

21 August 2020

WEBCENTRAL GROUP LIMITED (ASX: WCG)

SCHEME BOOKLET REGISTERED WITH ASIC

Webcentral Group Limited (**Webcentral**) is pleased to announce that the Australian Securities and Investments Commission (**ASIC**) has registered the scheme booklet (**Scheme Booklet**) in relation to the proposed acquisition of Webcentral by a wholly owned subsidiary of Web.com Group, Inc. by way of a scheme of arrangement, as announced on 13 July 2020 (**Scheme**).

This follows the issuance of orders made by the Supreme Court of New South Wales today approving the convening of a meeting of Webcentral shareholders to consider and vote on the Scheme (**Scheme Meeting**), as announced by Webcentral earlier today.

Despatch of Scheme Booklet

A copy of the Scheme Booklet, which includes the independent expert's report and the notice of Scheme Meeting, is attached to this announcement.

The Scheme Booklet is expected to be sent to Webcentral shareholders by 27 August 2020. Webcentral shareholders who have previously elected to receive communications electronically will be sent an email allowing them to access the materials electronically and Webcentral will send the materials to all other shareholders by post.

Independent expert's report

The independent expert, BDO Corporate Finance (WA) Pty Ltd (**BDO**), has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Webcentral shareholders, in the absence of a superior proposal. BDO has assessed the full underlying value of Webcentral at between \$0.083 and \$0.126 per Webcentral share. The cash consideration of \$0.10 per Webcentral share payable to Webcentral shareholders pursuant to the Scheme is within this range.

BDO's conclusion should be read in context with the full independent expert's report and the Scheme Booklet, which will be released shortly.

Webcentral directors' recommendation

The Webcentral directors continue to unanimously recommend that Webcentral shareholders vote in favour of the Scheme in the absence of a Superior Proposal¹ and subject to the independent expert continuing to conclude that the Scheme is in the best interests of Webcentral shareholders.

Subject to those same qualifications, the Webcentral directors, who collectively have a relevant interest in approximately 19% of Webcentral shares, intend to vote or procure the vote of all of those Webcentral shares in favour of the Scheme.

Mr Larry Bloch, a former director of Webcentral who has a relevant interest in approximately 4.96% of the Webcentral shares, has confirmed to Webcentral that he intends to vote or procure the vote of all the Webcentral shares in which he has a relevant interest at the time of the Scheme Meeting in

¹ In this announcement, "Superior Proposal" has the same meaning as given in the scheme implementation deed attached to Webcentral's announcement on 13 July 2020.

favour of the Scheme, in the absence of a superior proposal (as determined by Mr Bloch acting reasonably) and subject to the independent expert concluding in its independent expert report (and continuing to conclude) that the Scheme is in the best interests of Webcentral shareholders.

Further information

Webcentral encourages Webcentral shareholders to read the Scheme Booklet in its entirety before deciding whether or not to vote in favour of the Scheme at the Scheme Meeting. Webcentral also encourages Webcentral shareholders to note key events and indicative dates as set out in the Scheme Booklet.

Please contact Ms Emma Jewell of Red Agency for any media enquiries or Mr Andrew Reitzer for any investor queries.

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E: emma.jewell@redhavas.com

Mr Andrew Reitzer
Chairman
0417 275 806

ENDS.

The release of this announcement to the ASX was authorised by the Webcentral Board of Directors

About Webcentral Group Ltd

Webcentral Group Ltd is Australia's largest full-service digital services partner for small and medium businesses - fuelling the growth of local businesses from inception to acceleration.

Since its founding in 1996, Webcentral Group Ltd (previously Melbourne IT Group and Arq Group) has helped fuel the digital success of more than one million Australian small to medium businesses. With roots in domain name and hosting, Webcentral Group Ltd are the small and medium business digital growth solution experts helping businesses get online, improve their online performance, and protect their online presence.

Webcentral Group Ltd consists of the brands Netregistry, WME, Melbourne IT, and Domainz. The Webcentral Group Ltd Enterprise division was divested March 2020.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ IT ENTIRELY BEFORE DECIDING WHETHER OR NOT TO VOTE IN FAVOUR OF THE SCHEME OF ARRANGEMENT. IF YOU ARE IN ANY DOUBT ABOUT HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONTACT YOUR BROKER OR FINANCIAL, TAXATION, LEGAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

VOTE IN FAVOUR

Scheme Booklet

This Scheme Booklet relates to a scheme of arrangement between Webcentral Group Limited (ACN 073 716 793) and its shareholders which, if implemented, will result in Web.com Aus Bidco Pty Ltd (ACN 635 836 298) acquiring all of the Webcentral Shares.

Your Webcentral Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Webcentral Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Webcentral Shareholders, in the absence of a superior proposal.

FINANCIAL ADVISER



LEGAL ADVISER



IMPORTANT NOTICES

General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote at the Scheme Meeting.

Nature of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Scheme required by subsection 412(1) of the Corporations Act. The Notice of Scheme Meeting is set out in Annexure 4.

This Scheme Booklet does not constitute or contain an offer to Webcentral Shareholders, or a solicitation of an offer from Webcentral Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under subsection 411(1). Instead, Webcentral Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

ASIC and ASX

A copy of this Scheme Booklet has been registered by ASIC for the purposes of subsection 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet. ASIC has been requested to provide a statement, in accordance with paragraph 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearings to approve the Scheme. A copy of this Scheme Booklet has been provided to the ASX. Neither the ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

Important notice associated with Court order under subsection 411(1) of the Corporations Act

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Webcentral Shareholders should vote (on this matter Webcentral Shareholders must reach their own conclusion); or
- has prepared, or is responsible for the content of, the explanatory statement.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting. Any Webcentral Shareholder may appear, by way of teleconference, at the Second Court Hearing, currently expected to be held at 9.15am (Sydney time) on 1 October 2020 at the Law Courts Building, 184 Phillip Street, Sydney, New South Wales 2000, Australia. Any Webcentral Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Webcentral a notice of appearance in the prescribed form together with any affidavit that the Webcentral Shareholder proposes to rely on. Dial-in details for the Second Court Hearing will be made available to any Webcentral Shareholder who indicates an intention to appear in this manner.

Defined terms

Capitalised terms used in this Scheme Booklet are defined in section 10 of this Scheme Booklet, which section 10 of this Scheme Booklet also sets out some rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the annexures to this Scheme Booklet have their own defined terms, which are sometimes different to those set out in section 10.

No investment advice

This Scheme Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any Webcentral Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice. The Webcentral Directors encourage you to seek independent financial and taxation advice, and to read this Scheme Booklet in its entirety, before making any investment decision and any decision as to whether or not to vote in favour of the Scheme. In particular, it is important that you consider the potential risks if the Scheme does not proceed, as set out in section 7 of this Scheme Booklet, and the views of the Independent Expert set out in the Independent Expert's Report contained in Annexure 1. If you are in doubt as to the course you should follow, you should consult an independent and appropriately licensed and authorised professional adviser immediately.

Forward looking statements

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of Webcentral, Web.com or any of their respective Subsidiaries are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Webcentral, Web.com or any of their respective Subsidiaries and/or the industries in which they each operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of Webcentral, Web.com or any of their respective Subsidiaries, or any officers, directors, employees or advisers of any of them or any person named in this Scheme Booklet or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

Any forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, Webcentral, Web.com and each of their respective Subsidiaries and the officers, directors, employees

and advisers of each of them disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which any such statement is based.

Responsibility statement

Webcentral has prepared, and is responsible for, the Webcentral Information. Neither Web.com nor any of its Subsidiaries, nor any director, officer, employee or adviser of any of them assumes any responsibility for the accuracy or completeness of such information.

Web.com has prepared, and is responsible for, the Web.com Information. Neither Webcentral nor any of its Subsidiaries, nor any director, officer, employee or adviser of any of them assumes any responsibility for the accuracy or completeness of such information.

Greenwoods & Herbert Smith Freehills has prepared the Tax Adviser's Letter in relation to the Scheme and takes responsibility for that report. Neither Webcentral nor Web.com nor any of their respective Subsidiaries, nor any director, officer, employee or adviser of any of them assumes any responsibility for the accuracy or completeness of the information contained in the Tax Adviser's Letter. The Tax Adviser's Letter is set out in section 8 of this Scheme Booklet.

BDO Corporate Finance (WA) Pty Ltd has prepared the Independent Expert's Report (as set out in Annexure 1) and takes responsibility for that report. Neither Webcentral nor Web.com nor any of their respective Subsidiaries, nor any director, officer, employee or adviser of any of them assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except, in the case of Webcentral, in relation to the information which it has provided to the Independent Expert.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

Webcentral Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

Tax implications of the Scheme

If the Scheme becomes Effective, there will be tax consequences for Scheme Shareholders. For further detail regarding general Australian tax consequences of the Scheme, refer to the Tax Adviser's Letter contained in section 8 of this Scheme Booklet. The tax treatment may vary depending on the nature and characteristics of each Webcentral Shareholder and their specific circumstances. Accordingly, Webcentral Shareholders should seek independent professional tax advice in relation to their particular circumstances.

Financial amounts and effects of rounding

Financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding. All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

Charts and diagrams

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.

Timetable and dates

All times and dates referred to in this Scheme Booklet are times and dates in Sydney, New South Wales, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change.

External websites

Unless expressly stated otherwise, the content of the websites of Webcentral and Web.com do not form part of this Scheme Booklet and Webcentral Shareholders should not rely on any such content.

Privacy

Webcentral may collect personal information in the process of implementing the Scheme. The type of information that it may collect about you includes your name, contact details and information on your shareholding in Webcentral and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting as relevant to you. The collection of some of this information is required or authorised by the Corporations Act. The primary purpose of the collection of personal information is to assist Webcentral to conduct the Scheme Meeting and implement the Scheme. Without this information, Webcentral may be hindered in its ability to issue this Scheme Booklet and implement the Scheme. Personal information of the type described above may be disclosed to the Webcentral Share Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, Related Bodies Corporate of Webcentral, Government Agencies, and also where disclosure is otherwise required or allowed by law. Webcentral Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of the information about you held by the Webcentral Share Registry in connection with Webcentral Shares, please contact the Webcentral Share Registry. Webcentral Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above. Further information about how Webcentral collects, uses and discloses personal information is contained in Webcentral's Privacy Policy located at www.webcentralgroup.com.au/privacy-policy/.

Date of this Scheme Booklet

This Scheme Booklet is dated 21 August 2020.

CONTENTS

Letter from the Chair of the Webcentral Board	5
Key dates	9
1 Key considerations relevant to your vote	10
2 Frequently asked questions	15
3 How to vote	24
4 Overview of the Scheme	26
5 Information about Webcentral and the Webcentral Group	31
6 Information about Web.com and the Web.com Group	45
7 Risk factors	52
8 Tax Adviser's Letter	58
9 Additional information	61
10 Definitions and interpretation	73
 Annexure 1	 87
Independent Expert's Report	
 Annexure 2	 154
Scheme of arrangement	
 Annexure 3	 170
Deed Poll	
 Annexure 4	 181
Notice of Scheme Meeting	

LETTER FROM THE CHAIR OF THE WEBCENTRAL BOARD



21 August 2020

Dear Webcentral Shareholder,

On behalf of the Webcentral Board, I am pleased to provide you with this Scheme Booklet which contains information in relation to the proposed acquisition of Webcentral Group Limited by Web.com Aus Bidco Pty Ltd (an indirectly wholly owned subsidiary of Web.com Group, Inc. (**Web.com**)) by way of a scheme of arrangement.

If the Scheme is approved and implemented, Webcentral Shareholders who are registered as such on the Scheme Record Date will receive \$0.10 in cash per Webcentral Share held (**Scheme Consideration**).

The Scheme Consideration represents a:

- 56% premium to the closing price on 10 July 2020 (being the last trading day prior to the Announcement Date) of \$0.064 per Webcentral Share; and
- 20.5% premium to the 30-day VWAP to 10 July 2020 of \$0.083 per Webcentral Share.

The Scheme Consideration implies:

- an equity value for Webcentral of approximately \$12.2 million;¹ and
- an enterprise value (**EV**) for Webcentral of approximately \$57.8 million.²

Importantly, upon implementation of the Scheme, Web.com will also ensure the full and final repayment by Webcentral of its Existing Debt Facilities under which there is anticipated to be approximately \$45.6 million repayable on the Implementation Date.³ Accordingly, the aggregate amount payable by Web.com to acquire all of the Webcentral Shares and repay the Existing Debt Facilities is anticipated to be approximately \$57.8 million.

If the Scheme does not become Effective, there is no assurance that the Existing Financiers will continue to provide the support that Webcentral requires to continue as a going concern.⁴ In addition, it is expected to be challenging for Webcentral to find an alternative refinancing solution on terms that are commercially reasonable or at all, particularly in light of the challenges that have arisen as a result of the COVID-19 pandemic, its decreasing cash receipts, committed costs, high Net Leverage Ratio and failure to satisfy its financial covenants in four consecutive reporting periods. In such circumstances, there is a real risk that Webcentral may have insufficient liquidity to meet its debts as and when they fall due, which may require the Webcentral Directors to consider the appointment of a voluntary administrator on the basis that Webcentral may be insolvent or likely to become insolvent in the near future.

It is important to note that even prior to implementation of the Scheme, Webcentral expects to require additional short-term funding and the ongoing support of the Existing Financiers to continue to provide the Existing Debt Facilities and any required additional funding to be able to continue as a going concern. In the event the Scheme is not approved by Webcentral Shareholders and is not implemented, it is likely that Webcentral will have insufficient available liquidity to meet the amount due to the Existing Financiers on 30 November 2020.⁵

Webcentral Directors' recommendation

Your Webcentral Board has carefully considered the proposal from Web.com and unanimously recommends that Webcentral Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Webcentral Shareholders.

¹ Based on there being 122,131,124 Webcentral Shares on issue.

² EV calculated based on equity value implied by the Scheme Consideration plus anticipated net debt (excluding bank guarantees, merchant facility, a direct debit facility and credit card debt) of approximately \$45.6 million on the Implementation Date. This differs from the enterprise value as calculated by the Independent Expert for the purposes of the Independent Expert's Report, which is instead based on an independent assessment of (i) potential future maintainable earnings of the Webcentral Group and (ii) the appropriate range of EBITDA multiples to apply to such future earnings. As noted in the Independent Expert's Report, there is inherent uncertainty involved in estimating such future cashflows. See the Independent Expert's Report which is contained in Annexure 1 for further details.

³ Excluding bank guarantees, a merchant facility, a direct debit facility and credit card debt. See section 5.4 of this Scheme Booklet for further information on Webcentral's Existing Debt Facilities.

⁴ The Existing Financiers have provided support to Webcentral throughout its strategic review process (see section 5.3). However, as a result of the 31 January Review Event that is subsisting, the Existing Financiers retain the right to cancel, and demand repayment of, the Existing Debt Facilities upon providing Webcentral with 60 days' written notice.

⁵ An amount of \$2.5 million matures and is repayable on 30 November 2020. Further information on the Existing Debt Facilities is set out in section 5.4 of this Scheme Booklet.

LETTER FROM THE CHAIR OF THE WEBCENTRAL BOARD CONT.

Subject to those same qualifications, the Webcentral Directors, who collectively have a Relevant Interest in approximately 19% of the Webcentral Shares, intend to vote or procure the vote of all of those Webcentral Shares in favour of the Scheme.⁶

Independent Expert's opinion

Your Webcentral Board appointed BDO Corporate Finance (WA) Pty Ltd as the Independent Expert to assess the merits of the Scheme.

The Independent Expert has:

- concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Webcentral Shareholders, in the absence of a superior proposal; and
- assessed the full underlying value of Webcentral at between \$0.083 and \$0.126 per Webcentral Share. The Scheme Consideration is within this range.

A copy of the Independent Expert's Report is included in Annexure 1 to this Scheme Booklet. You are encouraged to read the Independent Expert's Report before making any voting or investment decision in relation to your Webcentral Shares.

Summary of the reasons for the Webcentral Directors' recommendation

In summary, the key reasons for the Webcentral Directors' recommendation include:

- **Independent Expert's conclusion:** the Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Webcentral Shareholders in the absence of a superior proposal;
- **certainty of value:** the 100% cash consideration provides Webcentral Shareholders with the opportunity to realise certain cash value for their Webcentral Shares at an attractive premium to recent trading;
- **attractive premium to recent trading:** as noted above, the Scheme Consideration represents a 56% premium to the closing share price on 10 July 2020 and a 20.5% premium to the 30-day VWAP to 10 July 2020;
- **limited conditionality:** the Scheme is subject to limited conditions, including shareholder, Court and FIRB approval. The Scheme is not subject to financing or completion of due diligence and Web.com has received confirmation from the ACCC that it will not oppose the Scheme. The condition relating to the Customer Dispute has also been satisfied following the settlement of the Customer Dispute on terms and conditions acceptable to Web.com;⁷
- **superior outcome following broad reaching strategic review:** in September 2019, your Webcentral Board announced that it had appointed Macquarie Capital to undertake a strategic review, exploring all avenues for maximising shareholder value. The strategic review was prompted by markedly softened trading conditions and downgraded forecasts for the Webcentral Group's underlying EBITDA announced in June 2019 and September 2019 – in the latter case, by approximately 37% below the guidance issued in August 2019.⁸ Webcentral received interest from a wide variety of strategic and financial buyers, and granted access to management and due diligence materials to multiple bidders. The completion of the first phase of the strategic review resulted in the divestment of Webcentral's Enterprise division in March 2020. The Scheme represents the completion of the strategic review. Your Webcentral Board has determined that Web.com's offer emerged from the strategic review as the superior offer for Webcentral Shareholders, balancing the maximisation of shareholder value with transaction certainty;
- **you will not be exposed to risks associated with Webcentral's business:** the Scheme provides certainty against the risks associated with the execution of Webcentral's long term strategy, as well as the risk that, absent the Scheme, no alternative refinancing solution is available on terms that are commercially reasonable and the Existing Financiers cease to provide the support that Webcentral requires to continue as a going concern;⁹
- **repayment of Existing Debt Facilities:** upon implementation of the Scheme, Web.com will refinance Webcentral's Existing Debt Facilities and ensure the full and final payment or repayment by Webcentral to its Existing Financiers of all amounts payable to them under the Existing Debt Facilities;
- **minimal opportunities absent the Scheme:** in light of Webcentral's existing debt levels and ongoing costs (including those associated with remaining as a listed entity), it is expected to be difficult for Webcentral to raise additional funding from the Existing Financiers, or from third party debt providers, to support any substantial development or growth of its business or for strategic acquisitions. Under Webcentral's Existing Debt Facilities as at the date of this Scheme Booklet,

⁶ See section 9.1 of this Scheme Booklet for details of the Relevant Interests of the Webcentral Directors.

⁷ Further information on the Customer Dispute is set out in section 5.5 of this Scheme Booklet.

⁸ Mid-point of disclosed guidance range. June 2019 underlying EBITDA guidance was restated in August 2019 following the adoption of AASB 16. No effective change to the guidance was made following the restatement.

⁹ Further information on the Existing Debt Facilities is set out in section 5.4 of this Scheme Booklet. As noted in section 5.4, the total amount drawn under the Existing Debt Facilities matures on or before 2 July 2021. Additionally, as at the date of this Scheme Booklet, the Existing Financiers have the right to cancel, and demand repayment of, the Existing Debt Facilities upon providing Webcentral with 60 days' written notice.

any such additional funding obtained through raising further debt would be largely prohibited in the absence of the prior written consent of the Existing Financiers. There can be no certainty that the Existing Financiers would be willing to provide Webcentral with additional funding, or that funding from other third party debt providers would be available on terms that are commercially reasonable, if the Scheme does not become Effective; and

- **no Superior Proposal:** no other party has approached Webcentral since the Scheme was announced with a Superior Proposal.

Further information to assist you in determining whether to vote in favour of or against the Scheme is set out in section 1 of this Scheme Booklet.

Reasons you might not vote in favour of the Scheme

This Scheme Booklet also sets out some of the reasons why you may not wish to vote in favour of the Scheme and the risks associated with the Scheme (see in particular sections 1.2 and 7.4 respectively). In summary, the reasons you may not wish to vote in favour of the Scheme include that:

- you may disagree with the Webcentral Directors' unanimous recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests;
- you may prefer to participate in the future financial performance of the Webcentral business;
- you may believe it is in your best interests to maintain your current investment and risk profile;
- you may consider that there is potential for a Superior Proposal to emerge; or
- the tax consequences of transferring your Webcentral Shares pursuant to the Scheme may not be attractive to you.

How to vote

Your vote is important and I encourage you to vote. It is important that you vote in favour of the Scheme if you wish the Scheme to proceed.

The Scheme requires Court approval as well as the approval of the Requisite Majorities of Webcentral Shareholders at a Scheme Meeting which is scheduled to be held at 9.00am (Sydney time) online and by teleconference on Tuesday, 29 September 2020. Approval by the Requisite Majorities at the Scheme Meeting requires more than 50% of Webcentral Shareholders present and voting, and at least 75% of votes cast, to be in favour of the Scheme.

If the Scheme is not approved at the Scheme Meeting by the Requisite Majorities of Webcentral Shareholders, the Scheme will not be implemented and you will not receive the Scheme Consideration.

Further information on how to vote is contained in the Notice of Scheme Meeting attached as Annexure 4.

Virtual Scheme Meeting

In response to Government restrictions and the potential health risks arising from the COVID-19 pandemic, the Scheme Meeting will be held virtually. There will be no physical meeting.

Webcentral Shareholders can participate in the Scheme Meeting online via www.agmlive.link/WCG20. The online platform will allow Webcentral Shareholders to view the Scheme Meeting, ask questions during the Scheme Meeting and vote during the Scheme Meeting. To participate and vote online, Webcentral Shareholders will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of their holding statement or proxy form) and their postcode (or their country code if outside Australia). Proxyholders will need their proxy code, which Link Market Services will provide via email (where requested) no later than 48 hours prior to the Meeting. Further information on the online platform can be found in the Online User Guide available in the Investor Centre section of the Webcentral website (www.webcentralgroup.com.au).

Even if you plan to attend the Scheme Meeting online, we encourage you to submit a directed proxy vote as early as possible by completing and returning the proxy form accompanying this Scheme Booklet or lodging your proxy form online at <https://investorcentre.linkmarketservices.com.au/voting/wcg>.

Webcentral Shareholders can lodge questions prior to the Scheme Meeting by:

- submitting questions via <https://investorcentre.linkmarketservices.com.au/voting/wcg> (enter your details, then select "Ask Question"); or
- completing and returning the question form accompanying this Scheme Booklet by facsimile, to +61 2 9287 0309,

by no later than 5.00pm (Sydney time) on 22 September 2020.

Webcentral Shareholders may also attend the Scheme Meeting by dialling into the teleconference on 1800 572 288 (within Australia) or +61 1800 572 288 (outside Australia) and providing your unique PIN which is located on your proxy form or email relating to the Scheme Meeting if you have elected to receive shareholder communications electronically. Webcentral Shareholders attending by teleconference may also vote during the meeting.

LETTER FROM THE CHAIR OF THE WEBCENTRAL BOARD CONT.

Further information

This Scheme Booklet sets out important information regarding the Scheme, including the reasons for your Webcentral Directors' recommendation and the Independent Expert's Report.

Please read this Scheme Booklet carefully and in its entirety as it will assist you in making an informed decision as to how to vote. I would also encourage you to seek independent financial, legal, taxation or other professional advice before making any voting or investment decision in relation to your Webcentral Shares.

If you require any further information, please call the Webcentral Shareholder information line on 1300 853 816 (within Australia) or +61 1300 853 816 (outside Australia) between 8.30am and 7.30pm (Sydney time), Monday to Friday, excluding public holidays.

On behalf of your Webcentral Board, I would also like to take this opportunity to thank you for your continued support of Webcentral.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A Reitzer', enclosed within a hand-drawn oval shape.

Andrew Reitzer
Chair, Webcentral Group Limited

KEY DATES

EVENT	TIME AND DATE
First Court Date	21 August 2020
Date of this Scheme Booklet	21 August 2020
Latest time and date for receipt of proxy forms (including proxy forms lodged online) or powers of attorney by the Webcentral Share Registry for the Scheme Meeting	9.00am on 27 September 2020
Time and date for determining eligibility to vote at the Scheme Meeting	7.00pm on 27 September 2020
Scheme Meeting In light of the Coronavirus (COVID-19), the Scheme Meeting will be held virtually. There will not be a physical meeting. Further details relating to the Scheme Meeting are set out in the Notice of Scheme Meeting set out at Annexure 4 to this Scheme Booklet.	9.00am on 29 September 2020
If the Scheme is approved by Webcentral Shareholders at the Scheme Meeting:	
Second Court Date	1 October 2020
Outcome of Second Court Hearing announced to the ASX	1 October 2020
Effective Date	1 October 2020
Last day of trading in Webcentral Shares on market (Webcentral Shares will be suspended from trading on the ASX from close of trading)	1 October 2020
Scheme Record Date (for determining entitlements to Scheme Consideration)	7.00pm on 7 October 2020
Implementation Date (Scheme Consideration will be dispatched to Scheme Shareholders on the Implementation Date)	12 October 2020

All times and dates in the above timetable are references to the time and date in Sydney, New South Wales, Australia and all such times and dates are subject to change. Webcentral may vary any or all of these dates and times and will provide reasonable notice of any such variation. Certain times and dates are conditional on the approval of the Scheme by Webcentral Shareholders and by the Court. Any changes will be announced by Webcentral to the ASX.

1 KEY CONSIDERATIONS RELEVANT TO YOUR VOTE

1.1 Reasons why you might vote for the Scheme

(a) Your Webcentral Directors' recommendation

The Webcentral Directors unanimously recommend that Webcentral Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in Webcentral Shareholders' best interests.

Subject to those same qualifications, the Webcentral Directors, who collectively have a Relevant Interest in approximately 19% of the Webcentral Shares, intend to vote or procure the vote of all of those Webcentral Shares in favour of the Scheme.¹⁰

In making this recommendation, the Webcentral Directors have considered the advantages and disadvantages of the Scheme, including the information contained in:

- Section 1.1 (*Reasons why you might vote for the Scheme*)
- Section 1.2 (*Reasons why you might vote against the Scheme*)
- Section 7 (*Risk factors*)
- Annexure 1 (*Independent Expert's Report*)

(b) The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, in your best interests

Your Webcentral Board appointed BDO Corporate Finance (WA) Pty Ltd as the Independent Expert to assess the merits of the Scheme.

The Independent Expert has:

- concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Webcentral Shareholders, in the absence of a superior proposal; and
- assessed the full underlying value of Webcentral at between \$0.083 and \$0.126 per Webcentral Share. The Scheme Consideration is within this range.¹¹

(c) The Scheme provides the opportunity to receive certain cash value for your Webcentral Shares and you will not be exposed to risks associated with Webcentral's business

The 100% cash consideration provides Webcentral Shareholders with certainty of value and the opportunity to realise their investment in Webcentral in full for the Scheme Consideration.

In particular, the Scheme provides certainty against the risks associated with the execution of Webcentral's long term strategy, as well as the risk that, absent the Scheme, no alternative refinancing solution is available on terms that are commercially reasonable and the Existing Financiers cease to provide the support that Webcentral requires to continue as a going concern.¹²

If the Scheme does not proceed:

- the amount which Webcentral Shareholders will be able to realise in terms of price and future dividends (if any) will necessarily be uncertain and subject to a number of risks;¹³
- Webcentral Shares will remain listed on the ASX and continue to be subject to market volatility, including stock market movements and the impact of general economic conditions. In considering the future of Webcentral as an ASX-listed entity, Webcentral Shareholders should have regard to the risks outlined in section 5.4 (*Webcentral's Existing Debt Facilities*) and section 7 (*Risk factors*) of this Scheme Booklet;
- Webcentral Shareholders will also be exposed to other general and specific risks relating to the Webcentral business, including those outlined in section 7 of this Scheme Booklet. These include various risks associated with the ongoing COVID-19 outbreak and the unprecedented economic and social uncertainty that the outbreak has caused; and

¹⁰ See section 9.1 of this Scheme Booklet for details of the Relevant Interests of the Webcentral Directors.

¹¹ A copy of the Independent Expert's Report is included in Annexure 1 to this Scheme Booklet.

¹² Further information on the Existing Debt Facilities is set out in section 5.4 of this Scheme Booklet. As noted in section 5.4, the total amount drawn under the Existing Debt Facilities matures on or before 2 July 2021. Additionally, as at the date of this Scheme Booklet, the Existing Financiers have the right to cancel, and demand repayment of, the Existing Debt Facilities upon providing Webcentral with 60 days' written notice.

¹³ See section 5.4 of this Scheme Booklet for details of the restriction on Webcentral's ability to make distributions to Webcentral Shareholders under the Existing Debt Facilities.

- whether or not the Existing Financiers continue to provide the Existing Debt Facilities, Webcentral may require additional funding. Absent such additional funding, there is a real risk that Webcentral will have insufficient liquidity to meet its debts as and when they fall due, which may require the Webcentral Directors to consider the appointment of a voluntary administrator on the basis that Webcentral may be insolvent or likely to become insolvent in the near future.

The Scheme removes these risks and uncertainties for Webcentral Shareholders and allows Webcentral Shareholders to exit their investment in Webcentral at a price that the Webcentral Directors consider attractive.

(d) Clear path to repayment of Webcentral's Existing Debt Facilities

In assessing the Scheme, it is important to note that:

- as at 31 July 2020, the total amount drawn under the Existing Debt Facilities was approximately \$47.6 million; and
- the total amount drawn under the Existing Debt Facilities matures on 2 July 2021.¹⁴

Additionally, as at 31 March 2020, Webcentral's Net Leverage Ratio was approximately 4.01x.¹⁵ This represents a significantly higher figure than the financial covenants established under the Existing Debt Facilities and is above the figures reported by certain of Webcentral's ASX-listed peers in the IT services sector.

Upon implementation of the Scheme, Web.com will refinance Webcentral's entire Existing Debt Facilities by ensuring the full and final payment or repayment by Webcentral of all amounts payable to the Existing Financiers under the Existing Debt Facilities.

Webcentral requires the ongoing support of the Existing Financiers, and the Existing Debt Facilities, to continue as a going concern. The Existing Financiers have provided support to Webcentral throughout its strategic review process (see section 5.3). However, as a result of the 31 January Review Event that is subsisting, the Existing Financiers retain the right to cancel, and demand repayment of, the Existing Debt Facilities upon providing Webcentral with 60 days' written notice.

If the Scheme does not become Effective, there is no assurance that the Existing Financiers will remain supportive of Webcentral. In addition, it is expected to be challenging for Webcentral to find an alternative refinancing solution on terms that are commercially reasonable or at all, particularly in light of the challenges that have arisen as a result of the COVID-19 pandemic, given its high Net Leverage Ratio and failure to satisfy its financial covenants in four consecutive reporting periods. In such circumstances, there is a real risk that Webcentral may have insufficient liquidity to meet its debts as and when they fall due, which may require the Webcentral Directors to consider the appointment of a voluntary administrator on the basis that Webcentral may be insolvent or likely to become insolvent in the near future.

For further information on Webcentral's Existing Debt Facilities, see section 5.4.

(e) No Superior Proposal has emerged

Since the Scheme was announced up until the Last Practicable Date, no Superior Proposal has emerged.

The proposal from Web.com emerged as the preferred bid following an extensive strategic review process conducted by Webcentral that commenced in September 2019 (described further in section 5.3).

If Webcentral receives a Competing Proposal from a Third Party, there are certain steps that must be taken by Webcentral in respect of that proposal, including, in certain circumstances, providing Web.com with the opportunity to submit a Web.com Counterproposal within five Business Days.

In this regard, Webcentral notes the recent share purchasing activity of Keybridge Capital Limited and Merchant Opportunities Fund. However, since the announcement of the Scheme and as at the date of this Scheme Booklet, neither of those parties has presented Webcentral with a Competing Proposal.

Webcentral also notes that, since announcement of the Scheme, Webcentral received Competing Proposals from two companies in the digital services sector. The Webcentral Directors complied with their obligations under the Scheme Implementation Deed in respect of those Competing Proposals. The Webcentral Directors carefully considered both Competing Proposals, and concluded that neither of them, as presented, constituted a Superior Proposal. In this regard, the Webcentral Directors note that the first Competing Proposal, among

¹⁴ This excludes an amount of \$2.5 million, which matures on 30 November 2020.

¹⁵ Based on net debt of \$41.93 million and consolidated EBITDA for the 12 months ended 31 March 2020 of \$10.45 million.

1 KEY CONSIDERATIONS RELEVANT TO YOUR VOTE CONT.

other things, would not have resulted in the Existing Financiers being repaid in full (which the Existing Financiers have indicated to be a fundamental requirement), did not have committed debt or equity funding lined up and was conditional on due diligence. In relation to the second Competing Proposal, the Webcentral Directors note it was only an informal approach and proposed the part repayment of the amounts outstanding under the Existing Debt Facilities and the maturity date of the balance being extended (which the Existing Financiers had previously indicated they would not accept and, accordingly, the proponent of this Competing Proposal would need to get the Existing Financiers to agree to such an arrangement).

Webcentral will make an ASX announcement if a Superior Proposal is received before the Scheme Meeting.

(f) **The Scheme Consideration represents an attractive premium to the trading price of Webcentral Shares**

The Scheme Consideration represents a:

- 56% premium to the closing price of Webcentral Shares of \$0.064 on 10 July 2020 (being the last trading day prior to the Announcement Date); and
- 20.5% premium to the 30-day VWAP to 10 July 2020 of \$0.083 per Webcentral Share.



The Scheme Consideration also implies:

- an equity value for Webcentral of approximately \$12.2 million;¹⁶ and
- an enterprise value (EV) for Webcentral of approximately \$57.8 million.¹⁷ Implying an EV/FY20 EBITDA¹⁸ multiple of approximately 7.2x, based on Webcentral's FY20 EBITDA guidance pre-COVID-19, which was withdrawn on 15 April 2020.

(g) **The Scheme has limited conditionality**

The Scheme is subject to limited conditions, including shareholder, Court and FIRB approval. The Scheme is not subject to financing or completion of due diligence and Web.com has received confirmation from the ACCC that it will not oppose the Scheme. The condition relating to the Customer Dispute has also been satisfied following the settlement of the Customer Dispute on terms and conditions acceptable to Web.com.¹⁹

¹⁶ Based on there being 122,131,124 Webcentral Shares on issue.

¹⁷ EV calculated based on equity value implied by the Scheme Consideration plus anticipated net debt (excluding bank guarantees, merchant facility, a direct debit facility and credit card debt) of approximately \$45.6 million on the Implementation Date. This differs from the enterprise value as calculated by the Independent Expert for the purposes of the Independent Expert's Report, which is instead based on an independent assessment of (i) potential future maintainable earnings of the Webcentral Group and (ii) the appropriate range of EBITDA multiples to apply to such future earnings. As noted in the Independent Expert's Report, there is inherent uncertainty involved in estimating such future cashflows. See the Independent Expert's Report which is contained in Annexure 1 for further details.

¹⁸ Based on FY20 EBITDA guidance pre-COVID-19 of approximately \$8 million (comprising \$11 million less corporate costs of \$3 million). As noted in Webcentral's ASX announcement on 15 April 2020 that Webcentral was withdrawing its FY20 guidance, actual FY20 EBITDA may be lower as a result of the impact of COVID-19, which would result in a higher EV/FY20 EBITDA multiple.

¹⁹ Further information on the Customer Dispute is set out in section 5.5 of this Scheme Booklet.

- (h) **If the Scheme does not proceed and no other proposal emerges, then the Webcentral Share price may fall below the amount of the Scheme Consideration**

If the Scheme does not proceed, and no other proposal emerges, then the Webcentral Share price may fall below the amount of the Scheme Consideration.

Since market close on 10 July 2020 (being the last day on which Webcentral Shares traded before the Scheme was announced), Webcentral Shares have been trading at or above the amount per Webcentral Share of the Scheme Consideration, which is significantly above the closing price on 10 July 2020 of \$0.064.

This view is also supported by the Independent Expert, which states in the Independent Expert's Report:

"Following the announcement of the Scheme, Webcentral's share price closed at \$0.096, up from a close price of \$0.064 on the date prior to the announcement of the Scheme. We note that following the announcement of the Scheme, the share price has traded at a price equal to the Scheme Consideration of \$0.10 per share, suggesting that the market believes that the Scheme will proceed."

Should the Scheme not be approved, there is a risk that the share price of Webcentral may fall back to pre-announcement levels."

Additionally, in light of Webcentral's existing debt levels and ongoing costs (including those associated with remaining as a listed entity), it is expected to be difficult for Webcentral to raise additional funding from the Existing Financiers, or from third party debt providers, to support any substantial development or growth of its business or for strategic acquisitions. Under Webcentral's Existing Debt Facilities as at the date of this Scheme Booklet, any such additional funding obtained through raising further debt would be largely prohibited in the absence of the prior written consent of the Existing Financiers. There can be no certainty that the Existing Financiers would be willing to provide Webcentral with additional funding, or that funding from other third party debt providers would be available on terms that are commercially reasonable, if the Scheme does not become Effective.

- (i) **No brokerage charges will apply to the transfer of your Webcentral Shares under the Scheme**

You will not incur any brokerage charges on the transfer of your Webcentral Shares to Web.com Sub under the Scheme.

It is possible that such brokerage charges (and, potentially GST on those charges) would be incurred if you dispose of your Webcentral Shares other than under the Scheme.

1.2 Reasons why you might vote against the Scheme

There may be reasons which lead you to consider voting against the Scheme, including those set out below.

- (a) **You may disagree with the Webcentral Directors' unanimous recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests**

In concluding that the Scheme is in the best interests of Webcentral Shareholders, in the absence of a superior proposal, the Independent Expert has made judgements based on future trading conditions and events which cannot be predicted with certainty and which may prove to be inaccurate (either positively or negatively).

You may hold a different view from, and are not obliged to follow the unanimous recommendation of, the Webcentral Directors to vote in favour of the Scheme, and you may not agree with the Independent Expert's conclusions that the Scheme is in the best interests of Webcentral Shareholders.

- (b) **You may prefer to participate in the future financial performance of the Webcentral business**

If the Scheme is implemented, you will no longer be a Webcentral Shareholder and will forgo any benefits that may result from being a Webcentral Shareholder.

This will mean that you will not participate in the future performance of Webcentral or retain any exposure to Webcentral's business or assets or have the potential to share in the value that could be generated by Webcentral in the future. However, there is no guarantee as to Webcentral's future performance, as is the case with all investments.

- (c) **You may believe it is in your best interests to maintain your current investment and risk profile**

You may prefer to keep your Webcentral Shares to preserve your investment in a listed company with the specific characteristics of Webcentral.

In particular, you may consider that, despite the risk factors relevant to Webcentral's potential future operations (including those set out in section 5.4 and section 7 of this Scheme Booklet), Webcentral may be

1 KEY CONSIDERATIONS RELEVANT TO YOUR VOTE CONT.

able to return greater value from its assets by remaining a standalone entity or by seeking alternative corporate transactions in the future.

You may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Webcentral or may incur transaction costs in undertaking any new investment.

(d) **You may consider that there is potential for a Superior Proposal to emerge**

Since the Scheme was announced up until the Last Practicable Date, no Superior Proposal has emerged.

It is possible that a more attractive proposal for Webcentral Shareholders could materialise in the future, such as a takeover bid, another scheme of arrangement or some other alternative transaction proposal which would deliver total consideration for Webcentral Shareholders in excess of the Scheme Consideration.

(e) **The tax consequences of transferring your Webcentral Shares pursuant to the Scheme may not be attractive to you**

The tax consequences of the Scheme will depend on your personal situation. You may consider that the tax consequences of transferring your Webcentral Shares to Web.com Sub pursuant to the Scheme are not attractive to you. A general guide to the taxation implications of the Scheme is contained in the Tax Adviser's Letter set out in section 8 of this Scheme Booklet. However, the Tax Adviser's Letter is expressed in general terms only, and Webcentral Shareholders should consult with their own independent taxation advisers regarding the taxation implications of the Scheme.

2 FREQUENTLY ASKED QUESTIONS

This section 2 answers some frequently asked questions relating to the Scheme. It is not intended to address all relevant issues for Webcentral Shareholders. This section 2 should be read in conjunction with all other parts of this Scheme Booklet.

