

1 October 2020

WEBCENTRAL GROUP LIMITED (ASX: WCG)

5GN TAKEOVER BID – TARGET’S STATEMENT

Webcentral Group Limited (ASX:WCG) (**Webcentral**) refers to its ASX announcement dated 17 September 2020 relating to the off-market takeover bid for all the shares in Webcentral by 5G Networks Limited (**5GN**) (**5GN Takeover Bid**).

As required by item 14 of section 633(1) of the *Corporations Act 2001* (Cth), attached is a copy of Webcentral’s target’s statement in relation to the 5GN Takeover Bid.

The Webcentral Board unanimously recommends that Webcentral shareholders accept the offer from 5GN under the 5GN Takeover Bid, in the absence of a Superior Proposal.

The Webcentral Directors, who collectively have a relevant interest in approximately 19% of the total number of Webcentral shares on issue, intend to accept, or procure acceptance of, the offer under the 5GN Takeover Bid, in respect of all those Webcentral shares, in the absence of a Superior Proposal.

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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Andrew Reitzer
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The release of this announcement to the ASX was authorised by Webcentral’s Board of Directors.



Webcentral
GROUP

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately.

Target's Statement

This Target's Statement has been issued in response to the off-market takeover bid made by 5G Networks Limited (ACN 163 312 025) for all the ordinary shares in Webcentral Group Limited (ACN 073 716 793).

YOUR DIRECTORS UNANIMOUSLY RECOMMEND YOU

ACCEPT

THE TAKEOVER BID FROM 5GN IN THE ABSENCE OF A SUPERIOR PROPOSAL.

FINANCIAL ADVISER

LEGAL ADVISER



MACQUARIE



HERBERT
SMITH
FREEHILLS

IMPORTANT NOTICES

Nature of this document

This document is a Target's Statement issued by Webcentral Group Limited under Part 6.5 Division 3 of the Corporations Act in response to the off-market takeover bid made by 5G Networks Limited for all the Webcentral Shares. A copy of this Target's Statement was lodged with ASIC and given to ASX on, and is dated, 1 October 2020. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the content of this Target's Statement.

Webcentral Shareholder information line

Webcentral has established a Webcentral Shareholder information line which Webcentral Shareholders may call if they have any queries in relation to the Offer. The telephone number for the Webcentral Shareholder information line is 1300 853 816 (for calls made from within Australia) or +61 1300 853 816 (for calls made from outside Australia). Calls to the Webcentral Shareholder information line may be recorded. Further information relating to 5GN's Offer can be obtained from in the Investor Centre section of the Webcentral website (www.webcentralgroup.com.au).

Defined terms

A number of defined terms are used in this Target's Statement. These terms are explained in section 12 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. The Webcentral Directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Disclaimer as to forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Webcentral operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of Webcentral, the other Webcentral Group Members, the officers and employees of Webcentral or the other Webcentral Group Members, other persons named in this Target's Statement with their consent and the persons involved in the preparation of this Target's Statement, makes any representation or warranty (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, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Risk factors

Webcentral Shareholders should note that there are a number of risk factors associated with either accepting the Offer or rejecting the Offer. Section 7 of this Target's Statement sets out further information on those risks.

Disclaimer as to information about 5GN

The information on 5GN contained in this Target's Statement has been prepared by Webcentral using publicly available information. The information in this Target's Statement concerning 5GN and their assets and liabilities, financial position and performance, profits and losses and prospects, has not been independently verified by Webcentral. Accordingly Webcentral does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it 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 Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Charts, diagrams and rounding

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement. A number of amounts, percentages, prices, estimates and other figures in this Target's Statement are subject to the effect of rounding. Accordingly, actual numbers may differ from those set out in this Target's Statement.

Websites are not part of this Target's Statement

Any website links in this Target's Statement are for your reference only. Information contained in, or otherwise accessible from, those websites does not form part of this Target's Statement.

Privacy

Webcentral has collected your information from the Webcentral Share Register for the purpose of providing you with this Target's Statement. The type of information Webcentral has collected about you includes your name, contact details and information on your shareholding in Webcentral. Without this information, Webcentral would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Webcentral Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Webcentral's Related Bodies Corporate and external service providers (such as the Webcentral Share Register and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Webcentral, please contact Link Market Services at the address shown in the Corporate Directory. Webcentral's privacy policy is available at www.webcentralgroup.com.au/privacy-policy/. The registered address of Webcentral is Level 23, 680 George Street, Sydney NSW 2000.

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Letter from the Chair of the Webcentral Board

1 October 2020

Dear Webcentral Shareholder,

Takeover bid by 5G Networks Limited

On 17 September 2020, Webcentral Group Limited (**Webcentral**) entered into a bid implementation deed with the ASX-listed entity 5G Networks Limited (**5GN**) in relation to the offer by 5GN to acquire all the Webcentral Shares for the consideration of 1 5GN Share for every 12 Webcentral Shares held by a Webcentral Shareholder under an off-market takeover bid. You should have recently received 5GN's Bidder's Statement containing information in relation to the Offer.

Your Webcentral Directors unanimously recommend that you **ACCEPT** the Offer, in the absence of a Superior Proposal. In addition, each Webcentral Director intends to **ACCEPT**, or procure the acceptance of, the Offer in respect of all Webcentral Shares in which they have a Relevant Interest, in the absence of a Superior Proposal. The Webcentral Directors collectively have a Relevant Interest in approximately 19% of the total number of Webcentral Shares on issue.

Key reasons to ACCEPT

In summary, the key reasons why the Webcentral Directors recommend that you **ACCEPT** the Offer, in the absence of a Superior Proposal, are:

- the Offer provides an opportunity for Webcentral Shareholders to participate in a stronger, larger and more diversified business with potential benefits of scale, thus giving Webcentral Shareholders the opportunity to gain exposure to potential growth in the 5GN business;
- by accepting the Offer, Webcentral Shareholders will:
 - retain an indirect interest in the Webcentral business through their shareholding in 5GN and will have the ability to participate in any turnaround of Webcentral; and
 - have an ongoing exposure to potential improvement in the performance of Webcentral after a period of underperformance;
- 5GN has agreed to provide a loan to Webcentral to address the significant issues summarised below under the heading "*Webcentral's challenging financial situation*";
- the Offer Consideration represents a significant premium to Webcentral's trading prices prior to the announcement of the Web.com Scheme on 13 July 2020;
- the Offer is the outcome of a competitive auction process for Webcentral; and
- by accepting the Offer, Webcentral Shareholders may be entitled to access CGT roll over upon the disposal of their Webcentral Shares.¹

¹ A general outline of the Australian taxation considerations of accepting the Offer is set out in the Tax Adviser's Letter in section 10 of this Target's Statement.

A detailed explanation of the reasons to accept the Offer are provided in this letter and also in section 1.1 of this Target's Statement. Section 1.2 of this Target's Statement sets out reasons why you may wish not to accept the Offer. In addition, this Target's Statement sets out other matters and considerations that may be relevant to your decision as to whether to accept the Offer.

Webcentral's challenging financial situation

Importantly, 5GN has agreed to provide a loan to Webcentral to enable Webcentral to repay its Existing Financiers in full (if 5GN acquires a Relevant Interest in at least 50.1% of the Webcentral Shares and the Offer becomes or is declared wholly unconditional).²

In the event that 5GN does not acquire a Relevant Interest in at least 50.1% of the Webcentral Shares and the 5GN Secured Loan is not available to be drawn by Webcentral to ensure repayment of Webcentral's Existing Debt Facilities in full, there is no assurance that Webcentral's Existing Financiers will remain supportive of Webcentral. In this regard, it is important to note that the Existing Financiers currently have the right to cancel, and demand repayment of, the Existing Debt Facilities upon providing Webcentral with 60 days' written notice. In any event, the total amount drawn under the Existing Debt Facilities (being approximately \$47.7 million as at 31 August 2020) matures on 2 July 2021. This includes an amount of \$2.5 million, which matures on 30 November 2020.

In addition, it is expected to be challenging for Webcentral to find an alternative refinancing solution on terms that are commercially similar to the Existing Debt Facilities or commercially reasonable or at all, particularly in light of the challenges that have arisen as a result of the COVID-19 pandemic, Webcentral's declining liquidity, decreasing cash receipts, committed costs, high Net Leverage Ratio and Webcentral's failure to satisfy its financial covenants in four consecutive reporting periods (it is expected that Webcentral will also fail to satisfy its financial covenants for its next (fifth) reporting period, being the period ending 30 September 2020).

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 become insolvent in the near future.

It is important to note that, even prior to completion of the Takeover Bid, 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 that 5GN does not acquire a Relevant Interest in at least 50.1% of the Webcentral Shares and the 5GN Secured Loan is not available to be drawn by Webcentral, it is likely that Webcentral will have insufficient available liquidity to meet the amount of \$2.5 million due to the Existing Financiers on 30 November 2020.³

In light of Webcentral's challenging financial situation, the Webcentral Directors unanimously recommend that Webcentral Shareholders **ACCEPT** the Offer before its currently scheduled closing time of 7.00pm (Sydney time) on 20 October 2020, in the absence of a Superior Proposal.

² Further details of the proposed refinancing arrangements, including the circumstances in which it will be available to Webcentral are set out in section 8.1 of this Target's Statement.

³ An amount of \$2.5 million matures and is repayable on 30 November 2020.

Background to the Offer

On 13 July 2020, Webcentral announced that it had entered into a scheme implementation deed with Web.com (**Web.com SID**) under which Web.com proposed to acquire all of the Webcentral Shares by way of scheme of arrangement for \$0.10 per Webcentral Share. As mentioned in sections 5.3 and 5.4, the Web.com Scheme emerged from the Strategic Review process undertaken by Webcentral which commenced in September 2019.

Subsequent to entering into the Web.com SID, Webcentral received a non-binding indicative proposal from 5GN to acquire all of the Webcentral Shares by way of an all scrip off-market takeover bid – the 5GN Proposal was stated to be subject to two pre-conditions:

(1) negotiation of and entry into a bid implementation deed between 5GN and Webcentral and (2) a unanimous recommendation of the Webcentral Board. In addition, 5GN required the termination of the Web.com SID and confirmation that the Web.com Scheme would no longer proceed.

The Webcentral Board determined that the 5GN Proposal was a “superior proposal” (within the meaning of the Web.com SID) and accordingly commenced the matching right process in the Web.com SID.

As part of the matching right process, Web.com provided a counterproposal to Webcentral offering to increase the cash consideration payable under the Web.com Scheme to \$0.155 for each Webcentral Share (**Web.com Counterproposal**). On 17 September 2020, Webcentral announced that Web.com had provided a further proposal to increase the consideration payable under the Web.com Scheme to \$0.18 per Webcentral Share (**Revised Web.com Proposal**).

The Webcentral Board determined that, notwithstanding the proposed headline cash offer of \$0.18 per Webcentral Share under the Revised Web.com Proposal, the 5GN Proposal offered Webcentral Shareholders:

- ongoing exposure to potential improvement in the performance of Webcentral after a period of underperformance and a declining share price for Webcentral;
- value from any potential benefits of scale and potential synergies and cost savings of the combined group made up of 5GN and Webcentral;
- opportunity to gain exposure to potential growth in the 5GN business;
- the ability to participate in any turnaround of Webcentral; and
- less completion risk and higher execution certainty as compared to the Web.com Scheme.

The Webcentral Board determined that the 5GN Proposal was a superior proposal to the Web.com Counterproposal and the Revised Web.com Proposal, and entered into the Bid Implementation Deed with 5GN to give effect to the 5GN Proposal and terminated the Web.com SID. The scheme meeting to vote on the Web.com Scheme (previously scheduled for 29 September 2020) was cancelled.

Prior to making this determination and entering into the Bid Implementation Deed with 5GN, the Webcentral Board canvassed, and took into account, the views of a number of the major Webcentral Shareholders in relation to the 5GN Proposal and the Revised Web.com Proposal.

Offer highlights

- **Opportunity to participate in future of both businesses:** Unlike the Web.com Scheme, the Offer provides Webcentral Shareholders the opportunity to participate in a larger and more diversified business with potential benefits of scale, potential synergies and cost savings, and potentially greater liquidity.⁴ 5GN

⁴ See 5GN's ASX announcement, “Investor Presentation - WCG Off-Market Takeover Bid”, dated 18 September 2020 and see also section 3.6 of the Bidder's Statement.

has stated that it has a demonstrated acquisition and turnaround expertise having acquired seven businesses since 2017 and a strong track record in identifying and implementing cost and revenue synergies from these acquisitions.⁵

5GN has stated:

- it believes that there are significant synergies and savings that can be delivered across the 5GN and Webcentral businesses;
- in a scenario where 5GN acquires 100% of Webcentral and the businesses are combined, 5GN expects that synergies and savings across both businesses of over \$7 million per annum on a run rate basis can be generated; and
- on a strategic shareholding basis, where 5GN does not acquire 100% of Webcentral, 5GN expects that synergies and savings across both businesses of over \$3 million per annum on a run rate basis can be generated.⁶

Webcentral Shareholders who accept the Offer will participate in any benefits arising from 5GN's lower leveraged capital structure, the potential turnaround opportunity at Webcentral and 5GN's expertise and its asset base.⁷

5GN is a licenced telecommunications carrier operating across Australia and international markets. If the Offer is successful, Webcentral Shareholders who have accepted the Offer will have exposure to a larger merged entity with a more diverse business and the potential benefits of scale described by 5GN.⁸

- **Less completion risk:** An important consideration for the Webcentral Directors was that the 50.1% minimum acceptance condition under the Offer⁹ represented a lower approval threshold than under the Web.com Scheme. The Web.com Scheme would have required approval from a majority in number of Webcentral Shareholders present and voting at the scheme meeting and by at least 75% of the votes cast at the scheme meeting.¹⁰ In other words, there would have been additional completion risk associated with the Web.com Scheme which, given Webcentral's challenging financial situation, was an important consideration for the Webcentral Directors. In this regard, 5GN (which, on 17 September 2020, had a Relevant Interest in approximately 10.07% of the Webcentral Shares) confirmed to Webcentral that it would have voted, or procured the vote of, all the Webcentral Shares in which it has a Relevant Interest against the Web.com Scheme even if the consideration had been increased to \$0.155 per Webcentral Share. 5GN also confirmed to Webcentral that it would have voted, or procured the vote of, all the Webcentral Shares in which it has a Relevant Interest against the Web.com Scheme even if the consideration had been increased to \$0.18 per Webcentral Share.
- **Limited conditionality:** The Offer is subject to a limited number of Bid Conditions, the full details of which are set out in section 15.8 of the Bidder's Statement. The

⁵ See section 3.4 of the Bidder's Statement.

⁶ See section 11.10 of the Bidder's Statement. In section 11.10, 5GN has included some cautionary language around the ability to generate these potential synergies and cost savings and a number of other important factors to consider. Webcentral Shareholders are strongly encouraged to read section 11.10 and the Bidder's Statement in full. Potential synergy and cost savings numbers were prepared by 5GN. Neither Webcentral nor any of its directors, officers, employees or advisers assumes any responsibility or makes any representation or warranty, express or implied, as to the accuracy, completeness of such information, or achievability of such numbers. See also section 11.5 of this Target's Statement.

