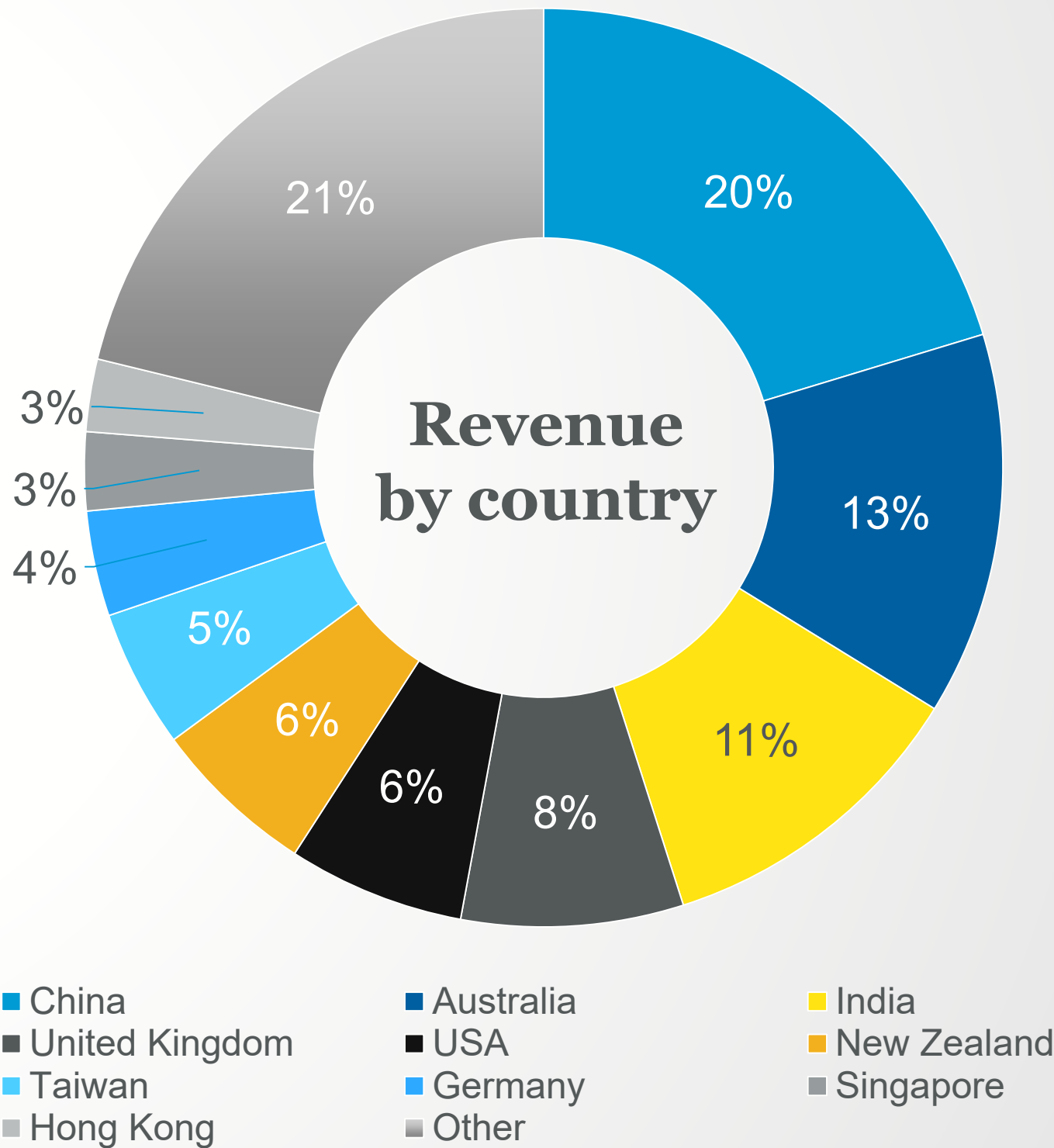
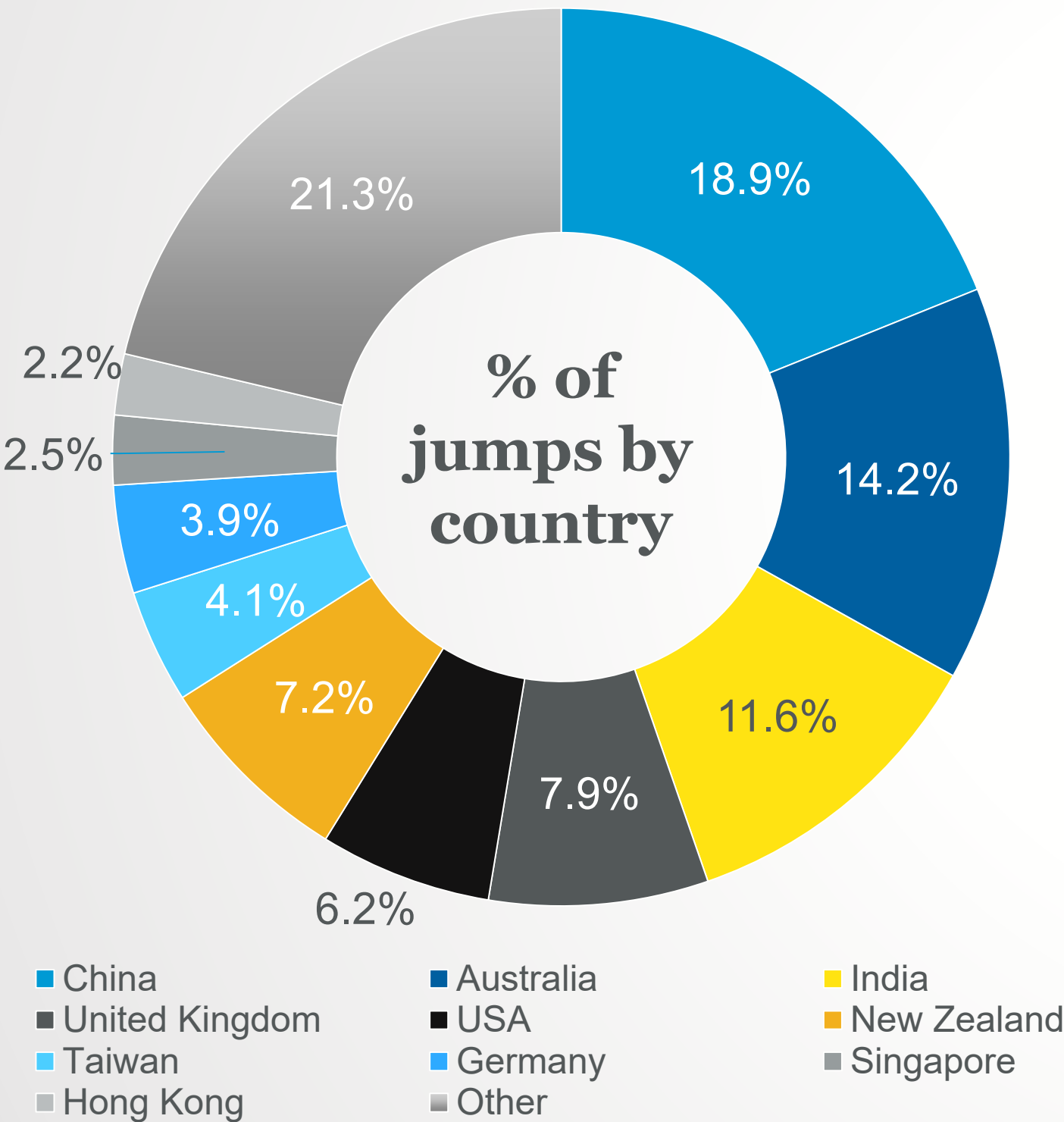
* Source: Tourism Industry Association New Zealand. Press Release 21 August 2015,