Question	Answer	More information
Overview of the Scheme		
Why have I received this Scheme Booklet?	<p>This Scheme Booklet has been sent to you because you are a Webcentral Shareholder and you are being asked to vote on the Scheme Resolution. This Scheme Booklet is intended to help you to consider and decide on how to vote on the Scheme Resolution at the Scheme Meeting.</p> <p>If you have transferred all of your Webcentral Shares, please disregard this Scheme Booklet as you will not be entitled to vote at the Scheme Meeting.</p>	Section 4 of this Scheme Booklet
Who is entitled to participate in the Scheme?	Persons who hold Webcentral Shares on the Scheme Record Date will participate in the Scheme and, if the Scheme is implemented, those persons will receive the Scheme Consideration in respect of each Webcentral Share held.	Sections 3.2 and 4 of this Scheme Booklet and Annexure 4
What is the Scheme?	<p>The Scheme is a scheme of arrangement between Webcentral and the Scheme Shareholder.</p> <p>A “scheme of arrangement” is a statutory procedure in the Corporations Act that is commonly used in transactions in Australia that may result in a change of ownership or control of a company. In addition to requiring Court approval, schemes of arrangement require a shareholder vote in favour of a resolution to implement the scheme of arrangement by the Requisite Majorities.</p> <p>If the Scheme becomes Effective, Web.com will acquire all of the Scheme Shares for the Scheme Consideration. Webcentral will be delisted from the ASX and will become a wholly owned Subsidiary of Web.com.</p>	Section 4 of this Scheme Booklet and Annexure 2
Questions about the Web.com Group		
Who is Web.com?	<p>Web.com is a company established in Delaware in the United States of America.</p> <p>Web.com provides a range of web registration, hosting and associated services to businesses of all sizes to help them compete and succeed online through its portfolio of brands – Web.com, Network Solutions, Register.com,</p>	Section 6 of this Scheme Booklet

2 FREQUENTLY ASKED QUESTIONS CONT.

Question	Answer	More information
	<p>CrazyDomains, Sitebeat and Vodien. Web.com's services are designed to meet the needs of businesses anywhere along their lifecycle with affordable, subscription-based solutions including domains, hosting, email, security, website design and management, internet marketing solutions and other value-added online services. Headquartered in Jacksonville, Florida, Web.com has operations in North America, South America, the UK, Australia and South East Asia.</p> <p>Web.com is indirectly wholly owned by the Siris Capital Funds (and five investors that indirectly own less than 5% of Web.com on a fully diluted basis). The Siris Capital Funds are managed and/or advised by Siris Capital Group, LLC and its affiliates. Siris Capital is a private equity firm based in the United States of America. Investment funds affiliated with Siris Capital have raised more than US\$5.9 billion of cumulative capital since its inception in 2011.</p>	
Who is Web.com Sub?	<p>Web.com Aus Bidco Pty Ltd (ACN 635 836 298) (Web.com Sub) is a subsidiary of Web.com. Web.com Sub was incorporated on 28 August 2019 for the purpose of acquiring Dreamscape Networks Limited (Dreamscape) and continues to own all of the shares in Dreamscape. It is proposed that Web.com Sub will acquire all the Webcentral Shares under the Scheme.</p>	Section 6 of this Scheme Booklet
Voting recommendations and considerations		
What do the Webcentral Directors recommend?	<p>The Webcentral Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Webcentral Shareholders.</p> <p>The reasons for this recommendation and other relevant considerations are set out in sections 1 and 4 of this Scheme Booklet.</p> <p>The Webcentral Directors encourage you to seek independent legal, financial, taxation or other appropriate professional advice.</p>	Letter from the Chair of the Webcentral Board at the front of this Scheme Booklet and sections 1 and 4 of this Scheme Booklet
What are the intentions of the Webcentral Directors?	<p>Each Webcentral Director intends to vote, or procure the voting of, any Webcentral Shares held or controlled by hi at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Webcentral Shareholders.</p>	Letter from the Chair of the Webcentral Board at the front of this Scheme Booklet

Question	Answer	More information
What is the conclusion of the Independent Expert?	The Independent Expert has concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of Webcentral Shareholders, in the absence of a superior proposal. You should also read the Independent Expert's Report which is contained in Annexure 1.	Letter from the Chair of the Webcentral Board at the front of this Scheme Booklet and Annexure 1
What if the Independent Expert changes its conclusion?	<p>If the Independent Expert changes its opinion, this will be announced to the ASX and the Webcentral Directors will carefully consider the Independent Expert's revised opinion and advise you of their recommendation.</p> <p>The Webcentral Directors may withdraw, change or qualify their recommendation, and may terminate the Scheme Implementation Deed without paying a Reimbursement Fee to Web.com, if in any update of, or any revision, amendment or supplement to, the Independent Expert's Report, the Independent Expert concludes that the Scheme is not or is no longer in the best interests of Webcentral Shareholders (except where that conclusion is due to a Competing Proposal).</p>	Section 9.4 of this Scheme Booklet
Why might you vote in favour of the Scheme?	Reasons why you might vote in favour of the Scheme are set out in the "Reasons why you might vote for the Scheme" in section 1 of this Scheme Booklet.	Section 1.1 of this Scheme Booklet
Why might you vote against the Scheme?	Reasons why you might vote against the Scheme are set out in the "Reasons why you might vote against the Scheme" in section 1 of this Scheme Booklet.	Section 1.2 of this Scheme Booklet
An overview of the Scheme Consideration		
What is the Scheme Consideration?	If the Scheme is implemented, you will receive the Scheme Consideration of \$0.10 in cash per Webcentral Share you hold on the Scheme Record Date.	Section 4.1 of this Scheme Booklet
When and how will I receive my Scheme Consideration?	<p>If the Scheme becomes Effective, Scheme Shareholders will be sent the Scheme Consideration on the Implementation Date (currently expected to be 12 October 2020).</p> <p>Scheme Shareholders who have validly registered their bank account details with the Webcentral Share Registry before the Scheme Record Date may have their Scheme Consideration sent directly to their bank account.</p>	Section 4.2 of this Scheme Booklet

2 FREQUENTLY ASKED QUESTIONS CONT.

Question	Answer	More information
	Otherwise, Scheme Shareholders will have their Scheme Consideration sent by cheque in Australian currency to their address shown on the Webcentral Share Register.	
Will I have to pay brokerage?	You will not have to pay brokerage on the transfer of your Webcentral Shares to Web.com Sub under the Scheme.	Section 1.1(i) of this Scheme Booklet
What are the taxation implications of the Scheme?	<p>The taxation implications of the Scheme will depend on your particular circumstances.</p> <p>Section 8 of this Scheme Booklet contains the Tax Adviser's Letter which provides a general description of the Australian taxation consequences for Scheme Shareholders.</p> <p>You should seek independent professional taxation advice with respect to your particular circumstances.</p>	Section 8 of this Scheme Booklet
Conditions to, and approval of, the Scheme		
Are there any conditions to the Scheme?	<p>Yes. The conditions to the Scheme are summarised in section 9.4(c) of this Scheme Booklet.</p> <p>The conditions include customary conditions in schemes of arrangement (such as Webcentral Shareholder approval, Court approval and the Independent Expert continuing to conclude that the Scheme is in the best interests of Webcentral Shareholders) as well as FIRB approval. The condition relating to the Customer Dispute has been satisfied following the settlement of the Customer Dispute on terms and conditions acceptable to Web.com.</p>	Sections 5.5 and 9.4(c) of this Scheme Booklet
What is required for the Scheme to become Effective?	<p>The Scheme will become Effective if:</p> <ul style="list-style-type: none"> the Scheme is approved by the Requisite Majorities of Webcentral Shareholders at the Scheme Meeting currently scheduled to be held on 29 September 2020; the Court approves the Scheme at the Second Court Hearing; and all of the other Conditions Precedent are satisfied or waived (if capable of waiver). <p>Both Webcentral and Web.com have the right to terminate the Scheme Implementation Deed if the Effective Date has not occurred, or will not occur, on or before the End Date.</p>	Sections 4.4 and 9.4(c) of this Scheme Booklet

Question	Answer	More information
Are there any regulatory approvals required for the Scheme to become Effective?	<p>Yes. The Scheme is subject to FIRB approval. In summary, this condition requires that Web.com obtain written notice under the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth), by or on behalf of the Treasurer of the Commonwealth of Australia, advising that the Commonwealth Government has no objections to the Transaction, either without conditions or with conditions acceptable to Web.com acting reasonably.</p> <p>Web.com has received confirmation from the ACCC that it will not oppose the Scheme.</p> <p>The Scheme is not conditional upon any other regulatory approvals.</p>	Section 9.4(c) of this Scheme Booklet
When and where will the Scheme Meeting be held?	<p>The Scheme Meeting is scheduled to be held at 9.00am (Sydney time) online and by teleconference on 29 September 2020.</p> <p>In response to Government restrictions and the potential health risks arising from the COVID-19 pandemic, the Scheme Meeting will be held virtually. There will be no physical meeting. See the Notice of Scheme Meeting in Annexure 4 for further details relating to the conduct of the Scheme Meeting.</p> <p>The Scheme Meeting may be adjourned. Any such adjournment will be announced on the ASX and set out on Webcentral's website.</p>	Annexure 4
What will Webcentral Shareholders be asked to vote on at the Scheme Meeting?	At the Scheme Meeting, Webcentral Shareholders will be asked to vote on whether to approve the Scheme.	Annexure 4
What is the Webcentral Shareholder approval threshold for the Scheme?	<p>In order to become Effective, the Scheme must be approved by the Requisite Majorities, being:</p> <ul style="list-style-type: none"> • unless the Court orders otherwise, a majority in number (more than 50%) of Webcentral Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Webcentral Shareholders, body corporate representative); and • at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Webcentral Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Webcentral Shareholders, body corporate representative). <p>Even if the Scheme is approved by the Requisite Majorities</p>	Section 4.4 of this Scheme Booklet

2 FREQUENTLY ASKED QUESTIONS CONT.

Question	Answer	More information
	of Webcentral Shareholders at the Scheme Meeting, the Scheme is still subject to the approval of the Court.	
Is voting compulsory?	<p>Voting is not compulsory. However, the Scheme will only be successful if it is approved by the Webcentral Shareholders by the Requisite Majorities, so voting is important and the Webcentral Directors encourage you to vote.</p> <p>If the Scheme Resolution is approved, you will be bound by the Scheme Resolution, whether or not you voted and whether or not you voted in favour of it.</p>	Sections 3 and 4.3 of this Scheme Booklet
Am I entitled to vote at the Scheme Meeting?	If you are registered as a Webcentral Shareholder on the Webcentral Share Register as at 7.00pm (Sydney time) on 27 September 2020, you will be entitled to attend and vote at the Scheme Meeting.	Section 3.2 of this Scheme Booklet and Annexure 4
How can I vote if I can't attend the Scheme Meeting?	If you would like to vote but cannot attend the Scheme Meeting online, you can vote by appointing a proxy (including by lodging your proxy form online at https://investorcentre.linkmarketservices.com.au/voting/wcg) or an attorney to attend and vote on your behalf. You may also vote by body corporate representative if that option is applicable to you.	Annexure 4
When will the results of the Scheme Meeting be known?	The results of the Scheme Meeting are expected to be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX (www.asx.com.au) once available.	N/A
What happens if Webcentral Shareholders or the Court do not approve the Scheme or the Scheme does not otherwise proceed?	<p>If the Scheme is not approved at the Scheme Meeting, or if it is approved at the Scheme Meeting but is not approved by the Court or a Condition Precedent is not fulfilled or otherwise waived (if capable of waiver), then the Scheme will not become Effective and will not be implemented.</p> <p>If the Scheme does not become Effective or is not implemented, the Webcentral Group will continue to operate as a standalone group listed on the ASX. In considering the future of Webcentral as an ASX-listed entity, Webcentral Shareholders should have regard to the risks outlined in section 5.4 and section 7 of this Scheme Booklet.</p> <p>In that scenario, Webcentral Shareholders will not receive the Scheme Consideration but will retain their Webcentral</p>	Sections 1.1, 5.4, 7, 9.4(c) and 9.4(j) of this Scheme Booklet

Question	Answer	More information
	<p>Shares. Webcentral will continue to be prohibited from making distributions to Webcentral Shareholders²⁰, and Webcentral Shareholders will remain exposed to the various risks associated with Webcentral and its business.</p> <p>Additionally, absent the Scheme, whether or not the Existing Financiers continue to provide the Existing Debt Facilities, Webcentral may require additional funding. Absent such additional funding, there is a real risk that Webcentral will have insufficient liquidity to meet its debts as and when they fall due, which may require the Webcentral Directors to consider the appointment of a voluntary administrator on the basis that Webcentral may be insolvent or likely to become insolvent in the near future. For further information, see section 5.4 of this Scheme Booklet.</p> <p>Depending on the reason for the Scheme not proceeding, Webcentral may be liable to pay a Reimbursement Fee to Web.com of \$500,000 (excluding GST). No Reimbursement Fee would be payable, however, if the Scheme does not proceed for the sole reason that Webcentral Shareholders do not pass the Scheme Resolution at the Scheme Meeting.</p>	
What happens to my Webcentral Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective and is implemented?	If you do not vote, or vote against the Scheme, and the Scheme becomes Effective and is implemented, any Scheme Shares held by you on the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 7 October 2020) will be transferred to Web.com Sub and you will receive the Scheme Consideration, despite not having voted or having voted against the Scheme.	Section 4.3 of this Scheme Booklet
When will the Scheme become Effective and when will it be implemented?	Subject to satisfaction or waiver (if capable of waiver) of the Conditions Precedent, the Scheme will become Effective on the Effective Date (currently expected to be 1 October 2020) and will be implemented on the Implementation Date (currently expected to be 12 October 2020).	Section 4.4 of this Scheme Booklet

²⁰ Webcentral may make distributions with the prior written consent of the Existing Financiers. If the Scheme is not implemented, it is expected to be very challenging for Webcentral to agree a solution with the Existing Financiers under which distributions to Webcentral Shareholders would be permitted. See section 5.4 of this Scheme Booklet for further details of the Existing Debt Facilities.

2 FREQUENTLY ASKED QUESTIONS CONT.

Question	Answer	More information
Other questions		
What happens if a Competing Proposal is received?	<p>If a Competing Proposal is received, the Webcentral Directors will carefully consider it.</p> <p>Webcentral must notify Web.com of that Competing Proposal in accordance with the Scheme Implementation Deed.</p> <p>Webcentral Shareholders should note that Webcentral has agreed to certain exclusivity provisions in favour of Web.com under the Scheme Implementation Deed. The Scheme Implementation Deed contains the following customary exclusivity provisions:</p> <ul style="list-style-type: none"> • no shop; • no talk (subject to a fiduciary out); • notification right for Web.com if Webcentral is approached in relation to a Competing Proposal (subject to a fiduciary out); and • a 5-Business Day matching right period. 	Sections 9.4(i) and 9.5 of this Scheme Booklet
Can I sell my Webcentral Shares now?	<p>You can sell your Webcentral Shares on market at any time before the close of trading on the ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration).</p> <p>Webcentral intends to apply to the ASX for Webcentral Shares to be suspended from trading on the ASX from close of trading on the Effective Date. You will not be able to sell your Webcentral Shares on market after this date.</p> <p>If you sell your Webcentral Shares on market, you may pay brokerage on the sale, you will not receive the Scheme Consideration and there may be different tax consequences compared to those that would arise if you retain those shares until the Scheme is implemented.</p>	Section 4.3 of this Scheme Booklet
Will I have to give any warranties in connection with the Scheme?	<p>Yes. Each Scheme Shareholder is taken to have warranted to Webcentral and Web.com Sub on the Implementation Date that all their Webcentral Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from various encumbrances and interests of third parties, and restrictions on transfer, and that they have full power and capacity to transfer their Scheme Shares to Web.com Sub together with any rights attaching to those shares and they have no existing right to be issued any other Webcentral Shares or any other form of Webcentral securities.</p>	Section 4.5 of this Scheme Booklet

Question	Answer	More information
What if I have further questions about the Scheme?	<p>For further information, shareholders can call the Webcentral Shareholder information line on 1300 853 816 (within Australia) or +61 1300 853 816 (outside Australia) between 8.30am and 7.30pm (Sydney time), Monday to Friday, excluding public holidays.</p> <p>If you are in doubt about anything in this Scheme Booklet, please contact your financial, legal, taxation or other professional adviser immediately.</p>	N/A
What are the risks associated with the Webcentral business in relation to COVID-19?	<p>The Webcentral Group is exposed to general economic risks posed by the ongoing COVID-19 outbreak.</p> <p>While future revenues may be negatively impacted, at this time the Webcentral Group is unable to estimate the exact scope and any financial impact the COVID-19 outbreak may have on the Webcentral Group's operations in the future.</p>	Section 7.3 of this Scheme Booklet

3 HOW TO VOTE

3.1 What you should do

You should carefully read this Scheme Booklet in its entirety before deciding whether to vote in favour of the Scheme.

If you have any questions, please contact the Webcentral Shareholder information line on 1300 853 816 (within Australia) or +61 1300 853 816 (outside Australia) between 8.30am and 7.30pm (Sydney time), Monday to Friday, excluding public holidays.

If you are in any doubt as to what you should do, please consult your legal, financial, tax or other professional adviser without delay.

A copy of this Scheme Booklet may be obtained by anyone entitled to attend the Scheme Meeting from the Investor Centre section of the Webcentral website (www.webcentralgroup.com.au) or the ASX website (www.asx.com.au) or by calling the Webcentral Shareholder information line (using the details above).

3.2 Who is entitled to vote at the Scheme Meeting?

If you are registered on the Webcentral Share Register as at 7.00pm (Sydney time) 27 September 2020, you will be entitled to attend and vote at the Scheme Meeting.

Information on entitlements to vote, including if you are a joint holder of Webcentral Shares, is contained in the Notice of Scheme Meeting which is attached as Annexure 4.

3.3 Your vote is important

In order for the Scheme to be implemented, the Scheme Resolution must be approved by Webcentral Shareholders by the Requisite Majorities at the Scheme Meeting. For this reason, the Webcentral Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Webcentral Shareholders.

If you are unable to attend the Scheme Meeting, the Webcentral Directors urge you to complete and return, in the enclosed reply paid envelope, the personalised proxy form that accompanies this Scheme Booklet or lodge your proxy form online at <https://investorcentre.linkmarketservices.com.au/voting/wcg> in accordance with the instructions given there.

3.4 Location and details of the Scheme Meeting

The details of the Scheme Meeting are as follows:

- **Date:** 29 September 2020
- **Time:** 9.00am (Sydney time)

In response to Government restrictions and the potential health risks arising from the COVID-19 pandemic, the Scheme Meeting will be held virtually. There will be no physical meeting. See the Notice of Scheme Meeting in Annexure 4 for further details relating to the conduct of the Scheme Meeting.

3.5 Notice of Scheme Meeting

The Notice of Scheme Meeting is contained in Annexure 4.

3.6 Voting

Voting at the Scheme Meeting will be conducted by poll.

If you are a Webcentral Shareholder entitled to vote at the Scheme Meeting, you may vote:

- **in person:** by attending and voting online or by teleconference;
- **by proxy:** by appointing one or two proxies to attend the Scheme Meeting and vote on your behalf, by completing, signing and returning, in the enclosed reply paid envelope, the personalised proxy form that accompanies this Scheme Booklet or lodging your proxy form online at <https://investorcentre.linkmarketservices.com.au/voting/wcg> in accordance with the instructions given there;
- **by attorney:** by appointing an attorney to attend the Scheme Meeting and vote on your behalf, using a duly executed power of attorney; or
- **by corporate representative:** in the case of a body corporate, by appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf, using a duly executed certificate of appointment of body corporate representative.

Further information on how to vote using each of these methods is contained in the Notice of Scheme Meeting attached as Annexure 4.

If you are in favour of the Scheme, you should vote in favour of the Scheme.

The Scheme will not be implemented unless the Scheme is approved by the Requisite Majorities of Webcentral Shareholders at the Scheme Meeting.

4 OVERVIEW OF THE SCHEME

4.1 Scheme Consideration

If the Scheme become Effective, Webcentral Shareholders who are registered as such on the Scheme Record Date will receive the Scheme Consideration of \$0.10 per Webcentral Share.

The Scheme will not become Effective unless all of the Conditions Precedent to the Scheme are satisfied or waived (if capable of waiver) in accordance with the Scheme Implementation Deed. The Conditions Precedent are summarised in section 9.4(c) of this Scheme Booklet.

4.2 Provision of Scheme Consideration

If the Scheme becomes Effective, the Scheme Consideration will be sent to Scheme Shareholders on the Implementation Date (currently expected to be 12 October 2020).

Scheme Shareholders who have validly registered their bank account details with the Webcentral Share Registry before the Scheme Record Date may have their Scheme Consideration sent directly to their bank account. Otherwise, Scheme Shareholders will have their Scheme Consideration sent by cheque in Australian currency to their address shown on the Webcentral Share Register.

It is important to note that you will only receive the Scheme Consideration if you are a Scheme Shareholder. You will be a Scheme Shareholder if you hold Webcentral Shares at the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 7 October 2020, or such other time and date as Webcentral and Web.com agree in writing).

4.3 Your choices as a Webcentral Shareholder

As a Webcentral Shareholder, you have four choices currently available to you, which are as follows:

Vote in favour of the Scheme	This is the course of action unanimously recommended by the Webcentral Directors, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Webcentral Shareholders.
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To follow the Webcentral Directors' unanimous recommendation, you should vote in favour of the Scheme at the Scheme Meeting on 29 September 2020. For a summary of how to vote on the Scheme, please refer to section 3 of this Scheme Booklet and the Notice of Scheme Meeting contained in Annexure 4.

Vote against the Scheme	If, despite the Webcentral Directors' unanimous recommendation and the Independent Expert's conclusion that the Scheme is fair and reasonable and therefore, is in the best interests of Webcentral Shareholders, you do not support the Scheme, you may vote against the Scheme at the Scheme Meeting on 29 September 2020.
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However, if all the Conditions Precedent to the Scheme are satisfied or waived (if capable of waiver) and the Scheme becomes Effective and is implemented, the Scheme will bind all Webcentral Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting and those who do not vote at all.

Sell your Webcentral Shares on the ASX

The Scheme does not preclude you from selling some or all of your Webcentral Shares on market for cash, if you wish, provided you do so before close of trading on the ASX on the Effective Date (currently expected to be 1 October 2020), when trading in Webcentral Shares will end.

If you are considering selling some or all of your Webcentral Shares:

- you should have regard to the prevailing trading prices of Webcentral Share and compare those to the Scheme Consideration. You may ascertain the current trading prices of Webcentral Shares through the ASX website (www.asx.com.au); and
- you should contact your stockbroker for information on how to effect that sale, and you should also contact your financial, taxation, legal or other professional adviser.

Webcentral Shareholders who sell some or all of their Webcentral Shares on market:

- may receive payment (which may vary from the Scheme Consideration) for the sale of their Webcentral Shares sooner than they would receive the Scheme Consideration under the Scheme;
- may incur a brokerage charge;
- will not be able to participate in the Scheme or, if one emerges, a Superior Proposal, in respect of those Webcentral Shares they have sold; and
- may be liable for capital gains tax (CGT) on the disposal of their Webcentral Shares (as they also may be under the Scheme – see the Tax Adviser's Letter set out in section 8 of this Scheme Booklet).

Do nothing

Webcentral Shareholders who elect not to vote at the Scheme Meeting on 29 September 2020 or do not sell their Webcentral Shares on market will:

- if the Scheme is implemented – have their Webcentral Shares transferred to Web.com Sub by operation of the Scheme and receive the Scheme Consideration; or
 - if the Scheme is not implemented – retain their Webcentral Shares.
-

4.4 Key steps in the Scheme

(a) Scheme Meeting and Scheme approval requirement

The Court has ordered Webcentral to convene the Scheme Meeting at which Webcentral Shareholders will be asked to approve the Scheme.

The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure 4.

The Scheme will only become Effective and be implemented if it is:

- approved by the Requisite Majorities of Webcentral Shareholders at the Scheme Meeting to be held on 29 September 2020;
- approved by the Court at the Second Court Hearing; and
- the Conditions Precedent in relation to the Scheme outlined in section 9.4(c) of this Scheme Booklet are satisfied or waived (if capable of waiver).

4 OVERVIEW OF THE SCHEME CONT.

The Requisite Majorities of Webcentral Shareholders to approve the Scheme are:

- unless the Court orders otherwise, a majority in number (more than 50%) of Webcentral Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Webcentral Shareholders, body corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Webcentral Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Webcentral Shareholders, body corporate representative).

The Court has the power to waive the first requirement.

The entitlement of Webcentral Shareholders to attend and vote at the Scheme Meeting is set out in the Notice of Scheme Meeting in Annexure 4.

Voting is not compulsory. However, the Webcentral Directors unanimously recommend that Webcentral Shareholders vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Webcentral Shareholders.

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of Webcentral Shareholders and the Court. If this occurs, your Webcentral Shares will be transferred to Web.com Sub and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

The results of the Scheme Meeting will be available as soon as possible after the conclusion of the Scheme Meeting and will be announced to the ASX (www.asx.com.au) once available.

(b) Court approval of the Scheme

In the event that:

- the Scheme is approved by the Requisite Majorities of Webcentral Shareholders at the Scheme Meeting; and
- all Conditions Precedent (except Court approval of the Scheme) have been satisfied or waived (if capable of waiver),

then Webcentral will apply to the Court for orders approving the Scheme.

Each Webcentral Shareholder has the right to appear at the Second Court Hearing.

(c) Effective Date

If the Court approves the Scheme, the Scheme will become Effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. Webcentral will, on the Scheme becoming Effective, give notice of that event to the ASX.

Webcentral intends to apply to the ASX for Webcentral Shares to be suspended from trading on the ASX from close of trading on the Effective Date.

(d) Scheme Record Date and entitlement to Scheme Consideration

Those Webcentral Shareholders who are recorded on the Webcentral Share Register on the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 7 October 2020) will be entitled to receive the Scheme Consideration in respect of the Webcentral Shares they hold at that time.

(e) **Dealings in Webcentral Shares on, or prior to, the Scheme Record Date**

For the purposes of determining which Webcentral Shareholders are eligible to participate in the Scheme, dealings in Webcentral Shares will be recognised only if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered on the Webcentral Share Register as the holder of the relevant Webcentral Shares before the Scheme Record Date; and
- in all other cases, registrable transfer or transmission of those dealings, or valid requests in respect of other alterations, are received at the Webcentral Share Registry before the Scheme Record Date,

and the transferee remains registered as at the Scheme Record Date. For the purposes of determining entitlements under the Scheme, Webcentral will not accept for registration or recognise any transfer or transmission applications in respect of Webcentral Shares received after the Scheme Record Date.

(f) **Dealings in Webcentral Shares after the Scheme Record Date**

For the purpose of determining entitlements to the Scheme Consideration, Webcentral must maintain the Webcentral Share Register in its form as at the Scheme Record Date until the Scheme Consideration has been paid to the Scheme Shareholders. The Webcentral Share Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- all statements of holding for Webcentral Shares (other than statements of holding in favour of Web.com Sub) will cease to have effect as documents relating to title in respect of such Webcentral Shares; and
- each entry on the Webcentral Share Register (other than entries on the Webcentral Share Register in respect of Web.com Sub) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Webcentral Shares relating to that entry.

(g) **Implementation Date**

By no later than the Business Day before the Implementation Date (currently expected to be 12 October 2020), Web.com will deposit (or will procure the deposit) into a Webcentral-operated Australian dollar denominated trust account with an authorised deposit taking institution in Australia as trustee for the Scheme Shareholders, an amount equal to the aggregate Scheme Consideration to be provided to Scheme Shareholders.

Scheme Shareholders will be sent the Scheme Consideration on the Implementation Date. Immediately after the Scheme Consideration is sent to Scheme Shareholders, the Scheme Shares will be transferred to Web.com Sub.

(h) **Deed Poll**

As at the date of this Scheme Booklet, a Deed Poll has been entered into by Web.com and Web.com Sub in favour of the Scheme Shareholders, to:

- provide the aggregate amount of the Scheme Consideration payable to Scheme Shareholders under the Scheme, subject to the Scheme becoming Effective; and
- undertake all other actions attributed to Web.com and Web.com Sub under the Scheme.

A copy of the Deed Poll is contained in Annexure 3.

4 OVERVIEW OF THE SCHEME CONT.

4.5 Warranties by Webcentral Shareholders

The terms of the Scheme provide that each Scheme Shareholder is taken to have warranted to Webcentral and Web.com Sub on the Implementation Date, and appointed and authorised Webcentral as its attorney and agent to warrant to Web.com Sub on the Implementation Date, that:

- all their Webcentral Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- they have full power and capacity to transfer their Scheme Shares to Web.com Sub together with any rights attaching to those shares; and
- they have no existing right to be issued any other Webcentral Shares or any other form of Webcentral security.

Under the terms of the Scheme, Webcentral undertakes that it will provide such warranties to Web.com Sub as agent and attorney of each Scheme Shareholder.

4.6 Delisting of Webcentral

Webcentral will apply for the termination of the official quotation of Webcentral Shares on the ASX and for Webcentral to be removed from the official list of the ASX, each to occur on a date after the Implementation Date.

5 INFORMATION ABOUT WEBCENTRAL AND THE WEBCENTRAL GROUP

5.1 Introduction and business overview

The Webcentral Group is an Australian full-service digital services partner for small and medium businesses in the various stages of their online journey, from inception to acceleration.

Since its incorporation in 1996, Webcentral (previously called Melbourne IT Limited and Arq Group Limited) has helped the digital success of more than one million Australian and New Zealand small to medium businesses.

With roots in domain name and hosting, Webcentral are the small and medium business digital growth solution experts helping businesses get online, improve their online performance, and protect their online presence.

The Webcentral Group consists of the brands Netregistry, WME, Melbourne IT and Domainz.

Through the Netregistry, WME, Domainz and Melbourne IT brands, the Webcentral Group is well positioned to offer small and medium business customers affordable domain, hosting, email and digital marketing services to help them get online, improve their online performance and protect their online brand. The Webcentral Group is committed to delivering outcomes for customers with a clearly defined return on their digital investment.

The SMB division caters for the two core customer proposition categories of 'Get Online' and 'Improve Online Performance'. 'Get Online' domain, website hosting, email products and templated website builds are the primary products sold, supporting small business customers in the initial stage of their online journey primarily through the Netregistry brand. Bespoke website builds and scalable integrated digital performance marketing programs sold under the WME brand help our customers improve their online performance.

During 2019 and into 2020, Webcentral's SMB division concentrated efforts on three key areas. The first area was sustainable and ongoing cost management that sought to reduce costs without impacting the ability of the business to deliver both strong top line revenue growth in digital solutions or negatively impact its ability to service and retain its large base of foundations customers. The second area of focus was stabilisation of revenues in the large foundations customer base, primarily composing domain names, web hosting and associated services lines of business. This was driven largely by streamlining the processes in Webcentral's onshore and offshore customer care teams. The third area of focus was a return to growth in new digital business in both the WME and Netregistry brands.

The overall focus of Webcentral's SMB division has moved away from solely being an acquisition and retention business in subscriptions and shifted towards a focus on helping customers' businesses thrive online.

5.2 Webcentral Board and key management personnel

The Webcentral Board comprises the following directors:

Name	Position
Andrew Reitzer	Non-Executive Director and Chair
Andrew Macpherson	Non-Executive Director

5 INFORMATION ABOUT WEBCENTRAL AND THE WEBCENTRAL GROUP CONT.

Name	Position
Karl Siegling	Non-Executive Director

At the time of announcement of the Scheme, Mr Larry Bloch was also a director Webcentral. As announced on 17 August 2020, Mr Larry Bloch resigned as a director of Webcentral, effective 16 August 2020, for personal family reasons.

Webcentral's executive team comprises the following key management personnel:

Name	Position
Brett Fenton	Interim Chief Executive Officer
Brendan White	Interim Chief Financial Officer

5.3 The 2019 / 2020 strategic review

During 2019, Webcentral continued to implement a recovery plan that had been initiated in the second half of 2018 to address lower than expected solutions sales in its MB division. Despite improvements in the SMB division following implementation of this plan, however, on 26 June 2019 Webcentral announced to the ASX that its Enterprise division was also facing challenges and that, accordingly, Webcentral's forecast underlying EBITDA from its core operations for FY19 had been revised down.

Webcentral affirmed this guidance in its half year results announced to ASX on 22 August 2019, based on projections of recovery in its Enterprise division during the remainder of FY19. However, it quickly became apparent that this recovery would not materialise, and that this underperformance could not be addressed -cutting alone. Accordingly, Webcentral released a further announcement on 24 September 2019, advising that its previous forecast for underlying EBITDA had been significantly reduced.

Against that background, Webcentral had received informal and preliminary approaches from parties interested in discussing value-creating opportunities relating to both its SMB and Enterprise divisions. In light of this, Webcentral's announcement to the ASX on 24 September 2019 disclosed that Webcentral had appointed Macquarie Capital (Australia) Limited to undertake a strategic review, exploring all avenues for maximising shareholder value. Those avenues included, but were not limited to, the sale of one or more of the Enterprise or SMB business divisions, as well as other various capital management changes.

The announcement of the strategic review generated a number of further inbound approaches from parties interested in acquiring either the Enterprise division or the SMB division, prompting Webcentral to test the market for the sale of these businesses and initiate a structured due diligence process in October 2019. Several parties were granted additional business information and limited access to management before being invited to submit non-binding indicative offers. Webcentral received numerous offers from various potential bidders from around the globe with all offers received for either the Enterprise division or SMB division. Select parties were provided with access to a data room and invited to submit offers to acquire one or other of the business units.

Given, among other things, the greater level of interest in the Enterprise division and limited management time and resources to pursue both sale processes simultaneously, the decision was made to focus on the sale of the Enterprise division. No non-binding indicative offers were received from anyone wishing to buy both the Enterprise division and the SMB division.

Alongside the strategic review starting to progress, as announced to the ASX on 13 November 2019, Webcentral again revised its guidance downwards due to underperformance of the Enterprise division. As noted in that announcement, Webcentral also engaged in discussions with its Existing Financiers to obtain a waiver of a breach of a covenant under its Existing Debt Facilities, which breach had been triggered by the underperformance of the business (see section 5.4 for further discussion Existing Debt Facilities).

On 11 February 2020, Webcentral announced that it had entered into a binding agreement to sell its Enterprise division to an entity owned by a consortium comprising Quadrant Private Equity and certain members of the Enterprise leadership team for \$35 million (less a final payment of \$6 million due to the vendors of InfoReady Pty Limited, which was acquired by Webcentral in 2016) on a cash free, debt free basis. The sale included the rights to the Arq brand. The sale completed on 2 March 2020 and the net proceeds were used to reduce the amounts drawn under the Existing Debt Facilities. Further information on this sale appears in section 5.7(a) below.

Certain members of the Enterprise leadership team, including then CEO, Tristan Sternson, transferred with the Enterprise division. Accordingly, following the sale of the Enterprise division, the then head of the SMB division, Brett Fenton, was promoted to interim CEO to drive the remainder of the strategic review process, which continued with a focus on the potential sale of the SMB division.

A number of parties that expressed interest in the SMB division were granted due diligence access and submitted non-binding indicative proposals to acquire Webcentral.

Certain of those proposals required the Existing Financiers to extend the maturity date of the Existing Debt Facilities and/or to compromise part of the principal amount outstanding under the Existing Debt Facilities. Neither of these conditions were acceptable to the Existing Financiers, whose fundamental requirements are to be repaid in full. Further, certain proposals were also insufficiently constructed at the time of submission and did not have committed financing to enable the Existing Debt Facilities to be repaid in full upon implementation of the proposals, which (as mentioned in section 5.4 of this Scheme Booklet) was again not acceptable to the Existing Financiers.

The scheme of arrangement proposed by Web.com emerged from the strategic review as the superior offer for Webcentral Shareholders, balancing the maximisation of shareholder value with transaction certainty. The Scheme was announced to the ASX on 13 July 2020.

5.4 Webcentral's Existing Debt Facilities

The Webcentral Group requires the ongoing support of the Existing Financiers, and the Existing Debt Facilities, to continue as a going concern.

The Existing Debt Facilities were originally entered into in June 2018 to replace the previous debt facilities available to the Webcentral Group. In response to certain actual financial covenant breaches (in the quarter ended 30 September 2019) and certain anticipated (but later realised) financial covenant breaches (in the quarter ended 31 December 2019), Webcentral and the Existing Financiers amended the terms of the Existing Debt Facilities on 23 December 2019. The revised Existing Debt Facilities provided the Webcentral Group with access to:

- committed funding of up to \$61.2 million; and
- uncommitted funding of up to \$7.5 million.

The Existing Financiers imposed certain conditions on the Webcentral Group as part of amending the Existing Debt Facilities, including (among other things):

5 INFORMATION ABOUT WEBCENTRAL AND THE WEBCENTRAL GROUP CONT.

- inserting a review , to be tested on 31 January 2020, relating to the amount outstanding to the Existing Financiers on that date (**31 January Review Event**); and
- requiring Webcentral, and the majority of its subsidiaries, to grant all-assets security in favour of the Existing Financiers to secure the entire amount outstanding under the Existing Debt Facilities.

The amendments to the Existing Debt Facilities enabled Webcentral to draw \$2.5 million in December 2019, and a further \$2.5 million in February 2020, to assist with funding working capital requirements.

Webcentral subsequently paid down \$22.108 million of the total drawn debt using proceeds received from the sale of the Enterprise division in March 2020 (see section 5.3).

There are no monetary or non-monetary defaults subsisting under the Existing Debt Facilities as of the Last Practicable Date. However, the 31 January Review Event is subsisting as of the Last Practicable Date. Accordingly, the Existing Financiers have the right to cancel, and demand repayment of, the Existing Debt Facilities upon providing Webcentral with 60 days' written notice.

Under the Existing Debt Facilities, Webcentral is prohibited from making distributions to Webcentral Shareholders without the prior written consent of the Existing Financiers. On 6 February 2020, the Existing Financiers advised Webcentral that until such time as the 31 January Review Event has been remedied to their satisfaction, or waived by them in writing, no further distributions may be made. As noted above, the 31 January Review Event is subsisting as of the Last Practicable Date. If the Scheme does not become Effective, it is expected to be very challenging for Webcentral to agree a solution with the Existing Financiers under which distributions to Webcentral Shareholders would be permitted.

As at 31 July 2020, the total amount drawn under the Existing Debt Facilities was approximately \$47.6 million. This amount includes:

- approximately \$41.6 million of term debt;
- bank guarantees of approximately \$5.5 million, of which approximately \$1.9 million are subject to guarantees held in favour of Webcentral from sub-tenants. Net exposure after deducting these back-to-back arrangements is approximately \$4.1 million; and
- an interest rate hedge , of which the estimated mark-to-market valuation as at 31 July 2020 is approximately \$450,000.

Additionally, as at 31 March 2020, Webcentral's Net Leverage Ratio was approximately 4.01x.²¹ This represents a significantly higher figure than the financial covenants established under the Existing Debt Facilities and is above the figures reported by certain of Webcentral's ASX-listed peers in the IT services sector.

The total amount drawn under the Existing Debt Facilities matures on 2 July 2021.²²

The Existing Financiers have provided support to Webcentral throughout its strategic review process (see section 5.3 above), allowing Webcentral time to explore potent solutions to its declining performance, high Net Leverage Ratio and pending debt maturity. For example:

²¹ Based on net debt of \$41.93 million and consolidated EBITDA for the 12 months ended 31 March 2020 of \$10.45 million.

²² This excludes an amount of \$2.5 million, which matures on 30 November 2020.

- Webcentral sought, and received from the Existing Financiers, an extension on the repayment of \$2.5 million originally due on 31 March 2020, until 31 August 2020 – this date was later extended to 30 November 2020;
- Webcentral sought, and received from the Existing Financiers, waivers for actual and anticipated financial covenant breaches for the quarters ended 30 September 2019, 31 December 2019, 31 March 2020 and 30 June 2020; and
- although the 31 January Review Event is subsisting, and the Existing Financiers therefore have the right to cancel, and demand repayment of, the Existing Debt Facilities upon providing Webcentral with 60 days' written notice, the Existing Financiers have repeatedly chosen to reserve their rights in this regard.

Notwithstanding their previous support, there can be no assurance that the Existing Financiers will remain supportive of Webcentral if the Scheme does not become Effective.

If the Scheme does not become Effective, Webcentral will need to reach an agreement with the Existing Financiers regarding the future of the Existing Debt Facilities. In light of the repeated financial covenant breaches and the subsisting 31 January Review Event, this may be challenging.

If an agreement cannot be reached with the Existing Financiers, it is expected to be challenging for Webcentral to find an alternative refinancing solution on terms that are commercially reasonable or at all, particularly in light of the challenges that have arisen as a result of the COVID-19 pandemic, its decreasing cash receipts, committed costs, high Net Leverage Ratio and failure to satisfy its financial covenants in four consecutive reporting periods. As noted above, \$2.5 million of the amount outstanding under the Existing Debt Facilities matures on 30 November 2020 which, absent the Scheme, Webcentral currently has no clear path to repaying.

Additionally, even if the Existing Financiers continue to provide the Existing Debt Facilities to Webcentral, absent the Scheme, Webcentral may require additional funding. Accordingly, absent such additional funding, there is a real risk that Webcentral may have insufficient liquidity to meet its debts as and when they fall due.

Accordingly, absent the Scheme, the Webcentral Directors may need to consider the appointment of a voluntary administrator on the basis that Webcentral may be insolvent or likely to become insolvent in the near future.

Even prior to implementation of the Scheme, Webcentral expects to require additional short-term funding and the ongoing support of the Existing Financiers to continue to provide the Existing Debt Facilities and any required additional funding to be able to continue as a going concern.

Importantly, as noted above, Web.com will ensure the full and final repayment of the entire Existing Debt Facilities.