⁷ See 5GN's ASX announcement, "Capital Raising to Accelerate Strategic Growth Initiatives", dated 4 September 2020.

⁸ See page 6 of the Bidder's Statement.

⁹ See section 15.8(A) of the Bidder's Statement.

¹⁰ In each case, voting either in person or by proxy or representative.

Offer is not subject to any regulatory or shareholder approvals, financing or due diligence. The Bid Conditions in summary are:

- 5GN obtaining a Relevant Interest in at least 50.1% of Webcentral Shares (the “50.1% minimum acceptance condition”);¹¹
 - no prescribed occurrences occurring; and
 - no material adverse change occurring with respect to Webcentral.
- **Wholly unconditional at 50.1%:** 5GN has stated publicly and in its Bidder's Statement that it will declare the Offer wholly unconditional as soon as possible (and in any event, within one business day) after 5GN obtains a Relevant Interest in at least 50.1% of all Webcentral Shares, unless any Bid Condition has been breached prior to the date on which 5GN obtains such a Relevant Interest. The Offer therefore offered greater transaction certainty than the Web.com Scheme.

Attractive premium to undisturbed share price and implied value

The Offer Consideration represents a significant premium to Webcentral's undisturbed share price prior to the announcement of the Web.com Scheme on 13 July 2020, which closed at \$0.064 per Webcentral Share on the last trading day prior to the announcement of the Web.com Scheme. The Offer Consideration represents a:

- 131.8% premium to Webcentral's undisturbed share price based on the closing price of 5GN Shares on 16 September 2020 (being the last trading day before the announcement of the Offer) of \$1.78 per 5GN Share;
- 149.8% premium to Webcentral's undisturbed share price based on the 30-day VWAP of 5GN Shares to 16 September 2020 of \$1.92 per 5GN Share; and
- 107.4% premium to Webcentral's undisturbed share price based on the 90-day VWAP of 5GN Shares to 16 September 2020 of \$1.59 per 5GN Share.

The Offer Consideration represents approximately:

- \$0.16 per Webcentral Share, and implies an equity value of Webcentral of approximately \$19.5 million based on the 30-day VWAP of 5GN Shares to 16 September 2020 of \$1.92 per 5GN Share;
- \$0.153 per Webcentral Share, and implies an equity value of Webcentral of approximately \$18.7 million based on the 8-day (all trading days following 5GN's \$27.5 million placement) VWAP of 5GN Shares to 16 September 2020 of \$1.83 per 5GN Share;
- \$0.149 per Webcentral Share, and implies an equity value of Webcentral of approximately \$18.2 million based on the 16-day (all trading days following 5GN's \$27.5 million placement) VWAP of 5GN Shares to 29 September 2020 (being the Last Practicable Date) of \$1.78 per 5GN Share; and
- \$0.135 per Webcentral Share, and implies an equity value of Webcentral of approximately \$16.5 million based on the closing price of 5GN Shares on 29 September 2020 (being the Last Practicable Date) of \$1.625 per 5GN Share.

The price and value of a 5GN Share has the potential to change over time as a result of a variety of factors (some of which are beyond 5GN's control), including 5GN's future financial performance, 5GN's ability to realise the potential synergies and cost savings referred to above, and general economic and market conditions.

¹¹ 5GN has publicly disclosed in a substantial holder notice filed with the ASX on 30 September 2020 that it had a Relevant Interest in approximately 11.31% of the Webcentral Shares, which count towards satisfying the 50.1% minimum acceptance condition. The Webcentral Directors, who collectively have a Relevant Interest in approximately 19% of the total number of Webcentral Shares on issue, intend to accept, or procure acceptance of, the Offer, in respect of all those Webcentral Shares, in the absence of a Superior Proposal.

Risks of remaining a minority Webcentral Shareholder

If 5GN acquires at least 50.1% but less than 90% of the Webcentral Shares then, assuming all other Bid Conditions are fulfilled or freed, 5GN will acquire a majority shareholding in Webcentral. Accordingly, Webcentral Shareholders who do not accept the Offer will become minority shareholders in Webcentral.

In addition, Webcentral Shareholders should be mindful that 5GN has stated that if it does not acquire 100% of the Webcentral Shares, it will require Webcentral to repay the loans provided by 5GN Finance to Webcentral. 5GN expects the loans to be repaid out of earnings of Webcentral, or that further debt or equity capital will be raised by Webcentral to repay the loans provided by 5GN Finance. If you remain a Webcentral Shareholder and become a minority shareholder, if Webcentral undertakes an equity raising to repay some or all of the loans provided by 5GN Finance, it is reasonable to expect that it will likely be at a material discount to the then prevailing share price and if any Webcentral Shareholders do not participate in that equity raising, they are likely to be materially diluted.

There are a number of possible risks for a minority shareholder in Webcentral, some of which are set out in section 7.3 of this Target's Statement. If the risks that apply to remaining a minority shareholder in Webcentral (as well as the other risks of continued investment in Webcentral) conflict with your individual risk profile, you should strongly consider these implications in making your decision as to whether to **ACCEPT** the Offer.

Next steps

The Webcentral Directors encourage you to read this Target's Statement, and the Bidder's Statement, in their entirety and seek independent advice if you are in any doubt as to what you should do in response to the Offer.

The Offer is due to close at 7.00pm (Sydney time) on 20 October 2020, unless extended or withdrawn. To accept the Offer, you should follow the instructions outlined in the Bidder's Statement and on the Acceptance Form.

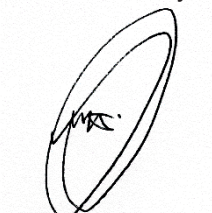
Further information

The Webcentral Directors will keep you informed via the ASX website if there are any material developments in respect of the Offer.

If you have questions about the information contained in this Target's Statement, please call the Webcentral Shareholder information line on 1300 853 816 (for callers in Australia) or +61 1300 853 816 (for callers outside Australia). Further information relating to 5GN's Offer can be obtained from the Investor Centre section of the Webcentral website (www.webcentralgroup.com.au).

On behalf of the Webcentral Directors, I would like to take this opportunity to thank you for your support of Webcentral.

Yours sincerely

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

Andrew Reitzer
Chair, Webcentral Group Limited

1 Reasons to accept or reject the Offer

1.1 Reasons to accept the Offer

(a) **Your Webcentral Directors' recommendation**

The Webcentral Directors unanimously recommend that Webcentral Shareholders accept the Offer, in the absence of a Superior Proposal. In addition, each Webcentral Director intends to accept, or procure the acceptance of, the Offer in respect of all Webcentral Shares in which they have a Relevant Interest, in the absence of a Superior Proposal.

In making this recommendation, the Webcentral Directors have considered the advantages and disadvantages of the Offer as well as all the other information contained in, and matters referred to in, this Target's Statement.

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

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

- as at 31 August 2020, the total amount drawn under the Existing Debt Facilities was approximately \$47.7 million; and
- the total amount drawn under the Existing Debt Facilities matures on 2 July 2021.¹²

Additionally, as at 30 June 2020, Webcentral's Net Leverage Ratio was approximately 5.41x.¹³ 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.

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 (see section 5.3 and section 5.4 of this Target's Statement for further details). 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.

5GN has agreed to provide the 5GN Secured Loan to Webcentral to enable Webcentral to repay its Existing Financiers in full, if 5GN acquires a Relevant Interest in at least 50.1% of the Webcentral Shares and the Offer becomes or is declared wholly unconditional (see section 8.1 of this Target's Statement for further details of the 5GN Secured Loan, including the circumstances in which it will be available to Webcentral).

In the event that 5GN does not acquire a Relevant Interest in at least 50.1% of the Webcentral Shares and the 5GN Secured Loan is not available to be drawn by Webcentral, it is likely that Webcentral will have insufficient available liquidity to meet the amount of \$2.5 million due to the Existing Financiers on 30 November 2020,¹⁴ and 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 similar to the Existing Debt Facilities or commercially reasonable or at all, particularly in light of the challenges that have arisen as a result of the

¹² This excludes an amount of \$2.5 million, which matures on 30 November 2020.

¹³ Based on net debt of \$44.82 million and consolidated underlying EBITDA (which excludes one-off items such as transaction costs, restructuring costs etc.) for the 12 months ended 30 June 2020 of \$8.28 million.

¹⁴ An amount of \$2.5 million matures and is repayable on 30 November 2020.

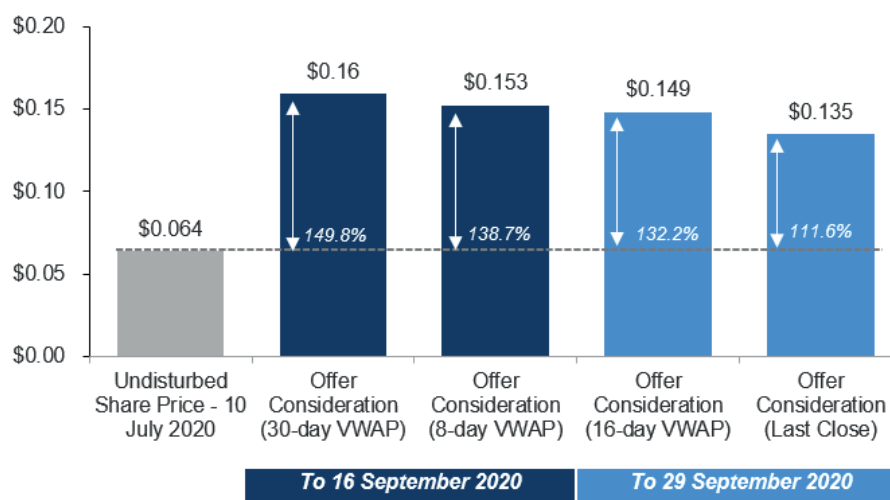
COVID-19 pandemic, Webcentral's declining liquidity, decreasing cash receipts, committed costs, high Net Leverage Ratio and Webcentral's failure to satisfy its financial covenants in four consecutive reporting periods (it is expected that Webcentral will also fail to satisfy its financial covenants for its next (fifth) reporting period, being the period ending 30 September 2020).

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 become insolvent in the near future.

For further details on Webcentral's Existing Debt Facilities, see section 5.5.

(c) **The Offer Consideration represents a significant premium to Webcentral's historical trading prices**

As set out in the Letter from the Chair of the Webcentral Board at the front of this Target's Statement and shown in the graph below, the Offer Consideration represents a significant premium to Webcentral's undisturbed share price prior to the announcement of the Web.com Scheme on 13 July 2020, which closed at \$0.064 per Webcentral Share on the last trading day prior to the announcement of the Web.com Scheme.



The price and value of a 5GN Share has the potential to change over time as a result of a variety of factors (some of which are beyond 5G's control), including 5GN's future financial performance, 5GN's ability to realise the potential synergies and cost savings referred to above,¹⁵ and general economic and market conditions.

(d) **Opportunity for Webcentral Shareholders to participate in a larger and more diversified business with potential benefits of scale**

The Offer provides Webcentral Shareholders the opportunity to participate in a larger and more diversified business with potential benefits of scale, potential synergies and savings, and potentially greater liquidity.¹⁶ 5GN has stated that it

¹⁵ See the Chairman's Letter at the front of this Target's Statement.

¹⁶ See 5GN's ASX announcement, "Investor Presentation - WCG Off-Market Takeover Bid", dated 18 September 2020 and see also section 3.6 of the Bidder's Statement.

has a demonstrated acquisition and turnaround expertise having acquired seven businesses since 2017 and a strong track record in identifying and implementing cost and revenue synergies from these acquisitions.¹⁷

5GN has stated:

- it believes that there are significant synergies and savings that can be delivered across the 5GN and Webcentral businesses;
- in a scenario where 5GN acquires 100% of Webcentral and the businesses are combined, 5GN expects that synergies and savings across both businesses of over \$7 million per annum on a run rate basis can be generated; and
- on a strategic shareholding basis, where 5GN does not acquire 100% of Webcentral, 5GN expects that synergies and savings across both businesses of over \$3 million per annum on a run rate basis can be generated.¹⁸

Webcentral Shareholders who accept the Offer will participate in any benefits arising from 5GN's lower leveraged capital structure, the potential turnaround opportunity at Webcentral and 5GN's expertise and its asset base.¹⁹

5GN is a licenced telecommunications carrier operating across Australia and international markets. If the Offer is successful, Webcentral Shareholders who have accepted the Offer will have exposure to a larger merged entity with a more diverse business and the potential benefits of scale described by 5GN.²⁰

(e) **Webcentral Shareholders can retain an indirect interest in the Webcentral business**

Webcentral Shareholders who accept the Offer will have an ongoing indirect interest in Webcentral and exposure to Webcentral's business and assets and to share in potential the value that could be generated by Webcentral in the future through their ownership of 5GN Shares. However, Webcentral Shareholders are cautioned that there is no assurance as to the future performance of either Webcentral or 5GN, as is the case with all investments.

(f) **The 5GN Proposal is the outcome of a competitive auction process**

Webcentral has undertaken a Strategic Review which involved exploring all avenues for maximising shareholder value. The Web.com Scheme emerged from the Strategic Review as the (then) superior offer for Webcentral Shareholders, balancing the maximisation of shareholder value with transaction certainty. Subsequently, a competitive auction process occurred for Webcentral, which involved following a "matching right" process resulting in the emergence of the 5GN Proposal as a superior proposal to the Web.com Scheme. For further details, see section 5.3 and section 5.4.

(g) **No Superior Proposal since the Bid Implementation Deed was signed**

Since the Bid Implementation Deed was signed, Webcentral has not received a Superior Proposal from a third party.

Should Webcentral receive a Competing Proposal to the Offer, the Webcentral Directors will need to take certain steps in respect of that Competing Proposal, including, in certain circumstances, providing 5GN with the opportunity to submit a matching or superior proposal within five Business Days.

¹⁷ See section 3.4 of the Bidder's Statement.

¹⁸ See section 11.10 of the Bidder's Statement and footnote 6.

¹⁹ See 5GN's ASX announcement, "Capital Raising to Accelerate Strategic Growth Initiatives", dated 4 September 2020.

²⁰ See page 6 of the Bidder's Statement.

(h) **Webcentral Shareholders may be eligible for CGT scrip for scrip rollover**

If certain conditions are met, scrip for scrip rollover may be available for certain Webcentral Shareholders in respect of the disposal of Webcentral Shares and the acquisition of 5GN Shares under the Offer.

Webcentral Shareholders should be aware that if they dispose of their Webcentral Shares under the Offer and 5GN does not become the owner of at least 80% of Webcentral Shares as a result of the Offer, those Webcentral Shareholders may be liable for CGT as rollover relief would not be available.

A general outline of the Australian taxation considerations of accepting the Offer is set out in the Tax Adviser's Letter in section 10.