** 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

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

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

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

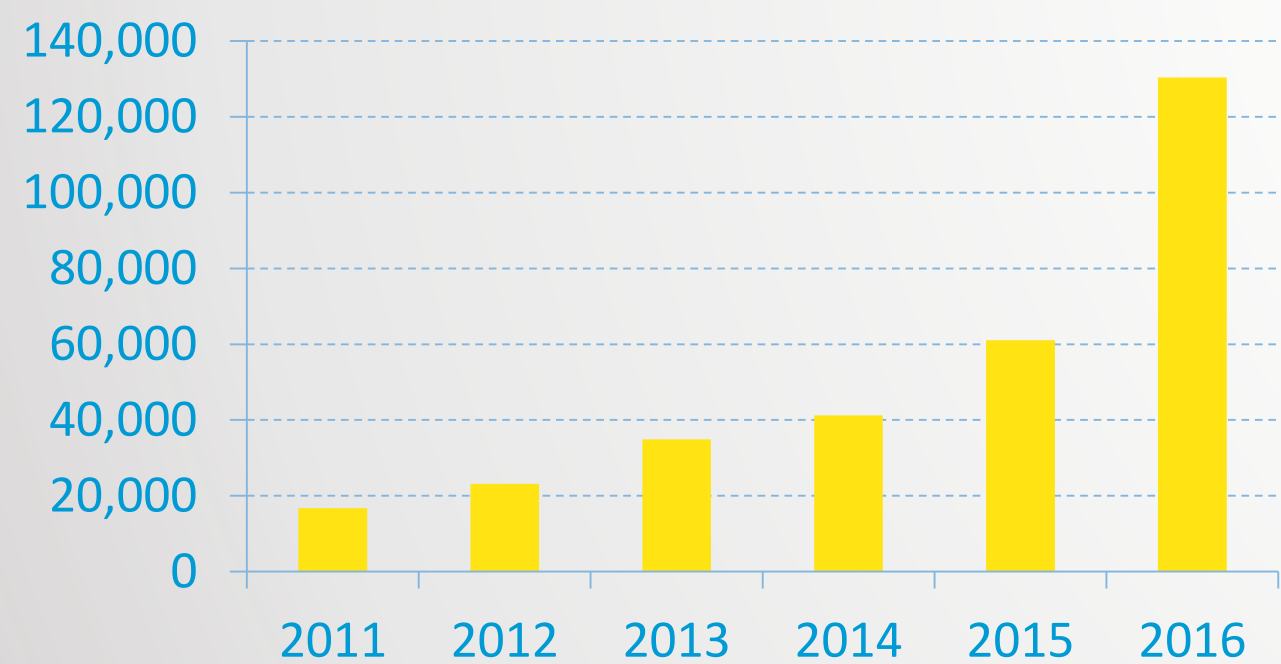
Key assumptions of pro-forma Balance Sheet

- 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

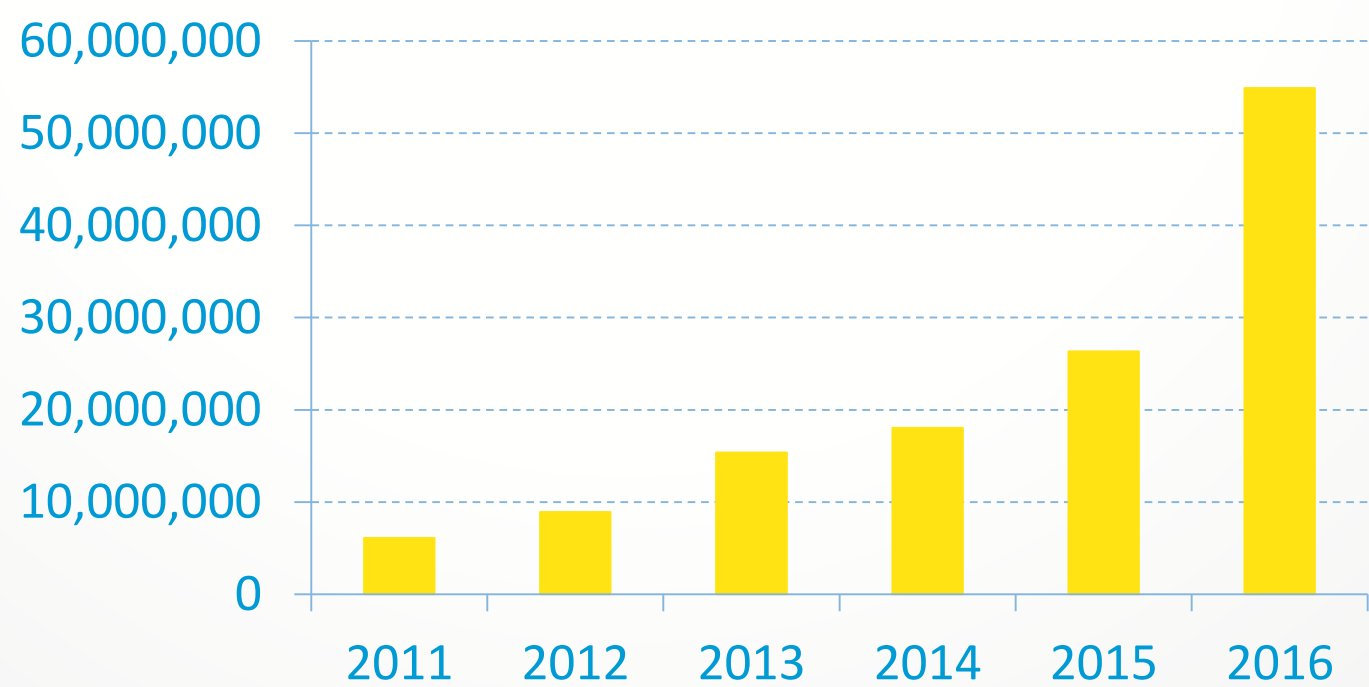
EXPECTED FINANCIAL IMPACT AND FY16 GUIDANCE