5.5 Customer Dispute

The Conditions Precedent to the Scheme include the settlement (or the final determination by a court of competent jurisdiction, with all avenues of appeal having been exhausted) of the Customer Dispute on terms and conditions acceptable to Web.com acting reasonably.

Given the uncertainty that such litigation creates, Web.com was only willing to proceed with the Transaction subject to the inclusion of a condition requiring the settlement or final determination of the Customer Dispute on terms and conditions acceptable to Web.com, acting reasonably.

While Webcentral continued to believe that there were strong prospects of its claim succeeding and of the cross-claim being dismissed, in reaching their recommendation in favour of the Scheme, the Webcentral Directors had regard to various factors. These include: the significant costs involved in litigation and the quantum of the cross-claim (notwithstanding Webcentral's views on its prospects), the potential business and management distraction of a lengthy litigation process, the outstanding debt of the Webcentral Group, the repeated breaches of covenants in the Webcentral Group's Existing Debt Facilities, and Web.com's commitment to repay the Webcentral Group's Existing Debt Facilities in full upon implementation of the Scheme. There is no other clear path to repayment of the Existing Debt Facilities, creating an uncertain future for the Webcentral Group in the absence of the Scheme.

To this end, Webcentral made several attempts to settle the Customer Dispute.

As announced on 20 August 2020, this resulted in Webcentral Pty Ltd, being the Webcentral Group Company party to the Customer Dispute, entering into a release and settlement agreement (**Settlement Agreement**) pursuant to which the Customer Dispute has been settled. Web.com confirmed to Webcentral in writing that the terms and conditions of the Settlement Agreement were acceptable to Web.com and that, accordingly, the Condition Precedent relating to the Customer Dispute has been satisfied.

The terms of the Settlement Agreement provide for the release by both parties of any and all claims they may have in relation to the subject matter of the Customer Dispute. Each party has agreed to settle its claims for nil payment to the other. Under the Settlement Agreement, the Webcentral Group has agreed to provide the customer with certain services free of charge until 31 December 2020. The parties have agreed to use all reasonable endeavours to terminate those services by 31 December 2020, and that the Webcentral Group's obligations in relation to those services shall in any event terminate on or before 31 March 2021.

5.6 Historical financial information

(a) Basis of preparation

The historical financial information in this section 5.6 has been derived from Webcentral's audited financial statements for the years ended 31 December 2018 and 31 December 2019, and should be read in conjunction with the notes included in those financial reports.

The financial information in this section 5.6 is a summary only and was prepared for the purpose of this Scheme Booklet. The historical financial information of Webcentral presented in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Webcentral considers that for the purposes of this Scheme Booklet, the historical financial information presented in an abbreviated form is more meaningful to Webcentral Shareholders.

However, Webcentral highlights the following presentational matters that may particularly assist Webcentral Shareholders when reading the abbreviated historical consolidated financial statements set out in sections 5.6(b) to 5.6(d) below :

- Webcentral applied, for the first time, *AASB 16: Leases (AASB 16)* to its financial statements for the year ended 31 December 2019. The Webcentral Group has adopted the modified retrospective approach which does not require the restatement of previous financial statements. Comparative figures as at 31 December 2018 have not been restated for the effect of AASB 16 and therefore may not be directly comparable; and
- Webcentral's Enterprise division was sold on 2 March 2020 (see section 5.3). As the divestment of this division was considered to be highly probable as at 31 December 2019, the Enterprise division has been separately presented as held

for sale in accordance with AASB 5: *Non-current Assets Held for Sale and Discontinued Operations* as at 31 December 2019. The Enterprise division was also determined to be a discontinued operation for the year end 31 December 2019, with the result that the prior period comparatives were also restated in accordance with AASB 5. Accordingly, the remainder of Webcentral's business has been defined as "continuing operations" in accordance with Australian Accounting Standards.

Further details on Webcentral's historical financial performance and position can be found in:

- its financial statements and accompanying notes for the year 31 December 2019 (included in the annual report released to the ASX on 30 March 2020); and
- its financial statements and accompanying notes for the year end 31 December 2018 (included in the annual report released to the ASX on 29 March 2019),

each of which can be found in the Investor Centre section of the Webcentral website (www.webcentralgroup.com.au) or the ASX website (www.asx.com.au).

(b) **Historical consolidated income statement**

Set out below is a summary of the historical consolidated income statement of Webcentral for the years ended 31 December 2018 and 31 December 2019:

Income Statement		FY18 (Audited)	FY19 (Audited)
Continuing Operations			
Revenue from contracts with customers	[\$000]	100,094	83,615
Cost of sales	[\$000]	(34,981)	(27,672)
Gross Profit	[\$000]	65,113	55,943
Other income	[\$000]	68	1,315
(Loss) / gain on reassessment of contingent consideration liability	[\$000]	(9,702)	98
Salaries and employee benefits expenses	[\$000]	(35,685)	(30,576)
Depreciation expenses	[\$000]	(4,376)	(7,026)
Amortisation of intangible assets	[\$000]	(9,004)	(3,511)
Other expenses	[\$000]	(18,878)	(12,953)
Finance costs	[\$000]	(4,287)	(5,810)
Transaction costs	[\$000]	(892)	(2,259)
Restructuring costs	[\$000]	-	(365)
Impairment of goodwill	[\$000]	-	(41,123)
Gain on disposal of assets	[\$000]	-	554
Loss before tax	[\$000]	(17,643)	(45,713)
Income tax credit / (expense)	[\$000]	2,216	(238)
Loss after tax from continuing operations	[\$000]	(15,427)	(45,951)
Discontinued operation			
Profit / (loss) from discontinued operation, net of tax	[\$000]	13,101	(85,272)
Loss after tax for year	[\$000]	(2,326)	(131,223)

5 INFORMATION ABOUT WEBCENTRAL AND THE WEBCENTRAL GROUP CONT.

Earnings per s	2018 Cents	2019 Cents
Basic loss per share	(0.13)	(38.01)
Diluted loss per share	(0.13)	(38.01)
Attributable to members of the parent		
Basic loss per share	(2.08)	(108.62)
Diluted loss per share	(2.08)	(108.62)

(c) Historical consolidated statement of financial position

Set out below is a summary of the historical consolidated statements of financial position of Webcentral for the years ended 31 December 2018 and 31 December 2019:

Balance She		FY18 (Audited)	FY19 (Audited)
Assets			
Cash and cash equivalents	[\$000]	8,279	8,949
Trade and other receivables	[\$000]	26,403	13,910
Prepayments of domain name registry charges	[\$000]	7,327	7,810
Lease receivab	\$000]	-	2,064
Current tax refund	[\$000]	-	375
Other assets	[\$000]	6,634	2,928
	[\$000]	48,643	36,036
Assets held for sale	[\$000]	32,698	38,674
Total Current Assets	[\$000]	81,341	74,710
Plant and equipment	[\$000]	13,899	8,198
Right-of-use assets	[\$000]	-	16,554
Intangible assets	\$000]	225,239	77,804
Prepayments of domain name registry charges	[\$000]	2,508	678
Lease receivable	[\$000]	-	1,830
Deferred tax a	\$000]	6,775	7,323
Financial assets	\$000]	1,870	1,375
Other assets	[\$000]	696	560
Total Non-current Assets	[\$000]	250,987	114,322
Total Assets	[\$000]	332,328	189,032
Liabilities			
Trade and other payables	\$000]	17,138	8,692
Income received in advance	[\$000]	28,632	22,792
Current tax liability	[\$000]	1,909	-
Provisions	[\$000]	3,406	1,585
Derivative financial instruments	\$000]	80	510
Interest bearing loans and borrowings	[\$000]	-	61,929
Other financial liabilities	[\$000]	12,971	5,549
Current lease liabilities	[\$000]	-	6,160
	[\$000]	64,136	107,217
Liabilities directly associated with assets held for sale	[\$000]	11,292	15,931
Total Current Liabilities	[\$000]	75,428	123,148

Income received in advance	[\$000]	9,563	11,297
Provisions	[\$000]	3,530	3,187
Deferred tax liabilities	[\$000]	5,469	7,549
Interest bearing loans and borrowings	[\$000]	74,992	-
Non-current lease liabilities	[\$000]	850	12,970
Total Non-Current Liabilities	[\$000]	94,404	35,003
Total Liabilities	[\$000]	169,832	158,151
Net Assets	[\$000]	162,496	30,881

Equity

Contributed eq	\$000]	85,724	91,179
Foreign currency translation reserve	[\$000]	(552)	(533)
Share based payments reserve	[\$000]	1,136	193
Other reserves	[\$000]	9	(278)
Retained earnin	\$000]	76,053	(59,806)
Equity attributable to members of the parent	[\$000]	162,370	30,755
Non-controlling interest	[\$000]	126	126
Total Equity	[\$000]	162,496	30,881

(d) Historical consolidated statement of cash flows

Set out below is a summary of the historical consolidated statements of cash flows of Webcentral for the years ended 31 December 2018 and 31 December 2019:

Statement of Cash Flows		FY18 (Audited)	FY19 (Audited)
Cash Flows from operating activities			
Receipt of service revenue and recoveries	\$000]	228,893	187,353
Payments to suppliers and employees	[\$000]	(200,828)	(168,489)
Interest received	[\$000]	68	202
Interest paid	[\$000]	(2,687)	(3,390)
Bank charges and credit card merchant fees paid	[\$000]	(1,530)	(1,135)
Income tax refunds	[\$000]	1,121	-
Income tax paid	[\$000]	(6,770)	(3,269)
NET CASH FLOWS FROM OPERATING ACTIVITIES		18,267	11,272
Cash Flows from Investing Activities			
Purchase of plant and equipment and intangible assets	[\$000]	(13,894)	(3,423)
Proceeds from subleases	[\$000]	-	1,869
Payment of financial liability for InfoReady earn out (incl. dividends)	[\$000]	(5,668)	(4,110)
Return of capital from Tiger Pistol	[\$000]	-	505
Transaction costs	[\$000]	(85)	(2,394)
Sale of the TPPW Reseller business	[\$000]	-	21,268
NET CASH FLOWS (USED IN) / FROM INVESTING ACTIVITIES		(19,647)	13,715
Cash Flows from Financing Activities			
Proceeds from borrowings	[\$000]	-	7,375
Repayment of borrowings	[\$000]	-	(21,292)
Payment of dividend on ordinary shares, net of dividend reinvestment	[\$000]	(10,361)	(4,378)
Payment of dividend to non-controlling interests	[\$000]	(105)	(80)
Payment of lease liabilities	[\$000]	(120)	(5,961)

5 INFORMATION ABOUT WEBCENTRAL AND THE WEBCENTRAL GROUP CONT.

NET CASH FLOWS USED IN FINANCING ACTIVITIES		(10,586)	(24,336)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(11,966)	651
Net foreign exchange differences	[\$000]	(5)	19
Cash and cash equivalents at beginning of period	[\$000]	20,250	8,279
CASH AND CASH EQUIVALENTS AT END OF PERIOD		8,279	8,949

5.7 Material changes in financial position (since Webcentral's 2019 annual report)

To the knowledge of the Webcentral Directors, as at the Last Practicable Date, there have been no material changes to the financial position of Webcentral and the Webcentral Group since 31 December 2019, save as summarised below.

- (a) **Divestment of Enterprise division:** as noted in section 5.3 above, on 11 February 2020, Webcentral entered into an agreement to sell its Enterprise division to an entity owned by a consortium comprising Quadrant Private Equity and certain members of the Enterprise leadership team for \$35 million in cash (less a final payment of \$6 million due to the vendors of InfoReady Pty Limited, which was acquired by Webcentral in 2016), on a cash free, debt free basis. The sale included the rights to the Arq brand. This transaction completed on 2 March 2020 and the net proceeds were used to reduce the amounts under the Existing Debt Facilities. A transitional services agreement was also entered into in connection with the Enterprise sale, and as at the date of this Scheme Booklet, the parties continue to work together to manage the smooth transition of the Enterprise business following its divestment. Upon finalisation of the completion accounts for the Enterprise sale, an aggregate amount of \$1,559,485 became payable by Webcentral to the consortium. The parties agreed that, given Webcentral's cash flow position, rather than Webcentral making an immediate payment in full, Webcentral will make monthly payments to the consortium of \$259,914 between July 2020 and December 2020 (inclusive) in respect of that amount.
- (b) **Customer Dispute:** a summary of the recent developments in relation to the Customer Dispute are summarised in section 5.5. Following both parties settling their respective claim and counter-claim at nil (see section 5.5 above), the trade receivable balance held in respect of the amounts claimed by Webcentral Pty Ltd under the Customer Dispute has been written down to nil. As at 31 December 2019, this balance was \$10,006,000. Accordingly, Webcentral's net assets will be reduced by the same amount. Any further adjustments will be reflected in the Webcentral Group's financial statements for the half year ended 30 June 2020 (see section 5.8).
- (c) **Goodwill impairment assessment:** as is customary and in accordance with Australian Accounting Standards, Webcentral is in the process of reviewing its net asset position in light of factors including the implied value of the business resulting from the Scheme and other events (including the escalation and continuation of the COVID-19 pandemic) occurring since the date of Webcentral's 2019 annual report. Any adjustments required to the carrying value of goodwill will be reflected in Webcentral's audited financial statements for the half year ended 30 June 2020 (see section 5.8).
- (d) **Cost reduction initiatives:** subsequent to the sale of the Enterprise division, and to mitigate the impact of the COVID-19 pandemic, Webcentral continued to reduce its cost base across people, marketing, property and systems. This process resulted in a number of roles being made redundant to consolidate the

organisation and simplify the operational structure, and included the removal of a number of senior and mid-level management roles to reduce overhead costs.

- (e) **Impact of COVID-19:** in light of the uncertainty created by the COVID-19 pandemic, Webcentral announced the withdrawal of its FY20 guidance on 15 April 2020. As noted in that announcement, since the onset of the COVID-19 outbreak and resulting market conditions, the business observed a reduction in small business spend away from digital marketing and online business promotion. In response, Webcentral executed certain initiatives to maximise cash preservation, including deferrals of tax payments and negotiating with its landlords for rent deferrals. Additionally, certain Webcentral Subsidiaries applied for and received amounts related to the Federal Government's JobKeeper payment scheme. However, there can be no certainty that Webcentral will be eligible for, and receive, future forms of Federal or State Government support.

5.8 Financial information for the half year ended 30 June 2020

As at the Last Practicable Date, Webcentral's reviewed financial statements for the half year ended 30 June 2020 were not available. However, as announced in Webcentral's announcement on 14 August 2020, Webcentral currently expects the following results for the half year ended 30 June 2020:

- SMB Core operating revenue in the range of \$29.0 million to \$30.0 million (decline of 13% to 15% from p.c.p²³);
- SMB Core Underlying EBITDA²⁴ (before corporate and unallocated costs) in the range of \$3.5 million to \$4.5 million (decline of 18% to 22% from p.c.p);
- SMB Core Underlying EBITDA (after corporate and unallocated costs) in the range of \$0.2 million to \$0.6 million (decline of 80% to 90% from p.c.p);
- Net Cash Outflow from Operating Activities of \$9 million to \$10 million due to expenditure on working capital payments required upon sale of the Enterprise division, interest and bank fees, and costs associated with delivering the cost out program. In addition, there are material cash outflows related to investing activities being advisor fees associated with the strategic review process; and
- Group Statutory Loss After Tax being incurred after adjusting for the final loss on disposal of the former Enterprise division, subject to any further adjustments arising from the completion of the Webcentral Group's review of the carrying value of goodwill to reflect factors including the value of the business implied by the Scheme Consideration and the impacts of the COVID-19 pandemic.

The above results are preliminary and include the impact of AASB 16 Leases. Webcentral's statutory H1 2020 results are subject to finalisation following the completion of the independent auditor's review and the Webcentral Board's review and approval of Webcentral Group's H1 2020 financial statements. The final results could differ from these preliminary results.

These numbers should not be taken as guidance, or relied upon in any other way, in respect of the expected performance of Webcentral during H2 2020. In particular, the challenges that arose midway through H1 2020 as a result of the COVID-19 pandemic continue to affect Webcentral's business and to reduce its cash receipts to a far greater

²³ Prior comparative period (p.c.p), being the half year ended 30 June 2019.

²⁴ Underlying EBITDA is derived after adjusting for non-recurring and unusual items affecting comparability between financial periods, such as costs associated with the sale of business units, restructuring costs etc. The Webcentral Group believes this unaudited non-IFRS information is relevant to the user's understanding of the Webcentral Group's underlying performance.

extent than its costs. Webcentral continues to observe a sustained reduction in small business spend away from digital marketing and online business promotion. These impacts are expected to continue throughout H2 2020, and the uncertainty of the situation means no reliable forecast can be provided at this time. Accordingly, H1 2020 earnings should be not utilised as a proxy by Webcentral Shareholders for H2 2020 earnings, and it is likely that the performance in the second half of the year will be worse than that in H1 2020.

Webcentral currently expects to release to the ASX its reviewed financial statements for the half year ended 30 June 2020 in late August 2020.

Following the release of these financial statements, the Webcentral Board will obtain the Independent Expert's confirmation of whether the financial results change the Independent Expert's opinion that the Scheme is fair and reasonable and, therefore, is in the best interests of Webcentral Shareholders, in the absence of a superior proposal.

This confirmation will be announced to the ASX in advance of the Scheme Meeting. If the Independent Expert's opinion has changed, the matter will be relisted before the Court prior to the Scheme Meeting. Webcentral Shareholders are encouraged to read those financial statements (and the confirmation of whether the Independent Expert's opinion changes) before deciding how to vote on the Scheme at the Scheme Meeting.

Please refer to the Independent Expert's Report contained in Annexure 1 for further financial information in relation to Webcentral.

5.9 Financial year outlook for 2020

On 15 April 2020, Webcentral released an announcement to the ASX withdrawing its previously announced guidance that it expected to achieve EBITDA of \$11 million to \$12 million for the year 2020 as a result of the impact and anticipated significant further impact of COVID-19. Webcentral noted that although its core business through to the end of the first quarter was on track to meet the guidance range for 2020, in the second half of March the impact of changed market conditions as result of the COVID-19 pandemic became apparent, and Webcentral had observed a reduction in small business spend away from digital marketing and online business promotion. Given the escalation of COVID-19 and the associated uncertainty, Webcentral determined that it was appropriate to withdraw its earlier guidance.

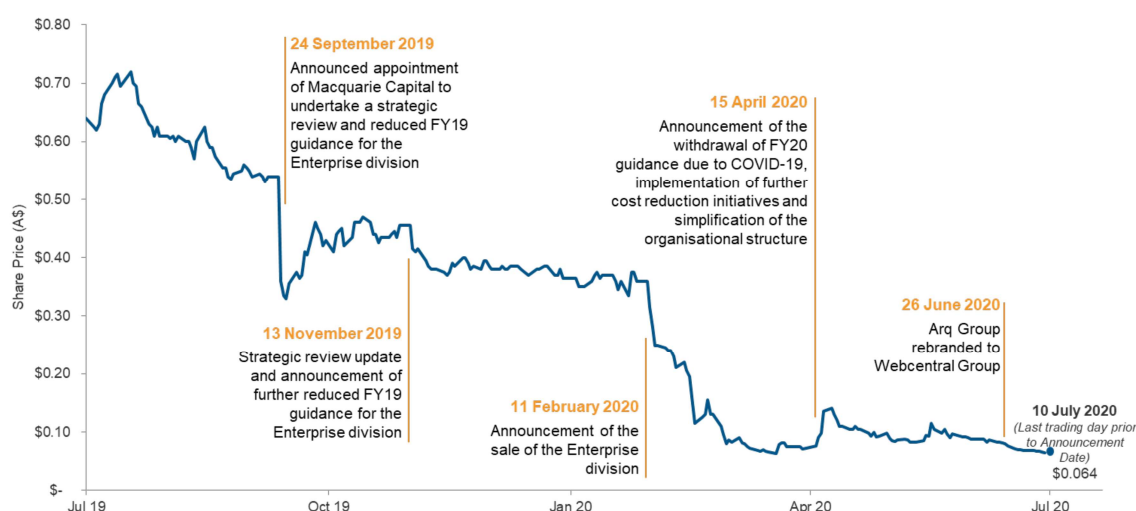
5.10 Risks relating to Webcentral's business

There are existing risks relating to the Webcentral business, which will continue to be relevant to Webcentral Shareholders if the Scheme does not become Effective. A summary of the key risks relating to Webcentral's business and an investment in Webcentral is set out in section 7 of this Scheme Booklet.

5.11 Recent share price performance

Webcentral Shares are listed on the ASX under the trading symbol "WCG". Until 26 June 2020, Webcentral Shares were listed on the ASX under the trading symbol "ARQ".

The chart below shows Webcentral's Share price performance over the 12 months before the Announcement Date.



The current price of Webcentral Shares on the ASX (ASX:WCG) can be obtained from the Webcentral website (www.webcentralgroup.com.au) or the ASX website (www.asx.com.au). The closing price for Webcentral Shares on the ASX on the Last Practicable Date was \$0.105.

In the S&P/ASX rebalance announcement dated 12 June 2020, it was announced that Webcentral would be removed from the All Ordinaries index effective at the open of trading on 22 June 2020.

5.12 Publicly available information about Webcentra

As an ASX listed company and a "disclosing entity" under the Corporations Act, Webcentral is subject to regular reporting and disclosure obligations. Among other things, these obligations require Webcentral to announce price sensitive information to the ASX as soon as Webcentral becomes aware of that information, subject to some exceptions.

Pursuant to the Corporations Act, Webcentral is required to prepare and lodge with ASIC and the ASX both yearly and half-yearly financial statements accompanied by a statement and report from the Webcentral Directors and an audit or review report respectively.

Copies of each of these documents can be found in the Investor Centre section of the Webcentral website (www.webcentralgroup.com.au) or the ASX website (www.asx.com.au). Copies of the documents lodged with ASIC in relation to Webcentral may be obtained from ASIC.

The below table contains announcements released by Webcentral to the ASX from 30 March 2020 (being the date on which Webcentral lodged its annual report for 2019 with the ASX) until the Last Practicable Date. This table does not contain announcements released to the ASX relating to substantial holder notices.

Announcement	Date of announcement
Withdrawal of Guidance, Trading Update and Implementation of amplified cost reduction initiatives	15 April 2020

5 INFORMATION ABOUT WEBCENTRAL AND THE WEBCENTRAL GROUP CONT.

Announcement	Date of announcement
AGM Notice of Meeting, Proxy Form, Annual Report	24 April 2020
Corporate Governance Statement & Appendix 4G	24 April 2020
Update on AGM Arrangements	8 May 2020
ARQ FY19 AGM – Webcast Details	25 May 2020
AGM 2020 Chairman and CEO Presentation	28 May 2020
Results of Annual General Meeting	28 May 2020
Arq Group rebranded to Webcentral Group	26 June 2020
Recommended scheme of arrangement to acquire Webcentral	13 July 2020
Resignation and appointment of Company Secretary	20 July 2020
Keybridge activity and recommended Web.com scheme	3 August 2020
Change of Director's Interest Notice – L Bloch	4 August 2020
Response to ASX Appendix 3Y Query	10 August 2020
Market update on H1 2020 financial results and scheme of arrangement	14 August 2020
Director resignation and Appendix 3Z – L Bloch	17 August 2020
Update on scheme of arrangement – Settlement of Customer Dispute	20 August 2020

6 INFORMATION ABOUT WEB.COM AND THE WEB.COM GROUP

6.1 Introduction

The information contained in this section 6 has been prepared by Web.com. The information concerning Web.com and the Web.com Group and the intentions, views and opinions contained in this section 6 are the responsibility of Web.com. Neither Webcentral nor any of its Subsidiaries, nor any director, officer, employee or adviser of any of them assumes any responsibility for the accuracy or completeness of the information in this section 6.

6.2 Overview of Web.com

(a) Corporate overview and principal operations

Web.com is a company established in Delaware in the United States of America.

Web.com provides a range of web registration, hosting and associated services to businesses of all sizes to help them compete and succeed online through its portfolio of brands – Web.com, Network Solutions, Register.com, CrazyDomains, Sitebeat and Vodien. Web.com's services are designed to meet the needs of businesses anywhere along their lifecycle with affordable, subscription-based solutions including domains, hosting, email, security, website design and management, internet marketing solutions and other value-added online services.

Headquartered in Jacksonville, Florida, Web.com has operations in North America, South America, the UK, Australia and South East Asia.

Up until the end of 2019, Web.com operated almost entirely within the United States. However, in October 2019, Web.com acquired Dreamscape Networks Limited (Dreamscape) allowing Web.com to expand into Australia, New Zealand and South East Asia. Established in 2000, Dreamscape is an online solutions provider that enables businesses and consumers to find, establish and grow their online presence via its CrazyDomains, Vodien and Sitebeat brands. Dreamscape is headquartered in Singapore.

Web.com is indirectly owned by the Siris Capital Funds (and five investors that indirectly own less than 5% of Web.com on a fully diluted basis). The Siris Capital Funds are managed and/or advised by Siris Capital Group, LLC and its affiliates (see section 6.3(c) below).

(b) Directors and executive management

The Web.com Board as at the date of this Scheme Booklet is comprised of the following members:

(1) Non-Executive Directors:

Bob Aquilina, Executive Chairman

Mr Aquilina was a senior operating executive of AT&T, Inc. with a 21-year career. His last post at AT&T was as Co-President of AT&T Consumer Services and a member of the Chairman's Operating Group. Previously within AT&T, Mr Aquilina held a variety of senior positions including President of Europe, Middle East & Africa; Vice Chairman of AT&T Unisource; Vice Chairman of WorldPartners; Chairman of AT&T UK; and General Manager of Global Data Services. He was previously a member of the Board of Directors of Japan Telecom, Inc. and the Co-Chairman of Flag Telecom Group Ltd. Mr Aquilina

served as the Executive Chairman of MedQuist and Applied Discovery. In addition to his responsibilities with Web.com, Mr Aquilina is currently the Executive Chairman of TNS and a board member of TPx Communications, PGI, and Synchronoss Technologies.

Frank Baker

Mr Baker is a Co-Founder and Managing Partner of Siris Capital and is a board member of all Siris portfolio companies. Mr Baker started his career in the Mergers and Acquisitions group of Goldman Sachs and has an M.B.A. from Harvard Business School and a B.A. from the University of Chicago. Mr Baker also serves as a trustee of the University of Chicago.

Peter Berger

Mr Berger is a Co-Founder and Managing Partner of Siris Capital and is a board member of all Siris portfolio companies. Mr Berger started his career at Arthur Andersen where he was global head of the Corporate Finance Group and was a Managing Director of Bear Stearns Companies. Mr Berger was also a founding member of the private equity firm Ripplewood Holdings LLC. He has an M.B.A. from Columbia University Graduate School of Business and a B.Sc. from Boston University.

Jeff Hendre

Mr Hendren is a Co-Founder and Managing Partner of Siris Capital and is a board member of all Siris portfolio companies. Mr Hendren started his career at Georgia Pacific and was a member of the Mergers and Acquisitions group of Goldman Sachs. He has an M.B.A. from Harvard Business School and a B.Sc. from Indiana University.

Tyler Sipprell

Mr Sipprell joined Siris Capital in 2016. Prior to Siris, Mr Sipprell worked at Vector Capital and in the Technology Investment Banking Group at Lazard. Mr Sipprell received his M.B.A. from Harvard Business School, where he was a Baker Scholar, and holds a bachelor's degree in Economics cum laude from Harvard University. He serves as a director of Web.com, Electronics for Imaging and Transaction Network Services and formerly served as a director of Intralinks.

Tim Kelly

Tim Kelly is an independent director at Web.com. Having held the roles of President and CEO at Network Solutions, President of Sprint's Consumer Division and Chief Marketing Officer, Mr Kelly has had extensive leadership experience at consumer- and SMB- focused businesses. He currently serves as a director of Web.com, Roadz, and Moovila. He has an M.B.A. from Nova Southeastern and holds a bachelor's degree in Marketing from the University of Florida.

(2) Executives:

The executive management team of Web.com as at the date of this Scheme Booklet is:

Sharon Rowlands, Chief Executive Officer, President, and Director

Ms Rowlands brings deep industry knowledge and a strong track record of leading multibillion-dollar high-tech companies that serve small- and medium-sized businesses, financial markets and enterprise customers. Prior to joining Web.com in January 2019, she served as CEO of ReachLocal, a public digital marketing company, leading it through a strategic transformation and the 2016

sale to Gannett. At Gannett, Ms Rowlands served as president of the USA Today Network Marketing Solutions business while continuing to serve as CEO of ReachLocal. Prior CEO positions include Penton Media, Altagrity, and Thomson Financial. Additionally, Ms Rowlands serves on the board of directors for Pegasystems, a global software company, and Everbridge, a critical event management and enterprise safety applications company. Among several prestigious accomplishments, she was named Customer Focused CEO of the Year in the 2016 CEO World Awards, won the Gold Stevie Award for Female Executive of the Year in 2016, and was also named Female CEO of the Year in the 2016 One Planet Awards. Ms Rowlands received her Postgraduate Certificate in education from the University of London and her BA in history from the University of Newcastle, Newcastle-Upon-Tyne.

Christina Clohecy, Chief Financial Officer

Ms Clohecy brings more than 20 years of financial experience and is responsible for Web.com's financial strategy and finance operations. Most recently, she held leadership positions with Siris Capital portfolio companies Stratus Technologies, Inc., which she joined in 2016 as CFO, and Airvana. Previously, she held a series of positions at both Sycamore Networks Inc. and Vitronics Soltec. Ms Clohecy has an MBA from Babson College and a BS in business from Southern New Hampshire University.

Michael Bouchet, Chief Information Officer

Mark Evans, Chief Executive Officer, Dreamscape Networks

Deb Myers, Chief People Officer

Chris Ortvals, Chief Product Officer

Ted Schremp, Chief Marketing Officer

Rob Solomon, Chief Customer Officer

Further information about the executive management team is available on Web.com's website (<https://www.web.com/content/web/en/about-us/executive-management>).

6.3 Overview of .com Sub

(a) **Ownership structure**

Web.com Aus Bidco Pty Ltd (ACN 635 836 298) (**Web.com Sub**) was incorporated on 28 August 2019 for the purpose of acquiring Dreamscape and continues to own all of the shares in Dreamscape. All of the shares in Web.com Sub are owned by Web.com HoldCo. It is proposed that Web.com Sub will acquire all the Webcentral Shares under the Scheme.

Web.Com Aus Holdco Pty Ltd (ACN 635 831 597) (**Web.com HoldCo**) is a special purpose company that was incorporated on 28 August 2019 for the purpose of holding all of the shares in Web.com Sub and continues to own all of the shares in Web.com Sub. All of the shares in Web.com HoldCo are owned by Web.com Dreamscape Singapore.

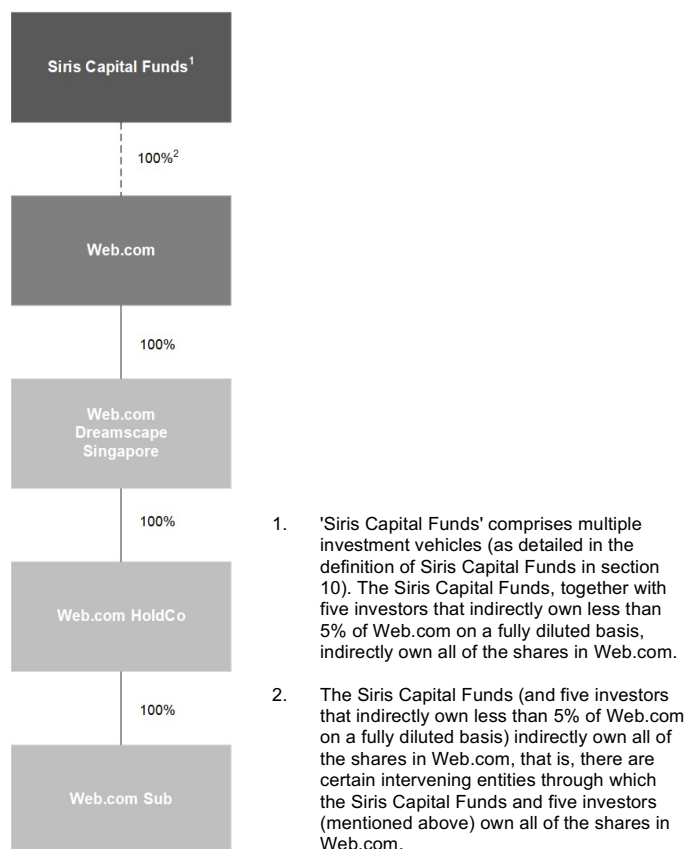
Web.com Dreamscape Pte. Ltd. (**Web.com Dreamscape Singapore**) is a special purpose company that was incorporated on 26 August 2019 for the purpose of holding all of the shares in Web.com HoldCo and continues to own all of the shares in Web.com HoldCo. All of the shares in Web.com Dreamscape Singapore are owned by Web.com.

Web.com Group, Inc. (**Web.com**) is indirectly owned by the Siris Capital Funds (and five investors that indirectly own less than 5% of Web.com on a fully

6 INFORMATION ABOUT WEB.COM AND THE WEB.COM GROUP CONT.

diluted basis). The Siris Capital Funds are managed and/or advised by Siris Capital Group, LLC and its affiliates.

The ownership structure of Web.com Sub described above is detailed below.



(b) Directors

As at the date of this Scheme Booklet, the directors of Web.com Sub and Web.com HoldCo are Christina Clohecy and Evan Cross.

(c) Siris Capital

Siris Capital is a private equity firm based in the United States of America. Investment funds affiliated with Siris Capital have raised more than US\$5.9 billion of cumulative capital since its inception in 2011.

Further information about Siris Capital can be found at <https://siris.com/>.

6.4 Rationale for proposed acquisition of Webc

The acquisition of Webcentral will build upon Web.com's existing business in Australian and New Zealand (which it acquired through the acquisition of Dreamscape in 2019) and is part of Web.com's strategy to expand its business outside of the United States. The proposed acquisition signals Web.com's continued commitment to providing web presence solutions to customers around the globe.

The acquisition will add brands and operations in Australia and New Zealand to its existing portfolio, which will allow the combined entity to compete more effectively in the highly competitive markets in which the parties operate in Australia and New Zealand. The combination of Web.com and Webcentral is expected to benefit both entities, as the

Transaction will recapitalise Webcentral and the increased size of the group's operations is expected to drive efficiencies and economies.

6.5 Funding arrangements

The Scheme Consideration will be provided wholly in cash.

Under the Deed Poll and conditional upon the Scheme becoming Effective, Web.com and Web.com Sub have each undertaken in favour of each Scheme Shareholder to deposit (or procure the deposit of) the aggregate amount of the Scheme Consideration into a trust account operated for the benefit of the Scheme Shareholders by no later than the Business Day before the Implementation Date.

The aggregate Scheme Consideration payable by Web.com under the Scheme will be approximately A\$12.2 million assuming there are 122,131,124 Scheme Shares on issue on the Implementation Date.

Web.com has also agreed that, upon implementation of the Scheme, Web.com will refinance the Existing Debt Facilities and ensure the full and final payment or repayment to the Existing Financiers of all amounts payable to them under the Existing Debt Facilities, in accordance with the Scheme Implementation Deed.

Web.com Sub intends to fund the Scheme Consideration and the amounts payable to the Existing Financiers under the Existing Debt Facilities using the Web.com Group's cash reserves and existing credit facilities.

As at 30 June 2020, the Web.com Group has available cash reserves of approximately US\$26 million, or approximately A\$37.9 million²⁵. In addition, the Web.com Group has available undrawn borrowing capacity of approximately US\$92.4 million under its existing revolving credit facility, or approximately A\$134.6 million²⁶. This amount exceeds the maximum aggregate Scheme Consideration payable by Web.com Sub under the Scheme and the expected aggregate amount payable to the Existing Financiers under the Existing Debt Facilities.

The aforementioned credit facilities are subject to conditions precedent to drawdown which are customary for facilities of this nature. As at the date of this Scheme Booklet, Web.com is not aware of any reason why the credit facilities will not be available to be drawn down for the purposes of the acquisition of Webcentral Shares and repayment of the Existing Debt Facilities on or prior to the Implementation Date.

The Scheme is not subject to a financing condition.

6.6 Intentions if the Scheme is implemented

Set out below are the present intentions of Web.com, if the Scheme is implemented, in relation to the continuation of Webcentral's business, any major changes to the Webcentral's business, the future employment of the present employees of Webcentral, any redeployment of the fixed assets of Webcentral and the delisting of Webcentral from the ASX.

These statements of intention are based on information concerning Webcentral, its business and the general business environment that are known to Web.com as at the date of this Scheme Booklet.

Web.com does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of its current intentions. Decisions regarding these matters will only

²⁵ Based on an exchange rate of 1.457 Australian Dollars to 1 US\$ as at 30 June 2020.

²⁶ Based on an exchange rate of 1.457 Australian Dollars to 1 US\$ as at 30 June 2020.

6 INFORMATION ABOUT WEB.COM AND THE WEB.COM GROUP CONT.

be made by Web.com in light of all material information and circumstances at the relevant time.

Accordingly, the statements set out in this section 6.6 are statements of current intention only, which may change as new information becomes available to Web.com or as circumstances change.

(a) **Business, operations and assets**

Web.com's current intention is to continue the current strategic direction of Webcentral, including actively pursuing growth opportunities available to Webcentral, subject to its consideration of the information and circumstances at the relevant time post-acquisition. Web.com does not currently intend to redeploy any of Webcentral's fixed assets.

(b) **Webcentral board**

If the Scheme is implemented, the Webcentral Board and the board of directors of each of its subsidiaries will be reconstituted with effect on and from the Implementation Date. At the date of this Scheme Booklet, the new directors have not been determined.

(c) **Employees**

Following implementation of the Scheme, Web.com will evaluate Webcentral's business operations and organisational structure as part of its integration planning to ensure Webcentral, once integrated into the Web.com Group, has the appropriate mix and level of employees and skills to enhance the business going forward.

Web.com's Australian subsidiary Dreamscape Networks Limited currently maintains a significant Australian presence in terms of office and technical staff located in Sydney along with major data centres located in both Perth and Sydney. Web.com currently intends to significantly expand and scale-up its physical Australian footprint in order to provide premium online solutions and services for the Webcentral Group's additional customers. Web.com currently intends to combine the offices and human resources of Dreamscape and Webcentral in the technical, marketing and digital services areas as it plans for improved focus on its core Australian market.

(d) **Delisting**

If the Scheme is implemented, Web.com currently intends to procure that Webcentral applies to the ASX to be removed from the official list of ASX after implementation of the Scheme.

6.7 Web.com's interest in Webcentral Shares

(a) **Interest in Webcentral Shares**

At the date of this Scheme Booklet, none of Web.com or any of its Associates has a Relevant Interest in any Webcentral Shares or any Voting Power in Webcentral.

(b) **Dealing in Webcentral Shares**

At the date of this Scheme Booklet, none of Web.com or any of its Associates have provided, or agreed to provide, consideration for Webcentral Shares under any purchase or agreement during the four months before the date of this Scheme Booklet.

(c) **Benefits to holders of Webcentral Shares**

During the four months before the date of this Scheme Booklet, none of Web.com or any of its associates has given or offered to give or agreed to give benefit to another person where the benefit was likely to induce the other person or associate to:

- (1) vote in favour of the Scheme; or
- (2) dispose of Webcentral Share ,

where the benefit was not offered to all Webcentral Shareholders.

7 RISK FACTORS

7.1 Introduction

In considering the Scheme, Webcentral Shareholders should be aware that there are a number of risk factors, both general and specifically relating to Webcentral and the Webcentral Group, which may adversely affect the future operating and financial performance of Webcentral and the price and/or value of Webcentral Shares.

This section 7 outlines:

- general risk factors (refer to section 7.2);
- specific risks relating to the business and operations of Webcentral (refer to section 7.3); and
- risks relating to the Scheme (refer to section 7.4).

While measures can be taken to mitigate some of these risks, these risks remain either wholly or partially outside the control of Webcentral, the Webcentral Group and the Webcentral Directors. In deciding whether to vote in favour of the Scheme, Webcentral Shareholders should read this Scheme Booklet carefully and consider these risks.

If the Scheme proceeds, Webcentral Shareholders will receive the Scheme Consideration, will cease to hold Webcentral Shares and will no longer be exposed to the risks set out in this section 7 (and other risks to which Webcentral and the Webcentral Group may be exposed). If the Scheme does not proceed, Webcentral Shareholders will continue to hold Webcentral Shares and continue to be exposed to risks associated with investment in Webcentral.

The risks set out in this section 7 do not take into account the individual investment objectives, financial situation, position or particular needs of Webcentral Shareholders.

In addition, these risks are general in nature only and do not cover every risk that may be associated with an investment in Webcentral now or in the future. There may also be additional risks and uncertainties not currently known to Webcentral which may have a material adverse effect on Webcentral's operating and financial performance and the value of Webcentral Shares.

