

5 November 2014

[Name]  
[Address]  
[Address]

Dear Shareholder

## EQUITY CAPITAL RAISING

On 3 November 2014, Indoor Skydive Australia Group Limited (**ISA Group**) (ASX: IDZ) announced an equity capital raising (**Offer**) of approximately \$17 million by way of an institutional placement (**Institutional Placement**) of fully paid new ordinary shares in ISA Group (**New Shares**) and a 2 for 15 non-renounceable rights issue of approximately 11.8 million New Shares to raise up to approximately \$5.9 million (**Rights Issue**).

As previously announced, the Institutional Placement was fully taken up, raising approximately \$11.1 million.

The record date for the Rights Issue is 7.00pm (Sydney time) on Monday, 10 November 2014. The Rights Issue is open to eligible shareholders, being persons who:

- are registered as a holder of ISA Group fully paid ordinary shares (**ISA Group Shares**) as at the record date, being 7.00pm (Sydney time) on Monday, 10 November 2014;
- have a registered address on the ISA Group 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 Shares for the account or benefit of such person in the United States); and
- are eligible under all applicable securities laws to receive an offer under the Rights Issue, (**Eligible Shareholder**).

We are sending you this letter because, according to our records, you are an Eligible Shareholder.

Details of the Rights Issue are set out in an offer booklet (**Offer Booklet**) announced on the Australian Stock Exchange (**ASX**) at the time of announcement of the Rights Issue. A copy of the Offer Booklet is available to shareholders with registered addresses in Australia or New Zealand on ISA Group's website at [www.indoorskydiveaustralia.com.au](http://www.indoorskydiveaustralia.com.au) or the ASX's website at [www.asx.com.au](http://www.asx.com.au). Eligible Shareholders will be mailed an Offer Booklet together with an Entitlement and Acceptance Form by Wednesday, 12 November 2014.

**Key information regarding the Rights Issue**

New Shares issued under the Rights Issue will be offered at \$0.50 per New Share, which is at a 16.5% discount of the 30 day VWAP to 29 October 2014.

Eligible Shareholders can choose to take up their entitlement in full, in part or not at all. They may also apply for additional fully paid ordinary ISA Group shares in excess of their entitlement (**Additional Shares**). Additional Shares will only be available where there is a shortfall between applications received from Eligible Shareholders and the number of New Shares to be issued under the Rights Issue (**Shortfall**) and at the discretion of the ISA Group Board. Additional Shares will be issued at the offer price of \$0.50 per New Share. Fractional entitlements to New Shares will be rounded up to the nearest whole number of ISA Group Shares.

New Shares will rank equally in all respects with, and will otherwise have the same rights as, the existing ISA Group Shares, including with respect to dividends. However as the issue of the New Shares under the Rights Issue will occur after the record date for the 2014 Annual General Meeting, shareholders of New Shares will not be entitled to vote at the 2014 Annual General Meeting in relation to those New Shares.

The Rights Offer does not require shareholder approval.

ISA Group has appointed Veritas Securities Limited as lead manager of the Offer (**Lead Manager**). The Lead Manager will be paid a capital raising fee equal to 4% of the capital raised under the Institutional Placement and from any Shortfall to the Rights Issue that is placed by Veritas and a management fee which is equal to 1% of the capital raised under the Placement excluding the placement of any Shortfall.

Following the completion of the Offer, ISA Group will have up to 122.4 million ISA Group Shares in total on issue after the issue of up to an additional 33.9 million New Shares inclusive of the Rights Issue.

**Use of proceeds**

The proceeds of the Offer will be used to support the construction of a new indoor skydiving facility in Perth, Western Australia and to refinance the current convertible note that provides partial funding for the Gold Coast development. Further details are set out in the Offer Booklet.

**Actions required by shareholders**

Shareholders who are not an Eligible Shareholder (as described above) will not be able to participate in the Rights Issue.

If you are an Eligible Shareholder and wish to take up all or some of your rights you will need to complete and return the Entitlement and Acceptance Form accompanying the Offer Booklet, together with your payment for the New Shares for which you wish to subscribe, or pay for the New Shares for which you wish to subscribe via BPAY®, in accordance with the instructions on the Entitlement and Acceptance Form.

**Key dates**

Key dates for shareholders are as follows:

Event	Date
Shares quoted on an 'ex' basis	Monday, 3 November 2014
Record Date for the Rights Issue	7.00pm (Sydney time) Monday, 10 November 2014
Rights Issue offer period opens	Wednesday, 12 November 2014
Rights Issue offer period closes	5.00pm (Sydney time) Friday, 21 November 2014
Shares quoted on deferred settlement basis	Monday, 24 November 2014
Issue of New Shares under the Rights Issue	Thursday, 27 November 2014
Despatch of holdings statements	Friday, 28 November 2014
Normal trading of New Shares issued under the Rights Issue expected to commence on ASX	Friday, 28 November 2014

Applications for New Shares under the Rights Issue may only be made on the Entitlement and Acceptance Form which accompanies the Offer Booklet or by making payment via BPA<sup>®</sup> using the relevant details on your Entitlement and Acceptance Form. Eligible Shareholders that wish to participate in the Rights Issue should read the Offer Booklet carefully. For further information on the Rights Issue you should contact your professional advisor or call the ISA Group Registry on +61 2 9290 9600.

On behalf of ISA Group, I invite you to consider this investment opportunity and thank you for your ongoing support.

Yours Sincerely



Lt Gen (Retd) Ken Gillespie  
AC, DSC, CSM  
Chairman