(i) **Risks of remaining a Webcentral Shareholder and potential minority ownership consequences**

There are a number of risks associated with remaining a Webcentral Shareholder. Section 7.3 of this Target's Statement sets out the key risks which may affect the future operating and financial performance of Webcentral and the value of Webcentral Shares.

If 5GN acquires at least 50.1% but less than 90% of the Webcentral Shares then, assuming all other Bid Conditions are fulfilled or freed, 5GN will acquire a majority shareholding in Webcentral.

Accordingly, Webcentral Shareholders who do not accept the Offer will become minority shareholders in Webcentral. This has a number of possible implications, some of which are set out in section 7.3 of this Target's Statement.

(j) **Refinancing of the loans provided by 5GN Finance and risk for minority shareholders**

5GN has stated that if 5GN does not acquire 100% of the Webcentral Shares, it will require Webcentral to repay the loans provided by 5GN Finance to Webcentral. 5GN expects the loans to be repaid out of earnings of Webcentral, or that further debt or equity capital will be raised by Webcentral to repay the loans provided by 5GN Finance.²¹ In this regard, it is noted that the termination date of the 5GN Secured Loan is 12 months from the date of first drawdown.

If Webcentral repays some or all of the loans provided by 5GN Finance out of earnings, it is reasonable to expect that this will have an impact on the extent to which Webcentral will be in a position to pay dividends in the future.

If you remain a Webcentral Shareholder and become a minority shareholder, if Webcentral undertakes an equity raising to repay some or all of the loans provided by 5GN Finance, it is reasonable to expect that it will likely be at a material discount to the then prevailing share price and if any Webcentral Shareholders do not participate in that equity raising, they are likely to be materially diluted.

Further information relating to the impact of 5GN's intentions relating to Webcentral's debt if Webcentral is not wholly owned by 5GN is described in section 7.3(f) of this Target's Statement.

(k) **Trading price of Webcentral Shares absent the Offer (and if no Superior Proposal emerges)**

While there are many factors that influence the price and value of Webcentral Shares, the Webcentral Directors anticipate that, following the close of the Offer, it may be unlikely that Webcentral Shares will carry any potential premium for control, and the market price of Webcentral Shares may fall if 5GN's Offer fails

²¹ See sections 10.3 and 10.4 of the Bidder's Statement.

(and if no Superior Proposal emerges), or if 5GN acquires at least 50.1% (but less than 90%) of the Webcentral Shares.

(l) **Challenges in raising additional funding**

In light of Webcentral's existing debt levels and ongoing costs, 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 Target's Statement, 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 and it is expected to be challenging for Webcentral to find an alternative refinancing solution from a third party financier on terms that are commercially similar to the Existing Debt Facilities or commercially reasonable or at all, particularly in light of the challenges that have arisen as a result of the COVID-19 pandemic, Webcentral's declining liquidity, decreasing cash receipts, committed costs, high Net Leverage Ratio and Webcentral's failure to satisfy its financial covenants in four consecutive reporting periods (it is expected that Webcentral will also fail to satisfy its financial covenants for its next (fifth) reporting period, being the period ending 30 September 2020).²²

1.2 Reasons why you may not wish to accept the Offer

(a) **You may disagree with the Webcentral Directors' unanimous recommendation**

You may hold a different view from, and are not obliged to follow the unanimous recommendation of, the Webcentral Directors who are recommending that Webcentral Shareholders accept the Offer, in the absence of a Superior Proposal.

(b) **You may wish to maintain your direct investment in Webcentral as an independent ASX-listed company**

If you accept the Offer and the Offer becomes or is declared unconditional, you will no longer be a Webcentral Shareholder and will forgo any direct benefits that may result from being a Webcentral Shareholder. In particular, you will no longer be able to directly participate in Webcentral's future financial performance.

Webcentral Shareholders who accept the Offer will, if the Offer becomes or is declared unconditional, hold an investment in 5GN, through which they will have an indirect interest in and ongoing economic exposure to Webcentral. However, an investment in 5GN is not the same as an investment in Webcentral, and an investment in 5GN may have materially different, and additional, risks than what applies to your current investment in Webcentral. Section 7.2 of this Target's Statement highlights some of the risks associated with accepting the Offer.

You may prefer to keep your Webcentral Shares to preserve your direct investment in a listed company with the specific characteristics of Webcentral. In particular, you may consider that Webcentral Shareholders may be able to receive greater returns by continued investment in Webcentral as a standalone entity.

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

Since the Bid Implementation Deed was signed, Webcentral has not received a Superior Proposal from a third party.

²² Further details of the proposed refinancing arrangements, including the circumstances in which it will be available to Webcentral are set out in section 8.1 of this Target's Statement.

However, it is possible that a Superior Proposal for Webcentral Shareholders could materialise in the future, such as another takeover bid or scheme of arrangement, which would deliver total consideration for Webcentral Shareholders in excess of the Offer Consideration.

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

The tax consequences of the Offer will depend on your personal situation. You may consider that the tax consequences of the Offer are not attractive to you.

A general guide to the taxation implications of the Offer is contained in the Tax Adviser's Letter set out in section 10 of this Target's Statement. 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 Offer.

(e) **You may wish to sell your Webcentral Shares on market**

You may wish to realise your investment in Webcentral through sale of some or all of your Webcentral Shares on the ASX.

If you sell your Webcentral Shares on market, you:

- will lose the ability to accept the Offer or any other offer which may eventuate;
- will not be entitled to receive any increased consideration if 5GN subsequently increases the consideration under the Offer;
- may incur brokerage; and
- may not obtain sufficient buyers to complete a trade above the implied value of the Offer Consideration (including because Webcentral Shares may be affected by reduced liquidity).

2 Frequently asked questions

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Webcentral Shareholders. This section should be read together with all other parts of this Target's Statement.

| Question | Answer |
|--|---|
| What is the Offer for my Webcentral Shares? | <p>5GN is offering 1 5GN Share for every 12 Webcentral Shares held by you (unless you are a Foreign Shareholder or a Small Parcel Shareholder). Entitlements to a fraction of a 5GN Share will be rounded downwards.</p> <p>The full terms of the Offer are contained in section 15 of the Bidder's Statement. The Offer is subject to limited conditions.</p> |
| What if you are a Foreign Shareholder or hold a Small Parcel? | <p>Foreign Shareholders and Small Parcel Shareholders who accept the Offer will not be issued with 5GN Shares under the Offer. Instead, the relevant 5GN Shares (that would otherwise be transferred to such Foreign Shareholders and Small Parcel Shareholders) will be allotted to a nominee approved by ASIC who will sell the 5GN Shares and distribute to each of those Foreign Shareholders and Small Parcel Shareholders their proportion of the proceeds of sale net of expenses.</p> <p>See section 6.14 of this Target's Statement for further details.</p> |
| What are the conditions to the Offer? | <p>The only conditions to the Offer are:</p> <ul style="list-style-type: none">• a 50.1% minimum acceptance condition;• a no Prescribed Occurrences condition; and• a no Material Adverse Change condition. <p>5GN has stated publicly and in its Bidder's Statement that it will declare the Offer wholly unconditional upon obtaining a Relevant Interest in at least 50.1% of Webcentral Shares (assuming no other condition has been breached before 5GN obtains such a Relevant Interest).</p> <p>The Offer is not conditional on 5GN raising further financing or undertaking due diligence.</p> <p>See section 6.3 of this Target's Statement for further details.</p> |
| What happens if the conditions of the Offer are not satisfied or waived? | <p>If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse. You would then be free to deal your Webcentral Shares even if you had accepted the Offer.</p> |
| Who is 5GN? | <p>5GN is a licenced telecommunications carrier operating across Australia and international markets. 5GN offers</p> |

| Question | Answer |
|---|---|
| | <p>business customers a unique and seamless digital experience across data network connectivity, cloud, and data centres, underpinned through our expertise in managed IT services.</p> <p>5GN currently owns and operates its own nationwide high-speed 100Gb data network with points of presence in all major Australian capital cities in addition to high speed international connectivity to Japan, New Zealand, Singapore, and USA. 5GN has commenced the rollout of fibre in five Australian capital cities to connect 80 data centres.</p> <p>In addition, 5GN offers managed cloud and infrastructure hosting through its 5GN Cloud platforms and the four owned and operated data centres, which have a combined rack capacity of more than 800 and over 8MW of power. 5GN data centres are connected to secure 100Gb network across Adelaide, Melbourne and Sydney.</p> |
| What choices do I have as a Webcentral Shareholder? | <p>As a Webcentral Shareholder, you have the following choices in respect of your Webcentral Shares:</p> <ul style="list-style-type: none"> • accept the Offer; • sell your Webcentral Shares on the ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or • do nothing. <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in section 4 of this Target's Statement.</p> |
| What are the Webcentral Directors recommending? | <p>The Webcentral Directors unanimously recommend that you ACCEPT the Offer, in the absence of a Superior Proposal.</p> |
| What do the Webcentral Directors intend to do with their Webcentral Shares? | <p>Each of the Webcentral Directors intends to accept, or procure the acceptance of, the Offer in respect of Webcentral Shares in which they have a Relevant Interest, in the absence of a Superior Proposal.</p> <p>The Relevant Interests of the Webcentral Directors in Webcentral Shares are set out in section 9.1 of this Target's Statement.</p> |
| Are there any reasons why I might not accept the Offer? | <p>Possible reasons for not accepting the Offer are set out in section 1.2 of this Target's Statement.</p> |
| Is there an independent expert's report? | <p>No. An independent expert's report is only required to be included in a target's statement where the bidder's voting power in the target is 30% or more, or if a director of the</p> |

| Question | Answer |
|---|---|
| | <p>target company is a bidder or a director of the bidder company. This requirement does not apply to the Offer.</p> |
| <p>What are the consequences of accepting the Offer now?</p> | <p>If you accept the Offer, unless withdrawal rights are available (see section 6.8 of this Target's Statement), you will give up your right to sell your Webcentral Shares on the ASX or otherwise deal with your Webcentral Shares while the Offer remains open.</p> |
| <p>If I accept the Offer, can I withdraw my acceptance?</p> | <p>You only have limited rights to withdraw your acceptance of the Offer, including if the Offer is varied in a way that extends to time for payment by more than one month.</p> <p>See section 6.8 of this Target's Statement for further details.</p> |
| <p>What are the risks of rejecting the Offer?</p> | <p>If you reject the Offer, you will remain a Webcentral Shareholder.</p> <p>You should be aware that there are risks associated with remaining a Webcentral Shareholder. Section 7.3 of this Target's Statement sets out the key risks which may affect the future operating and financial performance of Webcentral and the value of Webcentral Shares.</p> <p>If you remain a Webcentral Shareholder, you may become a minority shareholder if at least 50.1% of Webcentral Shares are acquired by 5GN under the Offer. This has a number of possible implications which are set out in section 7.3(d) of this Target's Statement.</p> |
| <p>When does the Offer close?</p> | <p>The Offer is presently scheduled to close at 7.00 pm (Sydney time) on Tuesday, 20 October 2020, but the Offer Period can be extended in certain circumstances.</p> <p>See section 6.5 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.</p> |
| <p>When will I be updated about the status of the Offer conditions?</p> | <p>If a condition is satisfied or waived, 5GN must, as soon as practicable, give the ASX and Webcentral a notice that states that the particular condition has been satisfied or waived.</p> <p>5GN has stated in its Bidder's Statement that it will be required to give a notice of status of conditions to the ASX and Webcentral on Friday, 9 October 2020 (although this date may be postponed if the Offer Period is extended).</p> <p>5GN has also stated publicly and in its Bidder's Statement that it will declare the Offer wholly unconditional as soon as possible (and, in any event, within one business day) after 5GN obtains a Relevant Interest in at least 50.1% of the Webcentral Shares, unless any condition has been breached prior to the date on which 5GN obtains such a</p> |

| Question | Answer |
|--|---|
| | <p>Relevant Interest.</p> <p>See section 6.4 of this Target's Statement for further details.</p> |
| How do I accept the Offer? | Details of how to accept the Offer are set out in section 15.3 of the Bidder's Statement. |
| How do I reject the Offer? | To reject the Offer, simply do nothing. |
| Can I accept the Offer for only some of my Webcentral Shares? | <p>No. You cannot accept the Offer for only some of your Webcentral Shares. You may only accept the Offer for all of your Webcentral Shares.</p> <p>However, if you hold one or more parcels of Webcentral Shares as trustee or nominee, you may accept the Offer as if a separate offer had been made in relation to each of those parcels and any parcel you hold in your own right.</p> <p>You may also sell some or all of your Webcentral Shares on market, see below. You may accept the Offer in respect of any Webcentral Shares you do not sell on market.</p> |
| Can I sell my Webcentral Shares on market on the ASX? | You can only sell some or all of your Webcentral Shares on market on the ASX if you have not accepted the Offer in respect of those Webcentral Shares. However, you will likely incur brokerage charges and, if you sell on market, will not be able to participate in any Superior Proposal for Webcentral Shares if such a proposal is made, or in any increase in the Offer Consideration that may be made by 5GN. |
| When will I receive the Offer Consideration if I accept the Offer? | <p>If you accept the Offer, you will have to wait for the Offer to become unconditional before you receive the Offer Consideration.</p> <p>See section 6.9 of this Target's Statement for further details on when you will receive the Offer Consideration.</p> |
| What are the tax implications of accepting the Offer? | <p>A general outline of the tax implications of accepting the Offer is set out in the Tax Adviser's Letter in section 10 of this Target's Statement.</p> <p>As the Tax Adviser's Letter is a general outline only, Webcentral Shareholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.</p> |
| Can 5GN vary the Offer? | Yes. 5GN can vary the Offer by extending the Offer Period |

| Question | Answer |
|--|---|
| | <p>or increasing the Offer Consideration in accordance with the Corporations Act.</p> <p>5GN can also waive the conditions to the Offer. However, 5GN has no obligation to do so.</p> |
| <p>What happens if 5GN increases the Offer Consideration?</p> | <p>If you accept the Offer and 5GN subsequently increases the Offer Consideration, you will receive the increased consideration for your Webcentral Shares. However, any increase in Offer Consideration will not be available to Webcentral Shareholders who have already sold their Webcentral Shares on the ASX.</p> |
| <p>What happens if there is a Competing or Superior Proposal from a third party?</p> | <p>If there is a Competing Proposal that is a Superior Proposal from a third party, the Webcentral Directors will reconsider their recommendation in relation to the Offer and advise Webcentral Shareholders accordingly.</p> <p>If you have already accepted the Offer at that time, you may not be able to withdraw your acceptance in which case you will be unable to accept a Competing Proposal or Superior Proposal if one arises.</p> <p>See section 6.8 of this Target's Statement for further details as to when you may withdraw your acceptance.</p> |
| <p>Can I be forced to sell my Webcentral Shares?</p> | <p>You cannot be forced to sell your Webcentral Shares unless 5GN acquires a Relevant Interest in at least 90% of all Webcentral Shares, in which case 5GN will be entitled, and intends, to compulsorily acquire any Webcentral Shares it does not already own. If your Webcentral Shares are compulsorily acquired, you will receive the same consideration for your Webcentral Shares that you would have received under the Offer. However, you may not receive the consideration for your Webcentral Shares until up to approximately 6 to 8 weeks, or longer, after the end of the Offer Period. See section 6.12 of this Target's Statement for further information.</p> |
| <p>How can I get updates about the trading price of Webcentral Shares and 5GN Shares?</p> | <p>The trading price of Webcentral Shares and 5GN Shares on the ASX is likely to vary during the Offer Period. You can check the market price for all ASX quoted securities by visiting www.asx.com.au. The ticker for Webcentral Shares on the ASX is 'WCG' and for 5GN is '5GN'.</p> |
| <p>Is there a number that I can call if I have further queries in relation to the Offer?</p> | <p>If you have any further queries in relation to the Offer, you can call the Webcentral Shareholder information line on 1300 853 816 (for callers in Australia) or +61 1300 853 816 (for callers outside Australia). Calls to these number may be recorded.</p> |

3 Webcentral Directors' recommendation

3.1 Webcentral Directors

As at the date of this Target's Statement, the Webcentral Directors are:

| Name | Position |
|-------------------|---|
| Andrew Reitzer | Independent, Non-Executive Director and Chair |
| Andrew Macpherson | Independent, Non-Executive Director |
| Karl Siegling | Non-Executive Director |

3.2 Directors' recommendation and reasons for recommendation

The Webcentral Directors unanimously recommend that you **ACCEPT** the Offer, in the absence of a Superior Proposal.