7.2 General risk factors

Webcentral and the Webcentral Group are exposed to a number of general risks that could materially adversely affect their assets and liabilities, financial position, profits, prospects and potential to make further distributions to Webcentral Shareholders, and the price and/or value of Webcentral Shares. General risks that may impact on Webcentral, the Webcentral Group or the market for Webcentral Shares include:

- changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment rate and consumer demand;
- changes to government policy, legislation or regulation, both domestic and global, which may restrict or otherwise impact the business operations and activities of Webcentral and the Webcentral Group;
- the nature of competition in which Webcentral and the Webcentral Group operate;
- natural disasters, catastrophes and disease or pandemic (including the outbreak, escalation or impact of, and recovery from, the COVID-19 pandemic) and other macroeconomic occurrences, including but not limited to geopolitical

events such as an outbreak of hostilities, acts of terrorism and declarations of war;

- variations in the operating results of Webcentral and the Webcentral Group;
- cash flow and liquidity risks;
- inclusion or removal from major market indices;
- variations in recommendations by securities analysts and brokers;
- changes in investor sentiment and perceptions, market fluctuations and overall performance of the Australian and international stock markets;
- the operating and trading price performance of other comparable listed entities;
- changes to accounting standards and reporting standards;
- changes to the current tax regime;
- claims, litigation, industry complaint, regulatory investigations and other disputes, which may be with or without merit, giving rise to, among other things, costs of defending and resolving such disputes, heightened public scrutiny and potential reputational harm;
- strategic, contractual and partnerships risks, including but not limited to the potential loss, non-renewal or renewal on less favourable terms of contracts or partnership agreements with third parties; and
- other risks and uncertainties which may not currently be known to Webcentral or the Webcentral Group.

Some of these factors could affect Webcentral's share price regardless of Webcentral's underlying operating performance.

7.3 Specific risks relating to the business and operations of Webcentral

Key business risks and associated mitigants are summarised in no order of significance as follows:

Risk	Potential impacts	Mitigation
Business structure	<p>The Webcentral Group disposed of its Enterprise business division in March 2020, and of its TPP Wholesale Reseller business in July 2019.</p> <p>Transitional services continue to be provided between the Webcentral Group and both of those businesses.</p> <p>There is a risk that the Webcentral Group may encounter unexpected challenges in managing the separation of these businesses from its continuing operations, including potential delays, higher than anticipated costs, disruptions to continuing operations, unanticipated difficulties in separating technology, IT and business functions, and other unforeseen issues or disruptions.</p>	<p>The Webcentral Group is currently managing the smooth transition of the Enterprise business following its divestment, ensuring the key service deliverables in the transitional services agreement entered into in connection with the sale are met whilst minimising impact to customers.</p> <p>The transitional services agreement entered into in connection with the sale of the TPP Wholesale Reseller business continues to be in force and governs, among other things, the Webcentral Group's ongoing receipt of service fees associated with the separation of the business.</p>

7 RISK FACTORS CONT.

Risk	Potential impacts	Mitigation
Financial risk	<p>The Webcentral Group is largely dependent on funding provided by the Existing Financiers.</p> <p>Section 5.4 for further informat</p>	<p>The Webcentral Group is currently working with the Existing Financiers to manage the Existing Debt Facilities and ensuring the Webcentral Group has sufficient working capital and liquidity to be able to continue as a going concern.</p> <p>Section 5.4 for further information.</p>
Refinancing risks	See section 5.4.	See section 5.4.
Competition	<p>The online business world is rapidly evolving with a heightened environment of change characterised by disruptive technologies. The Webcentral Group therefore faces potential loss of its competitive or market position as a result of potential product innovation by existing competitors or new entrants to the market. Webcentral may not anticipate or respond to any such developments with sufficient speed to maintain its market position.</p> <p>Other competitive risks faced by Webcentral include price competition, competitor marketing campaigns, mergers of, or acquisitions by, competitors and possible new entrants to the market.</p>	<p>The Webcentral Group remains abreast of the competitive landscape by investing in new products and customer experience.</p> <p>The acquisitions of Netregistry, Uber Global and WME Group assist in risk mitigation with access to a larger customer pool, increased skill sets, funds available for market investment and product enhancements.</p>
Technology and change	<p>The digital services industry is evolving rapidly with the frequent introduction of new technologies, products and innovations. Consumer behavior, preferences and trends are also constantly changing upon the onset of new methods of communication and digital platforms. The Webcentral Group must likewise evolve and adapt its products and service offering to maintain pace with the industry in which it operates and to maintain its competitive position.</p> <p>Given the pace of change, there is no guarantee that the Webcentral Group will be able to continue to introduce new and superior products, or products that are perceived to be new and superior by consumers, at the rate seen by other competitors in the market generally. The Webcentral Group's ability to do so is constrained by factors including its available capacity, resources and capital to invest in product develop, innovation and design. This may adversely impact on the Webcentral</p>	<p>Webcentral has historically invested in acquiring businesses, such as WME, Netregistry and Uber Global, which have improved its product offering to customers and introduced product enhancements.</p> <p>Webcentral continues to invest in capability improvements, smart technology and new products. The Webcentral Group's focus on customer service and experience and operational excellence aims to build customer loyalty to mitigate the potential effects of any delays in product innovation. The recent divestments of TPP Wholesale and the Enterprise division have also enabled Webcentral to renew its focus on its core products and services.</p>

Risk	Potential impacts	Mitigation
Cyber and security risks	Group's long and short term business performance.	The Webcentral Group creates and maintains regular back-ups of critical data, minimising the risk of data loss in the event of a cyber-attack. The Webcentral Group also uses various systems, software and tools to detect and prevent viruses and other malicious third party technologies designed to permit unauthorised access or damage to its technology systems, or to destroy or corrupt its data.
	<p>As a technology business, Webcentral's business may be particularly adversely affected by technological disruptions, including through impacts of malicious third party applications that could interfere with its products and platforms.</p> <p>It is possible that the measures taken by Webcentral will not prevent unauthorised access to its systems and technologies, risking third party access to confidential or otherwise sensitive data. This could lead to loss of key business or custom information, reputational damage and claims from customers or other third parties whose data may be affected.</p> <p>A cyber-attack on the Webcentral Group could also result in failures and disruptions to its systems and products. Any resulting inability of the Webcentral Group to provide its services to customers could lead to reputational damage, loss of market share and claims for compensation from customers.</p>	
Intellectual property	Webcentral holds various intellectual property, trademarks and other rights which are inherently at risk of infringement by third parties. Failure by Webcentral to protect these rights could impact the value of these rights, the Webcentral Group's ability to maintain customer recognition and the risk of confusion between Webcentral and third parties.	Webcentral's procedures include registering intellectual property and other rights when possible, creating contractual protections where possible and monitoring for potential infringements by third parties.
Markets	A material proportion of registration revenue is derived from the performance of the Webcentral Group's reseller channel. These revenue streams can be difficult to predict.	The Webcentral Group works closely with its customers to understand their challenges in order to mitigate this risk.
Regulatory	The Webcentral Group operates in highly regulated global markets. Success can be impacted by changes to the regulatory environment.	The Webcentral Group plays an active role in consulting with regulators on changes which could impact its business.

7 RISK FACTORS CONT.

Risk	Potential impacts	Mitigation
Employee retention and turnover	<p>Recruiting and retaining talent is a key challenge for all technology companies in order to drive growth in a highly competitive environment.</p> <p>Employee turnover may occur as a result of various factors including the Webcentral Group's business performance, recruitment and training practices, salary pressures, career advancement opportunities, workplace , the Webcentral Group's ability to retain existing employees and attract new talent, and the state of the employment market generally.</p> <p>Poor employee retention rates may i , among other things, the Webcentral Group's ability to retain expertise, industry knowledge and specialist skills within the business.</p>	<p>The Webcentral Group is committed to achieving and maintaining strong employee retention by focusing on positive employee engagement, prioritising active training a development, providing clear paths of career advancement and fostering a culture of openness and transparency.</p>
Risks associated with the COVID-19 pandemic	<p>The Webcentral Group is exposed to general economic risks posed by the ongoing COVID-19 outbreak.</p> <p>As noted in section 5.7, there was some impact of changed market conditions as a result of COVID-19 in the second half of March, and Webcentral has observed a small business spend away from digital marketing and online business promotion. The ongoing impact of COVID-19 may result in sustained closures or a decline in business activity of Webcentral's customer , which would likely impact the financial performance of Webcentral. Furthermore, the effects of ongoing measures introduced by State and Federal governments to limit transmission of COVID-19 (including the forced closures of business, overseas and domestic travel bans and quarantine requirements) will likely have a material negative impact on Australia's overall macro-economic environment to which Webcentral is exposed.</p> <p>While future revenues of Webcentral may be negatively impacted, at this time the Webcentral Group is unable to estimate the exact scope and any financial impact the COVID-19 may have on the Webcentral Group's operations in the future.</p>	<p>The Webcentral Group is currently monitoring the impact COVID-19. To date, it has executed its business continuity framework and implemented crisis management tools to mitigate the impacts of COVID-19 on its business operations to a sufficiently acceptable level.</p> <p>Webcentral has identified further cost reduction and cash preservation strategies in the event that revenues of Webcentral are materially negatively impacted.</p>

The Webcentral Group takes a proactive approach to risk management and an active risk management plan is in place. The Webcentral Group's approach to risk management is to determine the material areas of risk it is exposed to in running the organisation and to put in place plans to manage and/or mitigate those risks.

In addition, risk areas are reviewed by the Webcentral Group's risk management staff, with the assistance of external advisers on specific matters, where appropriate. Internal audit of key business processes is scheduled across the Webcentral Group. The entire risk management plan is reviewed at least annually.

7.4 Risks relating to the Scheme

The implementation of the Scheme is subject to certain Conditions Precedents, which are summarised in section 9.4(c) of this Scheme Booklet and are set out in full in clause 3.1 of the Scheme Implementation Deed.

Webcentral will only apply to the Court for orders approving the Scheme if each of the Condition Precedents (except Court approval of the Scheme) is satisfied or waived (if capable of waiver) prior to 8.00am (Sydney time) on the Second Court Date. As such, a failure to satisfy or waive, or a delay in satisfying or waiving, any of the Conditions Precedent may delay or prevent implementation of the Scheme.

There is also the risk that the Court may not approve the Scheme, or may only be willing to approve the Scheme subject to conditions that Webcentral and/or Web.com (as applicable) are not prepared to accept. There is also a risk that some or all of the aspects of the Webcentral Shareholder and Court approvals required for the Scheme to proceed may be delayed.

If the Scheme is implemented, Webcentral Shareholders will cease to hold Webcentral Shares and will forgo any benefits that may result from being a Webcentral Shareholder.

This will mean that Webcentral Shareholders will not participate in the future performance of Webcentral or retain any exposure to Webcentral's business or assets or have the potential to share in the value that could be generated by Webcentral in the future. However, there is no guarantee as to Webcentral's future performance, as is the case with all investments.

Webcentral Shareholders may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Webcentral, or may incur transaction costs in undertaking any new investment.

8 TAX ADVISER'S LETTER



The Directors
Webcentral Group Limited
Level 23
680 George Street
Sydney NSW 2000

21 August 2020

Dear Directors

Webcentral Group Limited Australian tax consequences of scheme of arrangement

We have been instructed by Webcentral Group Limited (**Webcentral**) to prepare this letter for inclusion in section 8 of the Scheme Booklet.

Capitalised terms not otherwise defined in this letter have the meaning given to them in the Scheme Booklet. This letter uses the section numbering of the Scheme Booklet.

1 General

1.1 Introduction

The following is a general description of the Australian tax consequences of the Scheme (assuming it becomes Effective) for Webcentral Shareholders. It does not constitute tax advice and should not be relied upon as such. The comments set out below are relevant only to those Webcentral Shareholders who hold their Webcentral Shares on capital account.

The description is based upon the Australian law and administrative practice in effect at the date of this Scheme Booklet, but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a Webcentral Shareholder. Webcentral Shareholders should seek independent professional advice in relation to their own particular circumstances.

The description does not address the Australian tax consequences for Webcentral Shareholders who:

- hold their Webcentral Shares for the purposes of speculation or a business of dealing in securities (e.g. as trading stock);
- acquired their Webcentral Shares pursuant to an employee share, option or rights plan; or
- are subject to the taxation of financial arrangements rules in Division 230 of *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Webcentral Shares.

Webcentral Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax

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purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

2 Australian resident shareholders

2.1 Capital gains tax (CGT)

Under the Scheme, Webcentral Shareholders will dispose of their Webcentral Shares to Web.com Sub. This disposal will constitute a CGT event A1 for Australian CGT purposes for Webcentral Shareholders.

The time of the CGT event will be the Implementation Date.

2.2 Calculation of capital gain or capital loss

Webcentral Shareholders may make a capital gain on the disposal of Webcentral Shares to the extent that the capital proceeds from the disposal of the Webcentral Shares are more than the cost base of those Webcentral Shares. Conversely, Webcentral Shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those Webcentral Shares.

(a) Cost base

The cost base of the Webcentral Shares generally includes the cost of acquisition and certain non-deductible incidental costs of their acquisition and disposal. The reduced cost base of the Webcentral Shares is usually determined in a similar, but not identical, manner.

If the Webcentral Shares were acquired at or before 11.45am on 21 September 1999, a Webcentral Shareholder who is an individual, a complying superannuation entity or the trustee of a trust may choose to adjust the cost base of their Webcentral Shares to include indexation by reference to changes in the consumer price index from the calendar quarter in which their Webcentral Shares were acquired until the quarter ended 30 September 1999. Webcentral Shareholders that are companies will include that indexation adjustment if their Webcentral Shares were acquired at or before 11.45am on 21 September 1999. Indexation adjustments are taken into account only for the purposes of calculating capital gains; they are ignored when calculating capital losses.

(b) Capital proceeds

The capital proceeds received in respect of the disposal of each Webcentral Share should be \$0.10 per Webcentral Share, being the amount of the Scheme Consideration.

(c) Other issues

Individuals, complying superannuation entities or trustees that have held Webcentral Shares for at least 12 months but do not index the cost base of the Webcentral Shares (refer above) may be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of Webcentral Shares by 50% in the case of individuals and trustees or by 33⅓% for complying superannuation entities. For trustees, the ultimate availability of the discount for beneficiaries of the trust will depend on the particular circumstances of the beneficiaries.

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

8 TAX ADVISER'S LETTER CONT.

GREENWOODS
+ HERBERT
SMITH
FREEHILLS

3 Non-resident shareholders

For Webcentral Shareholders who are not Australian tax residents, the disposal of their Webcentral Shares should have no CGT consequences if the Webcentral Shares are not "taxable Australian property".

The Webcentral Shares will only be "taxable Australian property" for non-resident Webcentral Shareholders who:

- hold their Webcentral Shares in carrying on a business at or through a permanent establishment in Australia; or
- are individuals who made an election to disregard a CGT event I1 capital gain or capital loss in respect of their Webcentral Shares when they ceased to be an Australian tax resident.

For other Webcentral Shareholders who are not Australian tax residents, the Webcentral Shares should not be taxable Australian property as their underlying value is not principally derived from Australian real property.

4 Goods and services tax (GST)

Webcentral Shareholders should not be liable to GST in respect of a disposal of those Webcentral Shares.

Webcentral Shareholders may be charged GST on costs (such as advisor fees relating to their participation in the Scheme) that relate to the Scheme. Webcentral Shareholders may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

* * * * *

Yours sincerely

Greenwoods & Herbert Smith Freehills

Greenwoods & Herbert Smith Freehills Pty Limited

9 ADDITIONAL INFORMATION

9.1 Interests of Webcentral Directors in Webcentral Shares

As at the Last Practicable Date, the Webcentral Directors have the following Relevant Interests in Webcentral Shares:

Webcentral Director	Number of Webcentral Shares	Voting power
Mr Andrew Reitzer	122,500	0.10%
Mr Andrew Macpherson	171,340	0.14%
Mr Karl Siegling ⁽¹⁾	22,873,712	18.73%

⁽¹⁾ Included in Mr Karl Siegling's shareholding is 21,230,532 Webcentral Shares attributed to the Cadence Asset Management Entities, in which Mr Karl Siegling has an indirect Relevant Interest.

Mr Larry Bloch, who resigned as a director of Webcentral 16 August 2020 for personal family reasons, was a Webcentr Director on the Announcement Date. As at the Last Practicable Date, so far as the Webcentral Directors were aware, Mr Larry Bloch has a relevant interest in 6,058,363 Webcentral Shares (conferring voting power of 4.96%). That interest in Webcentral Shares is held through Corpsand Pty Ltd, in which Mr Larry Bloch has a direct Relevant Interest. Mr Larry Bloch is also a director and company secretary of Corpsand Pty Ltd.

Mr Larry Bloch has confirmed to Webcentral that he intends to vote or procure the vote of all the Webcentral Shares in which he has a Relevant Interest at the time of the Scheme Meeting in favour of the Scheme, in the absence of a superior proposal (as determined by Mr Bloch acting reasonably) and subject to the Independent Expert concluding in the Independent Expert's Report (and continuing to conclude) that the Scheme is in the best interests of Webcentral Shareholder .

There are no Performance Rights on issue and none of the Webcentral Directors hold any Performance Rights.

Webcentral Directors who hold Webcentral Shares will be entitled to vote at the Scheme Meeting and, if the Scheme is implemented, receive the Scheme Consideration for their Webcentral Shares, along with the other Scheme Shareholders.

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Webcentral Shareholders, all Webcentral Directors intend to vote or procure the vote of those Webcentral Shares in which they have a Relevant Interest in favour of the Scheme.

No Webcentral Director acquired or disposed of a Relevant Interest in any Webcentral Shares during the four months before the date of this Scheme Booklet.

9 ADDITIONAL INFORMATION CONT.

9.2 Performance Rights

(a) No Performance Rights on Issue

Up to and including 2018, Webcentral operated a Long Term Incentive Plan under which Performance Rights were issued each year to the Managing Director and selected employees of the Webcentral Group. In 2019, Webcentral introduced a combined variable reward scheme. As at the date of this Scheme Booklet, Webcentral has no Performance Rights on issue.

This section 9 provides a summary of the long term incentive plan and variable remuneration incentives, under each of which there are no Performance Rights on issue.

(b) Long Term Incentive Plan

Up to and including 2018, Webcentral operated a Long Term Incentive Plan under which Performance Rights were issued each year to the Managing Director and selected employees of the Webcentral Group. Each Performance Right entitled the holder to subscribe for one fully paid Webcentral Share. Performance Rights vested at a zero exercise price upon the satisfaction of certain performance conditions over a 36-month performance period commencing 1 January of the relevant grant year. The vesting date, as determined by the Webcentral Board, typically occurred in the March following the end of the performance period.

Since the performance conditions were unable to be met for the relevant performance periods, all Performance Rights that were outstanding under the Long Term Incentive Plan have since lapsed. In addition, the Long Term Incentive Plan was discontinued for 2019.

Accordingly, Webcentral has no Performance Rights on issue, under the Long Term Incentive Plan or otherwise.

(c) Variable remuneration

As noted in section 9.2(a), the Long Term Incentive Plan was discontinued for 2019. As such, there were no Performance Rights issued for 2019.

In place of the Long Term Incentive Plan, Webcentral implemented a combined variable reward scheme consisting of a combination of cash awards and medium term deferred equity awards. Remuneration under the scheme is reviewed annually.

For the 2019 financial year, it was determined that no cash awards or deferred equity awards would be issued as the relevant performance targets had not been achieved.

Accordingly, Webcentral has no Performance Rights on issue, under the combined variable reward scheme or otherwise.

9.3 Other benefits and agreements

(a) Interests of Webcentral Directors in Web.com securities

As at the Last Practicable Date, no Webcentral Director had a Relevant Interest in any securities in Web.com.

(b) Interests of Webcentral Directors in contracts with the Web.com Group

None of the Webcentral Directors had any interest in any contract entered into by Web.com Group Member, or any Related Body Corporate of any Web.com Group Member.

(c) **Benefits in connection with retirement from office**

No payment or other benefit is proposed to be made or given to any director, company secretary or executive officer of Webcentral or any Related Body Corporate of Webcentral as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in Webcentral or in a Related Body Corporate of Webcentral in connection with the Scheme.

(d) **Benefits from the Web.com Group**

None of the Webcentral Directors has agreed to receive, or is entitled to receive, any benefit from any Web.com Group Member, or any Related Body Corporate of any Web.com Group Member, which is conditional on, or is related to, the Scheme, other than in their capacity as a Webcentral Shareholder.

(e) **Remuneration in connection with remaining in office**

If any of the Webcentral Directors remain on the Webcentral Board following implementation of the Scheme, it is anticipated by the Webcentral Directors that they would receive remuneration and expense reimbursement arrangement for their services commensurate with a position as a non-executive Webcentral Director.

(f) **Agreements connected with or conditional on the Scheme**

Other than as disclosed in section 9.1 above of this Scheme Booklet, there are no agreements or arrangements made between any Webcentral Director and any other person in connection with, or conditional on, the outcome of the Scheme, other than in their capacity as a Webcentral Shareholder.

9.4 Scheme Implementation Deed

(a) **Introduction**

On 12 July 2020, Webcentral and Web.com entered into the Scheme Implementation Deed. A full copy of the Scheme Implementation Deed was attached to Webcentral's announcement to the ASX relating to the Scheme dated 13 July 2020. A copy of the Scheme Implementation Deed can be obtained from the ASX website www.asx.com.au. A summary of the Scheme Implementation Deed is set out in this section 9.4.

(b) **Scheme Consideration**

The consideration for each Webcentral Share is an amount of \$0.10 per Webcentral Share.

(c) **Conditions Precedent (Clause 3)**

The Scheme Implementation Deed includes the following Conditions Precedent which must be satisfied or waived (if capable of waiver) before the Scheme can be implemented:

- FIRB approval;
- Webcentral Shareholder approval;
- the Independent Expert issuing a report concluding that the Scheme is in the best interests of Webcentral Shareholders, and not withdrawing that conclusion before 8.00am (Sydney time) on the Second Court Date;
- Court approval;
- no Court or Government Agency restraint;
- no Prescribed Occurrences (which include actions that relate to Webcentral solvency and share capital, e.g. issuing shares, reducing share capital, etc.);

9 ADDITIONAL INFORMATION CONT.

- no Material Adverse Change event occurring (described at section 9.4(d) below);
- no material breach of representations and warranties given by Webcentral and Web.com (described at section 9.4(h)); and
- settlement or final determination by a court of competent jurisdiction (with all avenues of appeal having been exhausted) of the Customer Dispute, in either case on terms and conditions that are acceptable to Web.com acting reasonably (described at section 5.5).

(d) **Material Adverse Change (Clause 3 and Definitions)**

The Material Adverse Change condition will be triggered if a Material Adverse Change occurs between (and including) the date of the Scheme Implementation Deed and 8.00am (Sydney time) on the Second Court Date.

In summary, and subject to certain exceptions, a Material Adverse Change includes any event, change, condition, matter, circumstance or thing which has, or is reasonably likely to have, the effect of diminishing the value of:

- the consolidated net assets of the Webcentral Group by at least \$3,000,000 against what it otherwise would reasonably have been expected to have been; or
- the revenue from the continuing operations of Webcentral's business division known as SMB Direct (core) by at least \$3,000,000 in the current financial year against what it otherwise would reasonably have been expected to have been.

(e) **Webcentral Board recommendation and voting intentions (Clause 5.10)**

Webcentral will use its best endeavours to procure that the Webcentral Board, and each Webcentral Director, does not adversely change, withdraw, adversely modify or adversely qualify its or his recommendation to vote in favour of the Scheme unless:

- the Independent Expert provides an updated report that concludes that the Scheme is not in the best interests of Webcentral Shareholders;
- Webcentral has received a Superior Proposal (which has not been matched by Web.com with a counterproposal that offers an equivalent or superior outcome for Webcentral Shareholders);
- required by a court or Government Agency because of an interest such Webcentral Director has in the Scheme; or
- otherwise required to do so due to an interest such Webcentral Director has in the Scheme.

(f) **Conduct of business (Clause 5.4)**

In general terms, during the period between signing the Scheme Implementation Deed and the Implementation Date, Webcentral must conduct its businesses and operations in the ordinary and usual course, and operate those businesses substantially in accordance with a "post-COVID" operating plan prepared by Webcentral. In addition, Webcentral must also:

- not enter into, dispose of or acquire new lines of business;
- ensure no Prescribed Occurrence occurs;
- use reasonable endeavours to avoid events within its control that may constitute a Material Adverse Change;
- comply in all material respects with all applicable laws, the Listing Rules, contracts and authorisations;

- make all reasonable efforts, and procure that each other Webcentral Group Member makes all reasonable efforts, to (i) maintain and preserve the business and assets of the Webcentral Group; (ii) keep available the services of key persons of the Webcentral Group; and (iii) maintain and preserve relationships with Government Agencies, customers, landlords, suppliers and others having business dealings with any Webcentral Group Member; and
- make all reasonable efforts to manage the working capital of the Webcentral Group in the ordinary course of business.

Additionally, Webcentral has agreed that it will not, and will procure its Subsidiaries will not, take certain actions, such as enter into or incur significant new contracts or capital expenditure, acquire or dispose of material assets, materially alter current employment arrangements and change existing constitutional documents, accounting policies and insurances.

Webcentral will, however, be permitted to take any action:

- to reasonably and prudently respond to an emergency or disaster (including, among other things, an epidemic or pandemic or the impact thereof (which impact is outside the ordinary course of business and does not result from general fluctuations on economic activity));
- expressly required, expressly permitted or expressly contemplated by the Scheme Implementation Deed or the Scheme;
- agreed to in writing by Web.com or requested in writing by Web.com;
- required or permitted by law, regulation, contract or a Government Agency;
- Fairly Disclosed in the Disclosure Materials or in an announcement made by Webcentral to ASX in the 12 months prior to the date of the Scheme Implementation Deed; or
- undertaken in response to a Competing Proposal as permitted by the Scheme Implementation Deed.

(g) Integration and change of control (Clauses 5.6 and 5.8)

Webcentral and Web.com have agreed to establish a transition and integration committee (**Committee**) to oversee the implementation of the Scheme, report on key milestones and seek to determine how best to (i) integrate the Webcentral Group's business into Web.com's operations and (ii) implement plans for carrying on the Webcentral Group's business following the Implementation Date.

The Committee is a consultative body only and will suspend operation in the event that Webcentral that it has received a Superior Proposal and provides Web.com with the material terms and conditions of that Superior Proposal, until such time as Webcentral determines that a Web.com Counterproposal is a matching proposal or Superior Proposal.

Webcentral and Web.com must also seek to identify any change of control (or similar) provisions in certain contracts and authorisations to which a Webcentral Group Member is party that would be triggered by the implementation of the Transaction, and use reasonable endeavours to agree a strategy to provide any requisite notifications or obtain any consents or approvals required.

(h) Representations and Warranties (Clause 6 and Schedules 3 and 4)

Webcentral gives a number of representations and warranties to Web.com, including that:

- the Webcentral Information contained in this Scheme Booklet is accurate in all material respects and not misleading or deceptive and has been prepared in good faith and in compliance with relevant legal and regulatory requirements;

9 ADDITIONAL INFORMATION CONT.

- it has complied with its continuous disclosure obligations; and
- it has not issued, and is not under any obligation to issue, any other securities, options, warrants, performance rights or other instruments which are still outstanding and may convert into Webcentral Shares other than as set out in the Scheme Implementation Deed.

Web.com gives a number of representations and warranties to Webcentral including that :

- the Web.com Information contained in this Scheme Booklet is accurate in all material respects and not misleading or deceptive and has been prepared in good faith and in compliance with relevant legal and regulatory requirements;
- it will, by the Implementation Date, have sufficient cash reserves to:
 - pay the Scheme Consideration; and
 - refinance the Existing Debt Facilities and ensure the full and final repayment of all amounts payable to the Existing Financiers under the Existing Debt Facilities (provided such amounts, in aggregate, do not exceed \$54 million); and
- it does not require approval from any of its securityholder, or from any securityholders of any other Web.com Group Member, to execute, deliver or perform the Scheme Implementation Deed.

(i) **Exclusivity (Clause 10)**

The Scheme Implementation Deed contains the following customary exclusivity provisions:

- no existing discussions;
- no shop;
- no talk (subject to a fiduciary out);
- notification right for Web.com if Webcentral is approached in relation to a Competing Proposal (subject to a fiduciary out); and
- a 5-Business Day matching right per .

(j) **Reimbursement fees (Clause 11)**

The Scheme Implementation Deed contains a Reimbursement Fee of \$500,000 (excluding GST) payable by Webcentral to Web.com, which will be triggered if:

- any Webcentral Board Member withdraws or adversely changes or qualifies his recommendation that Webcentral Shareholders vote in favour of the Scheme, or fails to recommend that Webcentral Shareholders vote in favour of the Scheme, or recommends a Competing Proposal, in each case unless:
 - the Independent Expert concludes that the Scheme is not in the best interests of Webcentral Shareholders (except where that conclusion is due wholly or partly to the existence, announcement or publication of a Competing Proposal);
 - a Court or Government Agency requires a change to the recommendation;
 - there has been a failure of the FIRB approval Condition Precedent or “no restraints” Condition Precedent, other than a result of a breach by Webcentral of its obligations to endeavour to procure that the Conditions Precedent are satisfied; or

- Webcentral is entitled to terminate the Scheme Implementation Deed for material breach or breach of a Web.com representation or warranty, and has provided a termination notice to Web.com;
- a Competing Proposal is announced prior to 8.00am (Sydney time) on the Second Court Date and completes within 12 months of such announcement; or
- Web.com has terminated the Scheme Implementation Deed following a material breach by Webcentral, in accordance with the requirements of the Scheme Implementation Deed.

A Reverse Reimbursement Fee of \$4,400,000 (excluding GST) payable by Web.com to Webcentral will be triggered if the following conditions are satisfied:

- the Customer Dispute has been settled or finally determined on terms and conditions acceptable to Web.com, acting reasonably; and
- the Scheme Implementation Deed has been validly terminated on the basis that the FIRB approval Condition Precedent has not been, or is prevented from being, satisfied by the earlier of 5.00pm on the Business Day before the Second Court Date and 7 months after the date of the Scheme Implementation Deed (or such other date as agreed between Webcentral and Web.com).

The Reimbursement Fee and Reverse Reimbursement Fee are each payable within 10 Business Days of the relevant trigger event occurring and a demand for payment being received.

(k) **Webcentral Directors and officers, deeds of indemnity and insurance (Clause 7.1 and 7.3)**

Web.com releases its rights and agrees that it will not make, and that after the Implementation Date it will procure that each Webcentral Group Member does not make, any claim against Webcentral, its Subsidiaries and their respective directors, officers and employees, in connection with any breach of representations, covenants and warranties, any false or misleading disclosures whether in content or by omission or any failure to provide information (in each case except in the case of wilful misconduct, wilful concealment or fraud).

Subject to the implementation of the Scheme, Web.com must:

- ensure that the constitutions of Webcentral Group Members continue to contain rules for the indemnification of directors and officers against liability; and
- procure that deeds of indemnity, access and insurance are complied with and that run-off directors' and officers' insurance cover is maintained for 7 years from the retirement date of each director and officer. Subject to certain conditions and an agreed regime to place such policy, Webcentral is permitted to pay amounts to ensure to ensure an appropriate D&O policy has been entered into.

9.5 Standstill arrangements

Under the confidentiality deed dated 28 October 2019 between Webcentral and Web.com, Web.com and its Related Entities and Associates (which include Web.com Sub) (**Web.com Parties**) are subject to a standstill regime under which, without Webcentral's prior written consent, the Web.com Parties must not acquire, or a relevant interest in any, Webcentral Shares or enter into any derivative contracts which confer rights the economic effect of which are equivalent to the acquisition of Webcentral Shares. The standstill regime applies until the earlier of 28 October 2020 and the time when:

9 ADDITIONAL INFORMATION CONT.

- Webcentral signs a scheme implementation deed with a person other than one of the Web.com Parties or an Associate of any Web.com's related bodies corporate (**Third Party**) in connection with a scheme of arrangement that would, if implemented, result in a change of control of Webcentral;
- a Third Party publicly announces a takeover bid which is not subject to any pre-conditions and either:
 - is publicly recommended, or there is a written agreement to publicly recommend, by the Webcentral Board;
 - triggers the operation of section 631 of the Corporations Act; or
 - has a bidder's statement lodged in connection with it in accordance with section 633 or 635 of the Corporations Act; or
- any party other than Webcentral or Web.com and their respective related bodies corporate who at the date of the confidentiality deed was not identified in a notice sent to ASX as having a substantial holding in Webcentral, directly or indirectly holds or acquires an interest in at least 10% of the Webcentral Shares.

9.6 Capital structure

As at the Last Practicable Date, Webcentral had on issue:

Number of Webcentral Shares	122,131,124
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Webcentral does not anticipate that it will be required to issue any Webcentral Shares before the Implementation Date.

9.7 Substantial holders

So far as Webcentral is aware, the substantial holders of Webcentral Shares as at the Last Practicable Date are as set out below:

Substantial holder	Number of Webcentral Shares	Voting power
Cadence Asset Management Entities	21,230,532	17.38%
Keybridge Capital Limited ⁽¹⁾	11,286,251	9.24%
Merchant Funds Management Pty Ltd (ABN 32 154 493 277) as manager of the Merchant Opportunities Fund (ARSN 111 456 387) and Merchant Leaders Fund (ABN 80 475 165 090)	12,300,000	10.07%

⁽¹⁾ The Wilson Asset Management Group has also filed a substantial holder notice in respect of the same parcel of Webcentral Shares, due to the members of the Wilson Asset Management Group holding (in aggregate) voting power in excess of 20% in Keybridge Capital Management.

9.8 Consents to be named

Web.com and Web.com Sub each has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of the Web.com Information in this Scheme Booklet in the form and context in which such information is included in this Scheme Booklet. Each of Web.com and Web.com Sub: (i) has not caused or authorised the issue of this Scheme Booklet; (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than in relation to the Web.com Information; and (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Scheme Booklet, other than a reference to its name and the aforementioned information included in this Scheme Booklet with the consent of Web.com and Web.com Sub as specified in this section 9.8.

BDO has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named and to the inclusion of its Independent Expert's Report contained in Annexure 1. BDO: (i) has not caused or authorised the issue of this Scheme Booklet; (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than in or in relation to the Independent Expert's Report; and (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Scheme Booklet, other than a reference to its name and the aforementioned information included in this Scheme Booklet (including the Independent Expert's Report) with the consent of BDO as specified in this section 9.8.

Greenwoods & Herbert Smith Freehills (**Greenwoods**) has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named as the preparer of the Tax Adviser's Letter in this Scheme Booklet and to the inclusion of the Tax Adviser's Letter, being a letter to the Webcentral Directors, titled "Australian tax consequences of scheme of arrangement" in section 8 of this Scheme Booklet. Greenwoods: (i) has not caused or authorised the issue of this Scheme Booklet; (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than in or in relation to the Tax Adviser's Letter; and (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Scheme Booklet, other than a reference to its name and the aforementioned information included in this Scheme Booklet with the consent of Greenwoods as specified in this section 9.8.

Herbert Smith Freehills (**HSF**) has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. HSF has not made any statement that is included in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based. HSF has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

Macquarie Capital has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. Macquarie Capital has not made any statement that is included in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based. Macquarie Capital has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

9 ADDITIONAL INFORMATION CONT.

Link Market Services has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, its written consent to be named in this Scheme Booklet in the form and context in which it is so named. Link Market Services has not made any statement that is included in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based. Link Market Services has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to its name, takes no responsibility for any other part of this Scheme Booklet.

Mr Larry Bloch has given, and not withdrawn before the registration of this Scheme Booklet with ASIC, written consent to be named in this Scheme Booklet in relation to his Relevant Interests in Webcentral Shares. Mr Larry Bloch has not made any other statement that is included in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based. Mr Larry Bloch has not caused or authorised the issue of this Scheme Booklet, and, other than any reference to his name and his Relevant Interests in Webcentral Shares, takes no responsibility for any other part of this Scheme Booklet.

9.9 Intentions of Webcentral Directors

If the Scheme becomes Effective, the existing Webcentral Board will be reconstituted on the Implementation Date, in accordance with the instructions of Web.com.

Accordingly, it is not possible for the Webcentral Directors to provide a statement of their intentions regarding:

- the continuation of the business of Webcentral or how Webcentral's existing business will be conducted;
- any major changes to be made to the business of Webcentral, including any deployment of the fixed assets of Webcentral; and
- the future employment of the present employees of Webcentral,

in each case, after the Scheme is implemented.

If the Scheme is implemented, Web.com Sub will own 100% of Webcentral Shares and will Control Webcentral. The Webcentral Directors have been advised that the intentions of Web.com are as set out in section 6 of this Scheme Booklet.

9.10 Regulatory matters

(a) ASIC Relief

Paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out particulars of any payment or benefit proposed to be made or given to any director, secretary or executive officer of Webcentral or a Related Body Corporate (each a **Relevant Person**) as compensation for loss of office in Webcentral or a Related Body Corporate, or as consideration for or in connection with his or her retirement from office in Webcentral or a Related Body Corporate.

ASIC has granted Webcentral relief from this requirement on the basis that Webcentral is not required to set out in this Scheme Booklet the particulars of any payments or benefits which may be made or given to a Relevant Person in relation to their loss of office, or retirement from office, unless:

- the Relevant Person will lose office or retire from office as a consequence of, or in connection with, the Scheme; or
- the amount of any payment or benefit which may be made to the Relevant Person upon their loss of office, or retirement from office, may be materially affected by the Scheme.

(b) **Australian Competition and Consumer Commission (ACCC)**

Web.com has received confirmation from the ACCC that it will not oppose the Scheme.

(c) **New Zealand Overseas Investment Office (OIO)**

Web.com Sub notified the OIO of the Transaction under New Zealand's temporary emergency notification regime for overseas investors that was introduced as a result of the COVID-19 outbreak. Web.com Sub has received confirmation from the OIO that New Zealand's Associate Minister of Finance has issued a direction order allowing Web.com Sub to give effect to the Transaction.

9.11 No unacceptable circumstances

The Webcentral Directors believe that the Scheme does not involve any circumstances in relation to the affairs of Webcentral that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

9.12 Copy of Webcentral Share Register

Under sections 169 and 173 of the Corporations Act, any Webcentral Shareholder has a right to inspect, and to ask for a copy of, the Webcentral Share Register which contains details of the name and address of each Webcentral Shareholder. Webcentral may require a Webcentral Shareholder to provide reasons for their request prior to providing a copy of the Webcentral Share Register, and a Webcentral Shareholder must not use any information obtained for an improper purpose. A copy of the Webcentral Share Register will be given to any Webcentral Shareholder upon request and payment of the prescribed fee under the Corporations Act where Webcentral is satisfied that the details provided are not likely to be used for an improper purpose.

9.13 Transaction costs

Webcentral estimates that it will incur approximately \$4.08 million – \$4.53 million (excluding GST and disbursements) in external transaction costs which relate to the Scheme. This includes advisory fees (including for Webcentral's financial and legal advisers), the Independent Expert's fees, registry, printing and mailing costs and expenses associated with convening and holding the Scheme Meeting. Of this, approximately \$2.33 million – \$2.78 million (excluding GST and disbursements) will be incurred regardless of whether or not the Scheme is implemented, excluding any Reimbursement Fee that may be payable to Web.com.

9.14 No other material information

Except as disclosed in this Scheme Booklet, so far as the Webcentral Directors are aware, there is no other information that is:

- material to the making of a decision by a Webcentral Shareholder whether or not to vote in favour of the Scheme; and
- known to any Webcentral Director at the date of lodging this Scheme Booklet with ASIC for registration,

which has not previously been disclosed to Webcentral Shareholders.

9 ADDITIONAL INFORMATION CONT.

9.15 Supplementary disclosure statement

Webcentral will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Second Court Date:

- a material statement in this Scheme Booklet is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Webcentral may circulate and publish any supplementary document by:

- making an announcement to the ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Webcentral Shareholders at their address shown on the Webcentral Share Register; and/or
- posting a statement on Webcentral's website at www.webcentralgroup.com.au,

as Webcentral, in its absolute discretion, considers appropriate.