- 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

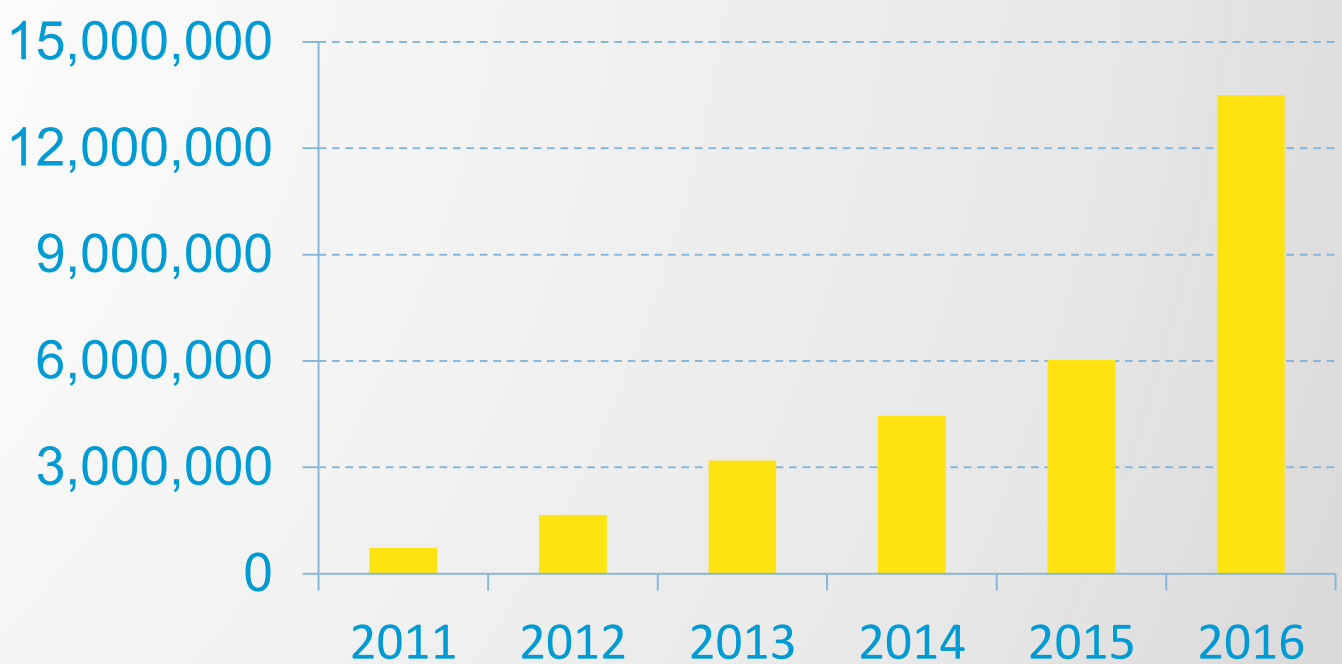
Tandems (#)



Revenue (\$)



EBITDA (\$)



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.

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.

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 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

