

7 September 2020

WEBCENTRAL GROUP LIMITED (ASX: WCG)

5G NETWORKS TAKEOVER PROPOSAL

Webcentral Group Limited (**Webcentral**) refers to the ASX announcement made on 4 September 2020 by 5G Networks Limited (**5GN**), which referred to a placement by 5GN and that 5GN intends to use the proceeds from the placement to “potentially fund an acquisition of Webcentral Group Limited and the refinancing of Webcentral’s outstanding debt”. Webcentral understands that this placement has now completed.

5GN PROPOSAL

Webcentral has received a non-binding indicative proposal from 5GN to acquire all of the shares in Webcentral (**5GN Proposal**).

The key features of the 5GN Proposal include:

- The transaction would be conducted as an off-market takeover bid.
- The pre-conditions to the takeover bid are the negotiation and entry into a bid implementation agreement between 5GN and Webcentral and a unanimous Webcentral board recommendation.
- The consideration under the takeover bid would be 1 5GN share for every 12 Webcentral shares.
- The only proposed defeating conditions to the takeover bid are (a) a 50.1% minimum acceptance condition, (b) a no ‘prescribed occurrences’ condition¹ and (c) a no material adverse change condition². 5GN will declare the offers under its takeover bid wholly unconditional upon obtaining a relevant interest in at least 50.1% of Webcentral shares (assuming no other defeating condition has been breached before 5GN obtains such a relevant interest).
- 5GN proposes to provide a loan to Webcentral to allow Webcentral to pay its existing financiers the full amount outstanding under its existing debt facilities.
- The 5GN Proposal is not conditional on 5GN raising further financing or undertaking due diligence.

¹ This condition relates to the occurrences listed in section 652C of the *Corporations Act 2001* (Cth).

² This condition is on substantially the same terms as the material adverse change condition in clause 3.1(g) of the scheme implementation deed between Web.com and Webcentral dated 12 July 2020.

MATCHING RIGHT

The Webcentral Board has carefully assessed the 5GN Proposal to determine if it is, in the view of the Webcentral Board, a Superior Proposal³ to the proposed scheme of arrangement under which Web.com Group, Inc. (**Web.com**) proposes to acquire all of the shares in Webcentral for A\$0.10 per Webcentral share (**Scheme**).

The Webcentral Board has determined that the 5GN Proposal is a Superior Proposal and accordingly has commenced the matching right process outlined in the scheme implementation deed between Web.com and Webcentral (**SID**). Web.com now has a 5 business day period in which to provide a matching or superior proposal to the 5GN Proposal. If Web.com announces or provides a revised proposal to Webcentral during this period, the Webcentral directors, acting reasonably and in good faith, will consider that proposal in accordance with the process set out in the SID.

TAKE NO ACTION

Webcentral advises that no action should be taken by Webcentral shareholders pending the assessment of the 5GN Proposal by the Webcentral Board and its advisers in light of the outcome of the matching right process.

The Webcentral directors note that there is no assurance that the 5GN Proposal will proceed or that Web.com will propose a matching or superior proposal.

The SID provides that Webcentral must use its best endeavours to procure that none of the Webcentral directors change their recommendation in favour of the Scheme until after the conclusion of the matching right process.

In light of the above, no Webcentral Board Member recommends, supports or endorses the 5GN Proposal at this stage and the Webcentral Board continues to unanimously recommend that Webcentral shareholders vote in favour of the Scheme at the scheme meeting - Webcentral shareholders are referred to Webcentral's ASX announcement dated 13 July 2020 and Webcentral's scheme booklet dated 21 August 2020 for further information and details.

Webcentral will keep Webcentral shareholders informed of any material developments.

VOTING INTENTIONS OF 5GN AND KEYBRIDGE

Webcentral notes that 5GN stated in its Investor Presentation (released to the ASX on 4 September 2020) that "5GN has acquired a 10.2% strategic interest in Webcentral" (which Webcentral understands was principally acquired from Merchant Funds Management Pty Ltd⁴) and that "5GN confirms that it does not intend to vote its 10.2% interest in Webcentral in favour of the scheme with Web.com". This intention was also confirmed to Webcentral in the 5GN Proposal.

Keybridge Capital Limited (**Keybridge**), whose last public disclosure indicated that it has a 9.24% economic interest in Webcentral shares (comprising 5.94% by way of physical holding and 3.3% by

³ 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.

⁴ See Merchant Fund Management Pty Ltd's Form 605 released on the ASX on 4 September 2020.

way of a cash settled swap),⁵ has advised Webcentral that Keybridge “presently intends” to vote against the Scheme.

FURTHER INFORMATION

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

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

No investment advice or offer

This announcement has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any Webcentral shareholder or any other person. Nothing in this announcement constitutes, or should be taken as, financial product advice. The Webcentral directors strongly encourage Webcentral shareholders to seek independent financial and taxation advice before making any investment decision or determining what (if anything) to do in response to this announcement. If any investor is in doubt as to the course they should follow, they should consult an independent and appropriately licensed and authorised professional adviser.

This announcement does not constitute or contain an offer to Webcentral shareholders, or a solicitation of an offer from Webcentral shareholders, in any jurisdiction.

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.

⁵ See Keybridge's Form 603 released on the ASX on 10 August 2020.