10 DEFINITIONS AND INTERPRETATION

10.1 Definitions

In this Scheme Booklet, unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
31 January Review Event	has the meaning given in section 5.4 of this Scheme Booklet.
ACCC	the Australian Competition and Consumer Commission.
Announcement Date	13 July 2020, being the date of announcement of the Scheme to the ASX.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning set out in section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act included a reference to this Scheme Booklet and Webcentral was the designated bod .
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ATO	the Australian Taxation Office.
Business Day	a day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney, Australia or Melbourne, Australia.
Cadence Asset Management Entities	Cadence Asset Management Pty Ltd (ACN 106 551 062) as trustee for Cadence Capital Fund and Cadence Capital Limited (ACN 112 870 096)
Claim	any claim, action, demand, suit or proceeding for damages, debt, restitution, equitable compensation, account, injunction, specific performance or any other remedy.
Competing Proposal	any offer, expression of interest, proposal, agreement, arrangement or transaction, which, if entered into or completed substantially in accordance with its terms, would mean a Third Party (either alone

10 DEFINITIONS AND INTERPRETATION CONT.

Term	Meaning
	<p>or together with one or more Associates) would:</p> <ol style="list-style-type: none"> 1 directly or indirectly acquire a Relevant Interest in, or have a right to acquire, a legal, beneficial or economic interest in, or control of, 15% or more of the Webcentral Shares or the share capital of any material Subsidiary of Webcentral; 2 acquire Control of, or merge with, Webcentral or any material Subsidiary of Webcentral; 3 directly or indirectly acquire or become the holder, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or a material part of Webcentral's business or assets or the business or assets of the Webcentral Group; 4 otherwise directly or indirectly acquire or merge with Webcentral or any material Subsidiary of Webcentral; or 5 require Webcentral to abandon, or otherwise fail to proceed with, the Transaction, <p>whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement.</p> <p>For the avoidance of doubt, each successive material modification or variation of any proposal, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.</p>
Condition Precedent	each of the conditions precedent set out in clause 3.1 of the Scheme Implementation Deed.
Control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	the <i>Corporations Act 2001</i> (Cth), as modified or varied by ASIC.
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Web.com and Webcentral.
Customer Dispute	the customer dispute referred to in Webcentral's annual report for

Term	Meaning
	the year ended 31 December 2019 (published on the ASX on 30 March 2020 when Webcentral was still called Arq Group Limited) and all claims and cross-claims which are part of, relate to, or that arise out of or concern the matters or events the subject of, that dispute.
Deed Poll	a deed poll in the form of Annexure 3 under which Web.com and Web.com Sub each covenants in favour of the Scheme Shareholders to perform the obligations attributed to Web.com and Web.com Sub under the Scheme.
Disclosure Materials	<ol style="list-style-type: none"> 1 the documents and information contained in the data room made available by Webcentral to Web.com or any of its Related Persons, the index of which has been initialled by, or on behalf of, the parties for identification; and 2 written responses from Webcentral or any of its Related Persons to requests for information made by Web.com or any of its Related Persons and their respective representatives or advisers (including, for the avoidance of doubt, any documents and information attached to the written responses).
EBITDA	earnings before interest, tax, depreciation and amortisation.
Effective	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective, currently expected to be 1 October 2020.
End Date	<ol style="list-style-type: none"> 1 the date which is 7 months after the date of the Scheme Implementation Deed; or 2 such other date as agreed in writing by Webcentral and Web.com.
Existing Debt Facilities	<p>each of the:</p> <ol style="list-style-type: none"> 1 A\$ facilities advanced, and bank guarantees issued, pursuant to a facilities agreement originally dated 28 June 2018 between, among others, Australia and New Zealand Banking Group Limited and Webcentral (as amended from time to time including on or about 30 May 2019 and 23 December 2019); and 2 A\$ facilities advanced, and bank guarantees issued, pursuant

10 DEFINITIONS AND INTERPRETATION CONT.

Term	Meaning
	to a facilities agreement originally dated 28 June 2018, between, among others, National Australia Bank Limited and Webcentral (as amended from time to time including on or about 30 May 2019 and 23 December 2019).
Existing Financiers	<ol style="list-style-type: none"> 1 Australia and New Zealand Banking Group Limited; and 2 National Australia Bank Limited.
Fairly Disclosed	a reference to 'Fairly Disclosed' means disclosed to Web.com or Webcentral (as applicable) or any of its Related Persons, to a sufficient extent, and in sufficient detail, so as to enable a reasonable person (or one of its Related Persons) experienced in transactions similar to the Transaction and experienced in a business similar to any business conducted by the Webcentral Group or the Web.com Group (respectively) to identify the nature and scope of the relevant matter, event or circumstance (including, in each case, that the potential financial effect of the relevant matter, event or circumstance was reasonably ascertainable from the information disclosed).
Financial Adviser	any financial adviser retained by a party in relation to the Transaction from time to time.
FIRB	the Australian Foreign Investment Review Board.
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard, or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
GST	goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply.
GST Act	the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).

Term	Meaning
GST Law	has the same meaning as in the GST Act.
Implementation Date	the third Business Day after the Scheme Record Date, currently expected to be 12 October 2020, or such other date after the Scheme Record Date as Webcentral and Webcentral.com agree in writing.
Independent Expert	BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045, the independent expert in respect of the Scheme appointed by Webcentral.
Independent Expert's Report	the report issued by the Independent Expert in connection with the Scheme, as set out in Annexure 1.
Insolvency Event	<p>in relation to an entity:</p> <ol style="list-style-type: none"> 1 the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity (other than where the order is set aside within 14 days); 2 a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its asset ; 3 the entity executing a deed of company arrangement; 4 the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of the Scheme Implementation Deed; 5 the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation); or 6 the entity being deregistered as a company or otherwise dissolved.
Last Practicable Date	18 August 2020.
Listing Rules	the official listing rules of the ASX.
Long Term Incentive Plan	the plan under which long term incentives are awarded by Webcentral to selected key personnel.
Macquarie Capital	Macquarie Capital (Australia) Limited ACN 123 199 548.

10 DEFINITIONS AND INTERPRETATION CONT.

Term	Meaning
Material Adverse Change	<p>an event, change, condition, matter, circumstance or thing occurring after the date of the Scheme Implementation Deed (Specified Event) which, whether individually or when aggregated with all such events, changes, conditions, matters, circumstances or things of a like kind that have occurred or are reasonably likely to occur has had or would be considered reasonably likely to have the effect of diminishing the value of:</p> <ol style="list-style-type: none"> the consolidated net assets of the Webcentra Group by at least \$3,000,000 against what it would reasonably have been expected to have been but for such Specified Event (calculated in accordance with the accounting policies and practices applied by Webcentral in respect of the financial year ended 31 December 2019); or the revenue from the continuing operations of Webcentral's business division known as SMB Direct (core) by at least \$3,000,000 in the current financial year against what it would reasonably have been expected to have been but for such Specified Event (calculated in accordance with the accounting policies and practices applied by Webcentral in respect of the financial year ended 31 December 2019), <p>other than those events, changes, conditions, matters, circumstances or things:</p> <ol style="list-style-type: none"> required under, or expressly permitted by, the Scheme Implementation Deed, the Scheme or the transactions contemplated by either; to the extent that they were Fairly Disclosed in the Disclosure Materials; agreed to in writing, or requested in writing, by Web.com; directly relating to costs and expenses incurred by Webcentral associated with the Scheme process or Transaction, including all fees payable to external advisers of Webcentral, in each case to the extent such amounts are Fairly Disclosed in the Disclosure Materials; arising as a result of any generally applicable change in law (including subordinate legislation), regulation, orders, accounting standards or governmental policy; arising from changes that affect the domain and host industry generally, provided that such changes do not have a materially disproportionate effect on Webcentral relative to other participants in that industry; arising from changes in economic, business, industry or political conditions that impact on Webcentral and its competitors in a similar manner (including interest rates, general economic, political or business conditions, including material adverse changes or major disruptions to, or fluctuations in, domestic or international financial markets); arising from any act of terrorism, outbreak or escalation of war (whether or not declared), major hostilities, civil unrest or outbreak or escalation of any disease epidemic or pandemic (including the outbreak, escalation or any impact of, or recovery

Term	Meaning
	<p>from, the Coronavirus or COVID-19 pandemic);</p> <p>11 arising from any act of God, natural disaster, lightning, storm flood, bushfire, earthquake, explosion, cyclone, tidal wave, landslide, on or after the date of the Scheme Implementation Deed;</p> <p>12 that Webcentral Fairly Disclosed in an announcement made by Webcentral to ASX in the 5 years prior to the date of the Scheme Implementation Deed;</p> <p>13 directly relating to any write down of trade receivables in connection with any settlement of any litigation; or</p> <p>14 any write down of goodwill in connection with or as a result of the terms of the Transaction as proposed by Web.com.</p>
Net Leverage Ratio	<p>as at the relevant test date, the ratio of A to B, where:</p> <p>A = the sum of the financial indebtedness of the Webcentral Group less cash and cash equivalents held by the Webcentral Group; and</p> <p>B = the sum of the consolidated EBITDA of the Webcentral Group for the preceding 12 month period.</p>
Net Tangible Assets	<p>1 at any time, the consolidated total at that time of all assets of the Webcentral Group, taken as a whole, which in accordance with applicable accounting principles would be included in the consolidated statement of financial position of the Webcentral Group at that time (including, for the avoidance of doubt, any cash deposits provided by a Webcentral Group Member to a third party as security, including cash held in broker accounts) but excluding:</p> <ul style="list-style-type: none"> a. any financial instrument asset ; and b. any deferred tax assets associated with financial instruments, <p>less:</p> <p>2 at any time, the consolidated total of all liabilities of the Webcentral Group, taken as a whole, in respect of which in accordance with applicable accounting principles would be included in the consolidated statement of financial position of the Webcentral Group at that time but excluding:</p> <ul style="list-style-type: none"> a. any financial instrument liability ; and b. any deferred tax liabilities associated with financial instruments.
Performance Right	<p>a right to subscribe for a Webcentral Share in accordance with the terms of the Long Term Incentive Plan.</p>

10 DEFINITIONS AND INTERPRETATION CONT.

Term	Meaning
Prescribed Occurrence	<p>other than as:</p> <ol style="list-style-type: none"> 1 required or permitted by the Scheme Implementation Deed, the Scheme or the transactions contemplated by either; 2 Fairly Disclosed in the Disclosure Materials; 3 agreed to in writing, or requested, by Web.com; 4 required by applicable law or by an order of a court or Government Agency; or 5 Fairly Disclosed by Webcentral in an announcement made by Webcentral to ASX in the 5 years prior to the date of the Scheme Implementation Deed, <p>the occurrence of any of the following:</p> <ol style="list-style-type: none"> 1 Webcentral converting all or any of its shares into a larger or smaller number of shares; 2 Webcentral resolving to reduce its share capital in any way; 3 a member of Webcentral Group: <ul style="list-style-type: none"> • entering into a buy-back agreement; or • resolving to approve the terms of a buy-back agreement under the Corporations Act; 4 a member of the Webcentral Group issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than: <ul style="list-style-type: none"> • to a directly or indirectly wholly-owned Subsidiary of Webcentral; or • upon vesting or exercise of, or in respect of, Performance Rights on issue before the date of the Scheme Implementation Deed; 5 a member of the Webcentral Group issuing or agreeing to issue securities convertible into shares; 6 a member of the Webcentral Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property; 7 a member of the Webcentral Group granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property; 8 an Insolvency Event occurs in relation to a member of the Webcentral Group; 9 Webcentral pays, declares, distributes or incurs a liability to make or pay a dividend, bonus or other share of its profits, income, capital or assets by way of dividend or other form of distribution; 10 any member of the Webcentral Group ceases, or threatens to cease to, carry on the business conducted as at the date of the Scheme Implementation Deed; or 11 any member of the Webcentral Group directly or indirectly

Term	Meaning
	authorises, commits or agrees to take or announces any of the actions referred to in paragraphs 1 to 10 above insofar as it applies to the member of the Webcentral Group the subject of the relevant actions referred to in paragraphs 1 to 10 above
Reimbursement Fee	\$500,000.
Related Bodies Corporate	has the meaning set out in section 50 of the Corporations Act.
Related Entities	in relation to an entity, means another entity that is a Related Body Corporate of the first entity, and in relation to Web.com includes any fund, limited partnership or other collective investment vehicle which is managed or advised by Web.com or a Related Body Corporate of Web.com.
Related Person	<ol style="list-style-type: none"> 1 in respect of Webcentral, Web.com or their respective Related Bodies Corporate, each director, officer, employee, adviser, agent or representative of Webcentral, Web.com or such Related Body Corporate (as applicable); and 2 in respect of a Financial Adviser, each director, officer or employee of that Financial Adviser.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Requisite Majorities	<p>in relation to the Scheme Resolution, a resolution passed by:</p> <ol style="list-style-type: none"> 1 unless the Court orders otherwise, a majority in number (more than 50%) of Webcentral Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Webcentral Shareholders, body corporate representative); and 2 at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Webcentral Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Webcentral Shareholders, body corporate representative).
RG 60	Regulatory Guide 60 issued by ASIC in September 2011.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Webcentral and the Scheme Shareholders, the form of which is attached as Annexure 2, subject to any alterations or

10 DEFINITIONS AND INTERPRETATION CONT.

Term	Meaning
	conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Web.com and Webcentral.
Scheme Booklet	this document being the explanatory statement in respect of the Scheme, which has been prepared by Webcentral in accordance with section 412 of the Corporations Act.
Scheme Consideration	the consideration to be provided by Web.com to each Scheme Shareholder for the transfer to Web.com Sub of each Scheme Share, being for each Webcentral Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of \$0.10.
Scheme Implementation Deed	the Scheme Implementation Deed dated 12 July 2020 between Webcentral and Web.com, a copy of which was released to the ASX on 13 July 2020.
Scheme Meeting	the meeting of Webcentral Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm (Sydney time) on the third Business Day after the Effective Date, currently expected to 7 October 2020, or such other time and date as Webcentral and Web.com agree in writing.
Scheme Resolution	the resolution to the terms of the Scheme, as set out in the Notice of Scheme Meeting in Annexure 4.
Scheme Shareholder	a holder of Webcentral Shares recorded in the Webcentral Share Register as at the Scheme Record Date.
Scheme Shares	all Webcentral Shares held by the Scheme Shareholders as at the Scheme Record Date.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme is heard, currently expected to be 1 October 2020, or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.

Term	Meaning
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
Security Interest	has the meaning given in section 51A of the Corporations Act.
Siris Capital Funds	<ol style="list-style-type: none"> 1 Siris Partners III, LP, a limited liability partnership organised in Delaware (Siris III). The general partner of Siris III is Siris Partners GP III, LP (Siris III GP); 2 Siris Partners III Parallel, LP, a limited liability partnership organised in Delaware (Siris Parallel III). The general partner of Siris Parallel III is Siris III GP; 3 Siris Partners IV, LP, a limited liability partnership organised in Delaware (Siris IV). The general partner of Siris IV is Siris Partners GP IV, LP (Siris IV GP); and 4 Siris Partners IV Parallel, LP, a limited liability partnership organised in Delaware (Siris Parallel IV). The general partner of Siris Parallel IV is Siris IV GP.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Superior Proposal	<p>a bona fide Competing Proposal:</p> <ol style="list-style-type: none"> 1 of the kind referred to in any of paragraph 2, 3 or 4 of the definition of Competing Proposal; and 2 not resulting from a breach by Webcentral of any of its obligations under clause 10 of the Scheme Implementation Deed (it being understood that any actions by the Related Persons of Webcentral not permitted by clause 10 will be deemed to be a breach by Webcentral for the purposes hereof), <p>that the Webcentral Board, acting in good faith, and after receiving written legal advice from its external legal advisers and financial advisers, determines:</p> <ol style="list-style-type: none"> 3 is reasonably capable of being valued and completed within reasonable timeframe in accordance with its terms; and 4 would, if completed substantially in accordance with its terms, be more favourable to Webcentral Shareholders (as a whole) than the Transaction (if applicable, as amended or varied following application of the matching right set out in clause 10.5 of the Scheme Implementation Deed), <p>in each case taking into account all terms and conditions and other aspects of the Competing Proposal (including, but not limited to, timing considerations, any conditions precedent, the value and type of consideration, the level of certainty as to the funding required for the Competing Proposal, the identity, reputation and financial</p>

10 DEFINITIONS AND INTERPRETATION CONT.

Term	Meaning
	condition of the proponent or other matters affecting the probability of the Competing Proposal being completed and the outcome of Webcentral Shareholders) and of the Transaction.
Tax Adviser's Letter	the letter issued by Greenwoods & Herbert Smith Freehills as set out in section 8 of this Scheme Booklet.
Third Party	a person other than Web.com, its Related Bodies Corporate and its other Associates.
Transaction	the acquisition of the Scheme Shares by Web.com Sub through implementation of the Scheme in accordance with the terms and conditions of the Scheme Implementation Deed.
VWAP	volume weighted average price.
Webcentral	Webcentral Group Limited ACN 073 716 793.
Webcentral Board	the board of directors of Webcentral and a Webcentral Board Member or Webcentral Director means any director of Webcentral comprising part of the Webcentral Board.
Webcentral Group	Webcentral and each of its Subsidiaries, and a reference to a Webcentral Group Member or a member of the Webcentral Group is to Webcentral or any of its Subsidiaries.
Webcentral Information	<p>information regarding the Webcentral Group prepared by Webcentral for inclusion in this Scheme Booklet that explains the effect of the Scheme and sets out the information prescribed by the Corporations Act and the Corporations Regulations, and any other information that is material to the making of a decision by Webcentral Shareholders whether or not to vote in favour of the Scheme, being information that is within the knowledge of each of the Webcentral Board Members, which for the avoidance of doubt does not include:</p> <ol style="list-style-type: none"> 1 the Web.com Information; 2 the Independent Expert's Report; or 3 any description of the taxation effect of the Transaction on Scheme Shareholders prepared by an external adviser to Webcentral.

Term	Meaning
Webcentral Share	a fully paid ordinary share in the capital of Webcentral.
Webcentral Share Register	the register of members of Webcentral maintained in accordance with the Corporations Act.
Webcentral Share Registry	Link Market Services Limited ABN 54 083 214 537.
Webcentral Shareholder	each person who is registered as the holder of a Webcentral Share in the Webcentral Share Register.
Web.com	Web.com Group, Inc., a U.S. corporation established in Delaware, of 5335 Gate Parkway, Jacksonville, Florida 32256, United States of America.
Web.com Board	the board of directors of Web.com and a Web.com Board Member or Web.com Director means any director of Web.com comprising part of the Web.com Board.
Web.com Counterproposal	has the meaning given in the Scheme Implementation Deed.
Web.com Group	Web.com and each of its Subsidiaries, and a reference to a Web.com Group Member or member of the Web.com Group is to Web.com or any of its Subsidiaries.
Web.com Information	all of the information contained in section 6 (<i>Information about Web.com and the Web.com Group</i>), and the answers to the questions “Who is Web.com” and “Who is Web.com Sub” in section 2, of this Scheme Booklet.
Web.com Sub	Web.com Aus Bidco Pty Ltd ACN 635 836 298.

10.2 Interpretation

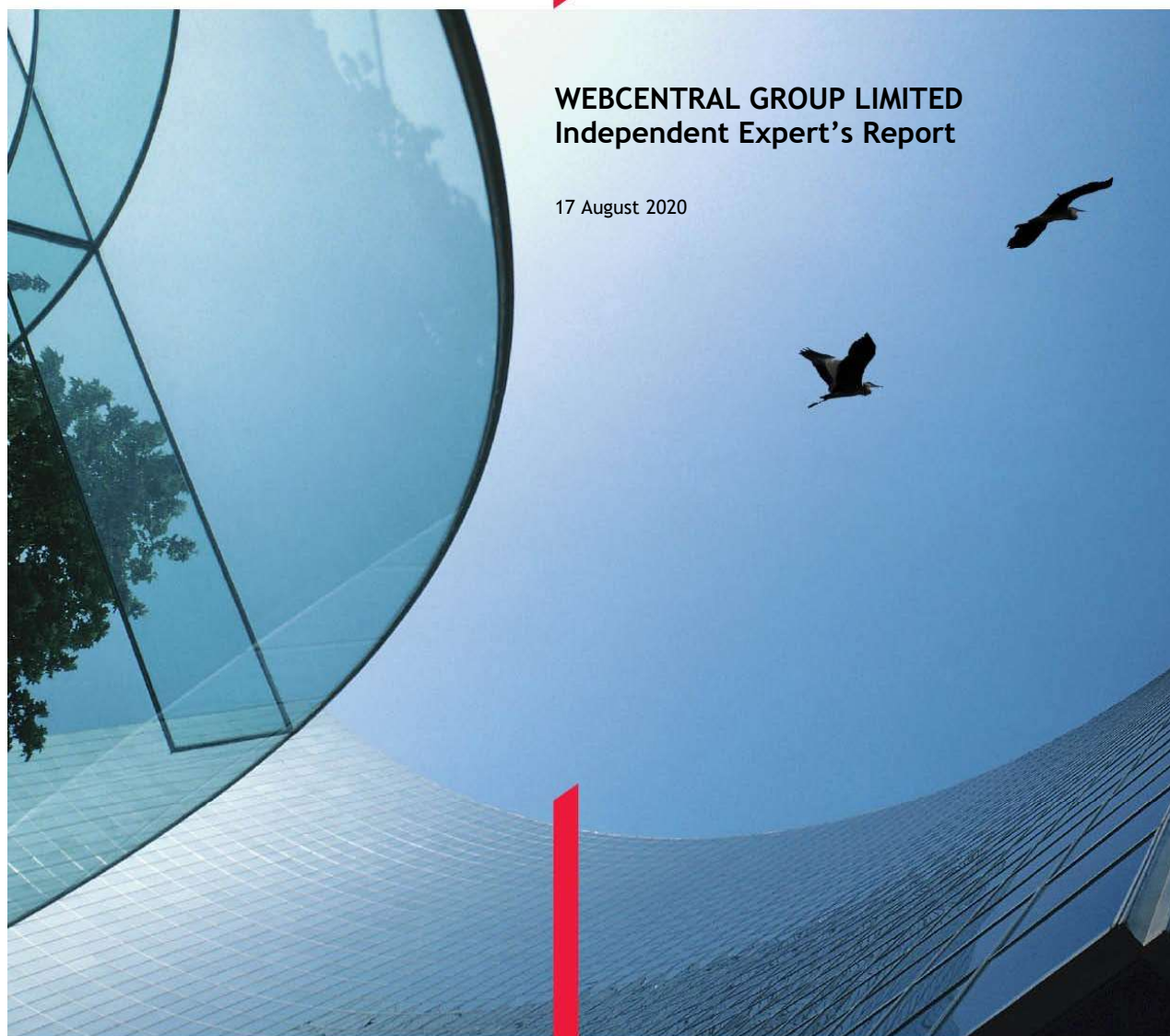
In this Scheme Booklet, unless expressly stated or the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;

10 DEFINITIONS AND INTERPRETATION CONT.

- (c) words importing the singular include the plural and vice versa ;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section or annexure is a reference to a section of and an annexure to this Scheme Booklet as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- (h) a reference to time is a reference to time in Sydney, Australia;
- (i) a reference to writing includes facsimile transmissions; and
- (j) a reference to doll , \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

ANNEXURE 1 INDEPENDENT EXPERT'S REPORT





Financial Services Guide

17 August 2020

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Webcentral Group Limited ('Webcentral') to provide an independent expert's report on the proposed Scheme of arrangement ('the Scheme') with Web.com Group, Inc. ('Web.com'). You are being provided with a copy of our report because you are a shareholder of Webcentral and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our report and this FSG accompanies the Scheme Booklet required to be provided to you by Webcentral to assist you in deciding on whether or not to approve the proposal.

Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

Who we are and how we can be contacted;
The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
Any relevant associations or relationships we have; and
Our internal and external complaints handling procedures and how you may access them.

Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

BDO CORPORATE FINANCE (WA) PTY LTD



Financial Services Guide

Page 2

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$45,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in Webcentral.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA').

AFCA is an external dispute resolution scheme that deals with complaints from consumers in the financial system. It is a not-for-profit company limited by guarantee and authorised by the responsible federal minister. AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service ('FOS') schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
AFCA Free call: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

You may contact us using the details set out on page 1 of the accompanying report.



TABLE OF CONTENTS

1.	Introduction	1
2.	Summary and Opinion	1
3.	Scope of the Report	4
4.	Outline of the Scheme	6
5.	Profile of Webcentral	7
6.	Profile of acquirer	18
7.	Economic analysis	19
8.	Industry analysis	20
9.	Valuation approach adopted	23
10.	Valuation of Webcentral prior to transaction	25
11.	Valuation of Scheme Consideration	43
12.	Is the Scheme fair?	43
13.	Is the Scheme reasonable?	44
14.	Conclusion	46
15.	Sources of information	46
16.	Independence	46
17.	Qualifications	47
18.	Disclaimers and consents	48

Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Trading and Transaction Multiples

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38 Station Street
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17 August 2020

The Director
Webcentral Group Limited
Level 23, 680 George Street
Sydney, NSW, 2000

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 13 July 2020, Webcentral Group Limited ('Webcentral' or 'the Company') announced that it had entered into a Scheme Implementation Deed dated 12 July 2020 ('SID') with Web.com Group, Inc. ('Web.com'), under which Web.com will acquire the entire issued capital of Webcentral by way of scheme of arrangement under the Australian Corporations Act 2001 (Cth) ('the Scheme'). Under the Scheme, Webcentral shareholders will receive cash consideration of \$0.10 for every Webcentral share that they hold ('Scheme Consideration').

Additional information regarding the terms of, and conditions precedent to, the Scheme can be found in Section 4.

All currencies in this report are expressed in Australian Dollars unless otherwise specified.

2. Summary and Opinion

2.1 Requirement for the report

The directors of Webcentral have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Scheme is in the best interests of the shareholders of Webcentral ('Shareholders').

Our Report is prepared pursuant to section 411 of the Corporations Act 2001 ('Corporations Act' or 'the Act') and is to be included in the Scheme Booklet for Webcentral in order to assist the Shareholders in their decision whether to approve the Scheme.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guides 60 'Schemes of Arrangements' ('RG 60'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Scheme as outlined in the body of this report. We have considered

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- How the value of a Webcentral share prior to the Scheme on a control basis compares to the value of the Scheme Consideration;
- The likelihood of an alternative offer being made to Webcentral;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Scheme; and
- The position of Shareholders should the Scheme not proceed.

2.3 Opinion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of an alternate offer, the Scheme is fair and reasonable.

Therefore, in the absence of a superior proposal, we conclude the Scheme is in the best interest of Shareholders.

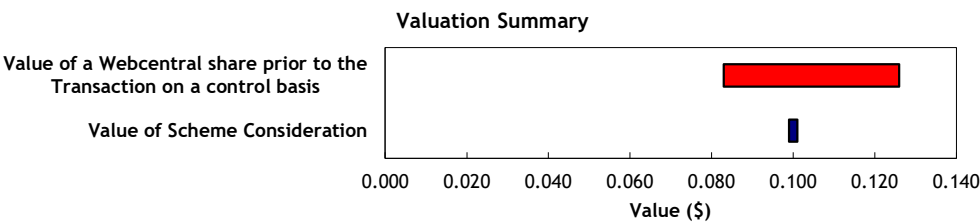
2.4 Fairness

In section 12 we determined that the value of a Webcentral share (on a controlling interest basis) compares to the value of the Scheme Consideration, as detailed below.

	Ref	Low \$	High \$
Value of a share in Webcentral	10.3	0.083	0.126
Value of Scheme Consideration	11	0.10	0.10

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, and an alternate offer, the Scheme is fair for Shareholders.



2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both

- advantages and disadvantages of the Scheme; and
- other considerations, including the position of Shareholders if the Scheme does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Scheme is approved is more advantageous than the position if the Scheme is not approved. Accordingly, in the absence of any other relevant information and/or an alternate proposal we believe that the Scheme is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.3.1	The Scheme is fair	13.4.1	Shareholders will be unable to participate in the potential upside of the Company's operations
13.3.2	Reduces the risk of Webcentral being sold for less than favourable or distressed conditions	13.4.2	Shareholders will forego the opportunity to potentially receive dividends in the future
13.3.3	Shareholders receive certain value for their shareholding in the Company as cash under the Scheme		
13.3.4	The Scheme consideration offered is at a premium to the last traded price of a Webcentral share prior to the announcement of the Scheme		
13.3.5	Shareholders will no longer be exposed to the risks associated with being a shareholder of Webcentral		

Other key matters we have considered include:

Section	Description
13.1	Alternative proposals
13.2	Consequences of not approving the Scheme



3. Scope of the Report

3.1 Purpose of the Report

The Scheme is to be implemented pursuant to section 411 of the Corporations Act. Part 3 of Schedule 8 to the Corporations Act Regulations 2001 ('Regulations') prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to section 411 of the Act ('Section 411').

An independent expert's report must be obtained by a scheme company if:

- There is one or more common directors; or
- The other party to the scheme holds 30% or more of the voting shares in the scheme company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interest of the members of the company the subject of the scheme and set out the reasons for that opinion.

Accordingly, an independent expert's report is not required under the Corporations Regulations.

Notwithstanding the fact that there is no requirement to engage an independent expert to report on the Scheme, the directors of Webcentral have requested that BDO prepare this report as if it were an independent expert's report, and to provide an opinion as to whether the scheme is fair and reasonable, that is in the best interests of members of the company the subject of the scheme.

The requirement for an independent experts report is also a precondition in the SID, which states that for the Scheme to proceed (unless this condition is waived) the independent expert must conclude (and continue to conclude) that the Scheme is in the best interests of Shareholders.

3.2 Regulatory guidance

Neither the Act nor the Regulations defines the term 'in the best interests of'. In determining whether the Scheme is in the best interests of Shareholders, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of 'control' transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions.

Accordingly, 'in the best interests' must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall



commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a 'fair and reasonable' assessment in the case of a takeover. If the expert would conclude that a proposal was 'fair and reasonable'; if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of 'in the best interests' does not imply the best possible outcome for shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in three parts:

- A comparison between the value of a Webcentral share including a premium for control and the Scheme Consideration (fairness - see Section 12 'Is the Scheme Fair?');
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Scheme, after reference to the value derived above (reasonableness - see Section 13 'Is the Scheme Reasonable?'); and
- A consideration of whether the Scheme is in the best interests of Shareholders.

RG 111 states that if a transaction is fair and reasonable then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.



4. Outline of the Scheme

On 13 July 2020, Webcentral announced that it had executed a SID with Web.com, under which Web.com will acquire the entire issued capital of Webcentral by way of a scheme of arrangement under the Corporations Act. Under the Scheme, Webcentral shareholders will be entitled to Scheme Consideration of \$0.10 in cash for every Webcentral share they hold.

The Scheme is subject to certain conditions precedent, including:

- FIRB approval;
- Webcentral Shareholders' approval of the Scheme by the requisite majority of Webcentral Shareholders;
- The independent expert issuing an independent expert's report concluding the Scheme is in the best interests of Webcentral Shareholders and not changing its conclusion or withdrawing such report;
- Australian regulatory approval, including Court approval in accordance with section 411(4)(b) of the Corporations Act;
- That either party is not subject to any restraining orders, injunctions or decisions that would affect the Scheme;
- No 'material adverse change' or 'prescribed occurrence' occurring before the Second Court Date;
- Both Webcentral and Web.com's representations are true and correct; and
- That Webcentral's ongoing customer dispute must be settled or finally determined, with all avenues of appeal finally determined.
 - This dispute relates to a customer disputing the calculation of amounts being charged in relation to a contract for services, of which the services are still ongoing ('**Customer Dispute**'). As at 31 December 2019, an amount of \$10,006,000 was on Webcentral's balance sheet in relation to this dispute.
 - The SID contains a potential value sharing arrangement in relation to any proceeds received upon the settlement or final determination of the Customer Dispute. As described in section 11, in assessing the Scheme, we have assumed that this will not result in Shareholders receiving any additional consideration for their shares.

In the event that the Scheme is terminated, a cash fee of \$0.5 million may be payable to Web.com ('**Reimbursement Fee**'). Further details of this Reimbursement Fee and other terms of the Scheme can be found in the Scheme Booklet.



5. Profile of Webcentral

5.1 Company Background

Webcentral (previously named Melbourne IT Group and Arq Group), is an Australian full-service digital services partner for small and medium businesses ('SMB'). Webcentral's service offering ranges from domain name registrations and renewals, website and email hosting, website development, search engine marketing and social advertising campaigns for SMBs in Australia and New Zealand.

Founded in 1996 as Melbourne IT, Melbourne IT primarily provided solutions in the domains and hosting market and grew to be the leading domain name registrar in Australia, prior to listing on the ASX in 1999. Following Melbourne IT's acquisition of Webcentral, Netregistry, UberGlobal, InfoReady and Outware, the Company evolved into Arq Group. As a result of these acquisitions, Arq Group's service offering expanded into enterprise cloud, mobile app and data analytics solutions.

In May 2017, Arq Group fully acquired Web Marketing Experts Pty Ltd, Nothing But Web Pty Ltd and Results First Ltd ('WME'). In July 2019, Arq completed the divestment of the TPP Wholesale Reseller business ('TPP Wholesale') to CentralNic Group Plc ('CentralNic'). TPP Wholesale was part of the non-core SMB operations and the transaction was considered the second stage of the reseller divestment process, following the divestment of the International Domain Name Reseller ('DNR') business in March 2016.

In March 2020, as part of Arq Group's strategic review, Arq Group finalised its divestment of its Enterprise division to a consortium comprising Quadrant Private Equity ('Quadrant') and certain members of the Enterprise management team for \$35 million. Following the decoupling, Arq Group continued to execute on its strategic review by announcing that Arq Group was to be rebranded to Webcentral Group. As a result of the divestment, Webcentral is now focused on its SMB business with the vision of being the most impactful digital marketing partner in Australia.

Webcentral currently has a market presence in Australia and New Zealand. Webcentral is headquartered in Melbourne, Australia and listed on the ASX in 1999.

The current directors and senior management of Webcentral are:

- Mr. Andrew Reitzer - Chairman and Non-Executive Director;
- Mr. Brett Fenton - Chief Executive Officer;
- Mr. Karl Siegling - Non-Executive Director;
- Mr. Andrew Macpherson - Non-Executive Director; and
- Mr. Brendan White - Chief Financial Officer.

Mr Larry Bloch resigned as a Non-Executive Director effective 16 August 2020

5.2 Products

Webcentral offers a suite of products and services that individuals or SMBs can utilise to build and grow their online presence. Webcentral services two core SMB market segments through different brands and product portfolios. The foundations portfolio serviced by the Netregistry and Melbourne IT brands represent the value proposition of 'Get Online' which includes domain names, web and email hosting and basic web site builds. The digital portfolio serviced by the WME brand represents the value proposition of



'Succeed Online' and includes a full suite of digital marketing products (Pay per Click, Social and Search Engine Optimisation) and more complex website builds and enhancements.

Domains

A domain name is the first step in establishing an online presence. An effective domain name is integral to growing an online presence by promoting the business' service offering whilst protecting their brand on the internet. Domains revenue primarily consists of domain registrations and renewals, as well as aftermarket sales. Domain registrations are assessed as a distinct service that provides a customer with the exclusive use of the domain name over the contracted period, including the provision of Domain Name System services.

Website Hosting

Once customers have a domain name, the next step customers often take is securing a web hosting service that will provide the physical storage location for the domain name. Webcentral offers hosting plans including cPanel hosting, VPS hosting which are suitable solutions for blogs, personal websites and small businesses. Webcentral's hosting revenue primarily derives from website and email hosting services provided over a contracted period of time.

Digital Marketing

Digital marketing is the component of marketing that utilises internet and online based digital technologies such as desktop computers, mobile phones and other digital media and platforms to promote products and services. As digital platforms become increasingly incorporated into marketing strategies, and as people increasingly use digital devices in their everyday lives, digital marketing campaigns have become prevalent, employing combinations of search engine optimisation ('SEO'), search engine marketing, content marketing, e-commerce marketing, e-mail direct marketing.

Online marketing is a form of marketing and advertising which uses the internet to deliver promotional marketing messages to consumers. Like other advertising media, online advertising frequently involves a publisher, who integrates advertisements into its online content, and an advertiser, who provides the advertisements to be displayed on the publisher's content.

Webcentral's online marketing revenue consists of SEO, pay-per-click ('PPC') advertising, and social media advertising. SEO is the process of ranking high on a search engine in the unpaid section, also known as organic listings. Webcentral has partnerships with both Google and Microsoft, allowing the Company to provide online marketing solutions for both Google and Bing search engines.

Website Build

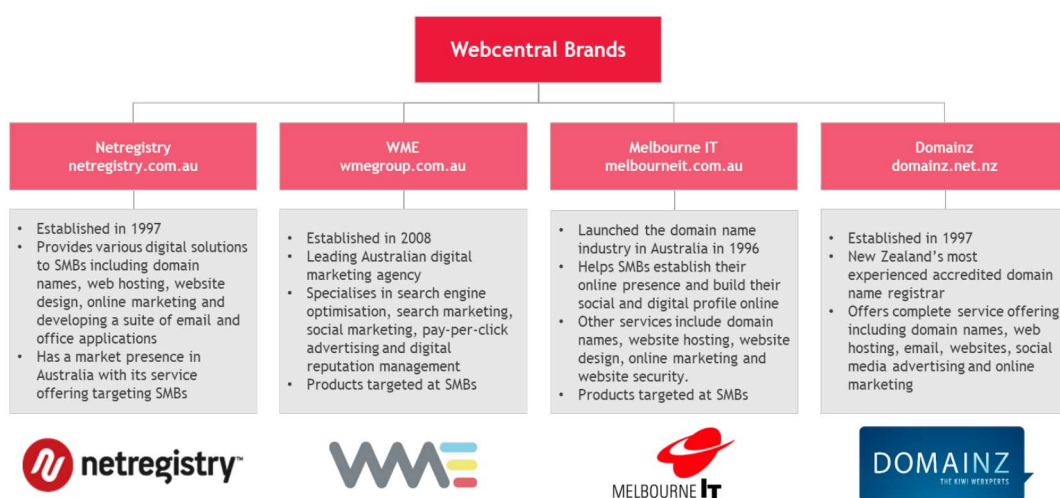
Webcentral's website build offering provides customers with the option of either a 'Do It Yourself' service in which the customer can gain access to a range of website templates to build a unique website, or a 'Done For You' service in which the Webcentral team creates and builds the website for the customer. Website build revenues consist of fees charged for the creation of websites for customers.

5.3 Webcentral's Brands

Webcentral comprises of the following brands:



- Netregistry Pty Ltd ('Netregistry');
- WME Group Pty Ltd ('WME');
- Melbourne IT; and
- Domainz Limited ('Domainz').



5.4 Australian and New Zealand Bank and National Australia Bank Finance Facility

Webcentral's current debt facilities with Australia New Zealand Banking Group Limited ('ANZ') and National Australia Bank ('NAB') were originally entered into in June 2018 ('Existing Debt Facilities') to replace the previous debt facilities available to Webcentral. The Existing Debt Facilities were established to replace the previous debt facilities of \$142 million.

In December 2019, Webcentral, ANZ and NAB revised the terms of the Existing Debt Facilities as a result of financial covenant breaches in the quarter ended September 2019 and certain anticipated (but later realised) financial covenant breaches (in the quarter ended 31 December 2019). The revised Existing Debt Facilities provide Webcentral with access to:

- committed funding of \$61.2 million; and
- uncommitted funding of \$7.5 million.

ANZ and NAB imposed certain conditions as part of the revision of the Existing Debt Facilities including (amongst other things):

- inserting a review event, to be tested on 31 January 2020; and
- requiring Webcentral to grant certain security over its assets to ANZ and NAB.



The revisions to the Existing Debt Facilities enabled Webcentral to draw \$2.5 million in December 2019, and a further \$2.5 million in February 2020, to assist with funding working capital requirements.

Following the sale of the Enterprise business, approximately \$22.1 million of the proceeds of the sale of the Enterprise business were used to pay down the Existing Debt Facilities.

Webcentral announced on 13 November 2019 that it had been in discussions with its lenders, ANZ and NAB ('Lenders'), regarding the breach of the net leverage ratio under its loan facilities. The Lenders were at that time supportive in working through that situation and waived the financial covenant breach on the basis of certain conditions and amendments to the loan facilities.

Webcentral was subject to a review event on 31 January 2020, relating to the amount outstanding to the Lenders on that date ('31 January Review Event'). There are no monetary or non-monetary defaults subsisting under the Existing Debt Facilities as of the date of this report. However, the 31 January Review Event is subsisting as of the date of this report. Accordingly, the Lenders have the right to cancel, and demand repayment of, the Existing Debt Facilities upon providing Webcentral with 60 days' written notice.

5.5. Recent Corporate Events

On 1 May 2017, Webcentral announced the acquisition of 100% of WME Group for \$39 million. The acquisition was funded by a combination of debt, of approximately \$9 million, and a fully underwritten \$30.7 million accelerated non-renounceable rights offer.

On 20 May 2019, Webcentral announced the divestment of its TPP Wholesale business to CentralNic Group plc in an all-cash transaction. The total transaction proceeds of \$24.4 million were used to reduce debt, and provide the Company with balance sheet flexibility.

On 31 May 2019, Webcentral issued 2,439,024 shares at an issue price of \$1.64 per share to the vendors of InfoReady Pty Limited pursuant to a deed of variation to the Share Purchase Agreement signed on 28 March 2018.

On 11 February 2020, Webcentral announced the sale of its Enterprise Services Division to an entity owned by a consortium comprising Quadrant Private Equity and certain members of the Enterprise management team for \$35 million on a cash and debt free basis. The net transaction consideration was used to retire a portion of the Company's debt.



