

**Indoor Skydive Australia Group Limited**  
**ACN 154 103 607**

**ASX/Media Release**  
**Sydney, Australia – 28 June 2019**

**Preliminary Agreement for the asset sale of Indoor Skydiving Perth  
(iFLY Perth)**

**Indoor Skydive Australia Group Limited (ASX:IDZ) (ISA Group)** announces today that it has entered into an agreement with SkyVenture International Ltd (**SkyVenture**) for the sale of the assets of its Perth Indoor Skydiving facility (**Agreement**).

The sale of the assets of iFly Perth to SkyVenture, which is subject to certain conditions, is in exchange for:

- Full satisfaction of amounts payable by the ISA Group of companies to SkyVenture under the Promissory Notes which were issued on settlement of the legal dispute in 2018
- Full satisfaction of all outstanding amounts payable by the ISA Group of companies under the Purchase and Licence Agreements for its three current operations
- A royalty suspension period of 4 years for Indoor Skydiving Penrith and Indoor Skydiving Gold Coast
- Cash payment to ISA Group of A\$500,000
- Termination of the Purchase and Licence Agreement in relation to iFly Perth
- SkyVenture assuming the liabilities for presold and unused flights of up to \$250,000

A summary of the key terms and conditions of the sale is set out in the Schedule.

The parties are working towards executing the sale agreement and completing the sale on 31 July 2019. The unaudited valuation of the transaction is c. A\$9.3m.

“The sale process of the Perth assets is the result of a lengthy and thorough process that has been undertaken by the board of directors and consultants over the past 6 months. The strategy of repair, growth, and diversification is now underway with the Perth transaction resulting in a material reduction in interest bearing debt.” said Wayne Jones, CEO. “Further cost reductions will follow as the company reviews the corporate overhead structure including senior management and board composition.”

To enable the sale agreement to be negotiated and completed, SkyVenture has also agreed to not exercise any rights it may currently have on an event of default under the SkyVenture promissory notes or any right it may have to terminate any of the Purchase and Licence Agreements it has with the ISA Group companies, for a period of six weeks which has the ability to be extended for a further 2 weeks if required to obtain material consents and a further 4 weeks subject to SkyVenture's consent. The forbearance provided by SkyVenture is subject to various conditions and termination rights which are set out in further detail in the Schedule.

Further information on ISA Group is available at [www.indoorskydive.com.au](http://www.indoorskydive.com.au).  
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### **About Indoor Skydive Australia Group Limited (ACN: 154 103 607)**

Indoor Skydive Australia Group Limited was established in 2011 as the parent company to build and operate 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. Flexible operating hours, low overheads and proven technology are just a few of the highlights that support the company's business model. The Company listed on ASX on 18 January 2013 under the code IDZ.

For further information visit: [www.indoorskydive.com.au](http://www.indoorskydive.com.au)

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**SCHEDULE**  
**KEY TERMS AND CONDITIONS OF SALE**

The transfer of the assets of IFLY Perth shall be pursuant to an asset purchase agreement (**APA**) on customary terms and conditions including the key terms and conditions below.

<b>Parties</b>	Indoor Skydive Australia Group Limited (ISA Group) Indoor Skydiving Perth Pty Ltd (ISA Perth) SkyVenture International Ltd (SkyVenture)
<b>Sale</b>	ISA Group and ISA Perth agree to transfer all assets of ISA Perth that are used in or necessary to operate the business of the Perth facility as it is currently operated, free of any lien or other obligation (other than up to \$250,000 of prepaid, unused flights).
<b>Consideration</b>	<p>In consideration for the transfer of assets to SkyVenture, ISA Group will receive the benefit of the following:</p> <ul style="list-style-type: none"> <li>• Full satisfaction of amounts payable by the ISA Group of companies to SkyVenture under the SkyVenture promissory notes (Notes)</li> <li>• Full satisfaction of all outstanding amounts payable by the ISA Group of companies under the Purchase and Licence Agreements for its three current operations (PLAs)</li> <li>• A royalty suspension period of 4 years for Indoor Skydiving Penrith and Indoor Skydiving Gold Coast</li> <li>• Cash payment to ISA Group of A\$500,000</li> <li>• Termination of the Purchase and Licence Agreement in relation to iFly Perth</li> <li>• SkyVentures will assume the liabilities for presold and unused flights of up to \$250,000</li> <li>• A waiver of any known breach by ISA Group or any of its subsidiaries of any of the PLAs and Notes prior to the date of signing.</li> </ul>
<b>Conditions precedent</b>	<p>The asset sale is conditional on:</p> <ul style="list-style-type: none"> <li>• the terms of the APA being approved in writing by the Company's existing financiers being Westpac Banking Corporation (<u>Westpac</u>) and Birkdale Holdings (Qld) Pty Ltd (<u>Birkdale</u>); and</li> <li>• customary conditions that will be included in the APA which will include any approvals required under the ASX Listing Rules.</li> </ul> <p>ASX has been notified of the transaction and confirmation is awaited as to whether shareholder approval will be required for the purposes of Chapter 11 of the ASX Listing Rules.</p>

<b>Forbearance</b>	<p>The ISA Group of companies are currently in breach of certain provisions under the PLAs and Notes. In order to provide time for the APA to be negotiated and completed, SkyVenture has agreed not to exercise any rights it may have on an event of default under the Notes or any right it may have to terminate any of the PLAs, for a period of six weeks commencing on the date of the Agreement (<b>Forbearance Period</b>). The Forbearance Period can be extended automatically for a period of two weeks if required to obtain any material consents and may be extended for a further period of 4 weeks with SkyVenture's consent.</p> <p>This forbearance is conditional on ISA Group entering into separate written agreements with Westpac and Birkdale whereby they consent to the terms of the asset sale of iFly Perth, agree not to accelerate ISA Group's outstanding debt with them and agree to release all liens they may have in relation to the iFly Perth assets being transferred.</p>
<b>Termination rights</b>	<p>SkyVentures has the right to terminate the Agreement (which includes the forbearance) at any time before the expiry of the Forbearance Period in the following circumstances:</p> <ul style="list-style-type: none"> <li>• a matter is disclosed to SkyVenture that has a material adverse effect on the value of the assets of Perth such that SkyVenture would not have agreed to purchase Perth or would have agreed to purchase Perth on materially less favorable terms;</li> <li>• the obligations to customers for prepaid flights for the Perth facility exceeds the agreed amount by \$50,000; or</li> <li>• Westpac or Birkdale terminate their separate written agreements or otherwise take any action inconsistent with those agreements.</li> </ul> <p>The Agreement can be terminated by SkyVenture at the expiration of the Forbearance Period if by that time, the landlord for the Perth facility has not consented to the assignment of the lease to SkyVentures on terms reasonably acceptable to SkyVenture or the APA has not been agreed and executed.</p>