In making this recommendation, the Webcentral Directors have considered the advantages and disadvantages of the Offer as well as all the other information contained in, and matters referred to in, this Target's Statement.

The decision as to whether or not to accept the Offer depends on the circumstances for each individual Webcentral Shareholder, including risk profile, portfolio strategy, tax position, financial circumstances and investment time horizon.

In considering whether to accept the Offer, your Webcentral Directors encourage you to:

- read the whole of this Target's Statement and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the alternatives noted in section 4 of this Target's Statement; and
- obtain financial advice from your broker or financial adviser upon the Offer and obtain taxation advice on the effect of accepting the Offer.

3.3 Intentions of the Webcentral Directors in relation to the Offer

In the absence of a Superior Proposal, each Webcentral Director intends to accept, or procure the acceptance of, the Offer in respect of all Webcentral Shares in which they have a Relevant Interest.

Details of the Relevant Interests of each Webcentral Director in Webcentral Shares are set out in section 9.1 of this Target's Statement.

4 Your choices as a Webcentral Shareholder

Your Webcentral Directors unanimously recommend that you accept the Offer, in the absence of a Superior Proposal. However, as a Webcentral Shareholder you have three choices currently available to you:

(a) **Accept the Offer**

Webcentral Shareholders may elect to accept the Offer. Details of the Offer Consideration that will be received by Webcentral Shareholders who accept the Offer are set out in section 6.1 of this Target's Statement and in the Bidder's Statement.

Section 15.3 of the Bidder's Statement contains details of how to accept the Offer.

(b) **Sell your Webcentral Shares on market**

Webcentral Shareholders who have not already accepted the Offer may sell their Webcentral Shares on market on the ASX for cash.

The latest trading price for Webcentral Shares (ASX:WCG) and 5GN Shares (ASX:5GN) may be obtained from the ASX website (www.asx.com.au).

Webcentral Shareholders who wish to sell their Webcentral Shares on market should contact their broker for information on how to effect that sale.

(c) **Do nothing**

Webcentral Shareholders who do not wish to accept the Offer or sell their Webcentral Shares on market should do nothing.

Webcentral Shareholders should note that if 5GN and its Associates have a Relevant Interest in at least 90% of the Webcentral Shares during or at the end of the Offer Period, 5GN will be entitled to compulsorily acquire the Webcentral Shares that it does not already own (see section 6.12 of this Target's Statement for further details) and has stated an intention to do so.

Webcentral Shareholders should note that, if they do not accept the Offer or sell their Webcentral Shares on market, they may be exposed to the risks outlined at section 7.3 of this Target's Statement.

5 Information about Webcentral and the Webcentral Group

5.1 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 persons named in section 3.1.

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

- Brett Fenton, Interim Chief Executive Officer; and
- Brendan White, Interim Chief Financial Officer.

5.3 Strategic Review of the Webcentral Group and Enterprise division sale

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 SMB division. Despite improvements in the SMB division following implementation of this plan, 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 the 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 by cost-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 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 to undertake a strategic review, exploring all avenues for maximising shareholder value (**Strategic Review**). 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, as announced to the ASX on 13 November 2019, Webcentral 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 5.5 for further details of the 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.

5.4 Background to the Offer and competitive auction for Webcentral / the SMB division

Following the sale of the Enterprise division, Webcentral shifted its focus to the potential sale of Webcentral (which now only comprised 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 5.5 of this Target's Statement) were again not acceptable to the Existing Financiers.

On 13 July 2020, Webcentral announced that it had entered into a scheme implementation deed with Web.com under which Web.com proposed to acquire all of the Webcentral Shares by way of scheme of arrangement for A\$0.10 per Webcentral Share (**Web.com Scheme**). The Web.com Scheme emerged from the Strategic Review as the (then) superior offer for Webcentral Shareholders, balancing the maximisation of shareholder value with transaction certainty. Importantly, it was agreed that upon implementation of the Web.com Scheme, Web.com would 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.

On 7 September 2020, Webcentral announced that it had received a non-binding indicative proposal from 5GN to acquire all of the Webcentral Shares by way of an all scrip off-market takeover bid (**5GN Proposal**). Importantly, as part of the 5GN Proposal, 5GN offered to provide a loan to ensure the full and final payment or repayment by Webcentral of all amounts payable to the Existing Financiers under the Existing Debt Facilities as well as provide a loan to cover the \$500,000 reimbursement fee payable by Webcentral to Web.com under the Web.com SID. Also on 7 September 2020, 5GN filed a substantial holder notice advising that 5GN had acquired a Relevant Interest in 10.07% of Webcentral Shares on issue.

Later that day, Webcentral also announced that the Webcentral Board had determined that the 5GN Proposal was a "superior proposal" (within the meaning of the Web.com SID) and accordingly had commenced the matching right process outlined in the Web.com SID.

On 15 September 2020, Webcentral announced that Web.com had provided a counterproposal to Webcentral offering to increase the cash consideration payable under the Web.com Scheme to \$0.155 for each Webcentral Share.

On 17 September 2020, Webcentral announced that Web.com had provided a further proposal to increase the consideration payable under the Web.com Scheme to \$0.18 per Webcentral Share. In the same announcement, Webcentral announced that the Webcentral Board had determined that neither the Web.com Counterproposal nor the Revised Web.com Proposal would provide an equivalent or superior outcome for Webcentral Shareholders as a whole compared with the 5GN Proposal. Webcentral also announced that the Webcentral Board had determined that the 5GN Proposal was a "superior proposal" (within the meaning of the Web.com SID) to the Web.com Counterproposal and the Revised Web.com Proposal, notwithstanding the proposed increased headline cash offer of \$0.18 by Web.com. Webcentral also announced that it had entered into the Bid Implementation Deed, Webcentral had terminated the Web.com SID and the Web.com Scheme would no longer proceed.

On 18 September 2020, 5GN lodged its Bidder's Statement relating to the 5GN Proposal.

On 21 September 2020, Webcentral announced that the Supreme Court of New South Wales had made orders to the effect that the scheme meeting in respect of the Web.com Scheme (previously scheduled for 29 September 2020) not be held, and dismissing the scheme of arrangement proceedings.

5.5 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):

- inserting a review event, 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).

Section 3.3 of the Bidder's Statement describes that "Webcentral has been in default" under the Existing Debt Facilities "for some time". The use of the term "default" is not accurate, as there are no monetary or non-monetary defaults subsisting under the Existing Debt Facilities as of the date of this Target's Statement. However, the 31 January Review Event is subsisting as of the date of this Target's Statement. Accordingly, the Existing Financiers currently 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 date of this Target's Statement. In the event that 5GN does not acquire a Relevant Interest in at least 50.1% of the Webcentral Shares and the 5GN Secured Loan is not available to be drawn by Webcentral, 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 August 2020, the total amount drawn under the Existing Debt Facilities was approximately \$47.7 million. This amount includes:

- approximately \$41.6 million of term debt;
- bank guarantees of approximately \$5.6 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 August 2020 is approximately \$450,000.

Additionally, as at 30 June 2020, Webcentral's Net Leverage Ratio was approximately 5.41x.²³ This represents a significantly higher figure than the financial covenants established

²³ Based on net debt of \$44.82 million and consolidated underlying EBITDA (which excludes one-off items such as transaction costs, restructuring costs etc.) for the 12 months ended 30 June 2020 of \$8.28 million.

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 (this excludes an amount of \$2.5 million which matures on 30 November 2020).

The Existing Financiers have provided support to Webcentral throughout its Strategic Review (see section 5.3 and section 5.4 above), allowing Webcentral time to explore potential solutions to its declining performance, high Net Leverage Ratio and pending debt maturity. For example:

- 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 currently 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 in the event that 5GN does not acquire a Relevant Interest in at least 50.1% of the Webcentral Shares and the 5GN Secured Loan is not available to be drawn by Webcentral.²⁴

If the 5GN Secured Loan is not available to be drawn by Webcentral, 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 similar to the Existing Debt Facilities or commercially reasonable or at all, particularly in light of the challenges that have arisen as a result of the COVID-19 pandemic, Webcentral's declining liquidity, decreasing cash receipts, committed costs, high Net Leverage Ratio and Webcentral's failure to satisfy its financial covenants in four consecutive reporting periods (it is expected that Webcentral will also fail to satisfy its financial covenants for its next (fifth) reporting period, being the period ending 30 September 2020). As noted above, \$2.5 million of the amount outstanding under the Existing Debt Facilities matures on 30 November 2020 which, absent the ability to draw on the 5GN Secured Loan, Webcentral currently has no clear path to facilitating repayment.

Additionally, even if the Existing Financiers continue to provide the Existing Debt Facilities to Webcentral, if the Offer is unsuccessful, Webcentral expects to require additional funding to be able to continue as a going concern. 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 ability to draw on the 5GN Secured Loan, the Webcentral Directors may need to consider the appointment of a voluntary administrator on the basis that Webcentral may be insolvent or likely become insolvent in the near future.

It is important to note that, even prior to completion of the Takeover Bid, 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 that 5GN does not acquire a Relevant

²⁴ Further details of the proposed refinancing arrangements, including the circumstances in which it will be available to Webcentral are set out in section 8.1 of this Target's Statement.

Interest in at least 50.1% of the Webcentral Shares and the 5GN Secured Loan is not available to be drawn by Webcentral, it is likely that Webcentral will have insufficient available liquidity to meet the amount of \$2.5 million due to the Existing Financiers on 30 November 2020.²⁵

An important consideration for Webcentral Shareholders is that the 5GN Secured Loan will enable Webcentral to repay its Existing Financiers in full, if 5GN acquires a Relevant Interest in at least 50.1% of the Webcentral Shares and the Offer becomes or is declared wholly unconditional (see section 8.1 of this Target's Statement for further details of the 5GN Secured Loan, including the circumstances in which it will be available to Webcentral).

5.6 Historical financial information

On 30 March 2020, Webcentral released its 2019 Annual Report and financial statements for the year ended 31 December 2019. On 28 August 2020, Webcentral released its results for the half year ended 30 June 2020 to the ASX. The key financial metrics for the half year period ended 30 June 2020 include:

- SMB Direct (Core) Operating revenue of \$29.4 million;
- SMB Direct (Core) Underlying EBITDA²⁶ (before corporate and unallocated costs) of \$4.0 million; and
- SMB Direct (Core) Underlying EBITDA (after corporate and unallocated costs) of \$0.4 million.

The 2019 Annual Report and financial statements for the year ended 31 December 2019, and the Appendix 4D and Interim Financial Report for the half year ended 30 June 2020 can be obtained from the Webcentral website (www.webcentralgroup.com.au) or the ASX website (ASX:WCG) (www.asx.com.au).

5.7 Risks relating to Webcentral's business

There are existing risks relating to Webcentral's business, which may be relevant to Webcentral Shareholders who do not accept the Offer and retain their current investment in Webcentral. Webcentral Shareholders who accept the Offer will also retain an indirect exposure to these risks (where the Offer is successful). A summary of the key risks relating to Webcentral's business, and the circumstances in which they may apply, is set out in section 7 of this Target's Statement.

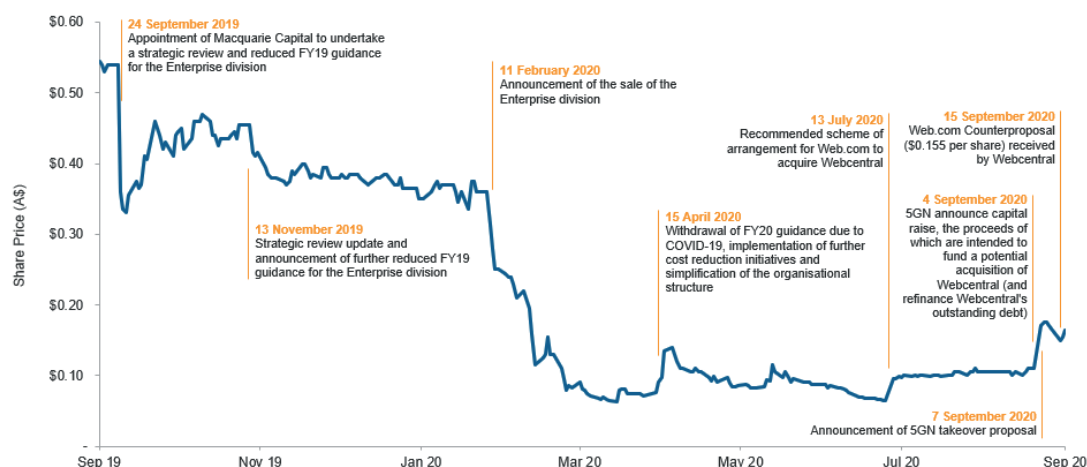
5.8 Recent share price performance

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".

²⁵ An amount of \$2.5 million matures and is repayable on 30 November 2020.

²⁶ Underlying EBITDA is derived after adjusting for nonrecurring 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.

The chart below shows Webcentral's Share price performance over the 12 months prior to 16 September 2020 (being the last trading day before the announcement of the Offer).



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 latest recorded sale price of Webcentral Shares on ASX was \$0.15 as at the close of trading on ASX on the Last Practicable Date.

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.

5.9 Publicly available information about Webcentral

Webcentral is a listed "disclosing entity" for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed entity, Webcentral is subject to the listing rules of ASX which require continuous disclosure of any information Webcentral has concerning it that a reasonable person would expect to have a material effect on the price or value of Webcentral Shares (subject to certain exceptions).

