

Indoor Skydive Australia Group Limited

ACN 154 103 607

ASX/Media Release

Sydney, Australia – 16 July 2018

RECEIPT OF ASX WAIVER

Indoor Skydive Australia Group Limited (ASX:IDZ) (ISA Group) advises that ASX Ltd has granted a waiver from Listing Rule 10.1 in relation to the \$3m Loan Facility provided by Birkdale Holdings (QLD) Pty Ltd (**Birkdale**).

Birkdale is a substantial holder of ISA Group, holding a relevant interest in the Company's voting securities of 12.47%. It is also a related party through Steve Baxter, a director of the Company. As announced on 20 June 2018, ISA Group sought the waiver of Listing Rule 10.1 to facilitate additional drawdowns from \$1.5m up to the available \$3m without the need to obtain shareholder approval.

The terms of the waiver are:

1. Based solely on the information provided, ASX Limited ("ASX") grants Indoor Skydive Australia Group Limited (the "Company") a waiver from listing rule 10.1 to the extent necessary to permit the Company to grant security over its assets in favour of Birkdale Holdings (Qld) Pty Ltd as trustee for the Baxter Family Trust ("Baxter") (the "Security") to secure the Company's obligations under a finance facility of up to \$3,000,000 (the "Facility") without obtaining shareholder approval, on the following conditions.
 - 1.1 The Security includes a term that if an event of default occurs and Baxter exercises its rights under the Security, neither Baxter nor any of its associates can acquire any legal or beneficial interest in an asset of the Company or any of its subsidiaries in full or part satisfaction of the Company's obligations under the Security, or otherwise deal with the assets of the Company or its subsidiaries, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by Baxter exercising its power of sale under the Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to Baxter or its associates in accordance with their legal entitlements.
 - 1.2 A summary of the material terms of the Facility and the Security is made in each annual report of the Company during the term of the Facility.
 - 1.3 1.3. Any variations to the terms of the Facility and Security which is:
 - 1.3.1 not a minor change; or
 - 1.3.2 inconsistent with the terms of the waiver,must be subject to shareholder approval.

- 1.4 The Company and Baxter must seek to discharge the Security when the funds advanced to the Company are repaid, or if it is not discharged, seek shareholder approval for the continuation of the Security for any further period.
- 1.5 The Company immediately releases to the market an announcement which sets out the material terms of this waiver, including:
 - 1.5.1 the Company's plans with respect to the repayment of the funds advanced under the Facility, and discharge of the Security, including the timeframe within which it expects the repayment and discharge to occur; and
 - 1.5.2 a statement of the reasons why the Company has chosen to obtain a financial accommodation from a listing rule 10.1 party rather than a lender that is not a listing rule 10.1 party, and the steps the Company's board has taken to satisfy itself that the transaction is being entered into on arms' length terms and is fair and reasonable from the perspective of the Company's shareholders.

In accordance with the requirements of 1.5 above, ISA Group notes its current intention to repay the loan at the end of the term, being 18 June 2020. The funds for the repayment are expected to be generated from cash flows from operations. ISA Group will seek to discharge the second ranking general security when the Loan Facility has been repaid in full.

ISA Group chose to enter into the Loan Facility as it considered it to be the most efficient means to secure funding. Additional financing with ISA Group's principle lender was explored. The terms and availability of funding was impacted by the uncertainty associated with the dispute with SkyVenture. Birkdale, being a substantial shareholder with a long-standing relationship with the Company, agreed to provide the interim funding and was able to do so expeditiously.

Prior to entering into the Loan Facility, ISA Group benchmarked the terms and availability of funding to similar third-party transactions in the market and is satisfied that the transactions under the Loan Facility are on an arm's length basis and fair and reasonable from the perspective of the ISA Group's shareholders.

Further information on ISA Group is available at www.indoorskydive.com.au.

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About Indoor Skydive Australia Group Limited (ACN: 154 103 607)

Indoor Skydive Australia Group Limited is a visionary leisure company established in 2011 to build and operate a portfolio of world class indoor skydiving facilities across our region. These facilities, allowing human flight within a safe environment, are currently used by tourists, skydiving enthusiasts and military throughout the world. Our business plan is based on proven technology, flexible operating hours and low overheads. The Company listed on the ASX on 18 January 2013 under the code IDZ.

For further information visit: www.indoorskydive.com.au

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