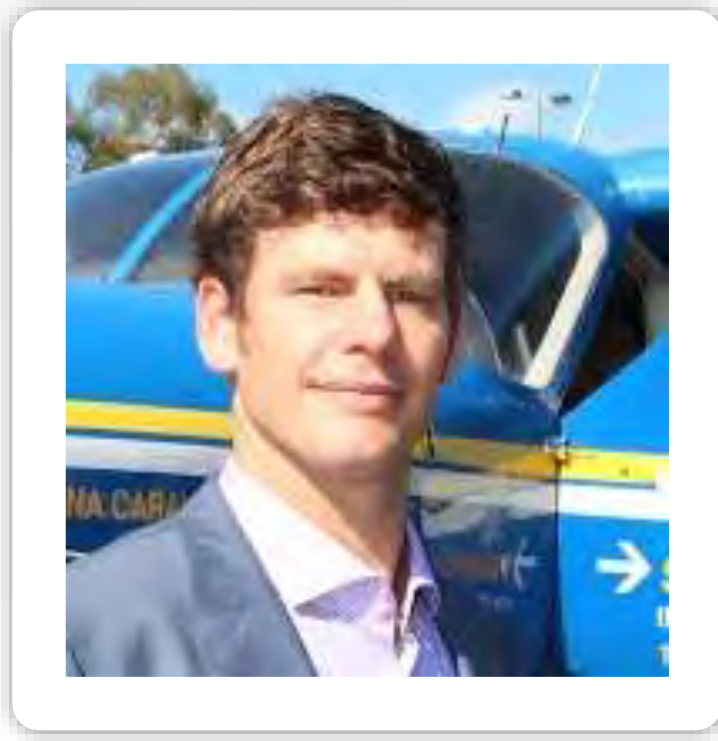
DIRECTORS OF SKB



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), LLM 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.

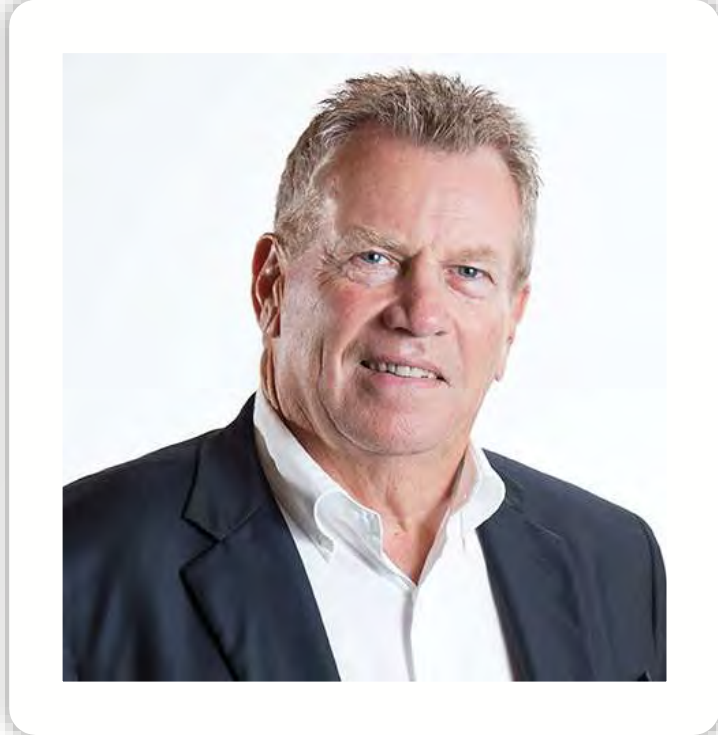
DIRECTORS OF SKB



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.

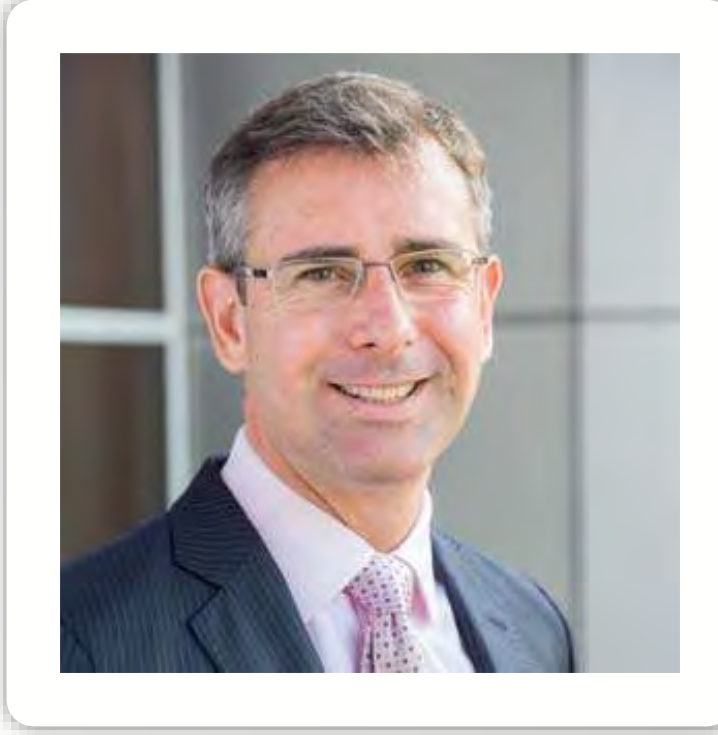


John Diddams
NON-EXECUTIVE DIRECTOR

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.