The ASX maintains files containing publicly disclosed information about all listed entities. Webcentral's files are available for inspection on the ASX website (www.asx.com.au). In addition, Webcentral is required to lodge various documents with ASIC. Copies of documents lodged with ASIC in respect of Webcentral may be obtained from, or inspected at, an ASIC office. A substantial amount of information about Webcentral is available in electronic form on its website (www.webcentralgroup.com.au).

6 Details about the Offer

6.1 About 5GN and the 5GN Group

5GN is a licenced telecommunications carrier operating across Australia and international markets. 5GN offers business customers a unique and seamless digital experience across data network connectivity, cloud, and data centres, underpinned through our expertise in managed IT services.

5GN currently owns and operates its own nationwide high-speed 100Gb data network with points of presence in all major Australian capital cities in addition to high speed international connectivity to Japan, New Zealand, Singapore, and USA. 5GN has commenced the rollout of fibre in five Australian capital cities to connect 80 data centres.

In addition, 5GN offers managed cloud and infrastructure hosting through its 5GN Cloud platforms and the four owned and operated data centres, which have a combined rack capacity of more than 800 and over 8MW of power. 5GN data centres are connected to secure 100Gb network across Adelaide, Melbourne, and Sydney.

For further information about 5GN and the 5GN Group, refer to section 5 of the Bidder's Statement.

6.2 Offer Consideration

The Offer Consideration is 1 5GN Share for every 12 Webcentral Shares.²⁷

6.3 Conditions to the Offer

The only conditions of the Offer are:

- (a) a 50.1% minimum acceptance condition;
- (b) a no Prescribed Occurrences condition; and
- (c) a no Material Adverse Change condition.

5GN has stated publicly and in its Bidder's Statement that it will declare the Offer wholly unconditional as soon as possible (and, in any event, within one Business Day) after 5GN obtains a relevant interest in at least 50.1% of the Webcentral Shares, unless any condition has been breached prior to the date on which 5GN obtains such a relevant interest.

The Offer is not conditional on 5GN raising further financing or undertaking due diligence.

As at the date of this Target's Statement, Webcentral is not aware of any act, omission, event or fact that would result in any of the conditions to the Offer being triggered.

²⁷ Entitlements to a fraction of a 5GN Share will be rounded downwards. See section 6.14 for a summary of the treatment of Foreign Shareholders and Small Parcel Shareholders.

6.4 Notice of status of conditions

Section 14.2 of the Bidder's Statement indicates that 5GN will be required to give a notice of status of conditions to the ASX and Webcentral on 9 October 2020, subject to that date being postponed as explained below in this section.

5GN is required to set out in its notice of status of conditions:

- whether the Offer is free of any or all of the conditions;
- whether, so far as 5GN knows, any of the conditions have been fulfilled; and
- 5GN's voting power in Webcentral.

If the Offer Period is extended by a period before the time by which the notice of status of conditions is to be given, the date for giving the notice of status of conditions will be taken to be postponed for the same period. In the event of such an extension, 5GN is required, as soon as practicable after the extension, to give a notice to the ASX and Webcentral that states the new date for the giving of the notice of status of conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the Offer Period but before the date on which the notice of status of conditions is required to be given, 5GN must, as soon as practicable, give the ASX and Webcentral a notice that states that the particular condition has been fulfilled.

6.5 Offer Period and extending the Offer Period

Unless the Offer is extended or withdrawn, it is open for acceptance until 7.00pm (Sydney time) on Tuesday, 20 October 2020.

5GN may extend the Offer Period at any time before giving the notice of status of conditions (referred to in section 6.4 in this Target's Statement) while the Offer is subject to any of conditions. If the Offer is unconditional (that is, all the conditions referred to in section 6.3 are fulfilled or freed), 5GN may extend the Offer Period at any time before the end of the Offer Period.

5GN may only extend the Offer Period after it gives the notice of status of conditions (referred to in section 6.4 in this Target's Statement) in limited circumstances.

In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period:

- 5GN improves the Offer Consideration; or
- 5GN's voting power in Webcentral increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends fourteen days after the relevant event occurs.

6.6 Withdrawal of Offer

Before you accept the Offer, 5GN may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

5GN may not withdraw the Offer if you have already accepted it.

6.7 Effect of acceptance

The effect of acceptance of the Offer is set out in section 15.5 of the Bidder's Statement. Webcentral Shareholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the rights attaching to their Webcentral Shares and the representations and warranties which they give by accepting of the Offer.

6.8 Your ability to withdraw your acceptance

You only have limited rights to withdraw your acceptance of the Offer.

You may only withdraw your acceptance of the Offer if 5GN varies the Offer in a way that postpones, for more than one month, the time when 5GN needs to meet its obligations under the Offer. This will occur if 5GN extends the Offer Period by more than one month and the Offer is still subject to any of the conditions.

6.9 When you will receive the Offer Consideration if you accept the Offer

In the usual case, you will be issued the Offer Consideration on or before the later of:

- one month after the date of your acceptance or, if the Offer is subject to a condition when you accept the Offer, within one month after the Offer becomes unconditional; or
- 21 days after the end of the Offer Period.

However, there are certain limited exceptions to the above timetable for the issuing of the Offer Consideration. Full details of when you will be issued the Offer Consideration are set out in section 15.6 of the Bidder's Statement.

6.10 Effect of an improvement in consideration on Webcentral Shareholders who have already accepted the Offer

If 5GN improves the consideration under the Offer, all Webcentral Shareholders, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

6.11 Lapse of Offer

The Offer will lapse if the Offer conditions are not freed or fulfilled by the end of the Offer Period (or, in the case of the 'no Prescribed Occurrences' condition, by the end of the third business day after the end of the Offer Period), in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your Webcentral Shares as you see fit.

6.12 Compulsory acquisition

5GN has indicated in section 10.5 of its Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding Webcentral Shares.

5GN will be entitled to compulsorily acquire any Webcentral Shares in respect of which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period 5GN and its associates have a Relevant Interest in at least 90% (by number) of the Webcentral Shares.

If this threshold is met, 5GN will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Webcentral Shareholders who have not accepted the Offer. Webcentral Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Webcentral Shareholder to establish to the satisfaction of a court that the terms of the Offer do not

represent 'fair value' for their Webcentral Shares. If compulsory acquisition occurs, Webcentral Shareholders who have their Webcentral Shares compulsorily acquired are likely to be issued their consideration approximately 5 to 6 weeks after the compulsory acquisition notices are dispatched to them.

It is also possible that 5GN will, at some time after the end of the Offer Period, become the beneficial holder of 90% of Webcentral Shares. 5GN would then have rights to compulsorily acquire Webcentral Shares not owned by it within 6 months of becoming the holder of 90% of Webcentral Shares. 5GN's price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert.

6.13 Taxation consequences of a change in control in Webcentral

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer is set out in the Tax Adviser's Letter in section 10 of this Target's Statement.

You should carefully read and consider the taxation consequences of accepting the Offer. The outline provided in the Tax Adviser's Letter is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

6.14 Treatment of Foreign Shareholders and Small Parcel Shareholders

Any Webcentral Shareholder:

- whose address (as recorded in the register of members of Webcentral provided by Webcentral to 5GN) is in a place other than Australia or its external territories or New Zealand; or
- who would be a Small Parcel Shareholder (ie if the total number of shares held by that shareholder is less than a Small Parcel),

will not be issued with 5GN Shares under the Offer. Instead, the relevant 5GN Shares (that would otherwise be transferred to such Foreign Shareholders and Small Parcel Shareholders) will be allotted to a nominee approved by ASIC who will sell the 5GN Shares and distribute to each of those Foreign Shareholders and Small Parcel Shareholders their proportion of the proceeds of sale net of expenses.

See sections 14.5 and 15.7 of the Bidder's Statement for further details.

7 Risk factors

7.1 Introduction

In considering the Offer, Webcentral Shareholders should be aware that there are a number of risk factors associated with either:

- accepting the Offer and becoming a 5GN Shareholder; or
- rejecting the Offer and remaining as a Webcentral Shareholder.

This section 7 outlines:

- risks associated with accepting the Offer (refer to section 7.2); and
- risks associated with rejecting the Offer and remaining a Webcentral Shareholder, including:
 - general risk factors;
 - specific risks relating to the business and operations of Webcentral;
 - specific risks relating to Webcentral's financial and refinancing position; and
 - other risks relating to the Offer,(refer to section 7.3).

While measures can be taken to mitigate some of these risks, these risks remain either wholly or partially outside the control of (as applicable):

- Webcentral, the Webcentral Group and the Webcentral Directors; or
- 5GN, the 5GN Group and the 5GN directors.

In deciding whether to accept the Offer, Webcentral Shareholders should read this Target's Statement and the Bidder's Statement carefully and consider these risks.

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 or 5GN now or in the future. The risk factors set out in this section 7 are not an exhaustive list of all risks. There may also be additional risks and uncertainties not currently known to Webcentral, or which are currently known to Webcentral but which Webcentral currently considers to be immaterial, which may have a material adverse effect on Webcentral's (or 5GN's, as applicable) operating and financial performance and the price and / or value of Webcentral Shares (or 5GN Shares, as applicable).

7.2 Risks associated with accepting the Offer

(a) Business and operational risks relating to 5GN

If you accept the Offer and the Offer becomes or is declared unconditional, you will receive the Offer Consideration of 1 5GN Share for every 12 Webcentral Shares.²⁸

The future value of 5GN Shares will depend on, among other things, the future business and operational performance of 5GN and a number of other factors that are beyond the control of 5GN. Webcentral Shareholders are cautioned that there can be no assurance as to what 5GN's share price will do in the future: it could rise or fall compared to its current trading levels.

²⁸ Entitlements to a fraction of a 5GN Share will be rounded downwards. See section 6.14 for a summary of the treatment of Foreign Shareholders and Small Parcel Shareholders.

There a number of risks, both general and specifically relating to 5GN and the 5GN Group, which may adversely affect the future operating and financial performance of 5GN and the price and/or value of 5GN Shares.

Certain of these general and specific risks are set out in section 12 of the Bidder's Statement. Webcentral Shareholders are encouraged to read section 12 of the Bidder's Statement, together with this section 7 of this Target's Statement, before deciding whether or not to accept the Offer.

(b) **Indirect exposure to certain business and operational risks relating to Webcentral**

If you accept the Offer and the Offer becomes or is declared unconditional, you will retain an ongoing indirect exposure to the business of Webcentral and the Webcentral Group through your ownership of 5GN Shares, in which case you will remain exposed to the risks outlined in sections 7.3(a) and 7.3(b) of this Target's Statement.

As set out in sections 10.4 and 10.5 of the Bidder's Statement, should 5GN obtain control of Webcentral as a result of acceptances under the Offer, 5GN intends to propose to the Webcentral Board that a broad based review of Webcentral's operations be conducted on both a strategic and financial level. However, there is no assurance that 5GN will acquire a sufficient interest under the Offer to control Webcentral. As noted in section 10.7 of the Bidder's Statement, if Webcentral is not controlled by 5GN, 5GN does not expect to be in a position to give effect to its intentions relating to the 5GN Secured Loan or implement its operational review as intended.

(c) **The value of the Offer Consideration uncertain**

The Offer Consideration is not referable to a specific market value, but is rather a specified number of 5GN Shares. Accordingly, the implied value of the Offer Consideration will fluctuate depending on the market price of 5GN Shares. There is a risk that:

- the price of 5GN Shares may fall between the date that you accept the Offer and the date of receiving the Offer Consideration. This risk may be mitigated by not accepting the Offer until it has become unconditional; and
- the price of 5GN Shares may fall in the future. This is an ongoing risk which exists with any investment in or holding of securities listed on a public exchange.

Webcentral Shareholders are cautioned that there can be no assurance as to what 5GN's share price will do in the future: it could rise or fall compared to its current trading levels. Many of the factors that may affect 5GN's future share price are beyond its control.

(d) **Potential synergies and cost savings and other potential benefits may not be achieved**

If you accept the Offer and the Offer becomes or is declared unconditional, you should be aware that there is a risk that some or all of the potential synergies and cost savings and other potential benefits described in the Bidder's Statement (including sections 11.2, 11.6 and 11.7 of the Bidder's Statement), or in this Target's Statement, may not be achieved or may take longer to achieve than 5GN has anticipated.

As noted in section 11.10 of the Bidder's Statement, the extent of the synergies and savings that can be delivered depends on a number of factors, including whether or not 5GN acquires 100% of the Webcentral Shares. Further, 5GN has stated in section 10 of the Bidder's Statement that 5GN's intentions and expectations have been formed based on publicly available information about

Webcentral and its affairs, as well as information obtained from limited scope due diligence undertaken in March and April 2020 and, accordingly, 5GN's intentions may change in light of information that comes to light, or changed circumstances, in the future.

(e) **Taxation consequences**

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer is set out in the Tax Adviser's Letter in section 10 of this Target's Statement.

You should carefully read and consider the Australian taxation consequences of accepting the Offer set out in the Tax Adviser's Letter. However, the outline provided in the Tax Adviser's Letter is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

(f) **Possibility of a Competing or Superior Proposal**

If a Competing Proposal emerges (that you consider to be superior to the Offer) or if a Superior Proposal emerges, and you have already accepted the Offer at that time, you may not be able to withdraw your acceptance in which case you will be unable to accept the Competing Proposal or Superior Proposal if one arises.

See section 6.8 of this Target's Statement for further details as to when you may withdraw your acceptance of the Offer.

(g) **Other risks**

If you accept the Offer and the Offer becomes or is declared unconditional, 5GN has identified a number of other risks relating to the value of 5GN Shares, which include:

- specific risks relating to the Offer and the creation of the combined group (being the group of companies resulting from the combination of the 5GN Group and Webcentral Group should the Offer be successful);
- risks relating to the telecommunications and digital services sectors; and
- other general risks,

and are set out in further detail at section 12 of the Bidder's Statement, which you are encouraged to read.

7.3 Risks associated with rejecting the Offer and remaining a Webcentral Shareholder

(a) **General risk factors**

If you reject the Offer, you will not receive the Offer Consideration and you will remain a Webcentral Shareholder and exposed to the risks associated with Webcentral. These risks include a number of general risks that could materially adversely affect its 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 price and / or value of Webcentral Shares include:

- changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment rates 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 complaints, 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 the price and/or value of Webcentral Shares regardless of Webcentral's underlying operating performance.

(b) **Specific risks relating to the business and operations of Webcentral**

In addition to the general risks outlined at section 7.3(a), Webcentral Shareholders will be also exposed to a number of specific risks 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. 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> |
| Financial risk | <p>The Webcentral Group is largely dependent on funding provided by the Existing Financiers.</p> <p>Section 5.5 for further information.</p> | <p>Section 5.5 for further information.</p> |
| Refinancing risk | <p>See section 5.5.</p> | <p>See section 5.5.</p> |
| 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> |

| Risk | Potential impacts | Mitigation |
|------------------------------|---|--|
| Technology and change | <p>The digital services industry is evolving rapidly with the frequent introduction of new technologies, products and innovations. Consumer behaviours, 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 Group's long and short term business performance.</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 | <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 customer 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> | <p>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> |
| Intellectual property | <p>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.</p> | <p>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.</p> |
| Regulatory | <p>The Webcentral Group operates in highly regulated global markets. Success can be impacted by changes to the regulatory environment.</p> | <p>The Webcentral Group plays an active role in consulting with regulators on changes which could impact its business.</p> |
| 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</p> | <p>The Webcentral Group is committed to achieving and maintaining strong employee retention by focusing on positive employee engagement, prioritising active training and development, providing clear paths of career advancement and fostering a culture of openness and transparency.</p> |

| Risk | Potential impacts | Mitigation |
|--|---|---|
| | <p>culture, 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 impact, among other things, the Webcentral Group's ability to retain expertise, industry knowledge and specialist skills within the business.</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>There were some impacts 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 customers, 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 of 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.