5.6 Historical Balance Sheet

Consolidated Statement of Financial Position	Audited as at 31-Dec-19 \$'000	Audited as at 31-Dec-18 \$'000	Audited as at 31-Dec-17* \$'000
CURRENT ASSETS			
Cash and cash equivalents	8,949	8,279	20,250
Trade and other receivables	13,910	26,403	25,245
Prepayments of domain name registry charges	7,810	7,327	13,098
Lease receivable	2,064	-	-
Current tax refund	375	-	-
Other assets	2,928	6,634	11,191
	36,036	48,643	69,784
Assets held for sale	38,674	32,698	-
TOTAL CURRENT ASSETS	74,710	81,341	69,784
NON-CURRENT ASSETS			
Plant and equipment	8,198	13,899	6,017
Right-of-use asset	16,554	-	-
Intangible assets	77,804	225,239	259,096
Prepayments of domain name registry charges	678	2,508	4,649
Lease receivable	1,830	-	-
Deferred tax assets	7,323	6,775	7,909
Financial assets	1,375	1,870	2,085
Other assets	560	696	266
TOTAL NON-CURRENT ASSETS	114,322	250,987	280,022
TOTAL ASSETS	189,032	332,328	349,806
CURRENT LIABILITIES			
Trade and other payables	8,692	17,138	20,065
Income received in advanced	22,792	28,632	38,323
Current tax liability	-	1,909	2,845
Provisions	1,585	3,406	4,293
Derivative financial instruments	510	80	128
Interest bearing loans and borrowings	61,929	-	9,029
Other financial liabilities	5,549	12,971	5,034
Current lease liabilities	6,160	-	-
	107,217	64,136	79,717
Liabilities directly associated with assets held for sale	15,931	11,292	-
TOTAL CURRENT LIABILITIES	123,148	75,428	79,717
NON-CURRENT LIABILITIES			
Income received in advanced	11,297	9,563	13,167
Provisions	3,187	3,530	901
Deferred tax liabilities	7,549	5,469	7,591
Interest bearing loans and borrowings	-	74,992	65,992
Non-current lease liabilities	12,970	850	-
Other financial liabilities	-	-	6,593
Other liabilities	-	-	1,046
TOTAL NON-CURRENT LIABILITIES	35,003	94,404	95,290
TOTAL LIABILITIES	158,151	169,832	175,007
NET ASSETS	30,881	162,496	174,799
EQUITY			
Contributed equity	91,179	85,724	83,507
Treasury shares	-	-	(1,884)
Foreign currency translation reserve	(533)	(552)	(547)
Share based payments reserve	193	1,136	2,331
Other reserves	(278)	9	(211)
Retained earnings	(59,806)	76,053	91,503
Equity attributable to members of the parent	30,755	162,370	174,699
Non-controlling interest	126	126	100
TOTAL EQUITY	30,881	162,496	174,799



Source: Webcentral's audited financial statements for the years ended 31 December 2019, 31 December 2018 and 31 December 2017.

*2017 balance sheet has been restated due to the application of AASB 15 and AASB 9.

We note that for the year ended 31 December 2019, the review opinion included an emphasis of matter in relation to Webcentral's ability to continue as a going concern. The material uncertainty existed around Webcentral's interest bearing loans and borrowings of \$61.93 million, which are classified as current and can be called upon by the financiers at short notice (60 days' advance written notice).

Commentary on Historical Statements of Financial Posit

- Cash and cash equivalents increased from \$8.28 million as at 31 December 2018 to \$8.95 million as at 31 December 2019. The increase of \$0.67 million was primarily due to receipt of service revenue and recoveries of \$187.35 million, proceeds from subleases \$1.87 million, proceeds from the sale of TPP Wholesale of \$21.27 million and proceeds from borrowings of \$7.38 million. This was partially offset by payments to suppliers and employees of \$168.49 million, interest paid of \$3.39 million, income tax paid of \$3.27 million, purchases of plant and equipment and intangible assets of \$3.42 million, payment of financial liability for InfoReady earn out (including dividends) of \$4.11 million, payment of borrowings of \$21.29 million, payment of dividend on ordinary shares (net of dividend reinvestment plan) of \$4.38 million and payments of lease liabilities of \$5.96 million.
- Cash and cash equivalents decreased from \$20.25 million as at 31 December 2017 to \$8.28 million as at 31 December 2018. The decrease of approximately \$11.97 million was primarily the result of payments to suppliers and employees of \$200.83 million, purchases of plant and equipment and intangible assets of \$13.89 million, payment of dividend on ordinary shares (net of dividend reinvestment plan) of \$10.36 million, payment of contingent consideration for InfoReady earn out (including dividends) of \$5.67 million, income tax and interest payments of \$6.77 million and \$2.69 million respectively and bank charges and credit card merchant fees of \$1.53 million. This was partially offset by receipt of service revenue and recoveries of \$228.89 million and income tax refunds of \$1.12 million.
- Trade and other receivables of \$13.91 million as at 31 December 2019 solely reflected receivables associated with the SMB business, and was presented net of the allowance for expected credit losses of \$1.84 million. Trade and other receivables decreased from \$26.40 million as at 31 December 2018 to \$13.91 million as at 31 December 2019. The decrease of approximately \$12.49 million was primarily due to the removal of Enterprise receivables due to the Enterprise sale.
- Assets held for sale of \$38.67 million and its associated liabilities of \$15.93 million 31 December 2019 were related to the Enterprise business. Assets held for sale of \$32.70 million and its associated liabilities of \$11.29 million at 31 December 2018 were comprised of the TPP Wholesale business.
- Plant and equipment decreased from \$13.90 million as at 31 December 2018 to \$8.20 million as at 31 December 2019. The decrease of approximately \$5.70 million primarily related to depreciation of leasehold improvements of \$1.75 million and plant and equipment of \$1.75 million, as well as an adjustment to the value of make-good assets of \$1.65 million under AASB 16.
- The right-of-use asset of \$16.55 million, and the associated current and non-current lease liabilities of \$6.16 million and \$12.97 million respectively, at 31 December 2019 are related to implementation of AASB 16.



- Intangible assets decreased from \$225.24 million as at 31 December 2018 to \$77.80 million at 31 December 2019. Intangible assets at 31 December 2019 were comprised of goodwill (\$70.92 million), customer contracts (\$0.52 million) and capitalised software (\$4.87 million). The decrease of approximately \$147.44 million is primarily related to an impairment of goodwill of \$41.12 million, as well as a transfer of \$106.61 million of intangible assets to be held for sale.
- Trade and other payables decreased from \$17.14 million as at 31 December 2018 to \$8.69 million as at 31 December 2019. The decrease of approximately \$8.45 million is primarily related to a decrease in accrued expenses of \$5.90 million, trade creditors of \$1.11 million and sundry creditors of \$1.08 million.
- Interest bearing loans and borrowings was reclassified from non-current to current at 31 December 2019, due to a review event taking place subsequent to year end allowing the financiers to call on the loan with 60 days' advance written notice. Interest bearing loans and borrowings decreased from \$74.99 million at 31 December 2018 to \$61.93 million as at 31 December 2019. The decrease of \$13.06 million is primarily related to the proceeds of the TPP Wholesale sale being used to pay down the loan.

5.7 Historical Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income	Audited for the year ended 31- Dec-19 \$'000	Audited for the year ended 31- Dec-18* \$'000	Audited for the year ended 31- Dec-17** \$'000
Continuing operations			
Revenue from contracts with customers	83,615	100,094	197,370
Cost of sales	(27,672)	(34,981)	(87,630)
Gross profit	55,94	65,113	109,740
Other income	1,315	68	5,867
Gain/(loss) on reassessment of contingent consideration liability	98	(9,702)	(985)
Salaries and employee benefits expenses	(30,576)	(35,685)	(62,620)
Depreciation expenses	(7,026)	(4,376)	(3,301)
Amortisation of intangible assets	(3,511)	(9,004)	(6,327)
Other expenses	(12,953)	(18,878)	(17,676)
Finance costs	(5,810)	(4,287)	(3,847)
Transaction costs	(2,259)	(892)	(809)
Restructuring costs	(365)	-	-
Impairment of goodwill	(41,123)	-	-
Gain on disposal of assets	554	-	-
Loss before tax	(45,713)	(17,643)	20,042
Income tax (expense)/ credit	(238)	2,216	(5,737)
Loss after tax from continuing operations	(45,951)	(15,427)	14,305
Discontinued operation			

ANNEXURE 1 INDEPENDENT EXPERT'S REPORT CONT.



(Loss)/ profit from discontinued operations, net of tax	(85,272)	13,101	-
Loss after tax for the	(131,223)	(2,326)	14,305
Other comprehensive income			
Items that may be reclassified to the profit or loss in subsequent periods (net of tax)			
Currency translation differences	19	(5)	46
Changes in fair value of cashflow hedges, net of tax	(297)	-	(82)
Items that will not be reclassified to the profit or loss in subsequent periods (net of tax)			
Net gains on equity instruments designated at fair value through other comprehensive income	10	152	-
Other comprehensive (loss)/ income for the period, net of tax	(268)	147	(36)
Total comprehensive loss for the year	(131,491)	(2,179)	14,269

Source: Webcentral's audited financial statements for the years ended 31 December 2019, 31 December 2018 and 31 December 2017.

*2018 figures are re-presented due to the classification of the Enterprise business as discontinued operations. 2018 has not been restated for the effect of AASB 16, therefore may not be directly comparable to 2019

**2017 balance sheet has been restated due to the application of AASB 15 and AASB 9. The 2017 results also include the results of the Enterprise business which are classified separately as a discontinued operation for 2018 and 2019, and therefore the results may not be directly comparable to 2018 and 2019.

Reconciliation to reported EBITDA from continuing operations

Reconciliation to reported EBITDA from continuing operations	Audited for the year ended 31-Dec-19 \$'000	Audited for the year ended 31-Dec-18 \$000*	Audited for the year ended 31-Dec-17 \$'000**
Loss after tax from continuing operations	(45,951)	(15,427)	14,305
add: finance costs	5,810	4,287	3,847
less: bank charges and credit card merchant fees	(1,131)	(1,505)	(1,494)
add: income tax expense	238	(2,216)	5,737
add: depreciation expenses	7,026	4,376	3,301
add: amortisation of intangible assets	3,511	9,004	6,327
less: interest income	(202)	(68)	(53)
Reported EBITDA from continuing operations	(30,699)	(1,550)	31,970

Source: Webcentral's audited financial statements for the years ended 31 December 2019, 31 December 2018 and 31 December 2017.

*2018 figures are re-presented due to the classification of the Enterprise business as discontinued operations. 2018 has not been restated for the effect of AASB 16, therefore may not be directly comparable to 2019.

**2017 balance sheet has been restated due to the application of AASB 15 and AASB 9. The 2017 results also include the results of the Enterprise business which are classified separately as a discontinued operation for 2018 and 2019, and therefore the results may not be directly comparable to 2018 and 2019.



Commentary on Historical Statements of Profit or Loss and Other Comprehensive Inco

- Revenue decreased from \$100.09 million for the year ended 31 December 2018 to \$83.62 million for the year ended 31 December 2019. The decrease of \$16.47 million was primarily a result of the removal of the SMB reseller business, including reduced WME subscription base and decline in Direct Components.
- Revenue decreased from \$197.37 million for the year ended 31 December 2017 to \$100.09 million for the year ended 31 December 2018. The decrease of \$97.28 million was a result of the disposal of TPP Wholesale in July 2019. Additionally, the 2017 revenue includes Enterprise business unit revenue, which was not included in the restated 2018 revenue from continuing operations.
- Other income of \$1.32 million for the year ended 31 December 2019 primarily relate to a transaction service agreement ('TSA') associated with the sale of TPP Wholesale of \$0.59 million. This agreement is to help transition previous customers of Webcentral to its new owners, and will extend for two years.
- Other expenses of \$12.95 million for the year ended 31 December 2019 primarily relate to marketing expenses of \$3.36 million, consulting fees of \$2.57 million, software licences of \$2.28 million and expected credit losses arising on trade receivables of \$1.29 million.
- Impairment of goodwill of \$41.12 million for the year ended 31 December 2019 relates to the expected disposal of goodwill associated with the Company's SMB cash-generating-unit ('CGU').
- Loss from discontinued operations, net of tax of \$85.27 million for the year ended 31 December 2019 relates to the disposal of the Enterprise division, in particular, the write down on revaluation of group's net assets to fair value.

5.8 Analysis of the SMB business units historical performa

As the SMB business unit is the main contributor to EBITDA for the wider Webcentral group we have separately analysed its historical performance.

We have analysed the earnings of the SMB unit for the years ended 31 December 2017 through to 31 December 2019 and considered the unaudited earnings for the five months period from 1 January 2020 to 31 May 2020 (the 'Year-to-Date' or 'YTD').

The table below summarizes the earnings of SMB for the years ended 31 December 2017 through to 31 December 2019.

\$'000	Ref	2017	2018	2019
Revenue				
SMB Core		75,635	74,516	66,414
SMB Non-Core		8,625	8,589	7,848
TPP TSA		-	-	1,059
Total revenue		84,260	83,105	75,321
Cost of sales				
SMB Core		(27,392)	(24,695)	(21,679)
SMB Non-Core		(1,501)	(1,489)	(1,260)
TPP TSA		-	-	(302)
Total cost of sales		(28,893)	(26,184)	(23,241)

ANNEXURE 1 INDEPENDENT EXPERT'S REPORT CONT.



Gross profit	55,367	56,921	52,080
Operating Expenses			
Labour	(20,610)	(20,646)	(17,291)
Training and recruitment	(132)	(50)	(6)
Premises	(463)	(722)	(2)
Travel and accommodation	(197)	(193)	(104)
Communications	(421)	(477)	(242)
Marketing	(2,654)	(3,628)	(3,314)
Equipment	(1,127)	(1,355)	(1,477)
Consultancy and fees	(1,254)	(1,205)	(1,770)
Other operating	(1,052)	(1,511)	(1,224)
Total operating expenses	(27,910)	(29,787)	(25,430)
EBITDA (Pre-Allocations)	27,457	27,134	26,650
Allocations from Shared Services	(10,633)	(11,895)	(11,632)
EBITDA (Post-Allocations)	16,824	15,239	15,018
	10.2.1	19.97%	18.34%
		19.94%	

Source: Management Accounts

Commentary on the EBITDA performance

Webcentral has provided us with explanations as to the drivers of historical performance, which we have used in our evaluation of FME. BDO has included selected commentary on material movements and changes in the business below.

Revenue

The SMB business unit has three core revenue streams as detailed below.

- SMB Core: is SMB's core service offering of digital marketing services, which are offered to small business under the Netregistry ('NRG') brand and small and medium business under its WME brand ('WME'). Additionally, SMB Core deals with the sale of domain names and the provision of email and webhosting services under the NRG and Melbourne IT ('MIT') brands, which is referred to as its 'Foundations' revenue.
 - The NRG digital brand has faced declining revenue due to a shift away from higher value 'one-off' web builds to a more 'cookie-cutter' approach. This has resulted in a decline in revenue of \$0.9 million between 2017 to 2018, and a further decline of \$0.44 million in 2019.
 - The WME brand was acquired in May 2017, and bolstered year-on-year revenue growth as it had a full year of operations in 2018. The 2019 revenue declined by \$5.5 million as a flow-on effect from lower new sales in the second half of 2018, which reduced the renewal base for 2019. New sales have stabilised during 2019.
 - Foundations revenue has been steadily declining since 2017, due to the lower average revenue per user ('ARPU') from NRG domain names compared to the higher ARPU from MIT domain names. Webcentral's share of the market for domain names and webhosting has remained constant but the overall market has declined.
- SMB Non-Core: relates to the provision of domain name, email and web hosting services resold by a major telecommunications partner in Australia. This revenue is expected to decline in future, as the major telecommunications partner decommissions the email and web hosting services.
- TPP TSA: this relates to the Transactions Services Agreement ('TSA') with CentralNic, relating to the divestment of TPP Wholesale in July 2019. These agreements are expected to be maintainable until the contract expires.



Cost of Sales

Cost of sales largely comprise the direct costs of domain names, fulfilment costs and infrastructure costs related to hosting services and data centres. Cost of sales have been declining due to rationalisation of data centres, reducing fulfilment headcount, in-housing of certain custom web development projects, outsourcing high volume, 'cookie-cutter' web development and a reduction in the cost of domain names due to the changing of the registrar.

Operating expenses

Labour

Comprises staff not directly involved in the delivery of above revenue streams, such as non-billable sales, marketing, operations and management headcount. Labour costs were consistent from 2017 to 2018, but then decreased by \$3.60 million in 2019 as a result of cost efficiency measures implemented. These cost efficiency measures are expected to continue into the future.

Premises

Relates to the costs incurred for rental properties in Melbourne, Sydney and Brisbane. The increase in expenses from 2017 to 2018 is driven by the acquisition of WME. From 2018 onwards, these costs are captured in the shared services business unit and reallocated back to the business.

Marketing

Relate to costs incurred for building relationships with customers and strategic partners like Amazon and Microsoft. Marketing expense has increased by around \$0.98 million between 2017 and 2018 due to the acquisition of WME. Marketing expenses are expected to decrease as a result of optimization measures implemented, such as maximising lead conversion, cost per lead ('CPL') and return on ad-spend analysis.

Allocations

These costs reflect the portion of shared services and corporate overheads (finance, technology, human resources) allocated to the SMB business. These costs are proportionately larger in the YTD period, as SMB is Webcentral's primary business unit following the divestment of the Enterprise business unit.

5.9 Capital Structure

The share structure of Webcentral as at 24 July 2020 is outlined below:

	Number
Total ordinary shares on issue	122,131,124
Top 20 shareholders	65,198,766
Top 20 shareholders - % of shares on issue	53.38%

Source: Link Market Services

The range of shares held in Webcentral as at 24 July 2020 is as follows:



ANNEXURE 1 INDEPENDENT EXPERT'S REPORT CONT.



Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	1,804	923,980	0.76%
1,001 - 5,000	2,241	5,810,060	4.76%
5,001 - 10,000	814	5,975,145	4.89%
10,001 - 100,000	954	27,016,637	22.12%
100,001 - and over	108	82,405,302	67.47%
TOTAL	5,921	122,131,124	100.00%

Source: Link Market Services

The ordinary shares held by the most significant shareholders as at 24 July 2020 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Cadence Asset Management Entities	21,220,323	17.38%
BlackRock Group	10,800,000	8.84%
Subtotal	32,020,323	26.22%
Others	90,110,801	73.78%
Total ordinary shares on Issue	122,131,124	100.00%

Source: Link Market Services

As at the date of this report, all performance rights have lapsed or are terminated. Additionally, Webcentral has no options on issue.

6 Profile of acquirer

6.1 Web.co

Web.com is a global provider of web services, including domain name registration, as well as suite of other marketing, analytics and hosting services. Web.com helps businesses establish and maintain an online presence. Web.com was incorporated in 1999 and is based in Jacksonville, Florida, USA. Web.com was acquired in October 2018 by Siris Capital, after which, Web.com ceased trading on the NASDAQ exchange.



6.2 Siris Capital

Siris Capital is a private equity firm based in New York. It makes investments in data telecommunications, technology and technology service companies. Siris Capital was founded in 2011, and has raised over US\$5.9 billion of cumulative capital. It currently has nine companies in its portfolio, including Web.com. It is currently targeting investment opportunities with transaction values of US\$500 million to US\$5 billion.

7 Economic analysis

Australia

Overview

The Australian economy grew at 2% over 2019. The Reserve Bank of Australia ('RBA') had been predicting growth of approximately 2.75% for 2020, based on low interest rates, lower exchange rates, a rise in mining investment, high levels of spending on infrastructure and an expected recovery in residential construction. However, as a result of the COVID-19 outbreak, and the Australian bushfires, this momentum has been significantly disrupted.

COVID-19 has had a significant impact on the Australian economy and financial system, along with creating considerable volatility in financial markets. Equity prices experienced sharp declines and the yield on government bonds reached historic lows in March 2020. Measures taken by the Australian government and the RBA have improved stability in equity and bond markets over recent months.

Government Policies

The Government has introduced stimulus measures totalling \$320 billion, the first of which was announced on 12 March 2020, when the federal government introduced a \$17.6 billion stimulus package to provide short-term support to the economy. On 19 March 2020, the RBA announced it would implement further measures including focusing on lowering the cash rate and reducing 3-year government bond yields to 0.25%.

Since the targets were introduced, the RBA has purchased approximately \$50 billion worth of Government bonds in the secondary market. The RBA has now scaled back the size and frequency of purchases, as its target yield of 0.25% has been achieved, but it will continue to monitor the situation and use this as a mechanism to maintain the yield target, which will remain in place until progress is being made towards the goals of full employment and medium term inflation between 2% and 3%.

Further stimulus measures including the \$130 billion Jobkeeper Payment Scheme and \$680 million Homebuilder Program were announced on 30 March 2020 and 4 June 2020, respectively.

Outlook

There is considerable uncertainty for the near term outlook of the Australian economy with outcome depending on the success of efforts to contain the virus as well as the time frame for social distancing



measures currently in place. A large economic contraction is expected for the June quarter and the unemployment rate is expected to increase to its highest level in years, with the current economic conditions suggesting that Australia is experiencing its largest economic contraction since the 1930s.

Whilst uncertainty exists, the RBA is predicting that the downturn will be less than earlier predicted, with the rate of infections declining, and some restrictions being eased earlier than previously suggested. There has been an increase in retail spending in response to the easing of restriction, however a potential second wave in Victoria places further uncertainty on the economy's recovery.

Economic Indicators

At its May Board meeting, the RBA considered a range of scenarios due to the current economic uncertainty. In its baseline scenario it forecast that output would fall by 10% in the first half of 2020 and by 6% over the year as a whole. Once COVID-19 is contained, the RBA expects the Australian economy to recover and return to an improving trend, with output growth of 6% expected for 2021.

Consumer Price Index ('CPI') inflation was 1.8% over 2019 and underlying inflation slightly lower. This is below the RBA's mid-term target of 2% to 3%. During the March quarter CPI inflation rose to 2.2% and remains at that value in early July. Inflation is expected to turn negative in the June quarter. Domestic inflationary pressures will depend on the long-term impacts of COVID-19, how fast the economy recovers from weaknesses over the past year and how business and household expectations of inflation change. The RBA's baseline scenario predicts inflation to fall to between 1% and 1.5% in 2021, before gradually increasing thereafter.

The unemployment rate increased to 5.3% in January 2020 after remaining stable around 5.25% since April 2019. The rate subsequently reduced to 5.2% in February 2020 before increasing to 6.2% in late June. The outbreak of COVID-19 is expected to delay the progress in Australia towards its full employment target, with the RBA's baseline scenario predicting unemployment of approximately 10% in the coming months, before falling to around 7% by year end. Since March more than 800,000 people have lost their jobs, with total hours worked declining by 9% in April alone. There are signs to suggest that hours worked stabilized in May and June, following this large decline.

The Australian dollar has been depreciating against the United States Dollar since late 2018, but reached lows not seen since 2002 in early March, before recovering again in April and May. The decline in Australian interest rates relative to other advanced economies, along with lower commodity prices contributed to this depreciation.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 7 July 2020, 2 June 2020, 5 May 2020, 7 April 2020 and 19 March 2020, www.abs.gov.au Consumer Price Index March 2020.

8 Industry analysis

While Webcentral does operate across multiple industry segments, most of the Company's revenue is generated through the provision of domain name, hosting services and online marketing.

Domain names



All devices connected to the internet have a unique address, being a string of numbers, called an Internet Protocol ('IP') address. This unique identifier can be used to send data to specific devices on a network. IP addresses can be difficult to remember, so a domain name system ('DNS') is used instead. Domain names can use a familiar string of letters, and adopt a hierarchical structure, for example 'google.com'. Each level of the hierarchy is separated by a dot, and the last word in a domain name represents a top-level domain ('TLD'). There were approximately 366.8 million domain name registrations across all TLDs at the close of the first quarter of 2020, an increase of 14.9 million or 4.2% over the first quarter of 2019.

Common TLDs include:

- .com;
- .net;
- .au (or another two letter country code);
- .edu; and
- .gov

The Internet Corporation for Assigned Names and Numbers ('ICANN'), governs the registration of domain names globally. It oversees the accreditation of domain name registrars and registries and co-ordinates policy development and internationalisation of the DNS system and introduction of new TLDs.

Domain name registrars, including Webcentral, sell domain names from a domain registry to customers. A registry is an organisation that manages the registration of domain names within the domains for which it is responsible.

Registrars must receive accreditation from each domain space in order to resell a particular domain name. For example if a registrar wanted to sell an '.au' domain, they would need accreditation from .au Domain Administration Limited ('auDA'), the administrator and regulatory body for the .au country code TLD.

Getting a domain name is one of the first steps individuals or companies will make in establishing a web presence. Customers usually pay registrars a yearly or monthly fee, to register their domain name.

Source: ICANN and auDA, Verisign

Hosting

Hosting is the physical storage location of a website and email. Web hosting allows organisations and individuals to make their websites accessible on the internet. A web hosting company will lease space on its server to customers. When internet users want to access a website, they will need to enter the domain address in an internet browser, which will connect to the server and send the user to the website. Most companies tend to offer both domain and hosting services, as they are generally complementary products.

Email hosting allows organisations to set up a custom email address and use it to send and receive emails.

Major Competitors

The Industry is made up of numerous competitors, with industry players offering services across multiple industry segments and geographical locations.

Key participants include, but are not limited to:

- GoDaddy - Global;



- Web.com - United States;
- VentralP - Australia
- Digital Pacific - Australia; and
- Crazy Domains - Australia.

Profit Drivers

The wide spread increase in the use of broadband internet over the last few years has seen an increase in demand for internet driven media and information. Consumers have grown to rely on the internet for everyday tasks. This reliance, has made having a web presence critical, not only to the success of large organisations, but also to the success of SMBs, particularly those who target their products at younger consumers. To have an effective online web presence, businesses generally require a secure website viewable from any device, a social media presence, online marketing, branded emails, and an ecommerce platform. Demand for domain, hosting and other web services has increased as businesses establish and grow their online platforms.

Demand for domain and hosting services has resulted in many new entrants joining the industry. As the market has become more competitive, firms in the industry have had to compete not only on price, but also on the quality of technical support offered, and the type of services offered. Growing price pressure caused by increased competition has the potential to impact profit margin growth in the future.

Consumers have also become more security conscious over recent years following several highly publicised data breaches. Data breaches can cause financial and reputational losses for firms. Domain, hosting and internet service providers store customer data on their servers, and as such face the threat of a security breach. How reliable and secure a firms infrastructure is, can have an impact on its ability to maintain its market share.

Outlook

Australia has a mature internet economy, with most adults already using the internet. IBISWorld expects the internet hosting services industry revenue in Australia to grow at an annualised 4.0% from 2020 to 2025.

Online retail is becoming increasingly normalised and many small businesses have been able to establish an online presence over the last few years, as the costs of setting up a website have decreased. Domain name, hosting, and other web services need to continue to adapt to rapidly changing technology and customer expectations. The rapid transformation of communications processes influences industry operators, prompting higher demand for internet hosting services.

Due to COVID-19, SMBs have been forced to change the way they operate due to social distancing and lockdown measures. This has caused an influx in demand for domain name, hosting and other web services as SMBs look to establish and grow their online presence.

Furthermore, the industry will likely continue to benefit from the Australian Government Data Centre Strategy 2010-202 , as more government departments, particularly those relating to the health, medical and education sectors, seek long-term contracts with internet hosting service providers to reduce their IT costs.

Source: IBISWorld



9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Net asset value ('NAV');
- Quoted market price basis ('QMP')
- Capitalisation of future maintainable earnings ('FME');
- Discounted future cash flows ('DCF').

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

9.1 Valuation of Webcentral

In our assessment of the value of a Webcentral share, we have considered the various valuation methodologies available, the nature of Webcentral's operations and the nature of the financial information available.

- We have used the QMP methodology, as our primary methodology. The QMP methodology is relevant to consider because Webcentral's shares are listed on the ASX. This means that there is a regulated and observable market where Webcentral shares can be traded. However, in order for the QMP to be considered appropriate, the Company's shares should be liquid and the market should be fully informed of the Company's activities. Our analysis of the trading in Webcentral shares and review of the announcements made by the Company supports the view that the Company's shares are liquid and the market is fully informed of Webcentral's activities.
- We have chosen the FME methodology as our secondary method and as a cross check for the following reasons:
 - Webcentral's ongoing business, essentially the SMB unit has a history of profitable performance. This profitable performance is reflected in the underlying EBITDA of SMB.
 - We note that Webcentral has recently undergone extensive restructuring with the divestment of its underperforming TPP Wholesale Reseller business in July 2019 and of its Enterprise Business in March 2020
 - BDO has analysed the historical earnings of SMB, and normalized for any 'one-off' or non-recurring income or expenses to provide a more accurate representation of SMB's operations, and thus its future maintainable earnings; and

ANNEXURE 1 INDEPENDENT EXPERT'S REPORT CONT.



- Webcentral has withdrawn its guidance as of 15 April 2020 as a result the uncertainty caused by COVID-19, with no further updates announced at the date of this report; and
- In making our assessment of the future maintainable earnings we have also taken due cognisance of year to date trading and the internal budgets provided by Webcentral.
- We do not consider that we have sufficient relevant information to support the use of the DCF methodology.



10. Valuation of Webcentral prior to transaction

10.1 Quoted Market Prices for Webcentral securities

As set out in section 9.1, we have selected the quoted market price of a Webcentral share as the primary valuation methodology.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval of a control transaction, the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. The expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13.

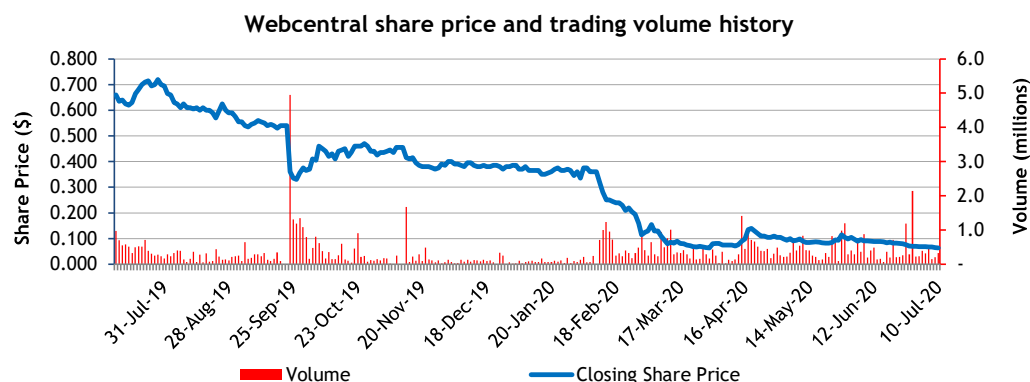
Therefore, our assessment of the quoted market price of a Webcentral share including a premium for control has been prepared in two parts. The first part is to assess the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Webcentral share is based on the pricing prior to the announcement of the Scheme. This is because the value of a Webcentral share after the announcement may include the effects of any change in value as a result of the Scheme. However, we have considered the value of a Webcentral share following the announcement when we have considered reasonableness in Section 13.

Information on the Scheme was announced to the market on 13 July 2020. Therefore, the following chart provides a summary of the share price movement over the 12 months to 10 July 2020 which was the last trading day prior to the announcement.

ANNEXURE 1 INDEPENDENT EXPERT'S REPORT CONT.



Source: Bloomberg

The daily price of Webcentral shares from 10 July 2019 to 10 July 2020 has ranged from a low of \$0.063 on 30 March 2020 to a high of \$0.720 on 29 July 2019. The daily volume of shares traded fluctuated largely over the year. The highest single trading day over the assessed period was 24 September 2019, when 4,950,503 shares were traded. During this period a number of announcements were made.

The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Trading Days After Announcement		
		\$ (movement)			\$ (movement)		
22/08/2019	Half Year 2019 Financial Report and Accounts	0.570	▼	3.40%	0.600	▲	5.30%
06/09/2019	S&P DJI Announces September 2019 Quarterly Rebalance	0.545	▲	1.90%	0.555	▲	1.80%
19/09/2019	Trading Halt	0.540	▲	1.90%	0.360	▼	33.30%
24/09/2019	Trading Update, CEO Transition, and Strategic Review	0.360	▼	33.30%	0.355	▼	1.40%
16/10/2019	Strategic Review Update	0.445	▲	1.10%	0.435	▼	2.20%
11/11/2019	Trading Halt	0.455	►	0.00%	0.410	▼	9.90%
13/11/2019	Strategic Review and Revised Guidance	0.415	▼	8.80%	0.395	▼	4.80%
23/12/2019	Trading Halt	0.385	►	0.00%	0.380	▼	1.30%
24/12/2019	Update on Strategic Review, Guidance and Lender Discussions	0.380	▼	1.30%	0.380	►	0.00%
10/02/2020	Trading Halt	0.360	►	0.00%	0.250	▼	30.60%
11/02/2020	Sale of the Enterprise Services Division & Interim CEO	0.315	▼	12.50%	0.250	▼	20.60%
27/02/2020	2019 Full Year Results - Investor Presentation	0.160	▼	17.90%	0.130	▼	18.80%
27/02/2020	2019 Full Year Results - Media Release	0.160	▼	17.90%	0.130	▼	18.80%



27/02/2020	2019 Full Year Preliminary Financial Report (Appendix 4E)	0.160	▼	17.90%	0.130	▼	18.80%
15/04/2020	Guidance Withdrawn, Trading Update Cost Reduction Initiatives	0.090	▲	18.40%	0.140	▲	55.60%
12/06/2020	S&P DJI Announces June 2020 Quarterly Rebalance	0.088	▼	2.20%	0.087	▼	1.10%

On 22 August 2019, the Company released its financial report and accounts for the half year ended 30 June 2019. On the date of the announcement, the share price decreased 3.4% to close at \$0.570, before increasing 5.3% over the subsequent three-day period to close at \$0.600.

On 6 September 2019, the S&P Dow Jones Indices announced the September 2019 Quarterly Rebalance of the S&P/ASX Indices. On the date of the announcement, the share price increased 1.9% to close at \$0.545, before increasing a further 1.8% over the subsequent three-day period to close at \$0.555.

On 19 September 2019, the Company's securities were placed in a trading halt at the request of the Company. On the date of the announcement, the share price increased 1.9% to close at \$0.540, before decreasing 33.3% over the subsequent three-day period to close at \$0.360.

On 24 September 2019, the Company released a trading update, in which it reported a marked deterioration in trading conditions for its Enterprise division and as such, forecast revenue growth for the second half of 2019 would not be achieved. On the date of the announcement, the share price decreased 33.3% to close at \$0.360, before decreasing a further 1.4% over the subsequent three-day period to close at \$0.355.

On 16 October 2019, the Company released its strategic review update which outlined that the Company had received several approaches to acquire either the Company's SMB or Enterprise division. On the date of the announcement, the share price increased 1.1% to close at \$0.445, before decreasing 2.2% over the subsequent three-day period to close at \$0.435.

On 11 November 2019, the Company's securities were placed in a trading halt at the request of the Company. On the date of the announcement, the share price closed unchanged from the previous trading day of \$0.455, before decreasing by 9.9% over the subsequent three-day period to close at \$0.410.

On 13 November 2019, the Company released its strategic review and its revised guidance for full year 2019. The revised guidance outlined that the Company's Enterprise division was underperforming. On the date of the announcement, the share price decreased 8.8% to close at \$0.415, before decreasing a further 4.8% over the subsequent three-day period to close at \$0.395.

On 23 December 2019, the Company's securities were placed in a trading halt at the request of the Company. On the date of the announcement, the share price closed unchanged from the previous trading day at \$0.385, before decreasing by 1.3% over the subsequent three-day period to close at \$0.380.

On 24 December 2019, the Company released an update on its strategic review and full year 2019 guidance. On the date of the announcement, the share price decreased 1.3% to close at \$0.380. Over the subsequent three-day period, the share price closed unchanged from the share price on the date of the announcement of \$0.380.

On 10 February 2020, the Company's securities were placed in a trading halt at the request of the Company pending the announcement of the sale of the Enterprise services division. On the date of the announcement, the share price closed unchanged from the previous trading day at \$0.360, before decreasing by 30.6% over the subsequent three-day period to close at \$0.250.

ANNEXURE 1 INDEPENDENT EXPERT'S REPORT CONT.



On 11 February 2020, the Company announced the sale of the Enterprise services division and the appointment of Brett Fenton as the interim CEO. On the date of the announcement, the share price decreased 12.5% to close at \$0.315, before decreasing a further 20.6% over the subsequent three-day period to close at \$0.250.

On 27 February 2020, the Company released its 2019 full year financial report. On the date of the announcement, the share price decreased 17.9% to close at \$0.160, before decreasing a further 18.8% over the subsequent three-day period to close at \$0.130.

On 15 April 2020, the Company withdrew its FY20 guidance as a result of the impact of COVID-19, as well as announced its cost reduction initiatives. On the date of the announcement, the share price increased by 18.4% to close at \$0.090, before increasing a further 55.6% over the subsequent three-day period to close at \$0.140.

On 12 June 2020, the S&P Dow Jones Indices announced the June 2020 Quarterly Rebalance of the S&P/ASX Indices. On the date of the announcement, the share price decreased 2.2% to close at \$0.088, before decreasing a further 1.1% over the subsequent three-day period to close at \$0.087.

To provide further analysis of the market prices for a Webcentral share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 10 July 2020.

Share Price per unit	10-Jul-20	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.064				
Volume weighted average price (VWAP)		\$0.069	\$0.083	\$0.090	\$0.090

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Scheme, to avoid the influence of any increase in price of Webcentral shares that has occurred since the Scheme was announced.

An analysis of the volume of trading in Webcentral's shares for the twelve months to 10 July 2020 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.064	\$0.068	322,834	0.26%
10 Days	\$0.064	\$0.078	4,757,537	3.90%
30 Days	\$0.064	\$0.115	13,502,777	11.06%
60 Days	\$0.064	\$0.150	26,541,163	21.73%
90 Days	\$0.063	\$0.175	38,088,040	31.19%
180 Days	\$0.063	\$0.470	57,742,100	47.28%
1 Year	\$0.063	\$0.740	87,209,420	71.41%

Source: Bloomberg, BDO analysis

This table indicates that Webcentral's shares display a moderate level of liquidity, with 71.41% of the Company's current issued capital being traded in a twelve-month period. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and



active' market in the shares. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Webcentral, we believe there is an active and liquid market for its shares, on the basis that on average, over 1% of securities have been traded per week over the past year on average, with 71.41% of the Company's issued capital being traded in the last 12 months.

Therefore, our valuation of Webcentral share based on market pricing, after disregarding post announcement pricing, is between \$0.064 and \$0.090. In forming our view on the range we considered the most recent trading and the 60 day VWAP as this incorporated a period of trading post restructuring, we do not consider that this to be as affected by COVID as trading in March and April.

Control Premium

The quoted market price per share reflects the value to minority interest shareholders. In order to value a Webcentral share on a control basis, we have added a control premium that is based on our analysis set out below.

We have reviewed the control premiums on completed transactions, paid by acquirers of both internet companies and all ASX-listed companies. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e less than a 0% premium).

We have summarised our findings below:

ASX listed companies

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2020	7	315.36	39.22
2019	45	3026.62	38.82
2018	44	1126.69	41.66
2017	29	973.72	43.33
2016	42	718.51	49.58
2015	34	828.14	34.10
2014	46	507.34	39.97
2013	41	128.21	50.99
2012	51	481.33	52.19
2011	68	891.85	44.43
2010	53	574.61	44.37

ANNEXURE 1 INDEPENDENT EXPERT'S REPORT CONT.



Source: Bloomberg, BDO Analysis

Internet companies

Year	Number of Transactions	Average Deal Value (A\$m)	Average Control Premium (%)
2020	1	737.44	36.39
2019	4	786.63	46.05
2018	2	598.29	56.03
2017	2	154.15	21.08
2016	3	321.01	31.28
2015	1	1736.00	34.02
2014	2	377.46	33.95
2013	1	35.58	16.96
2012	3	130.32	41.26
2011	3	74.65	62.34
2010	2	177.66	41.77

Source: Bloomberg, BDO Analysis

The mean and median of the entire data sets comprising control transactions from 2010 onwards all ASX listed and internet companies, respectively, is set out below.

Entire data set metrics	Internet companies		All ASX listed companies	
	Average Deal Value (AU\$m)	Average Control Premium (%)	Average Deal Value (AU\$m)	Average Control Premium (%)
Mean	410.36	40.91	911.52	44.16
Median	183.66	33.32	119.62	34.85

Source: Bloomberg, BDO Analysis

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre-transaction or proceeded to hold a controlling interest post transaction in the target company.



The table above indicates that the long-term average control premium paid by acquirers of internet companies and all ASX-listed companies is approximately 40.91% and 44.16% respectively. However, in assessing the transactions included in the table, we noted transactions that appear to be extreme outliers.

These outliers included 2 internet company transactions and 32 ASX listed company transactions in total, for which the announced premium was in excess of 100%. We have removed these transactions because we consider it likely that the acquirer in these transactions would be paying for special value and/or synergies in excess of the standard premium for control. Whereas, the purpose of this analysis is to assess the premium that is likely to be paid for control, not specific strategic value to the acquirer.

In a population where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the assessed period was approximately 33.32% for internet companies and 34.85% for all ASX listed companies.

Based on the above analysis, we consider an appropriate premium for control to be between 30% and 40%. We consider an appropriate control premium to fall within this range of historical averages as a result of the Company having an already established business model and market presence within its industry. We believe that an acquirer would be willing to pay a control premium in line with historical averages.