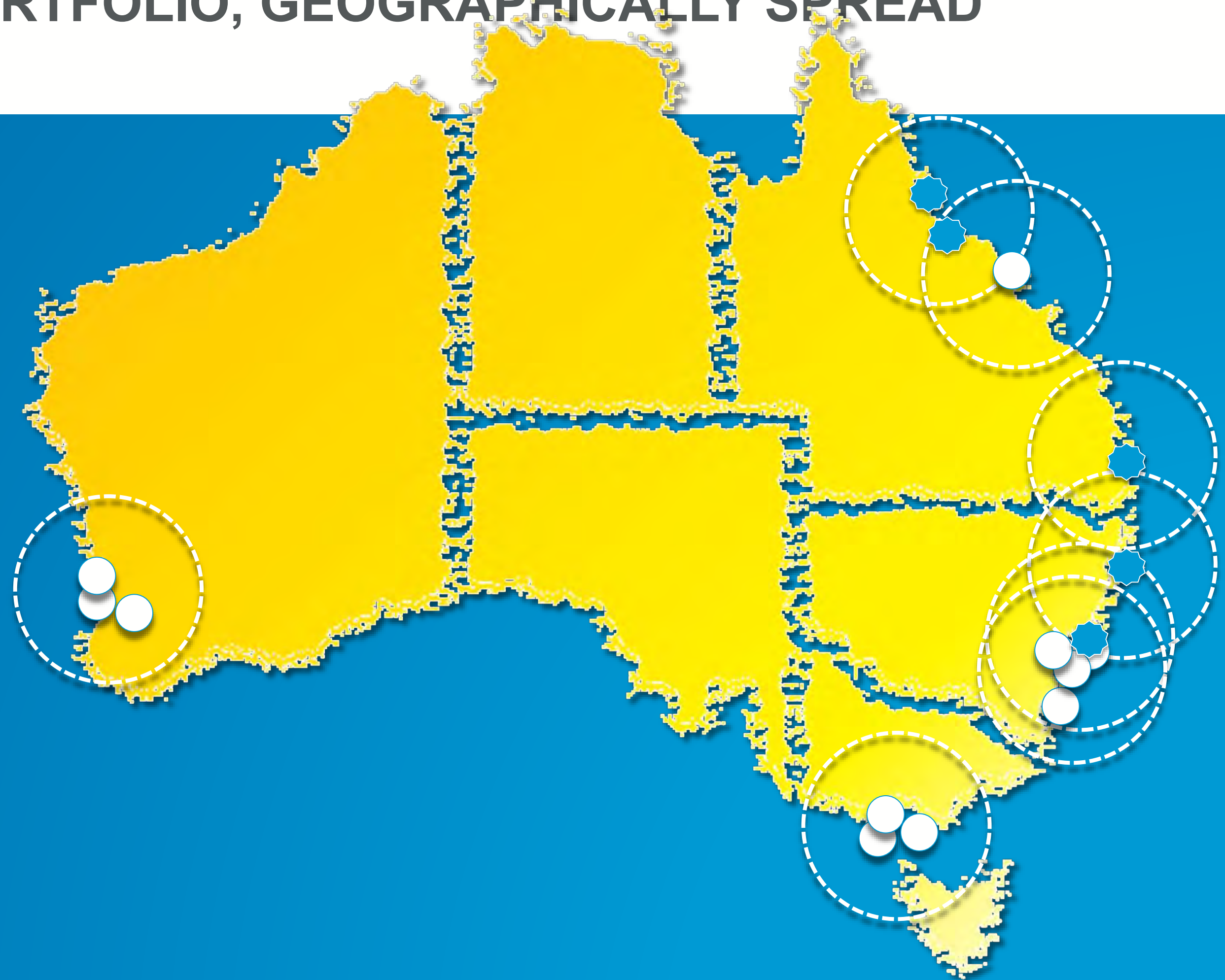
Nigel is the non-executive chairman of 3D Medical Limited (ASX:3DM)

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
- Owens 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

16 DROP ZONES: WELL DIVERSIFIED PORTFOLIO, GEOGRAPHICALLY SPREAD

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



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