(c) **Specific risks relating to Webcentral's financial and refinancing position**

In the event that 5GN does not acquire a Relevant Interest in at least 50.1% of the Webcentral Shares and the 5GN Secured Loan is not available to be drawn by Webcentral, Webcentral Shareholders will be also exposed to the financial and refinancing risks relating to Webcentral's Existing Debt Facilities.

The Webcentral Group is largely dependent on funding provided by the Existing Financiers and requires the ongoing support of the Existing Financiers, and the Existing Debt Facilities, to continue as a going concern.

Notwithstanding the previous support of the Existing Financiers, there can be no assurance that the Existing Financiers will remain supportive of Webcentral in the event that 5GN does not acquire a Relevant Interest in at least 50.1% of the Webcentral Shares and the 5GN Secured Loan is not available to be drawn by Webcentral.

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 become insolvent in the near future.

In this regard, Webcentral Shareholders are strongly encouraged to read section 5.5 of this Target's Statement before deciding whether or not to accept the Offer.

(d) **Minority ownership consequences – where Webcentral is controlled by 5GN**

If 5GN acquires at least 50.1% but less than 100% of the Webcentral Shares then, assuming all other Bid Conditions are fulfilled or freed, 5GN will acquire a majority shareholding in Webcentral.

In such circumstances, Webcentral Shareholders who do not accept the Offer will become minority shareholders in Webcentral. This has a number of possible implications, including:

- (1) **(5GN will be in a position to cast the majority of votes at a general meeting of Webcentral):** 5GN will be in a position to cast the votes required to determine alone the outcome of an ordinary resolution (in respect of which it is entitled to vote). This will enable it, subject to compliance with law, the Listing Rules and the constitution of Webcentral, to control the composition of Webcentral's board of directors and senior management, determine Webcentral's dividend policy and control the strategic direction of the businesses of Webcentral and the Webcentral Group, as further described in section 10.4 of the Bidder's Statement.

- (2) **(If 5GN acquires 75% or more, it will be able to amend outcome of special resolutions):** If 5GN acquires 75% or more of the Webcentral Shares it will be able to pass a special resolution of Webcentral (in respect of which it is entitled to vote). This will enable 5GN to, among other things, change Webcentral's constitution and, at a future stage, cause the de-listing of Webcentral (see section 7.3(d)(6) of this Target's Statement).
- (3) **(Potential Webcentral Board changes):** The composition of the board of directors of Webcentral under the control and management of 5GN may also change, as further described in section 10.4 of the Bidder's Statement.
- (4) **(The Webcentral Share price may fall immediately following the end of the Offer Period):** Absent the Offer (and if no Superior Proposal emerges), the market price of Webcentral Shares may fall (see section 1.1(k) of this Target's Statement). Minority shareholders will be left holding a minority investment in Webcentral and the Webcentral Shares may trade at a price reflective of a minority discount.
- (5) **(Liquidity of Webcentral Shares may be lower than at present):** Depending on the level of shares acquired by 5GN, there is a risk that there may be a decrease in liquidity of Webcentral Shares. This will mean that a Webcentral Shareholder may not be able to sell their Webcentral Shares as quickly as they are able to do while there is greater liquidity.
- (6) **(Webcentral may be removed from the official list of the ASX):** 5GN intends to consider whether it is appropriate to maintain Webcentral's listing on the ASX, having regard to considerations such as cost, ownership and the number of shareholders. If Webcentral is removed from the official list of the ASX, Webcentral Shares will not be able to be bought or sold on the ASX (see section 10.4 of the Bidder's Statement). In this regard, ASX guidance indicates that the usual conditions that the ASX would expect to be satisfied in order for it to approve the removal of Webcentral from the official list in the context of a successful takeover bid include:
- at the end of the Offer, 5GN owns or controls at least 75% of Webcentral Shares and the Offer has remained open for at least two weeks after 5GN attained ownership or control of at least 75% of Webcentral Shares; and
 - the number of Webcentral Shareholders (other than 5GN) having holdings with a value of at least \$500 is fewer than 150,

and, in such case, the ASX will not usually require 5GN to obtain Webcentral Shareholder approval for Webcentral's removal from the official list of the ASX.

In addition, ASX may, even if the above conditions are not satisfied, approve an application for Webcentral to be removed from the official list of the ASX with Webcentral Shareholder approval and, where such removal is sought later than 12 months after the close of the Offer, subject to the ASX's discretion, 5GN is likely to be entitled to vote on the special resolution that is required to approve the removal.

If Webcentral is removed from the official list of the ASX, this will mean that Webcentral Shareholders will become shareholders in an unlisted company controlled by 5GN with no immediate exit mechanism for their investment other than an off-market sale of their Webcentral Shares.

- (7) **(Dividend policy under the management of 5GN may vary):** Future Webcentral dividend policies will be determined under the control and management of 5GN. In this regard, it is important for Webcentral Shareholders to note that 5GN has said that if 5GN does not acquire 100% of the Webcentral Shares, it will require Webcentral to repay the loans provided by 5GN Finance to Webcentral. 5GN expects the loans to be repaid out of earnings of Webcentral, or that further debt or equity capital will be raised by Webcentral to repay the loans provided by 5GN Finance (see section 7.3(f) of this Target's Statement for further information). If Webcentral repays some or all of the loans provided by 5GN Finance out of earnings, it is reasonable to expect that this will have an impact on the extent to which Webcentral will pay dividends in the future.
- (8) **(Synergies from 5GN acquisition):** A proportion or all of the potential synergies and cost savings referred to by 5GN in the sections 11.2, 11.6 and 11.7 of the Bidder's Statement may not be achieved.
- (9) **(If 5GN acquires 90% or more, it may be entitled to compulsory acquisition):** If after the end of the Offer Period, 5GN subsequently acquires a Relevant Interest in 90% or more of all Webcentral Shares and the compulsory acquisition provisions of the Corporations Act are satisfied, 5GN will be entitled to compulsorily acquire the Webcentral Shares that it does not already own. In section 10.5 of the Bidder's Statement, 5GN has stated that it intends to proceed with compulsory acquisition of all remaining Webcentral Shares. For further details of compulsory acquisition, refer to section 10.5 of the Bidder's Statement. If you choose not to accept the Offer and 5GN subsequently exercises compulsory acquisition rights, you are likely to be paid later than other Webcentral Shareholders who accept the Offer.
- (e) **Minority ownership consequences – where Webcentral is not controlled by 5GN**
- If 5GN declares the Offer free from all Bid Conditions, including the 50.1% minimum acceptance condition, and Webcentral does not become a controlled entity of 5GN, 5GN has stated in section 10.7 of the Bidder's Statement that it would not expect to be in a position to give effect to its intentions set out in sections 10.3, 10.4 and 10.5 of the Bidder's Statement. In such circumstances, those Webcentral Shareholders who do not accept the Offer may still be exposed some of the risks outlined above, including that:
- the Webcentral Share price may fall immediately following the end of the Offer Period;
 - liquidity of Webcentral Shares may be lower than at present;
 - 5GN may still be able to implement potential Webcentral Board and governance changes;
 - a proportion or all of the potential synergies and cost savings referred to by 5GN in sections 11.2, 11.6 and 11.7 of the Bidder's Statement may not be achieved; and
 - depending on the number of Webcentral Shares that 5GN acquires and turnout at Webcentral shareholder meetings, 5GN may be in a position to cast the majority of votes at a general meeting of Webcentral.
- (f) **Refinancing of the loans provided by 5GN Finance and risk for minority shareholders**
- Section 10.4 of the Bidder's Statement sets out its intentions for Webcentral in the event it acquires control but not 100% ownership of Webcentral.

5GN has stated that if 5GN does not acquire 100% of the Webcentral Shares, it will require Webcentral to repay the loans provided by 5GN Finance to Webcentral. 5GN expects the loans to be repaid out of earnings of Webcentral, or that further debt or equity capital will be raised by Webcentral to repay the loans provided by 5GN Finance.²⁹

If Webcentral repays some or all of the loans provided by 5GN Finance out of earnings, it is reasonable to expect that this will have an impact on the extent to which Webcentral will be in a position to pay dividends in the future.

If Webcentral undertakes an equity raising to repay some or all of the loans provided by 5GN Finance, it is reasonable to expect that it will likely be at a material discount to the then prevailing share price and if any Webcentral Shareholders do not participate in that equity raising, they are likely to be materially diluted.

If Webcentral seeks to raise additional debt to repay some or all of the loans provided by 5GN Finance, there is no assurance that such additional debt funding will be available. In light of Webcentral's existing debt levels and ongoing costs, it is expected to be challenging for Webcentral to find an alternative refinancing solution on terms that are commercially similar to the Existing Debt Facilities or commercially reasonable or at all, particularly in light of the challenges that have arisen as a result of the COVID-19 pandemic, Webcentral's declining liquidity, decreasing cash receipts, committed costs, high Net Leverage Ratio and Webcentral's failure to satisfy its financial covenants in four consecutive reporting periods (it is expected that Webcentral will also fail to satisfy its financial covenants for its next (fifth) reporting period, being the period ending 30 September 2020).

(g) **Minority interest protections**

In the event that 5GN has a Relevant Interest in less than 100% of all Webcentral Shares, the implementation of 5GN's intentions as set out in section 10 of the Bidder's Statement will be subject to:

- the Corporations Act (including, without limitation, those provisions intended for the protection of minority shareholders);
- Webcentral's constitution and the statutory and fiduciary obligations of the Webcentral's Directors at that time to act in the best interests of Webcentral and all Webcentral Shareholders;
- in certain circumstances, minority shareholder approval, in respect of which 5GN may not be able to vote as an interested party;
- statutory and Listing Rules protection regulating minority shareholder rights; and
- statutory and Listing Rules protection against oppression.

Each of those matters serves to protect the rights of Webcentral's minority shareholders.

As a result of these protections, 5GN and its associates may be excluded from voting on certain resolutions in general meeting, and should 5GN appoint any nominee directors to the Webcentral Board, these directors may potentially be precluded from voting at Webcentral Board meetings in certain circumstances. Where a minority shareholder maintains a "blocking stake" or substantial holding in Webcentral which provides them with a significant proportion of the Webcentral Shares which are not held by 5GN and its associates, that shareholder may have the ability to determine the outcome of any such resolutions put to Webcentral Shareholders in general meetings.

²⁹ See sections 10.3 and 10.4 of the Bidder's Statement.

8 Financing arrangements with 5GN

8.1 5GN Secured Loan

Webcentral has entered into a facility agreement with 5GN and its wholly owned subsidiary 5GN Finance under which 5GN Finance has agreed to provide (and 5GN has agreed to guarantee the provision of) a secured loan to Webcentral (the **5GN Secured Loan**) to allow Webcentral to repay the Existing Financiers the full amount of their Existing Debt Facilities.

The ASX has granted Webcentral a customary waiver of Listing Rule 10.1 which will facilitate the security arrangements in relation to the 5GN Secured Loan (**ASX Waiver**). Listing Rule 10.1 regulates the acquisition and disposal of assets between a listed entity, and persons or entities in a position of influence. It is intended that as part of the 5GN Secured Loan, a general security interest in favour of 5GN will be granted over all of Webcentral's present and future assets. Accordingly, the security interest being granted is considered a "substantial asset" for the purposes of Listing Rule 10.1. Additionally, since 5GN is a "substantial holder" under Listing Rule 10.1.3, 5GN is considered to be in a position of influence. Therefore, the granting of the security by Webcentral under the 5GN Secured Loan will be regarded as an agreement to dispose of a substantial asset to a substantial holder, which would, absent an ASX waiver, require Webcentral shareholder approval under Listing Rule 10.1. The effect of the ASX Waiver is that Webcentral is permitted to grant the security over the assets and undertakings of Webcentral and its subsidiaries in favour of 5GN or a wholly owned subsidiary of 5GN under one or more loan facilities for an aggregate amount up to \$54,000,000 without obtaining shareholder approval subject to certain conditions.

The full terms of the ASX Waiver are set out below:

1. *"Based solely on the information provided, ASX Limited ('ASX') grants Webcentral Group Limited (the 'Company') a waiver from listing rule 10.1 to the extent necessary to permit the Company to grant security over its assets in favour of 5G Networks Limited or a wholly owned subsidiary of 5G Networks Limited (the "Lender") (the "Security") to secure the Company's obligations under one or more loan agreements for the maximum amount of \$54 million, (the "Loan Facility"), provided by the Lender without obtaining shareholder approval, on the following conditions:*
 - 1.1. *the material terms of the transaction and of the waiver are announced to the market;*
 - 1.2. *the announcement includes a description of the reasons why the entity has chosen to obtain the financial accommodation from the Listing Rule 10.1 party rather than a lender that is not a Listing Rule 10.1 party and the steps the board of the Company has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective of the holders of the entity's ordinary securities;*
 - 1.3. *the security documents expressly provide that:*
 - 1.3.1. *the Security is limited to the funds due under the financial accommodation;*
 - 1.3.2. *the Security will be discharged when the funds due under the financial accommodation have been repaid in full;*
 - 1.3.3. *in the event the Security is enforced, the assets can only be disposed of to the Lender or an associate of the Lender if the disposal is first approved by the Company's security holders under Listing Rule 10.1; and*
 - 1.3.4. *otherwise, if the holder of the Security exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the Security, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to the Lender in accordance with their legal entitlements;*

- 1.4. Any variation to the terms of the financial accommodation or the Security which:
 - 1.4.1. advantages the Lender in a material respect;
 - 1.4.2. disadvantages the Company in a material respect; or
 - 1.4.3. is inconsistent with the terms of the waiver,
 must be subject to security holder approval under Listing Rule 10.1; and
- 1.5. for each year while they remain on foot, a summary of the material terms of the financial accommodation and the Security is included in the related party disclosures in the entity's audited annual accounts.
2. ASX has considered Listing Rule 10.1 only and makes no statement as to the Company's compliance with other listing rules."

