



28 SEPTEMBER 2016

SKYDIVE THE BEACH GROUP LIMITED (ACN 167 320 470) (ASX: SKB)

ASX ANNOUNCEMENT

CLEANSING NOTICE PURSUANT TO SECTION 708AA(2)(f) OF THE CORPORATIONS ACT 2001

This notice is given by Skydive the Beach Group Limited ("**SKB**" or "**the Company**") under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) ("**Corporations Act**") as modified by Australian Securities and Investments Commission ("**ASIC**") Corporations (Non-Traditional Rights Issues) Instrument 2016/84 ("**ASIC Instrument 2016/84**").

Today the Company announced a fully underwritten accelerated pro rata non renounceable entitlement offer ("**Entitlement Offer**") to raise \$19,626,353 before costs. Under the Entitlement Offer, shareholders will be entitled to acquire 2 new ordinary shares ("**New Shares**") for every 21 held at 7.00pm (Sydney time) on the record date of Friday, 30 September 2016 at an issue price of \$0.52 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 37,742,986 New Shares.

The Company hereby gives notice under section 708AA(2)(f) of the Corporations Act that:

- (a) the Company will offer the New Shares under the Entitlement Offer without disclosure under Part 6D.2 of the Corporations Act, as notionally modified by the ASIC Instrument 2016/84;
- (b) this notice is being given under section 708AA(2)(f) of the Corporations Act as modified by the ASIC Instrument 2016/84;
- (c) as at the date of this notice, SKB has complied with:
 - (i) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - (ii) section 674 of the Corporations Act;
- (d) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Corporations Act as notionally modified by the ASIC Instrument 2016/84 that is required to be set out in this notice; and
- (e) the potential effect the issue of the New Shares will have on the control of the Company, and the consequences of that effect, is dependent on the extent to which eligible shareholders take up their entitlement for New Shares and whether or not they subscribe for additional New Shares arising under a shortfall. Given the structure of the Entitlement Offer as a fully underwritten pro-rata offer with a shortfall facility, the potential effect that the issue of New Shares will have on the control of the Company is as follows:

- i. if all eligible shareholders take up their entitlement in full under the Entitlement Offer, the Entitlement Offer will have no effect on the control of the Company;
- ii. the proportional interests in the Company of those eligible shareholders who do not take up their entitlement under the Entitlement Offer will be diluted by those other eligible shareholders who take up some, all or more than their entitlement;
- iii. the proportional interests in the Company of shareholders who are not eligible shareholders will be diluted because those shareholders are not entitled to participate in the Entitlement Offer;
- iv. based on the holdings of shareholders as set out in the Company's share register at the date of the Retail Offer Booklet (expected to be released on Wednesday, 5 October 2016), no shareholder following the take up of their entitlement should increase their shareholding to more than 20% of the Company's issued capital; and
- v. the Entitlement Offer is fully underwritten by Veritas Securities Limited ("**Underwriter**"). If none of the New Shares are taken up by eligible shareholders, then the Underwriter would be required to subscribe for all of the 37,742,986 New Shares (increasing its voting power to 8.7%¹), subject to any sub-underwriting arrangements it has entered into, detailed below. The Underwriter has entered into arrangements to sub-underwrite the Entitlement Offer. One of the sub-underwriters is a substantial shareholder of the Company, Perpetual Investment Management Limited. If Perpetual Investment Management Limited is required to acquire the maximum number of New Shares under its sub-underwriting arrangement, it would increase its voting power percentage to 7%. The maximum voting power percentage which other sub-underwriters may obtain in relation to the Entitlement Offer if those sub-underwriters are required to subscribe up to the maximum number of New Shares under their relevant sub-underwriting arrangements is 1.8%.

Further details regarding the Entitlement Offer are set out in the Retail Offer Booklet to be lodged with ASX on Wednesday, 5 October 2015.

CONTACT INFORMATION

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ABOUT SKYDIVE THE BEACH GROUP LIMITED (ASX:SKB)

Skydive the Beach Group Limited ("SKB") is a tandem skydiving, and adventure tourism and leisure company. It provides tandem skydiving experiences in locations across four Australian states and on the South Island of New Zealand. From origins in 1999, it has become a profitable business with a track record of earnings growth. In March 2015, SKB successfully completed an initial public offer (IPO) and listed on the Australian Securities Exchange and acquired Australia Skydive Pty Ltd. In October 2015 SKB acquired NZone Skydive and in July 2016 SKB acquired Skydive Wanaka and now has 18 dropzones in Australia and New Zealand.

For further information www.skydive.com.au

¹ This is rounded to two decimal places.