Quoted market price including control premium

Applying a control premium to Webcentral's quoted market share price results in the following quoted market price value including a premium for control:

	Low \$	High \$
Quoted market price value	0.064	0.090
Control premium	30%	40%
Quoted market price valuation including a premium for control	0.083	0.126

Source: BDO analysis

Therefore, our valuation of a Webcentral share based on the quoted market price methodology and including a premium for control is between \$0.083 and \$0.126.



10.2 Future Maintainable Earnings Value

To provide a cross check of the valuation of Webcentral using the QMP methodology in section 10.1 we have also assessed the valuation of Webcentral using the FME methodology.

When applying the FME methodology, the future maintainable earnings of Webcentral are determined and an appropriate capitalisation multiple is applied to these earnings.

10.2.1 Assessing Future Maintainable Earnings

Maintainable earnings should represent what is currently sustainable. Any anticipated growth in earnings should be accounted for through the capitalisation multiple.

To determine the appropriate future maintainable earnings to form the basis of our valuation, we have started with the reported EBITDA from continuing operations as per the audited annual financial statements and adjusted to arrive at normalised EBITDA from continuing operations.

We have obtained the normalisation adjustments from the directors' reports in the annual accounts for the period ended 31 December 2019 and 31 December 2018. The reconciliation of Reported EBITDA in from continuing operations in section 5.7 to normalised EBITDA from continuing operations is displayed in the table below.

Reconciliation to normalised EBITDA	For the year ended 31-Dec-17 \$'000	For the year ended 31-Dec-18 \$'000	For the year ended 31-Dec-19 \$'000
Reported EBITDA	31,970	(1,550)	(30,699)
Adjustments to calculate normalised EBITDA			
Loss / (Gain) on reassessment of contingent consideration liability	985	9,702	(98)
Gain on sale of TPP Wholesale reseller business	-	-	(554)
Net TPP Wholesale reseller separation income	-	-	(68)
Arq Group brand costs	-	2,835	486
Integration costs	3,432	2,727	1,567
Transaction costs	809	892	2,259
Restructuring costs	-	-	365
Property costs	-	619	642
Impairment of goodwill	-	-	41,123
Other net non-operating (income) / expense	421	137	(228)
Gain on accelerated settlement of Outware option liability	(5,814)	-	-
Remuneration expense on accelerated settlement of Outware option liability	3,733	-	-
Contribution from acquisitions (assuming 100% owned from 1 January)	3,051	-	-
Normalised EBITDA	38,587	15,362	14,795

Source: Webcentral's directors' report the year ended 31 December 2019 (page 16), Webcentral's directors' report for the year ended 31 December 2018 (page 37).

*2018 figures are re-presented due to the classification of the Enterprise business as discontinued operations. 2018 has not been restated for the effect of AASB 16, therefore may not be directly comparable to 2019.

**2017 balance sheet has been restated due to the application of AASB 15 and AASB 9. Result of \$31,970 refers to the total Arq Group inclusive of TPP Wholesale and Enterprise businesses whereas the 2018 and 2019 numbers are for SMB only

Normalisation Adjustments

In undertaking our FME valuation we have considered potential adjustments to the stated earnings of the SMB unit to 'normalise' those earnings. These adjustments are in addition to those previously identified by management in the above table.



We have made the following adjustments to the EBITDA for the three years to 31 December 2019:

- non-recurring or one off items;
- non-operating revenues and expenses; and
- abnormal or non-commercial transactions.

We note that we have not identified any normalisation adjustments required in respect of the five months to 31 May 2020.

Normalisation adjustments		2017 \$000	2018 \$000	2019 \$000
Labour costs relating to systems integration and Arq re-brand program	a	(2,779)	(1,914)	(1,244)
Remove one-off transaction costs	b	-	(60)	-
One-off expenses relating to retention bonuses	c	-	(113)	-
EBITDA attributable to the Enterprise Business	d	(21,763)	-	-
Total normalisation adjustments		(24,542)	(2,087)	(1,244)

Source: Management accounts for the years ending 31 December 2019, 31 December 2018 and 31 December 2017

a) Rebranding costs

In 2018, Webcentral rebranded from Melbourne IT to Arq Group, in order to streamline its market facing brands down from eleven to three (being Arq, NRG and TPP Wholesale). These costs have been backed out of underlying earnings on the basis that they would not form part of the cost base going forward. The normalisation adjustments in 2017, 2018 and 2019 reflect the component of rebranding costs allocated to SMB business unit for each year.

b) One-off transaction costs

These costs relate to transaction costs for the restructuring of the business, and will not form part of the cost base going forward.

c) Retention bonuses

These costs relate to retention bonuses paid to key members of staff following the restructure outline above.

d) EBITDA attributable from the Enterprise Business

The sale of the Enterprise business unit was completed on 2 March 2020. As this sale was a subsequent event, the audited financial statements for the year ended 31 December 2019 were prepared on the basis that the Enterprise business unit was a discontinued operation. This included a restatement of the comparative information for the year ended 31 December 2018.

Enterprise's contribution to EBITDA was still included in the period ended 31 December 2017. As such, it has been included as a normalisation adjustment above.

ANNEXURE 1 INDEPENDENT EXPERT'S REPORT CONT.



Reconciliation from management normalised earnings, to normalised earnings

BDO has combined the additional normalisation adjustments identified, with those already identified by management in the below table to derive the true underlying position of the SMB business unit.

	2017	2018	2019
	\$'000	\$'000	\$'000
Management normalised EBITDA from continuing operations	38,587	15,362	14,795
Additional 'one-off' expenses	(24,542)	(2,087)	(1,244)
Normalised EBITDA from continuing operations	14,045	13,27	13,55

Source: Webcentral's directors' report the year ended 31 December 2019 (page 16), Webcentral's directors' report for the year ended 31 December 2018 (page 37), management accounts.

BDO has reconciled the above to the historical performance of the SMB business unit, as presented in section 5.8 to the normalised EBITDA from continuing operations. This reconciliation is done in the table below.

	Ref	2017	2018	2019
		\$'000	\$'000	\$'000
Management normalised EBITDA from continuing operations		38,587	15,362	14,795
EBITDA attributable from the Enterprise Business	e	(21,763)	-	-
Variance	f	-	(123)	223
Total		16,824	15,239	15,018
EBITDA from SMB business unit	5.8	16,824	15,239	15,018

Source: Management Accounts

BDO notes that the historical performance of the SMB business unit reconciles to the normalised earnings derived above, with exceptions for the below adjustments.

e) EBITDA attributable to the Enterprise Business

As noted above, the 2017 management normalised EBITDA from continuing operations includes EBITDA attributable from the Enterprise business. Once adjusted for, there is no variance between management normalised EBITDA from continuing operations and the EBITDA from the SMB business unit.

f) Variances

There are variances between normalised EBITDA derived above and management's assessment of the historical performance of the SMB business unit for the years ended 31 December 2018 and 31 December 2019. We note that these variances are immaterial, and as such will not affect determination of a future maintainable position for Webcentral.



Conclusion - normalised historical earnings

In determining the maintainable earnings of Webcentral, we have considered the normalised EBITDA for the years ended 31 December 2017 through to 31 December 2019 as set out below.

		2017	2018	2019
	Ref	\$'000	\$'000	\$'000
Reported EBITDA	5.7	31,970	(1,550)	(30,699)
Total management adjustments		6,617	16,912	45,494
Total additional adjustments		(24,542)	(2,087)	(1,244)
Total normalisation adjustments		(17,925)	14,825	44,250
Total normalised earning		14,045	13,275	13,551

Source: BDO analysis

Consideration of budget information available

We note that there is no forecast information which is available to us. The Company withdrew its guidance on 15 April 2020 and there have been no further announcements in this regard. Consequently there is no forecast information available to us to further enhance our assessment of future maintainable earnings.

We have viewed budget information, prepared by management for internal purposes only, and have also had discussions with management in relation to the general plans for the business in the future.

Assessment of future maintainable earning

In arriving at our range of future maintainable earnings we have been influenced by the following:

- the performance of the business for the most recent five months trading to 31 May 2020, which we consider to be the most compelling evidence in relation to future maintainable earnings;
- on 15 April 2020, Webcentral withdrew its guidance as a result of the impact of COVID-19 on its original forecasts;
- Webcentral's internally prepared budgets;
- the impact of COVID-19, of which the full extent of the impact on the business cannot be reasonably quantified at this time;
- Webcentral's cost reduction initiatives, which are ongoing and the full extent of which is yet to be determined; and
- Issues around the significant restructuring of the business in recent years.
- On 14 August 2020 Webcentral announced a market update on the financial results for the first half of FY20. This disclosed that SMB Core Underlying EBITDA after corporate and unallocated costs was in the range of \$0.2m to \$0.6m.

Given the above, there is significant uncertainty around the future maintainable earnings of the business. As such, BDO has selected its range to reflect what we believe the business is capable of under current conditions. We have considered the impact of COVID-19 and do not consider this to be the primary driver of the most recent results, accordingly we do not expect that the business will returned to the normalised earnings levels realised from 2017-2019.



Based on the above, our assessment of the future maintainable earnings for Webcentral is in the range of \$3.5 million to \$4.0 million.

10.2.2 Calculation and Application of an Earnings Multiple

The next step in applying the FME methodology is to determine an appropriate multiple to apply to our assessed future maintainable earnings. Inherently, the multiple should reflect the risks and likely growth associated with a business.

To determine an appropriate multiple, we have analysed:

- Earnings multiples of publicly traded comparable companies ('Trading Multiples'); and
- Multiples implied from comparable transactions ('Transaction Multiples')

Trading Multiples

We have considered multiples derived from the most comparable companies for which information is publicly available, adjusted to take account of the various ways in which the most comparable companies are different to Webcentral.

To determine appropriate trading multiples, we analysed publicly listed companies and operating in the following sectors:

- Application Host-enabling Software;
- Application Hosting Services;
- Application Management;
- Content Delivery Software;
- Content Publishing Software;
- Domain Name Registration Services;
- Domain Name System Servers;
- Domain Services;
- E-Commerce Software;
- File Transfer Protocol ('FTP') Servers;
- Internet Monitoring Software;
- Internet Presence Providers ('IPP');
- Personal Web Hosting;
- Server Software;
- Web Design;
- Web Development Software;
- Web Hosting;



- Web Servers;
- Web Site Management Software; and
- Web Usage Analysis.

Using the S&P Capital IQ database, we filtered for the following exchanges:

- ASX;
- All Major Exchanges; and
- All Asian Exchanges.

Our search criteria identified 376 public listed companies.

To narrow our search, we considered companies with similar operations, revenue and market capitalisation (size) to Webcentral. We removed companies from our dataset that did not provide meaningful data.

A total of eight comparable publicly listed companies were identified based on our search criteria and available information. Summary descriptions and brief financial data for these identified 'most comparable companies' are set out in Appendix 3.

For the FME method, we have used enterprise value ('EV') to EBITDA as earnings multiple determined from the publicly listed comparable companies, adjusted for a control premium of 30% and 40% (determined in Section 10.1). The EBITDA was derived from the financial data for the period ending closest to the Date of Valuation.

The table below sets out the earnings multiples of the selected publicly traded companies.

Company Name	Market Cap (\$m)	Revenue* (\$m)	Historical EBITDA* (\$m)	Forecast EBITDA* (\$m)	Enterprise value (\$m)	Historical EBITDA multiple	Forecast EBITDA multiple
<i>Webcentral Group Limited</i>	<i>7.82</i>	<i>83.6</i>	<i>7.2</i>	<i>6.5^</i>	<i>80.4</i>	<i>11.1</i>	<i>12.4</i>
CentralNic Group Plc	280.5	155.4	12.9	45.1	393.9	30.5	8.7
Endurance International Group Holdings, Inc.	848.4	1,800.9	442.0	417.3	3,557.8	8.0	8.5
GABIA, Inc.	252.2	207.2	60.6	n/a	224.1	3.7	n/a
GMO Pepabo, Inc.	214.9	138.7	-	n/a	184.3	n/a	n/a
GoDaddy Inc.	17,221.4	5,004.6	767.3	1,225.2	20,196.1	26.3	16.5
iomart Group plc	671.5	228.5	79.8	80.3	788.5	9.9	9.8
RXP Services Limited	47.5	136.9	12.9	16.2	65.7	5.1	4.1
Tucows Inc.	905.7	557.8	82.1	n/a	1,088.1	13.2	n/a
Mean						13.8	9.5
Median						9.9	8.7
Mean (excluding outliers) (†)						8.0	7.8

ANNEXURE 1 INDEPENDENT EXPERT'S REPORT CONT.



Median (excluding outliers) (†)

8.0

8.6

Source: Capital IQ and BDO analysis

[^]Based on consensus forecast from brokers as compiled by Capital IQ

^{*}Based on publicly available financial information at 31 December 2019 (covering the most recent twelve month period).

[†] Mean and median excluding outliers reflect exclusion of CentralNic and GoDaddy for the historical EBITDA multiple due to abnormally high results. However, CentralNic has not been excluded from the forecast EBITDA multiple and therefore our conclusion on the Trading Multiple includes CentralNic as a comparable company

Of the identified comparable companies, we consider CentralNic Group Plc to be the most comparable for the following reason:

- CentralNic is an AIM listed group that offers similar services to Webcentral. It has brands that operate in Australia and Asia. We note CentralNic is significantly larger than Webcentral.

We believe the companies listed in the table all have similar operations to Webcentral, with exceptions noted below.

- Endurance International Group Holdings, Inc. ('**Endurance**') - Endurance is an American listed company that provides web presence and domain registration services, similar to Webcentral. We note that Endurance provides some differentiated services to Webcentral, and has a significantly larger market capitalisation.
- GABIA, Inc ('**GABIA**') - GABIA is a Korean listed company that offers similar services to Webcentral. We note that GABIA primarily operates in Korea, and may be exposed to a different operating environment than Webcentral. It is also has a significantly larger market capitalisation.
- GMA Pepabo, Inc. - GMA Pepabo, Inc is a Japanese listed company that offers consumer domain registration and Web hosting services, similar to Webcentral. GMO Pepabo also offers other services, which are different to those provided by Webcentral.
- GoDaddy Inc. ('**GoDaddy**') - is an American listed company that provides domain registrar and web hosting services, which is similar to Webcentral. However, we note GoDaddy is significantly larger than Webcentral, and provides some differentiated services to Webcentral.
- iomart Group plc ('**iomart**') - iomart is an AIM listed group which offers similar services to Webcentral through its 'Easyspace' brand name. However, we note iomart primarily operates in the United Kingdom, as such it may be exposed to a different operating environment than Webcentral.
- RXP Services Limited ('**RXP**') - RPX offers digital solutions through its 'RXP Develop' brand. RXP helps customers develop and integrate digital platforms through its RPX Develop brand. The RXP Develop brand is one of several different service offerings RPX provides. RXP also offers advisory services and has a different client base (many blue chip clients).
- Tucows Inc. ('**Tucows**') - provides network access, domain name registration, email, mobile telephony, and other Internet services in Canada, the United States, and Europe. We note that Tucows operates in a different geographic region, and may be exposed to a different operating environment than Webcentral. It also has a significantly larger market capitalisation.



Based on the above, we consider the forecast EBITDA multiple from the comparable listed companies is in the range of 7.5 to 8.0.

We note that the comparable listed company's information provides a minority value. We have therefore adjusted the multiple range by applying a control premium in the range from 30% to 40%, as discussed in section 10.1 above.

Our selected range for the EBITDA multiple to apply to the earnings of Webcentral is in the range from 10.0 to 11.2.

Transaction Multiples

An alternative source of useful comparative information to assist in determining the appropriate multiple is to consider the multiple implied by publicly available information on actual market (merger and acquisition) transactions. We searched for appropriate transactions based on:

- recent arm's length transactions;
- similar business activities, exposure to similar end user market; and
- those facing similar risks to their ongoing business operations.

A total of four transactions were identified based on our search criteria and available information. We have primarily analysed transactions where the target is located in the Asia-Pacific Region. Summary descriptions and brief financial data for the transactions are set out in Appendix 3.

The table below sets out the average multiples implied of the selected precedent transactions.

Ann. Date	Target Compa	Bidder Company	Seller Company	Deal Value AUD(m)	EBITDA AUD(m)*	Implied Multiple
24/07/2019	Dreamscape Networks Limited	Web.com Group, Inc.		126.06	12.04	9.88
18/03/2019	Exabytes Network Sdn. Bhd. (40% Stake)	Ekuiti Nasional Berhad	Ekuiti Nasional Berhad	15.2	n/a	n/a
08/12/2015	Instra Corporation	CentralNic Group Plc	Tony Lentino (Private Investor)	33	2.2	14.80
30/07/2015	Bombora Pty Ltd	NeuStar, Inc.	-	119	n/a	n/a
Mean						12.34
Median						12.34

Source: Merger Market, Capital IQ, and BDO analysis

n/a - not disclosed

*Most recent 12-month period, prior to the transaction

We consider the transaction between Dreamscape Networks Limited ('Dreamscape') and Web.com (announced on 24 July 2019), to be the most significant recent transaction. The transaction involved 100% of the share capital of Dreamscape being acquired by Web.com, for total consideration of approximately \$110 million. Dreamscape provides domain name, hosting, and online services and solutions in Australia. The transaction was completed on 29 October 2019, and yielded a transaction value to EBITDA multiple of 9.88 times.

We consider the higher implied EBITDA multiples, relative to the comparable companies' trading multiples outlined in Appendix 3, to be broadly in line with expectations. This is because of several factors:

ANNEXURE 1 INDEPENDENT EXPERT'S REPORT CONT.



- AASB 16: The application of the new accounting standard generally results in a lower EV/EBITDA multiple. Consequently, the transaction multiples (which do not include the impact of AASB 16) are expected to be higher than the trading multiples (which do include the impact of AASB 16); and
- COVID-19: All of the comparable transactions identified occurred before the peak of the COVID-19 crisis in Australia and therefore do not reflect the general risk-adverse sentiment implied by the current trading multiples. Consequently there is a larger gap between the trading multiple and comparable transactions multiple than typically expected.

Note that because the comparable transactions already reflect a value on a control basis, no control premium adjustment is necessary.

Multiple adopted

Having consideration for the above Trading Multiples and Transaction Multiples, we consider that an appropriate earnings multiple to apply to the future maintainable (EBITDA) earnings of Webcentral is in the range of 10 times to 11.2 times.

10.2.3 Assessment of the value of Webcentral based on the methodology

Our assessment is based on applying our assessed multiple range to our assessed range for the future maintainable earnings of the Business.

Our assessed valuation of the enterprise value of Webcentral based on the FME Methodology is thus in the range from \$35.0 million to \$44.8 million.

Enterprise Value	Low \$000's	High \$000's
Future maintainable earnings (EBITDA)	3,500	4,000
Adopted multiple	10.0 times	11.2 times
Total Enterprise Value	35,000	44,800

Source: BDO analysis

Our analysis has assessed the enterprise value of Webcentral. We have converted the enterprise value to an equity value of the Company by adjusting for net debt and cash, as well as any other surplus assets and liabilities.

The results of our valuation are summarised below.

Equity Value	Ref	Low \$000's	High \$000's
Total Enterprise Value		35,000	44,800
add: cash as at 31 December 2019	a	8,949	8,949
add: financial assets as at 31 December 2019	b	1,375	1,375
less: interest bearing loans and borrowings as at 31 December 2019	c	(61,929)	(61,929)
add: payment of interest bearing loans and borrowings from	d	22,100	22,100



sale of Enterprise			
less: deferred tax liability as at 31 December 2019	e	(226)	(226)
less: derivative financial instruments	f	(510)	(510)
Total Equity Value		4,759	14,559
Total shares on issue	5.9	122,131,124	122,131,124
Total value per share (controlling basis)		\$0.039	\$0.119

Source: BDO analysis

In order to arrive at an equity value, BDO has made the following adjustments to enterprise value.

a) Cash and cash equivalents

In determining the value of equity value, BDO has added back the value of cash and cash equivalents, which was obtained from the audited financial statements as at 31 December 2019.

b) Financial assets

Financial assets relate to 603,205 shares in Tiger Pistol, which is a privately held company. We have deemed these to be unrelated to the ongoing business of Webcentral. Therefore, we have added this back as a surplus asset when determining the equity value.

c) Interest bearing loans and borrowings

In determining the equity value of Webcentral, BDO has subtracted the value of interest bearing loans and borrowings.

d) Proceeds from sale of enterprise

On 2 March 2020, Webcentral completed the sale of the Enterprise business unit, of which the proceeds were used to retire a portion of the interest bearing loans and borrowings of the group. On 28 May 2020, Webcentral announced that it received \$22.1 million of net proceeds from the sale of Enterprise, which BDO has adopted as the basis for our adjustment.

e) Deferred tax liability

BDO has taken the net position of deferred tax liabilities and deferred tax assets, as stated in the audited financial statements as at 31 December 2019. We have subtracted this from the enterprise value, as deferred tax liabilities are not captured within the future maintainable earnings of the business. As such, these are treated as a surplus liability.

f) Derivative financial instruments

Derivative financial instruments relate to an interest rate swap contract designed to reduce the exposure associated with Webcentral's interest bearing loans and borrowings. This liability is not within the core operations of Webcentral, and has been removed from the enterprise value derived above accordingly.

Therefore, our valuation of a Webcentral share based on the FME methodology on a controlling interest basis is between \$0.039 and \$0.119 per share.



10.3 Assessment of the value of a Webcentral share:

The results of the valuations performed are summarised in the table below:

	Low \$	High \$
Quoted market price value (Section 10.1)	0.083	0.126
FME value (Section 10.2)	0.039	0.119

Source: BDO analysis

Based on the results above we consider the value of a Webcentral share prior to the Scheme on a control basis to be between \$0.083 and \$0.126. We note that the higher end of the FME range broadly supports the upper end of our valuation range.

We have chosen to rely solely on QMP for the purposes of determining our valuation range for the following reasons:

- Webcentral's shares are listed on the ASX. This means that there is a regulated and observable market where Webcentral shares can be traded. As determined in section 10.1, 71.41% of the Company's current issued capital being traded in a twelve month period, meaning Webcentral's shares have sufficient liquidity to actively reflect the value per share.
- As announced on 15 April 2020, Webcentral has withdrawn its earnings guidance as a result of the impact of COVID-19 on its original forecasts. In response to the COVID-19 outbreak, Webcentral has implemented further cost reduction initiatives and materially simplified its organisational structure. The cumulative impact of these changes has made determining a reasonable future maintainable earnings for the SMB business unit difficult. As such, we consider that this methodology is suitable as a cross check only.

We note that the range for the value of a Webcentral share is wider under the FME methodology than the QMP. This wide value range is representative of the inherent uncertainty involved in estimating Webcentral's future cashflows.



11 Valuation of Scheme Consideration

Under the Scheme, Shareholders will receive cash consideration of \$0.10 for every share in Webcentral that they hold.

The SID contains a potential value sharing arrangement in relation to any proceeds received upon the settlement or final determination of the Customer Dispute (including all relevant claims and cross claims). In assessing the Scheme, we have assumed that this potential value sharing arrangement will not result in Shareholders receiving any additional consideration for their shares and we have not incorporated this into our valuation of a share in Webcentral.

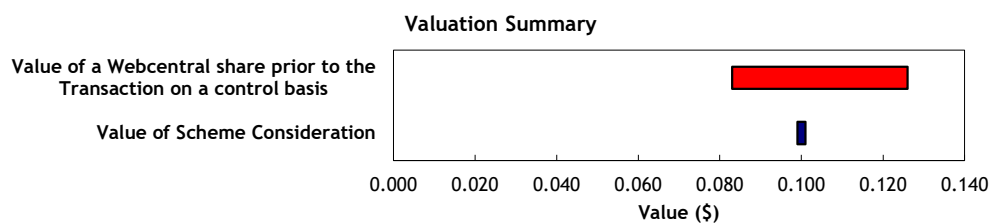
12 Is the Scheme fair?

The value of a Webcentral share (on a controlling basis) and the Scheme Consideration is set out below:

	Ref	Low \$	High \$
Value of share in Webcentral	10.3	0.083	0.126
Value of Scheme Consideration	11	0.10	0.10

We note from the table above that the value of the Scheme Consideration is within the range of the value for a share in Webcentral on a control basis. Therefore, we consider that the Scheme is fair.

The above valuation ranges are presented graphically below:





13 Is the Scheme reasonable?

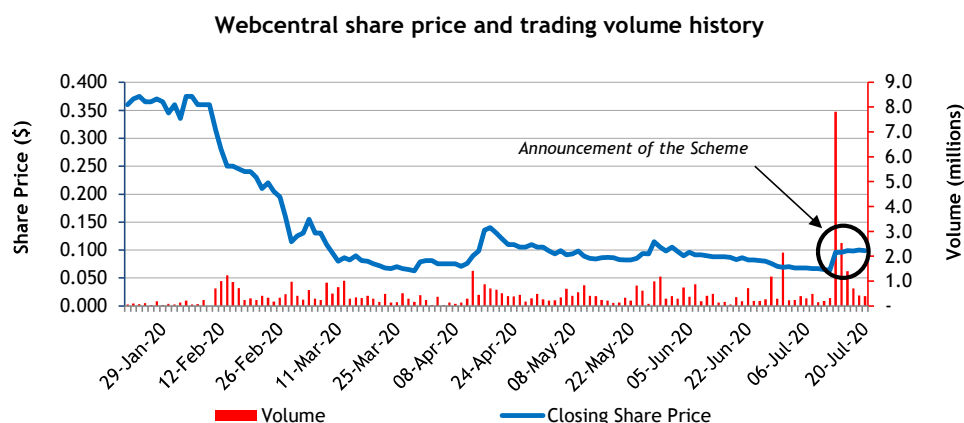
13.1 Alternative Proposal

We are unaware of any alternative proposal that has arisen since the Scheme was announced that might offer the Shareholders of Webcentral a premium over the value resulting from the Scheme.

13.2 Consequences of not Approving the Scheme

Potential decline in share price

We have analysed movements in Webcentral's share price since the Scheme was announced. A graph of Webcentral's share price since the announcement is set out below.



Source: Bloomberg

The closing price of a Webcentral share from 20 January 2020 to 20 July 2020 has ranged from a low of \$0.063 on 30 March 2020 to a high of \$0.375 on 22 January 2020, 4 February 2020 and 5 February 2020. On 13 July 2020, being the date the Scheme was announced, 7,821,231 shares were traded, representing approximately 6.4% of the Company's current issued share capital.

Following the announcement of the Scheme, Webcentral's share price closed at \$0.096, up from a close price of \$0.064 on the date prior to the announcement of the Scheme. We note that following the announcement of the Scheme, the share price has traded at a price equal to the Scheme consideration of \$0.10 per share, suggesting that the market believes that the Scheme will proceed.

Should the Scheme not be approved, there is a risk that the share price of Webcentral may fall back to pre-announcement levels.



13.3 Advantages of Approving the Scheme

We have considered the following advantages when assessing whether the Scheme is reasonable.

13.3.1 The Scheme is fair

As analysed in Section 12, the Scheme is fair. RG 111.12 states that an offer is reasonable if it is fair.

13.3.2 Reduces risk of Webcentral being sold for less than favourable or distressed conditions.

As at 31 December 2019, Webcentral had \$61.9 million of current interest-bearing loans and borrowings, of which \$22.1 million was subsequently paid down with proceeds from the sale of the Enterprise business in March 2020.

Webcentral disclosed in its 2019 annual report that it expects to breach its financial covenants during 2020, such that the Lenders have the discretion to withdraw the facilities by providing 60 days' advance written notice. Therefore, the Company requires the ongoing support of its Lenders to continue to provide the existing facilities and any required additional facilities to be able to continue as a going concern. Accordingly, the Scheme reduces the risk of Webcentral being sold under distressed conditions in the event the lenders decide not to provide their ongoing support.

13.3.3 Shareholders obtain cash under the Scheme

The Scheme involves the acquisition of all the outstanding shares in Webcentral at a cash price of \$0.10 per share. Shareholders will obtain cash for the exit on their investment which offers certainty in their returns, and provides Shareholders with an opportunity to utilise the cash received for other purposes such as alternative investments.

The cash consideration of \$0.10 per share, may benefit shareholders who hold large parcels of shares and may have difficulty selling their shares on market, or in the event that they are able to sell, they may cause the quoted market price to fall.

13.3.4 The Scheme consideration offered is a premium to the last traded price of a Webcentral share prior to the announcement of the Scheme

The Company's closing price on the last trading day prior to the announcement of the Scheme was \$0.064. Therefore, the Scheme Consideration represents a 56% premium to the last quoted price of a Webcentral share prior to the announcement of the Scheme.

13.3.5 Shareholders will no longer be exposed to the risks associated with being a shareholder in Webcentral.

Network attacks or security breaches (including cyber-attacks), systems failure, business structure risks relating to the separation of the group, capacity constraints, financial risks, technological change, intellectual property risk, regulatory risk, employee related risks, COVID 19 pandemic related risks and intensifying competition are some of the specific risks Webcentral Shareholders have been exposed to, and may continue to be exposed to. If the Scheme is approved, Shareholders will no longer be exposed to the specific risks of holding shares in Webcentral.



13.4 Disadvantages of Approving the Scheme

If the Scheme is approved, in our opinion, the potential disadvantages to Shareholders include those listed below:

13.4.1 Shareholders will be unable to participate in the potential upside of the Company's operations

If the Scheme is approved, Shareholders will be unable to participate in the potential upside from Webcentral's operations. Webcentral Shareholders would not be able to access any future returns generated by its underlying business.

13.4.2 Shareholders will forego the opportunity to potentially receive dividends in the future

If the Scheme is approved and Webcentral's revenues continue to grow, there is a possibility that the Company may choose to pay dividends to shareholders, if permitted to do so by its Lenders. We note that there is no certainty that the Company would elect to distribute dividends to shareholders. However, if the Scheme is approved, Shareholders will forego the opportunity to potentially receive dividends in the future.

14 Conclusion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that the Scheme is fair and reasonable to the Shareholders of Webcentral. Therefore, in the absence of a superior proposal, we conclude that the Scheme is in the best interests of Shareholders.

15 Sources of information

This report has been based on the following information:

- Draft Scheme Booklet on or about the date of this report;
- Audited financial statements of Webcentral for the years ended 31 December 2019 and 31 December 2018;
- Unaudited management accounts of Webcentral for the period ended 31 May 2020;
- Scheme Implementation Deed dated 12 July 2020;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Webcentral.

16 Independent

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$45,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not



receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Webcentral in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Webcentral, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Webcentral, Web.com and Siris Capital and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Webcentral, Web.com and Siris Capital and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Webcentral, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Webcentral and its advisors for confirmation of the factual accuracy of its contents.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17 Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Adam Myers and Sherif Andrawes of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans over 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 350 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance



Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

18 Disclaimers and consents

This report has been prepared at the request of Webcentral for inclusion in the Scheme Booklet which will be sent to all Webcentral Shareholders. Webcentral engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the Scheme.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Webcentral. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Webcentral and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved. We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Webcentral, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.



Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

A handwritten signature in black ink, appearing to read 'Adam Myers', written in a cursive style.

Adam Myers
Director

A handwritten signature in black ink, appearing to read 'Sherif Andrawes', written in a cursive style.

Sherif Andrawes
Director



Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
AFCA	Australian Financial Complaints Authority
ANZ	Australia New Zealand Banking Group Limited
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
APRU	Average revenue per user
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
auDA	au Domain Administration Limited
BDO	BDO Corporate Finance (WA) Pty Ltd
CentralNic	CentralNic Group Plc
CGU	Cash generating unit
Corporations Act	The Corporations Act 2001 Cth
The Company	Webcentral Group Limited
CPI	Consumer Price Index
CPL	Cost per lead
Customer Dispute	The dispute between Webcentral and a customer, disputing the calculation of amounts being charged in relation to a contract for services, of which the services are still ongoing.
DCF	Discounted Future Cash Flows
DNR	Domain Name Reseller
DNS	Domain Name System
Domainz	Domainz Limited
Dreamscape	Dreamscape Networks Limited



Reference	Definition
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Endurance	Endurance International Group Holdings, Inc.
EV	Enterprise Value
Existing Debt Facilities	Webcentral's current debt facilities with ANZ and NAB
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FTP	File Transfer Protocol
GABIA	GABIA, Inc.
GoDaddy	GoDaddy, Inc
ICANN	Internet Corporation for Assigned Names and Numbers
iomart	iomart Group plc
IP	Internet Protocol
IPP	Internet Presence Provider
31 January Review Event	Webcentral's triggering of a review event on 31 January 2020, resulting in the Landers having the right to cancel, and demand repayment of, the Existing Debt Facilities upon providing Webcentral with 60 day's written notice
Lenders	ANZ and NAB
MIT	Melbourne IT
NAB	National Australia Bank
NAV	Net Asset Value
Netregistry or NRG	Netregistry Pty Ltd
Our Report	This Independent Expert's Report prepared by BDO
PPC	Pay Per Click

ANNEXURE 1 INDEPENDENT EXPERT'S REPORT CONT.



Reference	Definition
QMP	Quoted market price
Quadrant	Quadrant Private Equity
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Reimbursement Fee	Cash fee of \$0.5 million may be payable to Web.com by Webcentral
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
RG 60	Schemes of arrangement (September 2011)
RXP	RXP Services Limited
Scheme	The proposed scheme under which Web.com will acquire the entire issued capital of Webcentral for a consideration of \$0.10 per every share of Webcentral held by Shareholders
Scheme Consideration	Webcentral shareholders will receive cash consideration of \$0.10 for every Webcentral share that they hold
Section 411	Section 411 of the Corporations Act
Section 611	Section 611 of the Corporations Act
SEO	Search Engine Optimisation
Shareholders	The shareholders of Webcentral
SID	Scheme implementation deed
Siris Capital	Siris Capital Group, LLC
SMB	Small medium business
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
TLD	Top-level domain
TPP Wholesale	TPP Wholesale Reseller business
Trading Multiples	Earnings multiples of publicly traded comparable companies



Reference	Definition
Transaction Multiples	Multiples implied from comparable transactions
TSA	Transaction Service Agreement
Tucows	Tucows Inc.
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital
Web.com	Web.com Group Inc
Webcentral	Webcentral Group Limited
WME	Web Marketing Experts Pty Ltd, Nothing But Web Pty Ltd and Results First Ltd or WME Group Pty Ltd
Year-to-Date or YTD	The period from 1 January 2020 through to 31 May 2020

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For permission requests, write to BDO Corporate Finance (WA) Pty Ltd, at the address below:

The Directors

BDO Corporate Finance (WA) Pty Ltd

38 Station Street

SUBIACO, WA 6008

Australia



Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 Net asset value ('NAV')

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 Quoted Market Price Basis ('QMP')

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 Capitalisation of future maintainable earnings ('FME')

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.



The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.



Appendix 3 - Trading and Transaction Multiples

Trading multiples:

The comparable companies identified were:

Company Na	Ticker	Exchange	Industry	Company Description
CentralNic Group Plc	AIM:CNIC	London Stock Exchange AIM Market (AIM)	Internet Services and Infrastructure	CentralNic Group Plc, through its subsidiaries, provides domain name services worldwide. It operates through Reseller, Small Business, and Corporate segments. The Reseller segment offers services through the registry service provider mechanism; acts as a reseller platform provider; and sells domain names of .SK extension to registrars. It provides domain names and consultancy services to retailers. The Small Business provides domain names and ancillary services to end users. The Corporate segment offers technical and consultancy services to corporate clients; licenses a company developed registry management platform; and sells domain names. The company offers registry services, distribution, and strategic consultancy for new top level domains (TLDs), country code TLD's, and second-level domains, as well as domain management services. It also operates as an owner and registrant of a portfolio of domain names, which it uses as domain extensions and for resale on the domain name aftermarket. The company was founded in 2004 and is headquartered in London, the United Kingdom.



Endurance International Group Holdings, Inc.	NasdaqGS:EIGI	Nasdaq Capital Market (NasdaqCM)	Internet Services and Infrastructure	Endurance International Group Holdings, Inc., together with its subsidiaries, provides cloud-based platform solutions for small-and medium-sized businesses in the United States and internationally. The company operates in three segments: Web Presence, Domain, and Email Marketing. It offers Web hosting services, including entry-level shared hosting, and virtual private server and dedicated hosting solutions; Website building tools; domain registration, management, and resale services; malware protection solutions to protect subscribers' Websites from viruses, malicious code, and other threats; and backup control solutions that enable subscribers to schedule, maintain, manage, and restore backups of their online data and Websites. The company also provides email marketing solutions that enable subscribers to communicate with their customers and potential customers through email; products that enables subscribers to sell their products and services online, including secure and encrypted payments, shopping carts, inventory management, online marketplace listing solutions, payment processing and related services, and mobile payments; and search engine optimization and marketing solutions. In addition, it offers solutions that allow subscribers to have their Websites and email marketing campaigns rendered on mobile devices; tools and services that enable subscribers to communicate with their customers and potential customers through social networks; business productivity tools that include professional email, word processing and presentation software, online storage, shared calendars, and video meetings; control panels and dashboards that offer subscribers with tools to analyze activity on their Websites; and professional services, including Website design, marketing, social media management, and Website migration services. The company was founded in 1997 and is headquartered in Burlington, Massachusetts.
GABIA, Inc. (KOSDAQ:A079940)	KOSDAQ:A079940	KOSDAQ (KOSDAQ)	Domain Services (Primary); Internet Presence Providers (IPP)	GABIA, Inc. develops IT infrastructure solutions in South Korea. It offers domain registration, hosting, server/co-location/cloud, and security/control solutions, as well as solutions for corporate business



			(Primary); Web Hosting (Primary)	and shopping malls. The company was founded in 1999 and is based in Seongnam, South Korea.
GMO Pepabo, Inc. (TSE:3633)	TSE:3633	The Tokyo Stock Exchange (TSE)	Internet Services and Infrastructure	<p>GMO Pepabo, Inc. provides consumer-targeted Internet services in Japan. It operates in four segments: Hosting, Ecommerce Support, Customer to Customer (C2C), and Community. The Hosting segment offers consumer domain registration and Web hosting services. The Ecommerce Support segment provides e-commerce platform solutions. The C2C segment offers marketplace for handmade products. The Community segment facilitates communication among Internet users through blogging. The company was formerly known as Paperboy&Co., Inc. and changed its name to GMO Pepabo, Inc. in March 2014. The company was founded in 2003 and is headquartered in Tokyo, Japan. GMO Pepabo, Inc. is a subsidiary of GMO Internet, Inc.</p> <p>GoDaddy Inc. designs and develops cloud-based technology products in the United States and internationally. The company provides domain name registration product that enables to engage customers at the initial stage of establishing a digital identity. It also offers shared Website hosting products that provide various applications and products such as web analytics, SSL certificates, and WordPress; Website hosting on virtual private servers and virtual dedicated servers products, which allows customers to select the server configuration suited for their applications, requirements, and growth; managed hosting products to set up, monitor, maintain, secure, and patch software and servers for customers; and security products, a suite of tools designed to help secure customers' online presence. In addition, the company provides presence products, such as Websites + Marketing, a mobile-optimized online tool that enables customers to build Websites and online stores; a range of marketing tools and services designed to help businesses acquire and engage customers, as well as search engine optimization that helps customers get their Websites found on search sites; and social media management services. Further, it offers business application products, such as Microsoft Office 365,</p>



email accounts, email marketing, and telephony services. The company serves small businesses, individuals, organizations, developers, designers, and domain investors. GoDaddy Inc. was incorporated in 2014 and is headquartered in Scottsdale, Arizona.

iomart Group plc	AIM:IOM	London Stock Exchange Market (AIM)	Internet Services and Infrastructure	iomart Group plc provides managed cloud services in the United Kingdom and internationally. It operates through two segments, Cloud Services and Easyspace. The company offers a range of products to the micro and SME markets, including domain names, shared, dedicated and virtual servers, and email services. It provides data protection services, including cloud backup, cloud storage, disaster recovery, dynamic workplace recovery, secondary data management, and GDPR resources; and managed services, including managed AWS, managed azure, office 365, domain management, hosted exchange, virtual desktop, and business mail. In addition, the company offers various security services, including managed secure platforms, security consultancy, data protection, DDoS protection, and managed security. Further, the company also offers Web services and consultancy services. iomart Group Plc was founded in 1998 and is headquartered in Glasgow, the United Kingdom.

ANNEXURE 1 INDEPENDENT EXPERT'S REPORT CONT.



RXP Services Limited (ASX:RXP) ASX:RXP

Australian Securities Exchange (ASX)

System and Platform Integration (Primary); Web Design (Primary)

RXP Services Limited provides information and communications technology consulting, development, support, and maintenance services to corporations and government bodies in the Asia-Pacific Region. The company offers innovation, customer experience and service design, mobile and app development, talent solutions, and user experience services; and application and cloud development, architecture and solutions design, bots and intelligent applications, and customer relationship management services, as well as digital experience platforms, DevOps solutions, and Internet of things. It also provides advisory, solutions, and enterprise architecture; business analysis and process; capability uplift, learning, and development; change management; and project and delivery services. In addition, the company offers BI, reporting, analytics, and visualization; data governance; data management and migration; data quality; data integration and delivery; master data management and product information management; and strategy and architecture solutions, as well as data warehouses, marts, and lakes. Further, it provides process transformation, enterprise mobility, and field service management services; and strategic and support services, as well as delivery as a service. RXP Services Limited is based in Melbourne, Australia.