As contemplated by the conditions of the waiver, Webcentral notes the following matters:

- Webcentral's ability to drawdown under the 5GN Secured Loan remains conditional on 5GN holding a Relevant Interest in at least 50.1% of the Webcentral Shares on issue (with the Offer having become or been declared wholly unconditional) and the Webcentral Board comprising a majority of persons nominated by 5GN, as well as appropriate perfection of security and also certain other customary conditions precedent;
- the 5GN Secured Loan will be secured by both an Australian law and New Zealand law general security interest, subject to the conditions imposed under the waiver;
- the 5GN Secured Loan comprises two separate term facilities. The first facility must be used for payment of the principal amount and interest outstanding under the facilities with Webcentral's Existing Financiers (**Term Facility**) and the second facility must be used as cash collateral for the bank guarantees issued by the Existing Financiers (**Bank Guarantee Facility**);
- an interest rate of 4.95% plus BBSY applies;³⁰
- interest will be payable in arrears on the last day of each interest period. Each interest period is a period of 3 months or as otherwise agreed by 5GN Finance;
- the termination date is 12 months from the date of first drawdown (**Termination Date**). Unless prepaid, both the Term Facility and the Bank Guarantee Facility will be repaid by a single bullet repayment on the Termination Date;
- the security documents comply with the requirements of paragraph 1.3 of the ASX Waiver; and
- the 5GN Secured Loan contains the following financial covenants:
 - on 31 March 2021, the EBITDA³¹ for the preceding 12 months is at least \$2,250,000; and
 - on 30 June 2021, the EBITDA for the preceding 12 months is at least \$2,500,000.³²

Webcentral has chosen to enter into the 5GN Secured Loan with 5GN Finance, a party to which Listing Rule 10.1 applies, rather than a lender that is not a Listing Rule 10.1 party, as it would, in the opinion of the Webcentral Directors, have been challenging for Webcentral to

³⁰ This interest rate is higher than the interest rate under the Existing Facilities by approximately 2x.

³¹ Earnings before interest and tax for the period after adding back any amount attributable to the amortisation or depreciation of assets of any of the Webcentral obligors and subject to such other normalisation adjustments as are acceptable to 5GN Finance acting reasonably.

³² A breach of either of these financial covenants will be an event of default under the 5GN Secured Loan, which will allow 5GN Finance to declare that all or part of the loan is immediately due and payable on demand.

find an alternative refinancing solution from a third party financier on terms that were commercially similar to the Existing Debt Facilities or commercially reasonable or at all, particularly in light of the challenges that have arisen as a result of the COVID-19 pandemic, Webcentral's declining liquidity, decreasing cash receipts, committed costs, high Net Leverage Ratio and Webcentral's failure to satisfy its financial covenants in four consecutive reporting periods (it is expected that Webcentral will also fail to satisfy its financial covenants for its next (fifth) reporting period, being the period ending 30 September 2020). For further information in this regard, see section 5.5 of this Target's Statement.

By way of example, as at 30 June 2020, Webcentral's Net Leverage Ratio was approximately 5.41x.³³ 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 Webcentral Board is satisfied that the 5GN Secured Loan is being entered into on an arm's length basis and is fair and reasonable from the perspective of Webcentral Shareholders for a number of reasons, including that:

- the terms of the 5GN Secured Loan are similar to the terms under the Existing Loan Facility with its Existing Financiers;
- the Existing Loan Facility was negotiated on an arms' length basis with both parties having separate independent legal advisers. The Existing Loan Facility is on market terms (including tenor, applicable interest rate, security structure and limited reporting obligations / covenants) acceptable to two of Australia's largest providers of corporate financing, being Australia and New Zealand Banking Group Limited and National Australia Bank Limited;
- the 5GN Secured Loan is fair and reasonable from the perspective of the Webcentral Shareholders as the 5GN Secured Loan will enable Webcentral to repay its Existing Financiers in full (if 5GN acquires a Relevant Interest in at least 50.1% of the Webcentral Shares and the Offer becomes or is declared wholly unconditional). As explained in section 5.5 of this Target's Statement, 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 become insolvent in the near future;
- Webcentral and 5GN Finance negotiated the 5GN Secured Loan on arm's length terms, with both parties having separate independent financial and legal advisers; and
- Webcentral has undertaken a Strategic Review which involved exploring all avenues for maximising shareholder value (for further details, see section 5.3 and section 5.4).

8.2 Unsecured loan of \$500,000

5GN Finance provided an unsecured loan of \$500,000, under an agreement that was entered into on 17 September 2020 and drawn on 18 September 2020, to Webcentral to provide funding for the \$500,000 reimbursement fee that Webcentral was required to pay to Web.com under the Web.com SID (**Unsecured Loan**). The key terms of the Unsecured Loan are:

- an interest rate of 4.95% plus BBSY will apply, but will not accrue during the first 30 days following drawing;
- interest will be payable in arrears on the last day of each interest period. Each interest period is a period of 3 months or as otherwise agreed by 5GN Finance;

³³ Based on net debt of \$44.82 million and consolidated underlying EBITDA (which excludes one-off items such as transaction costs, restructuring costs etc.) for the 12 months ended 30 June 2020 of \$8.28 million.

- unless prepaid, the Unsecured Loan will be repaid by a single bullet repayment on the earlier of:
 - (a) the repayment date of 31 March 2021; or
 - (b) if the Offer closes without becoming (or being declared) wholly unconditional and:
 - (1) during the Exclusivity Period, any Webcentral Board Member recommends that Webcentral Shareholders accept or vote in favour of a Competing Proposal that is announced during the Exclusivity Period, unless:
 - (A) there has been a failure of a Bid Condition, other than as a result of Webcentral causing a breach of the Bid Conditions (to the extent applicable to the relevant Bid Condition); or
 - (B) Webcentral is entitled to terminate the Bid Implementation Deed following a material breach by 5GN of the Bid Implementation Deed or a material breach of a 5GN Representation and Warranty, and has given the appropriate termination notice to 5GN, or
 - (2) a Competing Proposal of any kind is announced during the Exclusivity Period and, within 12 months of the date of such announcement, the Third Party or any one or more Associates of that Third Party completes a Competing Proposal of a kind referred to in any of paragraphs 2, 3 or 4 of the definition of Competing Proposal,
- the date which is 20 Business Days after the date of receipt by the Webcentral of a written demand for repayment by 5GN Finance following the occurrence of the events set out in this paragraph (b).

8.3 Repayment

5GN has stated in sections 10.3 and 10.4 of its Bidder's Statement that, if 5GN does not acquire 100% of the Webcentral Shares, it will require the loans to be repaid out of the earnings of Webcentral, new debt capital or new equity capital. See section 7.3(f) of this Target's Statement for further information in this regard.

9 Information relating to the Webcentral Directors

9.1 Interests and dealings in Webcentral Shares

As at the date of this Target's Statement, 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.

9.2 Interests and dealings in 5GN securities

(a) Interests in 5GN securities

As at the date immediately before the date of this Target's Statement, no Webcentral Director had a Relevant Interest in any securities in 5GN.

(b) Dealings in 5GN securities

No Webcentral Director acquired or disposed of a Relevant Interest in any securities in 5GN in the four month period ending on the date immediately before the date of this Target's Statement.

9.3 Benefits and agreements

(a) Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Webcentral or Related Body Corporate of Webcentral.

(b) Agreements connected with or conditional on the Offer

There are no agreements made between any Webcentral Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Webcentral Shares.

(c) Benefits from 5GN

None of the Webcentral Directors has agreed to receive, or is entitled to receive, any benefit from 5GN which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Webcentral Shares.

(d) Interests of Directors in contracts with 5GN

No Webcentral Director has any interest in any contract entered into by 5GN.



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

1 October 2020

Dear Directors

Takeover Bid by 5G Networks Limited (5GN) in relation to Webcentral Group Limited - Australian tax considerations

We have been instructed by Webcentral Group Limited (**Webcentral**) to prepare this letter for inclusion in section 10 of the Target's Statement.

Capitalised terms not otherwise defined in this letter have the meaning given to them in the Target's Statement. This letter uses the section numbering of the Target's Statement.

10.1 Introduction

The following is a general description of the Australian income and goods and services tax (**GST**) consequences for Webcentral Shareholders who accept the Offer. The comments set out below are relevant only to those Webcentral Shareholders who hold their Webcentral Shares on capital account. Webcentral Shareholders who hold their Webcentral Shares for the purposes of speculation or a business of dealing in securities (eg as trading stock) or who acquired their Webcentral Shares pursuant to an employee share or option plan should seek their own advice.

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

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

10.2 Australian resident Webcentral Shareholders

(a) Webcentral Shareholders who accept the Offer

The disposal of Webcentral Shares by a Webcentral Shareholder pursuant to the Offer will constitute a CGT event for the Webcentral Shareholder in respect of their Webcentral Shares.

The time of the CGT event will be the date that the Offer is accepted.

(b) Compulsory acquisition

If a Webcentral Shareholder does not dispose of their Webcentral Shares under the Offer and their Webcentral Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those Webcentral Shareholders will also have a CGT event in respect of their Webcentral Shares for CGT purposes.

The time of the CGT event will be when the Webcentral Shareholder ceases to be the owner of the Webcentral Shares.

(c) **Calculation of capital gain or capital loss (apart from scrip for scrip rollover relief)**

Subject to scrip for scrip rollover relief (see below), Webcentral Shareholders will make a capital gain on the transfer 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.

The cost base of the Webcentral Shares generally includes the cost of acquisition and certain non-deductible incidental costs of acquisition and disposal.

The reduced cost base of Webcentral Shares is similarly worked out.

The capital proceeds for the CGT event will be the Offer Consideration of 1 5GN Share for every 12 Webcentral Shares received by the Webcentral Shareholder. The capital proceeds should be equal to the market value of the 5GN Share(s) received by the Webcentral Shareholder, determined as at the time of the CGT event.

Individuals, complying superannuation entities or trustees that have held Webcentral Shares for at least 12 months for CGT purposes should be entitled to discount the amount of any capital gain (after application of capital losses) from the disposal of Webcentral Shares by 50% in the case of individuals and trusts or by 33 1/3 % for complying superannuation entities. For trusts, the ultimate availability of the discount may depend on a beneficiary's entitlement to the discount.

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and therefore is potentially subject to income tax. Net 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).

(d) **Scrip for scrip rollover**

Scrip for scrip rollover should be available if:

1. 5GN becomes the owner of at least 80% of the Webcentral Shares as a result of the Offer; and
2. 5GN does not make a choice under section 124-795(4) of the *Income Tax Assessment Act 1997* to deny scrip for scrip rollover.

If, and to the extent that scrip for scrip rollover is available and chosen, then a capital gain that would otherwise arise on the disposal of Webcentral Shares will be disregarded.

Scrip for scrip rollover is not available if a capital loss arises on the exchange of the Webcentral Shares.

If 5GN does not become the owner of 80% or more of the Webcentral Shares as a result of the Offer, no Webcentral Shareholder will be eligible for scrip for scrip rollover.

(e) **Implications of holding 5GN shares**

As a consequence of accepting the Offer, a Webcentral Shareholder will become a shareholder of 5GN.

Dividends (and any attached franking credits) received by an Australian resident shareholder of 5GN would generally be required to be included in the assessable income of such a shareholder.

(f) **CGT on subsequent disposal of 5GN Shares**

A subsequent disposal of 5GN Shares will generally result in Australian CGT implications as described above. These will differ depending upon whether or not, and the extent to which, scrip for scrip rollover was claimed in relation to the disposal of Webcentral Shares pursuant to the Offer.

(1) Where scrip for scrip rollover not claimed or not available

Where scrip for scrip rollover was not claimed or was not available in relation to the disposal of the Webcentral Shares, the cost base of the 5GN Share would include the market value of the Webcentral Shares disposed of in exchange for them. The market value should be determined as at the time of the CGT event for disposal of the Webcentral Shares (see section 10.2 above).

Where the disposal occurs pursuant to the Offer, the acquisition date of the 5GN Share will be the date of acceptance of the Offer. Where Webcentral Shares are compulsorily acquired, the acquisition date of the 5GN Share will be the date the Webcentral Shareholder becomes the owner of the 5GN Share.

(2) Where scrip for scrip rollover available

Where a Webcentral Shareholder chooses scrip for scrip rollover, the cost base (and reduced cost base) of the 5GN shares will reflect proportionally the cost base (and reduced cost base) that the Webcentral Shareholder had in their Webcentral Shares that are disposed of in exchange for the 5GN shares.

The cost base and reduced cost base of the 5GN shares may subsequently change, for example by certain incidental costs to sell the 5GN Shares.

A Webcentral Shareholder will be taken to have acquired the 5GN shares at the time the Webcentral Shares exchanged for them were originally acquired for CGT purposes.

10.3 Foreign resident Webcentral 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.

These Webcentral Shareholders should be subject to Australian CGT consequences on disposal of their Webcentral Shares in a broadly similar manner to that set out in section 10.2.

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.

10.4 Foreign resident CGT withholding rules

Foreign resident capital gains withholding tax may apply in respect of Webcentral Shares sold pursuant to the 5GN Offer. These rules will not apply to a sale of Webcentral Shares on the ASX or where a relevant declaration is made. Webcentral Shareholders who are not Australian tax residents should refer to section 13.3 of the Bidder's Statement for further information.

10.5 GST

Holders of Webcentral Shares 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) that relate to their participation in the Offer. 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

11 Additional information

11.1 Effect of the Offer on Webcentral's material contracts

Other than in relation to the Existing Debt Facilities (which it is intended will be repaid in full, see section 8.1 of this Target's Statement), as far as the Webcentral Directors are aware, there are no other contracts to which a Webcentral Group Member is a party, which are material in the context of the Webcentral Group as a whole that contain a change of control provision which would be triggered as a result of, or as a result of acceptances of, the Offer.

11.2 Reimbursement Fee and Reverse Reimbursement Fee

Webcentral and 5GN entered into a Bid Implementation Deed in respect of the Offer on 17 September 2020, a full copy of which was released to the ASX on the same day. A summary of certain key terms of the Bid Implementation Deed is set out in section 14.1 of the Bidder's Statement.

The Bid Implementation Deed contains a Reimbursement Fee of \$200,000 (excluding GST) payable by Webcentral to 5GN, which will be triggered if:

- during the Exclusivity Period, any Webcentral Board Member withdraws or adversely changes or adversely qualifies his recommendation in favour of the Takeover Bid, or fails to recommend the Takeover Bid, or recommends a Competing Proposal, in each case unless:
 - there has been a failure of a Bid Condition, other than as a result of Webcentral causing a breach of the Bid Conditions (to the extent applicable to the relevant Bid Condition); or
 - Webcentral is entitled to terminate the Bid Implementation Deed following a material breach by 5GN of the Bid Implementation Deed or a breach of a 5GN Representation and Warranty, and has given the appropriate termination notice to 5GN;
- a Competing Proposal is announced during the Exclusivity Period and completes within 12 months of the date of such announcement; or
- 5GN has terminated the Bid Implementation Deed following a material breach by Webcentral of the Bid Implementation Deed or a material breach of a Webcentral Representation and Warranty, and has given the appropriate termination notice to 5GN.

A Reverse Reimbursement Fee of \$200,000 (excluding GST) payable by 5GN to Webcentral will be triggered if Webcentral terminates the Bid Implementation Deed following:

- withdrawal by 5GN of the Takeover Bid or an application to ASIC for consent to withdraw unaccepted Offers under the Corporations Act;
- a material breach by 5GN of the Bid Implementation Deed or a material breach of a 5GN Representation and Warranty, and has given the appropriate termination notice to Webcentral.