Tucows Inc.

NASDAQ: TCX

Nasdaq Capital Market (NasdaqCM)

Internet Services and Infrastructure

Tucows Inc. provides network access, domain name registration, email, mobile telephony, and other Internet services in Canada, the United States, and Europe. It operates through two segments, Network Access Services and Domain Services. The Network Access Services segment offers mobile services under the Ting Mobile name, including the sale of retail telephony services, mobile phone hardware, and related accessories. It also provides roaming service to international travelers under the Zipsim and Always Online Wireless names; fixed high-speed Internet access services to consumer and business customers; network consulting services; and billing, provisioning, and customer care software solutions to Internet Service Providers (ISPs) through its Platypus billing software. This segment distributes its products and services through the Ting Website,



as well as through third-party retail stores and online retailers. The Domain Services segment offers wholesale and retail domain name registration services; portfolio services; and value-added services, such as hosted email, Internet security services, Internet hosting, WHOIS privacy, publishing tools, and other value-added services for end-users under the OpenSRS, eNom, Ascio, and Hover brands. The company was formerly known as Infonautics, Inc. and changed its name to Tucows Inc. in August 2001. Tucows Inc. was incorporated in 1992 and is headquartered in Toronto, Canada.

Source: Capital IQ, Merger Market

Transaction Multiples

The comparable transactions identified were:

Target Company	Bidder Company	Seller Company	Deal Description
Dreamscape Networks Limited	Web.com Group, Inc.		<p>Web.com Group, Inc. entered a scheme implementation deed to acquire Dreamscape Networks Limited (ASX:DN8) for approximately AUD 110 million on July 23, 2019. Web.com will pay AUD 0.27 in cash for each share of Dreamscape. For 2.8 million options and 11 million options exercisable at AUD 0.25 per option, Web.com will pay AUD 0.02 for each option, for 8.3 million options exercisable at AUD 0.35, Web.com will pay AUD 0.0097 for each option and for 6.8 million options exercisable at AUD 0.45, Web.com will pay AUD 0.0119 for each option. The payment to scheme shareholders was to be done on October 29, 2019. The transaction was funded from Web.com's existing cash on balance sheet and its revolver facility. The termination fee for both Web.com and Dreamscape is AUD 1 million.</p> <p>The transaction was subject to conditions, including relevant ASIC, ASX, FIRB and Court approvals, approval of Dreamscape's shareholders, Independent Expert concluding the scheme is in the best interests of Dreamscape's shareholders and Dreamscape shareholders approve the entering into Siteplus option agreement to grant a call option over 100% of the issued share capital of Siteplus post implementation of the scheme. On October 7, 2019, the shareholders of Dreamscape Networks Limited approved the transaction. Following implementation of the scheme, Dreamscape requested that ASX delist Dreamscape Shares. As of October 14, 2019, the transaction was approved by Supreme Court of Western Australia.</p>



Exabytes

Network Sdn. Ekuiti Nasional Ekuiti Nasional
Bhd. (40% Berhad Berhad
Stake)

Ekuiti Nasional Berhad, a Malaysia-based private equity company, has acquired a 40% stake in Exabytes Network Sdn. Bhd., a Malaysia-based web and eCommerce hosting provider of domain registration, website design and digital marketing, for a total consideration of MYR 44m (USD 10.76m).

Under the terms of the transaction, Ekuiti has an option to increase its stake upto 54%. The transaction will enable Ekuinas to take advantage of global internet economy that is currently valued at USD 3.5trn. Exabytes has the platform to scale their businesses locally and regionally into new markets across the Southeast Asian region.

Source Links:

Ekuiti Nasional Berhad press release, 18 March 2019

Exabytes Network Sdn. Bhd. press release, 18 March 2019

Exabytes Network (Singapore) Pte. Ltd. press release, 18 March 2019

PT. Exabytes Network Indonesia press release, 18 March 2019 (Indonesian)

CentralNic Group Plc, has agreed to acquire Instra Corporation from Tony Lentino. CentralNic Group Plc, headquartered in London, is the listed UK based investment holding company having interest in companies engaged in providing registry service from the sale of Internet domain names. Instra Corporation, headquartered in Melbourne, is the Australia-based company involved in domain name businesses.

Tony Lentino is an Australian internet entrepreneur and the owner of Super Black Racing.

Terms: The offer represents a total consideration of AUD 33m that includes AUD 30m payable in cash; AUD 3m to be paid in equity, based on the issuance of 5,217,391 shares valued at a price of GBP 0.575 as of 07 December 2015. Financing: The cash portion of the consideration will be funded through the following: existing cash facilities of CentralNic; a GBP 3.5m term loan; the net proceeds from placing 25,000,000 new ordinary shares of 0.1p each at 40 pence per share to institutional investors; cash from premium domain name sales.

Source links:

CentralNic Group Plc stock exchange announcement, 08 December 2015

CentralNic Group Plc press release, 08 December 2015

Instra Corporation press release, 09 December 2015

Bombora
Technologies
Pty Ltd

NeuStar, Inc.

Neustar, Inc. the listed US-based provider of real-time information and analytics services, has acquired Bombora Technologies Pty Ltd, the Australia-based provider of registry services for a number of top-level domains (TLD), for a total consideration of AUD 118.5 (USD 86.9m).

This acquisition expands Neustar's registry services, which operates the.biz,.us, and.co TLDs, in addition to over 300 new TLDs. Bombora's strong market presence in Australia will enable Neustar to expand their footprint to the Asia-Pacific region. Bombora Technologies is the parent company of ARI Registry Services, AusRegistry and ZOAK Solutions. This acquisition is



expected to contribute USD 8m, of revenue and USD 1.1m, of operating income in 2015.

Over the last two years, Bombora's revenue has grown at a compounded annual growth rate of 12% to AUD 28.2 (USD 20.6m) in 2014, with operating margins between 25% and 30%.

Source Link:

Neustar, Inc. press release, 30 July 2015

Source: Capital IQ, Merger Market

ANNEXURE 2 SCHEME OF ARRANGEMENT



HERBERT
SMITH
FREEHILLS

Scheme of arrangement – share scheme

Webcentral Group Limited

Scheme Shareholders

ANZ Tower 161 Castlereagh Street Sydney NSW 2000 Australia
GPO Box 4227 Sydney NSW 2001 Australia

T +61 2 9225 5000 F +61 2 9322 4000
herbertsmithfreehills.com DX 361 Sydney



HERBERT
SMITH
FREEHILLS

Scheme of arrangement – share scheme

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Webcentral Group Limited ABN 21 073 716 793 of Level 23, 680
George Street, Sydney NSW 2000, Australia

The Scheme Shareholders

1 Definitions, interpretation and scheme components

1.1 Definitions

Schedule 1 contains definitions used in this Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Scheme.

1.3 Scheme components

This Scheme includes any schedule to it.

2 Preliminary matters

- (a) Webcentral is a public company limited by shares, registered in Victoria, Australia, and has been admitted to the official list of the ASX. Webcentral Shares are quoted for trading on the ASX.
- (b) As at the date of the Implementation Deed, 122,131,124 Webcentral Shares were on issue.
- (c) Web.com is a U.S. corporation established in Delaware.
- (d) Web.com Sub, a wholly-owned Subsidiary of Web.com, is a proprietary company limited by shares incorporated in Australia.
- (e) If this Scheme becomes Effective:
 - (1) in consideration for the transfer of all of the Scheme Shares to Web.com Sub, Web.com and Web.com Sub must provide or procure the provision of the Scheme Consideration to the Scheme



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3 Conditions

Shareholders in accordance with the terms of this Scheme and the Deed Poll; and

- (2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to Web.com Sub and Webcentral will enter the name of Web.com Sub in the Share Register in respect of the Scheme Shares.
- (f) Webcentral and Web.com have agreed, by executing the Implementation Deed, to implement this Scheme.
- (g) This Scheme attributes actions to Web.com and Web.com Sub but does not itself impose an obligation on them to perform those actions. Web.com and Web.com Sub have each agreed, by executing the Deed Poll, to perform the actions attributed to it under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in clause 3.1(d) of the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Web.com and Webcentral;
- (d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by Web.com and Webcentral having been satisfied or waived; and
- (e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act on or before the End Date (or any later date Webcentral and Web.com agree in writing).

3.2 Certificate

- (a) Webcentral and Web.com will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.
- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.



3.3 Effective Date and End Date

- (a) Subject to clause 3.1, this Scheme takes effect for all purposes on and from the Effective Date.
- (b) This Scheme will lapse and be of no further force or effect if:
 - (1) the Effective Date does not occur on or before the End Date; or
 - (2) the Implementation Deed or the Deed Poll is terminated in accordance with its terms,unless Webcentral and Web.com otherwise agree in writing.

4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

If the conditions precedent in clauses 3.1(a) to 3.1(d) (inclusive) are satisfied or waived, Webcentral must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible after the Court approves this Scheme and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme.

4.2 Transfer of Scheme Shares

Subject to this Scheme becoming Effective, on the Implementation Date:

- (a) subject to the deposit of the Scheme Consideration in the manner contemplated by clause 5.1(a) and the payment of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 5.1(b) and 5.1(c), all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to Web.com Sub, without the need for any further act by any Scheme Shareholder (other than acts performed by Webcentral as attorney and agent for Scheme Shareholders under clause 8.5), by:
 - (1) Webcentral delivering to Web.com Sub a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Webcentral for registration; and
 - (2) Web.com Sub duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Webcentral for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), but subject to the stamping of the Scheme Transfer (if required), Webcentral must enter, or procure the entry of, the name of Web.com Sub in the Share Register as the holder of all the Scheme Shares transferred to Web.com Sub in accordance with this Scheme.



5 Scheme Consideration

5.1 Provision of Scheme Consideration

- (a) Web.com must, and Webcentral must use its best endeavours to procure that Web.com does, by no later than the Business Day before the Implementation Date, deposit, or procure the deposit, in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders, into an Australian dollar denominated trust account operated by Webcentral as trustee for the Scheme Shareholders (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Web.com's account).
- (b) On the Implementation Date, subject to funds having been deposited in accordance with clause 5.1(a), Webcentral must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the trust account referred to in clause 5.1(a).
- (c) The obligations of Webcentral under clause 5.1(b) will be satisfied by Webcentral (in its absolute discretion, and despite any election referred to in clause 5.1(c)(1) or authority referred to in clause 5.1(c)(2) made or given by the Scheme Shareholder):
 - (1) if a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Webcentral Registry to receive dividend payments from Webcentral by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
 - (2) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Webcentral; or
 - (3) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).

5.2 Joint holders

In the case of Scheme Shares held in joint names:

- (a) subject to clause 5.1(c), the Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Webcentral, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme will be forwarded to either, at the sole discretion of Webcentral, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.



5.3 Fractional entitlements

Where the calculation of the Scheme Consideration to be paid to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.

5.4 Unclaimed monies

- (a) Webcentral may cancel a cheque issued under this clause 5 if the cheque:
 - (1) is returned to Webcentral; or
 - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Webcentral (or the Webcentral Registry) (which request may not be made until the date which is 30 Business Days after the Implementation Date), Webcentral must reissue a cheque that was previously cancelled under this clause 5.4.
- (c) The *Unclaimed Money Act* 1995 (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in sections 7 and 8 of the *Unclaimed Money Act* 1995 (NSW)).

5.5 Remaining monies in trust account

To the extent that, following satisfaction of Webcentral's obligations under clause 4 and the other provisions of this clause 5 and provided Web.com Sub has by that time acquired the Scheme Shares in accordance with this Scheme, there is a surplus in the trust account referred to in clause 5.1(a), then subject to compliance with applicable laws, the other terms of this Scheme, the Deed Poll and the Implementation Deed, that surplus (less any bank fees and related charges) shall be paid by Webcentral (or the Webcentral Registry on Webcentral's behalf) to Web.com Sub.

5.6 Orders of a court or Government Agency

If written notice is given to Webcentral (or the Webcentral Registry) or Web.com of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Webcentral in accordance with this clause 5, then Webcentral shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
- (b) prevents Webcentral from providing consideration to any particular Scheme Shareholder in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, Webcentral shall be entitled to retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration, until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.

To the extent that amounts are so deducted or withheld in accordance with this clause 5.6, such deducted or withheld amounts will be treated for all purposes under this



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6 Dealings in Webcentral Shares

Scheme as having been paid to the person in respect of which such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted as required.

6 Dealings in Webcentral Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Webcentral Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Webcentral Shares before the Scheme Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received before the Scheme Record Date at the place where the Share Register is kept,

and Webcentral must neither accept for registration, nor recognise for any purpose (except a transfer to Web.com Sub pursuant to this Scheme and any subsequent transfer by Web.com Sub or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) Webcentral must register registrable transmission applications or transfers of the Scheme Shares that are received in accordance with clause 6.1(b) before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires Webcentral to register a transfer that would result in a Webcentral Shareholder holding a parcel of Webcentral Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(a), 'marketable parcel' has the meaning given in the Operating Rules).
- (b) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Webcentral shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Webcentral must maintain the Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Webcentral Shares (other than statements of holding in favour of Web.com Sub) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries on the Share Register in respect of Web.com Sub) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Webcentral Shares relating to that entry.
- (e) As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the first Business Day after the Scheme Record Date, Webcentral



will ensure that details of the names, Registered Addresses and holdings of Webcentral Shares for each Scheme Shareholder as shown in the Share Register are available to Web.com in the form Web.com reasonably requires.

7 Quotation of Webcentral Shares

- (a) Webcentral must apply to ASX to suspend trading on the ASX in Webcentral Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by Web.com, Webcentral must apply:
 - (1) for termination of the official quotation of Webcentral Shares on the ASX; and
 - (2) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) Webcentral may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Web.com has consented; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which Webcentral has consented to.

8.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:
 - (1) agrees to the transfer of their Webcentral Shares together with all rights and entitlements attaching to those Webcentral Shares in accordance with this Scheme;
 - (2) agrees to the variation, cancellation or modification of the rights attached to their Webcentral Shares constituted by or resulting from this Scheme;
 - (3) agrees to, on the direction of Web.com, destroy any holding statements or share certificates relating to their Webcentral Shares;
 - (4) who holds their Webcentral Shares in a CHESS Holding agrees to the conversion of those Webcentral Shares to an Issuer Sponsored Holding and irrevocably authorises Webcentral to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion; and
 - (5) acknowledges and agrees that this Scheme binds Webcentral and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting).



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8 General Scheme provisions

- (b) Each Scheme Shareholder is taken to have warranted to Webcentral and Web.com Sub on the Implementation Date, and appointed and authorised Webcentral as its attorney and agent to warrant to Web.com Sub on the Implementation Date, that:
 - (1) all their Webcentral Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Webcentral Shares to Web.com Sub together with any rights and entitlements attaching to those shares. Webcentral undertakes that it will provide such warranty to Web.com Sub as agent and attorney of each Scheme Shareholder; and
 - (2) it has no existing right to be issued any Webcentral Shares or any other form of Webcentral securities.

8.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Web.com Sub will, at the time of transfer of them to Web.com Sub vest in Web.com Sub free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.
- (b) Immediately upon the deposit of the Scheme Consideration in the manner contemplated by clause 5.1(a) and the payment of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 5.1(b) and 5.1(c), Web.com Sub will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Webcentral of Web.com Sub in the Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 5.1(b) and 5.1(c), and until Webcentral registers Web.com Sub as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed Web.com Sub as attorney and agent (and directed Web.com Sub in each such capacity) to appoint any director, officer, secretary or agent nominated by Web.com Sub as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Web.com Sub reasonably directs; and



- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), Web.com Sub and any director, officer, secretary or agent nominated by Web.com Sub under clause 8.4(a) may act in the best interests of Web.com Sub as the intended registered holder of the Scheme Shares.

8.5 Authority given to Webcentral

Each Scheme Shareholder, without the need for any further act:

- (a) on the Effective Date, irrevocably appoints Webcentral and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against Web.com and Web.com Sub, and Webcentral undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Web.com and Web.com Sub on behalf of and as agent and attorney for each Scheme Shareholder; and
- (b) on the Implementation Date, irrevocably appoints Webcentral and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Webcentral accepts each such appointment. Webcentral as attorney and agent of each Scheme Shareholder may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

8.6 Binding effect of Scheme

This Scheme binds Webcentral and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Webcentral.

9 General

9.1 Stamp duty

Web.com will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under or in connection with this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(a).

9.2 Consent

Each of the Scheme Shareholders consents to Webcentral doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Webcentral or otherwise.



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9 General

9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Webcentral, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Webcentral's registered office or at the office of the Webcentral Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Webcentral Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

- (a) This Scheme is governed by the laws in force in New South Wales, Australia.
- (b) The parties irrevocably submit to the exclusive jurisdiction of courts exercising jurisdiction in New South Wales, Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action

Webcentral must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Each Scheme Shareholder agrees that none of Webcentral, Web.com, Web.com Sub or any director, officer, secretary or employee of them shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.



Schedule 1

Definitions and interpretation

1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	a day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney, Australia or Melbourne, Australia.
CHES	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
CHES Holding	has the meaning given in the Settlement Rules.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Court	the Supreme Court of New South Wales, or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Web.com and Webcentral.
Deed Poll	the deed poll substantially in the form of Attachment 1 under which Web.com and Web.com Sub each covenants in favour of the Scheme Shareholders to perform the obligations attributed to Web.com and Web.com Sub under this Scheme.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.

ANNEXURE 2 SCHEME OF ARRANGEMENT CONT.



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Schedule 1 Definitions and interpretation

Term	Meaning
Effective Date	the date on which this Scheme becomes Effective.
End Date	<ol style="list-style-type: none"> the date which is 7 months after the date of the Implementation Deed; or such other date as agreed in writing by Webcentral and Web.com.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
Implementation Date	the third Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as agreed in writing by Webcentral and Web.com.
Implementation Deed	the scheme implementation deed dated 12 July 2020 between Webcentral and Web.com relating to the implementation of this Scheme.
Issuer Sponsored Holding	has the meaning given in the Settlement Rules.
Operating Rules	the official operating rules of the ASX.
Registered Address	in relation to a Webcentral Shareholder, the address shown in the Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Webcentral and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Webcentral and Web.com.
Scheme Consideration	the consideration to be provided by Web.com to each Scheme Shareholder for the transfer to Web.com Sub of each Scheme Share, being for each Webcentral Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of \$0.10.



Term	Meaning
Scheme Meeting	the meeting of Webcentral Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm on the third Business Day after the Effective Date or such other time and date as Webcentral and Web.com agree in writing.
Scheme Shares	all Webcentral Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a holder of Webcentral Shares recorded in the Share Register as at the Scheme Record Date.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Web.com Sub as transferee, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Settlement Rules	the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
Share Register	the register of members of Webcentral maintained by Webcentral or the Webcentral Registry in accordance with the Corporations Act.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Web.com	Web.com Group, Inc., a U.S. corporation established in Delaware, of 5335 Gate Parkway, Jacksonville, Florida 32256, United States of America.
Web.com Group	Web.com and each of its Subsidiaries, and a reference to a Web.com Group Member or a member of the Web.com Group is to Web.com or any of its Subsidiaries.

ANNEXURE 2 SCHEME OF ARRANGEMENT CONT.



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Schedule 1 Definitions and interpretation

Term	Meaning
Web.com Sub	a directly or indirectly wholly-owned Subsidiary of Web.com.
Webcentral	Webcentral Group Limited ABN 21 073 716 793 of Level 23, 680 George Street, Sydney NSW 2000, Australia.
Webcentral Registry	Link Market Services Limited ABN 54 083 214 537.
Webcentral Share	a fully paid ordinary share in the capital of Webcentral.
Webcentral Shareholder	each person who is registered as the holder of a Webcentral Share in the Share Register.

2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them (whether passed by the same or another Government Agency with legal power to do so);
- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to the lawful currency of Australia;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, Australia;
- (k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Scheme;



- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;
- (n) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (o) a reference to a body (including an institute, association or authority), other than a party to this Scheme, whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (p) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (q) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later; and
- (r) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day.

3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

ANNEXURE 3 DEED POLL



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Deed

Share scheme deed poll

Web.com Group, Inc.

Web.com Aus Bidco Pty Ltd

ANZ Tower 161 Castlereagh Street Sydney NSW 2000 Australia
GPO Box 4227 Sydney NSW 2001 Australia

T +61 2 9225 5000 F +61 2 9322 4000
herbertsmithfreehills.com DX 361 Sydney



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Share scheme deed poll

Date ► 17 August 2020

This deed poll is made

By **Web.com Group, Inc.**
(Established in Delaware)
5335 Gate Parkway
Jacksonville, Florida 32256
United States of America
(**Web.com**)
and
Web.com Aus Bidco Pty Ltd
(ACN 635 836 298)
'Nova Legal' Level 2
46-50 Kings Park Road
West Perth, Western Australia 6005
(**Web.com Sub**)

in favour of each person registered as a holder of fully paid ordinary shares in Webcentral in the Share Register as at the Scheme Record Date.

Recitals

- 1 Webcentral and Web.com entered into the Implementation Deed.
- 2 In the Implementation Deed, Web.com agreed to make this deed poll and to procure that Web.com Sub make this deed poll.
- 3 Web.com and Web.com Sub are making this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform their obligations under the Implementation Deed and the Scheme.

This deed poll provides as follows:



1 Definitions and interpretation

1.1 Definitions

- (a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Implementation Deed	the scheme implementation deed entered into between Webcentral and Web.com dated 12 July 2020.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Webcentral and the Scheme Shareholders, in the form set out in Attachment 1, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Web.com and Webcentral.
Webcentral	Webcentral Group Limited ABN 21 073 716 793 of Level 23, 680 George Street, Sydney NSW 2000, Australia.

- (b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Sections 2, 3 and 4 of Schedule 1 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

Web.com and Web.com Sub acknowledge that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Webcentral and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Web.com and Web.com Sub on behalf of that Scheme Shareholder.



2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of Web.com and Web.com Sub under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Web.com and Web.com Sub under this deed poll will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme is not Effective on or before the End Date,

unless Web.com and Webcentral otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Web.com and Web.com Sub are released from their obligations to further perform this deed poll except those obligations under clause 7.1; and
- (b) each Scheme Shareholder retains the rights they have against Web.com and Web.com Sub in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Undertaking to be bound by the Scheme

Subject to clause 2, each of Web.com and Web.com Sub covenants in favour of each Scheme Shareholder that it will be bound by the terms of the Scheme as if it were a party to the Scheme and undertakes to perform all obligations and actions attributed to it under the Scheme, subject to and in accordance with the Scheme.

3.2 Undertaking to pay Scheme Consideration

Subject to clause 2, each of Web.com and Web.com Sub undertakes in favour of each Scheme Shareholder to deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Webcentral as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to Web.com's account, subject to and in accordance with the terms of the Scheme.



4 Warranties

Each of Web.com and Web.com Sub represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

- (a) it is a validly existing corporation incorporated under the laws of its place of incorporation;
- (b) it has full capacity, corporate power and lawful authority to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) neither this deed poll nor the carrying out by it of the transactions contemplated by this deed poll does or will conflict with, or result in the breach of or default under, any provision of its constitution or any similar formation document, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Web.com and Web.com Sub have fully performed their obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to Web.com and Web.com Sub in accordance with the details set out below (or any alternative details nominated by Web.com or Web.com Sub by Notice).

Attention	Jeffrey Neace Company Secretary
------------------	------------------------------------

Address	Web.com Group, Inc. 5335 Gate Parkway Jacksonville, Florida 32256
----------------	---



USA

with a copy to

Kevin Ko
Gilbert + Tobin
Level 35, Tower Two, International Towers Sydney
200 Barangaroo Avenue
Barangaroo NSW 2000
Australia

Email address

ineace@web.com; and
sipprelle@sirris.com

with a copy to

kko@gtlaw.com.au

6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By email to the nominated email address	The earlier of: <ul style="list-style-type: none">1 the sender's email server generating a message to the sender confirming that the email has been delivered to the sender ("delivery receipt"), or at the time that the recipient "read" the email as stated in an automated message received by the sender ("read receipt"); or2 two hours after the time the email is sent (as recorded on the device from which the email was sent) unless the sender receives an automated message that the email has not been delivered.



6.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than email as permitted in clause 6.2).

7 General

7.1 Stamp duty

Web.com:

- (a) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under or in connection with the Scheme and this deed poll; and
- (b) indemnifies each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in New South Wales, Australia.
- (b) Web.com and Web.com Sub irrevocably submit to the exclusive jurisdiction of courts exercising jurisdiction in New South Wales, Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. Web.com and Web.com Sub irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.3 Service of process

- (a) Without preventing any other mode of service, any document in an action (including any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its address for service of Notices under clause 6.
- (b) Web.com irrevocably appoints Gilbert + Tobin of Level 35, Tower Two, International Towers Sydney, 200 Barangaroo Avenue, Barangaroo NSW 2000, Australia as its agent for the service of process in Australia in relation to any matter arising out of this deed poll. If Gilbert + Tobin ceases to be able to act as such or have an address in Australia, Web.com agrees to appoint a new process agent in Australia and deliver to Webcentral within 10 Business Days a copy of a written acceptance of appointment by the process agent, upon receipt of which the new appointment becomes effective for the purpose of this deed poll. Web.com must inform Webcentral in writing of any change in the address of its process agent within 5 Business Days of the change.

7.4 Waiver

- (a) Web.com and Web.com Sub may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.



- (b) No Scheme Shareholder may rely on words or conduct of Web.com or Web.com Sub as a waiver of any right unless the waiver is in writing and signed by Web.com or Web.com Sub, as appropriate.
- (c) The meanings of the terms used in this clause 7.4 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.5 Variation

A provision of this deed poll may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by Webcentral; or
- (b) if on or after the First Court Date, the variation is agreed to by Webcentral and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event Web.com and Web.com Sub will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.6 Cumulative rights

The rights, powers and remedies of Web.com, Web.com Sub and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.7 Assignment

- (a) The rights created by this deed poll are personal to Web.com, Web.com Sub and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of Web.com.
- (b) Any purported dealing in contravention of clause 7.7(a) is invalid.

7.8 Joint and several obligations

Web.com and Web.com Sub are jointly and severally liable for each obligation imposed on both of them by the terms of this deed poll.

ANNEXURE 3 DEED POLL CONT.



HERBERT
SMITH
FREEHILLS

7 General

7.9 Further action

Web.com and Web.com Sub must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.



HERBERT
SMITH
FREEHILLS

Attachment 1

Scheme

[Attached]

ANNEXURE 3 DEED POLL CONT.



Signing page

Executed as a deed poll

Web.com Group, Inc.

Signed sealed and delivered by
Web.com Group, Inc. in the
presence of



sign here ▶ Christina L Clohec
Authorised signatory

sign here ▶ Norma Wheeler
Witness

print name Christina Clohec

print name Norma Wheeler

Web.com Sub

Signed sealed and delivered by
Web.com Aus Bidco Pty Ltd
by

sign here ▶ Evan Cross
Company Secretary/Director

sign here ▶ Christina L Clohec
Director

print name Evan Cross

print name Christina Clohec

ANNEXURE 4 NOTICE OF SCHEME MEETING

Annexure 4

Notice of Scheme Meeting

Webcentral Group Limited ACN 073 716 793 (**Webcentral**)

Notice is hereby given that, by an order of the Supreme Court of New South Wales made on 21 August 2020, pursuant to subsection 411(1) of the Corporations Act, a meeting of Webcentral Shareholders will be held as a virtual meeting at www.agmlive.link/wcg20 and by teleconference at 9.00am (Sydney time) on 29 September 2020.

Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which Webcentral and Web.com agree) proposed to be made between Webcentral and Webcentral Shareholders (**Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part.

Scheme Resolution

The meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution:

'That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between Webcentral Group Limited and the holders of its ordinary shares, as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Supreme Court of New South Wales to which Webcentral Group Limited and Web.com Group, Inc. agree.'

Chair

The Court has directed that Andrew Reitzer is to act as chair of the meeting (and that, if Andrew Reitzer is unable or unwilling to attend, Andrew Macpherson is to act as chair of the meeting).

Arrangements for the Scheme Meeting in light of COVID-19

In response to Government restrictions and the potential health risks arising from the COVID-19 pandemic, the Scheme Meeting will be held virtually. There will be no physical meeting.

Webcentral Shareholders can participate in the Scheme Meeting online via www.agmlive.link/wcg20. The online platform will allow Webcentral Shareholders to view the Scheme Meeting, ask questions during the Scheme Meeting, and vote during the Scheme Meeting. To participate and vote online, Webcentral Shareholders will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your holding statement or proxy form) and their postcode (or their country code if outside Australia). Proxyholders will need their proxy code, which Link

ANNEXURE 4 NOTICE OF SCHEME MEETING CONT.

Market Services will provide via email (where requested) no later than 48 hours prior to the Meeting. Further information on the online platform can be found in the Online User Guide available in the Investor Centre section of the Webcentral website (www.webcentralgroup.com.au).

Even if you plan to attend the Scheme Meeting online, we encourage you to submit a directed proxy vote as early as possible by completing and returning the proxy form accompanying this Scheme Booklet or lodging your proxy form online via <https://investorcentre.linkmarketservices.com.au/voting/wcg>.

Webcentral Shareholders can lodge questions prior to the Scheme Meeting by:

- submitting questions via <https://investorcentre.linkmarketservices.com.au/voting/wcg> (enter your details, then select "Ask Question"); or
- completing and returning the question form accompanying this Scheme Booklet by facsimile, to +61 2 9287 0309,

by no later than 5.00pm (Sydney time) on 22 September 2020.

Webcentral Shareholders may also attend the Scheme Meeting by dialling into the teleconference on 1800 572 288 (within Australia) or +61 1800 572 288 (outside Australia) and providing your unique PIN which is located on your proxy form or email relating to the Scheme Meeting if you have elected to receive shareholder communications electronically. Webcentral Shareholders attending by teleconference may also vote during the meeting.

Dated: 21 August 2020

By order of the Court and the Webcentral Board

sign here ►



Chair

print name Andrew Reitzer

Explanatory note

1 General

This notice of scheme meeting relates to the Scheme and should be read in conjunction with Webcentral's scheme booklet dated on or about the date of this notice of scheme meeting (**Scheme Booklet**) of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution.

A copy of the Scheme is set out in Annexure 2 to the Scheme Booklet.

Capitalised terms used but not defined in this notice have the defined meanings set out in section 10 of the Scheme Booklet, unless the context otherwise requires.

2 Shareholder approval

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Scheme Resolution must be agreed to by:

- unless the Court orders otherwise, a majority in number of Webcentral Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Webcentral Shareholders, body corporate representative) at the Scheme Meeting; and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Webcentral Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Webcentral Shareholders, body corporate representative).

3 Court approval

Under paragraph 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court) is subject to the approval of the Court. If the Scheme Resolution is passed by the Requisite Majorities and the other Conditions Precedent to the Scheme (other than approval by the Court) are satisfied or waived (if capable of waiver) by the time required under the Scheme, Webcentral intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

ANNEXURE 4 NOTICE OF SCHEME MEETING CONT.

4 Entitlement to vote

It has been determined that the time for determining eligibility to vote at the Scheme Meeting is 7.00pm (Sydney time) on 27 September 2020. Only those Webcentral Shareholders entered on the Webcentral Share Register at that time will be entitled to attend and vote at the Scheme Meeting, either in person, by proxy or attorney, or in the case of a corporate Webcentral Shareholder, by a body corporate representative. The remaining comments in these explanatory notes are addressed to Webcentral Shareholders entitled to attend and vote at the Scheme Meeting.

5 How to vote

Voting will be conducted by poll.

If you are a Webcentral Shareholder entitled to vote at the Scheme Meeting, you may vote by:

- attending the virtual Scheme Meeting and voting online or by teleconference;
- appointing one or two proxies to attend the virtual Scheme Meeting and vote on your behalf, by returning the proxy form that accompanied the Scheme Booklet (or by lodging your proxy form online);
- appointing an attorney to attend the virtual Scheme Meeting and vote on your behalf, using a power of attorney; or
- in the case of a body corporate, appointing a body corporate representative to attend the virtual Scheme Meeting and vote on your behalf, using a certificate of appointment of body corporate representative.

6 Attendance

Online

Shareholders can watch and participate in the Scheme Meeting virtually, using a web browser or a mobile device, at www.agmlive.link/WCG20.

To participate and vote online you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your holding statement or proxy form) and your postcode (or country code if outside Australia). Proxyholders will need their proxy code, which Link Market Services will provide via email (where requested) no later than 48 hours prior to the Meeting. Further information on the online platform can be found in the Online User Guide available in the Investor Centre section of the Webcentral website (www.webcentralgroup.com.au).

Online participants should register at least 30 minutes before the Scheme Meeting.

Proxy holders, attorneys and corporate representatives will need to contact Link Market Services on +61 1300 853 816 to obtain their login details no later than 24 hours prior to the Scheme Meeting and following lodgement of the appropriate documentation.

Participating in the Scheme Meeting online enables Webcentral Shareholders to view the Scheme Meeting live, ask questions, and vote in real time at the appropriate times during the meeting.

By teleconference

Webcentral Shareholders may also attend the Scheme Meeting by dialling into the teleconference on 1800 572 288 (within Australia) or +61 1800 572 288 (outside Australia) and providing their unique PIN which is located on your proxy form or email relating to the Scheme Meeting if you have elected to receive shareholder communications electronically. Webcentral Shareholders attending by teleconference may also vote during the meeting.

7 Jointly held securities

If you hold Webcentral Shares jointly with one or more persons, only one of you may vote. If more than one of you attempts to vote in person at the meeting, only the vote of the holder whose name appears first on the Webcentral Share Register will be counted.

See also the comments in paragraph 9.2 below regarding the appointment of a proxy by persons who jointly hold Webcentral Shares.

8 Technical difficulties

Technical difficulties may arise during the course of the Scheme Meeting. The Chair has discretion as to whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising their discretion, the Chair will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the Chair considers it appropriate, the Chair may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, shareholders are encouraged to lodge a proxy by 9.00am (Sydney time) on 27 September 2020 even if they plan to attend online.

9 Voting

9.1 Voting in person

To vote in person, you must attend the meeting either online, which will be available at www.agmlive.link/wcg20, or by teleconference on 1800 572 288 (within Australia) or +61 1800 572 288 (outside Australia).

9.2 Voting by proxy

A Webcentral Shareholder entitled to attend and vote at the Scheme Meeting may appoint a person to attend and vote at the virtual Scheme Meeting as their proxy. A Webcentral Shareholder who is entitled to cast two or more votes at the Scheme Meeting may appoint one or two proxies. Your proxy need not be another Webcentral Shareholder. Each proxy will have the right to vote on the poll and also to ask questions at the meeting.

To appoint a proxy, you should complete and return the proxy form that accompanied the Scheme Booklet in accordance with the instructions on that form or lodge your proxy form

ANNEXURE 4 NOTICE OF SCHEME MEETING CONT.

online. You must deliver the signed and completed proxy form to the Webcentral Share Registry by 9.00am (Sydney time) on 27 September 2020 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) **Online:**
at <https://investorcentre.linkmarketservices.com.au/voting/wcg> (in accordance with the instructions given there)
- (b) **by post in the provided reply paid envelope or to the Webcentral Share Registry at the following address:**
Link Market Services Limited
Locked Bag A14
South Sydney NSW 1235 Australia
- (c) **by hand delivery (during normal business hours) to the Webcentral Share Registry at the following address:**
Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

or
Level 12, 680 George Street
Sydney NSW 2000
- (d) **by fax to the Webcentral Share Registry on:**
+61 2 9287 0309 (within and outside of Australia)

Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the Webcentral Share Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Webcentral Share Registry before the start of the meeting (or, if the meeting is adjourned or postponed, before the resumption of the meeting in relation to the resumed part of the meeting) in any of the ways described in paragraphs 9.2(b), 9.2(c) or 9.2(d) above.

If you wish to appoint a second proxy, a second proxy form should be used and you should clearly indicate on the second proxy form that it is a second proxy and not a revocation of your first proxy. Both proxy forms should be returned together in the same envelope (if you are submitting a hardcopy proxy form). If you wish to appoint two proxies using hardcopy proxy forms, you will need to obtain a second proxy form. Please contact the Webcentral Share Registry on 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia) to obtain an additional proxy form.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the proxy forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

If you hold Webcentral Shares jointly with one or more other persons, in order for your proxy appointment to be valid, either Webcentral Shareholder may sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolution, or

whether to leave the decision to the proxy after he or she has considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the Chair of the meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the meeting, the Chair of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The Chair of the meeting intends to vote all valid undirected proxies which nominate the Chair in favour of the Scheme Resolution, in the absence of a Superior Proposal.

9.3 Voting by attorney

You may appoint an attorney to attend and vote at the virtual meeting on your behalf. Your attorney need not be another Webcentral Shareholder. Each attorney will have the right to vote on the poll and also to ask questions at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, Webcentral) and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be received by the Webcentral Share Registry by 9.00am (Sydney time) on 27 September 2020 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) **by post in the provided reply paid envelope or to the Webcentral Share Registry at the following address :**
- Link Market Services Limited
Locked Bag A14
South Sydney NSW 1235 Australia
- (b) **by hand delivery (during normal business hours) to the Webcentral Share Registry at the following address :**
- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138
- or
- Level 12, 680 George Street
Sydney NSW 2000
- (c) **by fax to the Webcentral Share Registry on:**
- +61 2 9287 0309 (within and outside of Australia)

Please note that the power of attorney or a certified copy of the power of attorney cannot be lodged online.

ANNEXURE 4 NOTICE OF SCHEME MEETING CONT.

9.4 Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Webcentral will require a certificate of appointment body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate of appointment may be downloaded via www.linkmarketservices.com.au or obtained from the Webcentral Share Registry by calling 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia), Monday to Friday (excluding public holidays) between 8.30am to 7.30pm (Sydney time). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be received by the Webcentral Share Registry before 9.00am (Sydney time) on 27 September 2020 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

- (a) **by post in the provided reply paid envelope or to the Webcentral Share Registry at the following address:**
Link Market Services Limited
Locked Bag A14
South Sydney NSW 1235 Australia
- (b) **by hand delivery (during normal business hours) to the Webcentral Share Registry at the following address:**
Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

or
Level 12, 680 George Street
Sydney NSW 2000
- (c) **by fax to the Webcentral Share Registry on:**
+61 2 9287 0309 (within and outside of Australia)

Please note that a certificate of appointment of body corporate representative cannot be lodged online.

If a certificate is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Webcentral Share Registry.

10 Questions

The Chair will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the Scheme Meeting. However, there may not be sufficient time available at the Scheme Meeting to address all of the questions raised. Please note that individual responses will not be sent to shareholders.

11 Advertisement

Where this notice of scheme meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the meeting from the ASX website (www.asx.com.au) or by contacting the Company Secretary of Webcentral or the Webcentral Share Registry.

CORPORATE DIRECTORY

Webcentral Group Limited

(ABN 21 073 716 793)

Level 23

680 George Street

Sydney New South Wales 2000

Australia

Financial adviser

Macquarie Capital

Macquarie Capital (Australia) Limited

Level 35, South Tower, 80 Collins Street

Melbourne, Victoria 3000

Australia

Webcentral Share Registry

Link Market Services Limited

Tower 4, 727 Collins Street

Melbourne, Victoria 3000

Australia

Postal Address

Locked Bag A14

Sydney South, New South Wales 1235

Australia

Legal adviser

Herbert Smith Freehills

Level 34, ANZ Tower

161 Castlereagh Street

Sydney New South Wales 2000

Australia

Stock exchange listing

Webcentral ordinary shares are quoted by the Australian Securities Exchange (ASX:WCG).



Webcentral
GROUP



Webcentral
GROUP

ABN 21 073 716 793

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Webcentral Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
(Or using the reply paid envelope provided)



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

Unique PIN:

(for telephone attendance)

Australia : 1800 572 288
Worldwide: +61 1800 572 288

PROXY FORM

I/We being a shareholder(s) of Webcentral Group Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ the Chair of the Meeting (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy and their email address in these boxes.

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chair of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Scheme Meeting of the Company to be held at **9:00am (Sydney time) on Tuesday, 29 September 2020 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at <https://agmlive.link/WCG20> or attend by dialing into the teleconference (refer to details in the Notice of Meeting).

The Chair of the Meeting intends to vote undirected proxies in favour of the Resolution.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

Resolution

For Against Abstain*

- 1 That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between Webcentral Group Limited and the holders of its ordinary shares, as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Supreme Court of New South Wales to which Webcentral Group Limited and Web.com Group, Inc. agree.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all shareholders must sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

WCG PRX2002N

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chair of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name email address of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the Resolution. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolution, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all shareholders must sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001* (Cth)) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received prior to admission in accordance with the Notice of Scheme Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:00am (Sydney time) on Sunday, 27 September 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using one of the following options:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" – Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MAIL

Webcentral Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

(Or using the reply paid envelope provided)



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)