11.3 Issued capital

As at the date of this Target's Statement, Webcentral had:

- 122,131,124 Webcentral Shares on issue; and
- no performance rights, options or other securities on issue.

11.4 Substantial holders

Based on the information contained in substantial holder notices filed with the ASX, the substantial holders of Webcentral Shares as at the date of this Target's Statement were:

| Substantial holder | Number of Webcentral Shares | Voting power |
|--|-----------------------------|--------------|
| Cadence Asset Management Entities | 21,230,532 | 17.38% |
| 5G Networks Limited | 13,818,744 | 11.31% |
| Keybridge Capital Limited ⁽¹⁾ | 7,693,179 | 6.30% |
| Capital H Management Pty Ltd | 8,958,084 | 7.34% |

⁽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 Limited.

11.5 Changes to Webcentral Board

In the Bid Implementation Deed, 5GN and Webcentral have agreed that as soon as reasonably practicable after the Offer has become or been declared wholly unconditional and 5GN has issued the Offer Consideration for, and, together with its Subsidiary, 5G Network Operations Pty Ltd, become registered as the holder of:

- at least 30% of all Webcentral Shares, if requested to do so by 5GN, Webcentral must use its best endeavours to procure the appointment of two 5GN nominees as directors of Webcentral; and
- at least 50.1% of all Webcentral Shares, if requested to do so by 5GN, Webcentral must use its best endeavours to procure:
 - the appointment of 5GN nominees as directors of Webcentral such that a majority of the directors of Webcentral are nominees of 5GN; and
 - that such Webcentral Directors as 5GN nominates resign from the Webcentral Board and the boards of other Webcentral Group Members.

11.6 Consents

Link Market Services has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Webcentral's share registrar in the form and context it is so named. Link Market Services has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Herbert Smith Freehills has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Webcentral's Australian legal adviser (other than in relation to taxation) in the form and context it is so named. Herbert Smith Freehills has not advised on the laws of any foreign jurisdiction. Herbert Smith Freehills has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Macquarie Capital has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Webcentral's financial adviser in the form and context it is so named. Macquarie Capital has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Greenwoods & Herbert Smith Freehills has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Webcentral's Australian tax adviser in the form and context it is so named. Greenwoods & Herbert Smith Freehills also consents to the inclusion of statements made by, or statements said to be based on statements made by, Greenwoods & Herbert Smith Freehills in the form and context in which the statements appear, including the Tax Adviser's Letter in section 10 of this Target's Statement. Greenwoods & Herbert Smith Freehills has not caused or authorised the issue of this Target's Statement and, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Target's Statement other than the references specified above.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by 5GN with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX, by 5GN. Pursuant to the Class Order, the consent of 5GN is not required for the inclusion of such statements in this Target's Statement. Webcentral Shareholders are strongly encouraged to read such documents or announcements in full. Any references to potential synergies and cost savings numbers contained in this Target's Statement were prepared by 5GN. Neither Webcentral nor any of its directors, officers, employees or advisers assumes any responsibility or makes any representation or warranty, express or implied, as to the accuracy, completeness of such information, or achievability of such numbers. Any Webcentral Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge and within 2 business days of the request) during the Offer Period by contacting the Webcentral Shareholder information line on 1300 853 816 (for callers in Australia) or +61 1300 853 816 (for callers outside Australia).

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72 (**Corporations Instrument 2016/72**), this Target's Statement may include or be accompanied by certain statements:

- which fairly represent what purports to be a statement by an official person;
- which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

In addition, as permitted by Corporations Instrument 2016/72, this Target's Statement contains trading data sourced from IRESS without its consent.

11.7 No other material information

This Target's Statement is required to include all the information that Webcentral Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Webcentral Director.

The Webcentral Directors are of the opinion that the information that Webcentral Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in Webcentral's releases to the ASX, and in the documents lodged by Webcentral with ASIC before the date of this Target's Statement; and
- the information contained in this Target's Statement.

Webcentral and the Webcentral Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, neither Webcentral nor the Webcentral Directors take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Webcentral Directors have had regard to:

- the nature of the Webcentral Shares;
- the matters that Webcentral Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Webcentral Shareholders' professional advisers; and
- the time available to Webcentral to prepare this Target's Statement.

12 Definitions and interpretation

12.1 Definitions

In this Target's Statement, unless the context otherwise appears, the following terms have the meanings shown below:

| Term | Meaning |
|---|--|
| \$, A\$ or AUD | Australian dollar. |
| 31 January Review Event | has the meaning given in section 5.5. |
| 5GN | 5GN Networks Limited ACN 163 312 025. |
| 5GN Finance | 5G Networks Finance Pty Ltd ACN 605 721 024, a Subsidiary of 5GN. |
| 5GN Group | 5GN and each of its Subsidiaries, and a reference to a 5GN Group Member or a member of the 5GN Group is to 5GN or any of its Subsidiaries. |
| 5GN Proposal | has the meaning given in section 5.4. |
| 5GN Representations and Warranties | the representations and warranties of 5GN set out in clause 5.1 of the Bid Implementation Deed. |
| 5GN Secured Loan | has the meaning given in section 8.1. |
| 5GN Share | a fully paid ordinary share in the capital of 5GN. |
| 5GN Shareholder | a holder of 5GN Shares. |
| Acceptance Form | the transfer and acceptance form enclosed with the Bidder's Statement. |
| Announcement Date | 17 September 2020. |
| ASIC | the Australian Securities and Investments Commission. |

| Term | Meaning |
|--|---|
| 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 the Bid Implementation Deed and Webcentral was the designated body. |
| ASX | ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates. |
| ASX Waiver | has the meaning given in section 8.1. |
| Bid Condition | the conditions to the Offer set out in clause 3 of Schedule 2 to the Bid Implementation Deed or section 15.8 of the Bidder's Statement (as the context requires). |
| Bid Implementation Deed | the bid implementation deed dated 17 September 2020 between Webcentral and 5GN, a copy of which was released to the ASX on 17 September 2020. |
| Bidder's Statement | the bidder's statement issued by 5GN in relation to the Takeover Bid dated 18 September 2020. |
| 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. |
| CGT | capital gains tax. |
| Competing Proposal | <p>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 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 of, 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 |

| Term | Meaning |
|---------------------------------|--|
| | <p>Webcentral's business or assets or the business or assets of the Webcentral Group;</p> <p>4 otherwise directly or indirectly acquire or merge with Webcentral or any material Subsidiary of Webcentral; or</p> <p>5 require Webcentral to abandon, or otherwise fail to proceed with, the Takeover Bid,</p> <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> |
| 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. |
| EBITDA | earnings before interest, tax, depreciation and amortisation. |
| Exclusivity Period | <p>the period from and including the date of the Bid Implementation Deed until the earlier of:</p> <ol style="list-style-type: none"> 1 the date of termination of the Bid Implementation Deed; 2 the end of the Offer Period; and 3 the date that is 4 months after the date of the Bid Implementation Deed. |
| 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 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). |

| Term | Meaning |
|---------------------------------|--|
| 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 5GN or Webcentral (as applicable) or any of its Related Persons, to a sufficient extent, and in sufficient detail, so as to enable a reasonable bidder (or one of its Related Persons) experienced in transactions similar to the Takeover Bid and experienced in a business similar to any business conducted by the Webcentral Group or the 5GN 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 from time to time in relation to the transactions contemplated by the Bid Implementation Deed. |
| Foreign Shareholder | a Webcentral Shareholder whose address as shown in the register of members of Webcentral is in a jurisdiction other than Australia or its external territories or New Zealand, unless 5GN otherwise determines (in its absolute discretion) after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a Webcentral Shareholder in the relevant jurisdiction and to issue 5GN Shares to such a Webcentral Shareholder on acceptance of the Offer, and that it is not unlawful for such a Webcentral Shareholder to accept the Offer in such circumstances in the relevant jurisdiction. |
| 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). |
| GST Law | has the same meaning as in the GST Act. |
| Last Practicable Date | 29 September 2020. |
| Listing Rules | the Official Listing Rules of ASX, as amended or waived by ASX from time to time. |
| Loan Implementation Deed | the loan implementation deed between Webcentral and 5GN entered into at or about the same time as the Bid Implementation Deed, pursuant to which Webcentral and 5GN agree to negotiate |

| Term | Meaning |
|--------------------------------|---|
| | and enter into a facility agreement relating to the 5GN Secured Loan. |
| Macquarie Capital | Macquarie Capital (Australia) Limited ACN 123 199 548. |
| Material Adverse Change | <p>an event, change, condition, matter, circumstance or thing occurring after the Announcement Date (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 Webcentral 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 Bid Implementation Deed, the Reimbursement Fee Loan Agreement or the Loan Implementation Deed or the transactions contemplated by any of them; to the extent that they were Fairly Disclosed in any disclosure materials; agreed to in writing, or requested in writing, by 5GN; directly relating to costs and expenses incurred by Webcentral associated with the Offer or the Web.com Scheme, including all fees payable to external advisers of Webcentral, in each case to the extent such cost and expense arrangements are in place on the Announcement Date; 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 hosting 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 |

| Term | Meaning |
|------------------------------|---|
| | <p>changes or major disruptions to, or fluctuations in, domestic or international financial markets);</p> <p>10 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 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 Announcement Date;</p> <p>12 that Webcentral Fairly Disclosed in an announcement made by Webcentral to ASX in the 5 years prior to the Announcement Date;</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 Takeover Bid as proposed by 5GN.</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> |
| Offer | the offer by 5GN for the Webcentral Shares under the terms and conditions contained in section 15 of the Bidder's Statement. |
| Offer Consideration | the consideration under the Offer, being 1 5GN Share for every 12 Webcentral Shares held by a Webcentral Shareholder (other than a Foreign Shareholder or a Small Parcel Shareholder). Entitlements to a fraction of a 5GN Share will be rounded downwards. |
| Offer Period | the period that the Offer will remain open for acceptance in accordance with section 15.2 of the Bidder's Statement. |
| Prescribed Occurrence | <p>the occurrence of any of the following:</p> <ol style="list-style-type: none"> 1 Webcentral converting all or any of the Webcentral Shares into a larger or smaller number of shares under section 254H of the Corporations Act; 2 Webcentral or a Subsidiary resolving to reduce its share capital in any way; 3 Webcentral or a Subsidiary entering into a buy-back agreement or resolving to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act; 4 Webcentral or a Subsidiary making an issue of shares, or |

| Term | Meaning |
|---|---|
| | granting an option over its shares, or agreeing to make such an issue or grant such an option; |
| | 5 Webcentral or a Subsidiary issuing or agreeing to issue convertible notes; |
| | 6 Webcentral or a Subsidiary disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property; |
| | 7 Webcentral or a Subsidiary granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property, other than as contemplated by the Loan Implementation Deed; |
| | 8 Webcentral or a Subsidiary resolving that it be wound up; |
| | 9 the appointment of a liquidator or provisional liquidator of Webcentral or a Subsidiary; |
| | 10 the making of an order by a court for the winding up of Webcentral or a Subsidiary; |
| | 11 an administrator of Webcentral or a Subsidiary being appointed under section 436A, 436B or 436C of the Corporations Act; |
| | 12 Webcentral or a Subsidiary executing a deed of company arrangement; or |
| | 13 the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Webcentral or a Subsidiary. |
| Reimbursement Fee | \$200,000. |
| Reimbursement Fee Loan Agreement | the reimbursement fee loan agreement between Webcentral and 5GN entered into at or about the same time as the Bid Implementation Deed, pursuant to which 5GN will provide an unsecured loan of \$500,000 to Webcentral to allow Webcentral to pay the Reimbursement Fee (as defined in the Web.com SID). |
| Related Bodies Corporate | has the meaning set out in section 50 of the Corporations Act. |
| Related Person | <ol style="list-style-type: none"> 1 in respect of Webcentral, 5GN or their respective Related Bodies Corporate, each director, officer, employee, adviser, agent or representative of Webcentral, 5GN 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. |

| Term | Meaning |
|----------------------------------|---|
| Reverse Reimbursement Fee | \$200,000. |
| Revised Web.com Proposal | has the meaning given in the Letter from the Chair of the Webcentral Board. |
| Security Interest | has the meaning given in section 51A of the Corporations Act. |
| Small Parcel | a parcel of 5GN Shares having a value of less than \$500 based on 5GN's VWAP for the 2 trading days prior to the date of the Bidder's Statement, being 287 5GN Shares (and equivalent to 3,448 Webcentral Shares). |
| Small Parcel Shareholder | a Webcentral Shareholder who would be entitled to receive a total number of 5GN Shares as consideration under the Offer which constitute a Small Parcel. |
| Strategic Review | has the meaning given in section 5.3. |
| 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 paragraphs 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 7 of the Bid Implementation Deed (it being understood that any actions by the Related Persons of Webcentral not permitted by clause 7 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 and written financial advice from its financial advisers, determines:</p> <ol style="list-style-type: none"> 3 is reasonably capable of being valued and completed within a 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 Takeover Bid (if applicable, as amended or varied following application of the matching right set out in clause 7.4 of the Bid 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> |

| Term | Meaning |
|--|---|
| | condition of the proponent and other matters affecting the probability of the Competing Proposal being completed and the outcome for Webcentral Shareholders) and of the Takeover Bid. |
| Tax Adviser's Letter | the letter issued by Greenwoods & Herbert Smith Freehills as set out in section 10 of this Target's Statement. |
| Takeover Bid | the off-market takeover bid by 5GN for the Webcentral Shares on the terms and conditions of the Offer. |
| Target's Statement | this document (including any attachments), being the statement of Webcentral under Part 6.5 of the Corporations Act. |
| Third Party | a person other than 5GN, its Related Bodies Corporate and its other Associates. |
| 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, in each case excluding any director nominated by 5GN pursuant to clause 3.6 of the Bid Implementation Deed. |
| 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 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 Representations and Warranties | the representations and warranties of Webcentral set out in clause 5.3 of the Bid Implementation Deed. |
| Webcentral Share | Link Market Services Limited ABN 54 083 214 537. |

| Term | Meaning |
|--------------------------------|---|
| Registry | |
| 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 Counterproposal | has the meaning given in the Letter from the Chair of the Webcentral Board. |
| Web.com Scheme | has the meaning given in the Letter from the Chair of the Webcentral Board |
| Web.com SID | 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. |

12.2 Interpretation

In this Target's Statement, 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;
- (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 Target's Statement 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 Target's Statement;
- (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 dollars, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

12.3 Interpretation of inclusive expressions


Specifying anything in this Target's Statement after the words "includes" or "for example" or similar expressions does not limit what else is included.

13 Authorisation

This Target's Statement has been approved by a resolution passed by the Webcentral Board. All Webcentral Directors voted in favour of the resolution.

Date: 1 October 2020

Signed for and on behalf of Webcentral:



Andrew Reitzer

Chair, Webcentral Group Limited

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).