

22 October 2020

WEBCENTRAL GROUP LIMITED (ASX: WCG)

5GN TAKEOVER BID – SECOND SUPPLEMENTARY TARGET'S STATEMENT

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

We attach for release by the Australian Securities Exchange, in accordance with subsection 647(3)(b)(ii) of the *Corporations Act 2001* (Cth) (inserted into that Act by ASIC Class Order [CO13/528]), a copy of Webcentral's second supplementary target's statement dated 22 October 2020 in relation to the 5GN Takeover Bid.

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
Chairman
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The release of this announcement to the ASX was authorised by the independent board committee of Webcentral.

Second Supplementary Target's Statement

This document is a supplementary target's statement under section 644 of the Corporations Act 2001 (Cth). It is the second supplementary target's statement (**Second Supplementary Target's Statement**) issued by Webcentral Group Limited ACN 084 429 318 (**Webcentral**) in relation to the off-market takeover bid for all the ordinary shares in Webcentral by 5G Networks Limited ABN 163 312 025 (**5GN**). This Second Supplementary Target's Statement supplements, and should be read together with, Webcentral's target's statement dated 1 October 2020 (**Original Target's Statement**) and Webcentral's first supplementary target's statement dated 15 October 2020 (**First Supplementary Target's Statement**). Unless the context otherwise requires, terms defined in the Original Target's Statement or the First Supplementary Target's Statement have the same meaning when used in this Second Supplementary Target's Statement. A copy of this Second Supplementary Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents. This Second Supplementary Target's Statement 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.

1 Drawdown notice issued under 5GN Secured Loan

1.1 Waiver of 50.1% ownership requirement and draw down notice

On 22 October 2020, 5GN and Webcentral entered into an agreement to waive the condition to drawdown under the 5GN Secured Loan that 5GN hold a relevant interest in at least 50.1% of Webcentral Shares. This waiver is stated to take effect on and from the date that the Webcentral Board consists of a majority of persons nominated by 5GN (**Effective Date**).

As noted below in section 2, the Webcentral Board now comprises a majority of persons nominated by 5GN, so the Effective Date has occurred. All other conditions precedent relating to drawdown under the 5GN Secured Loan have been satisfied.

Accordingly, Webcentral has now issued a drawdown notice under the 5GN Secured Loan and it is intended that the funding, once received, will enable Webcentral to repay the Existing Financiers in full. The funding notice is irrevocable and 5GN is contractually obliged to provide the funding requested in the funding notice. It is currently expected that payment will be made under the drawdown notice on 26 October 2020.

After the Existing Financiers have been repaid, Webcentral will then owe approximately \$47.7million to a subsidiary of 5GN (5GN Finance) under the 5GN Secured Loan. Webcentral will have to repay that loan, which will bear interest at a rate higher than the interest rate under the Existing Debt Facilities by approximately 2 times, within 12 months.

1.2 Repayment of 5GN loans

5GN has stated in its Bidder's Statement that it expects the 5GN Loan to be repaid out of earnings of Webcentral, new debt capital or new equity capital.

If you remain a Webcentral Shareholder after the Offer closes, you should note that 5GN may seek to cause Webcentral to undertake an equity raising to repay some or all of the loans provided by 5GN Finance. In this case, it is reasonable to expect that any such equity raising will be at a material discount to the then prevailing Webcentral share price and, if any Webcentral Shareholders do not participate in that equity raising, they are likely to be materially diluted.

If the equity raising is conducted as a rights issue, it is possible that 5GN could underwrite the equity raising and, if there was a material shortfall in the level of take up

under the rights issue, this could result in 5GN significantly increasing its shareholding in Webcentral if it acquires some or all of the shortfall shares.

As noted in the First Supplementary Target's Statement, any rights issue by Webcentral, irrespective of 5GN's relevant interest at the time, would need to take into account the considerations in the Takeovers Panel's Guidance Note 17, "Rights Issues" (**Guidance Note 17**).¹ Guidance Note 17 sets out a number of factors the Panel will consider in determining whether a rights issue gives rise to unacceptable circumstances, which include the company's situation, the structure of the rights issue (including size, price, discount to market, timing, underwriting and renounceability) and the effect of the rights issue (including any effect on control or the acquisition of a substantial interest and the purposes of Chapter 6 of the Corporations Act). Similarly, general protections are available to Webcentral Shareholders under the ASX Listing Rules, including Listing Rule 7.11.3 which provides that the ratio of securities offered under a rights issue must not be greater than one security for each security held, unless the offer is renounceable, which means that shareholders would have the option to seek to sell or transfer their rights to a third party, rather than subscribe for further shares themselves.

2 Acceptance update

The Offer is scheduled to close at 7.00 pm (Sydney time) on Tuesday, 27 October 2020, unless extended.

5GN has reported that it has a Relevant Interest in 46.76% of the Webcentral Shares.

3 Changes to Webcentral Board

On 22 October 2020, Natalie Mactier² (a nominee of 5GN) was appointed as a director of Webcentral and Andrew Macpherson resigned as a director of Webcentral.

Accordingly, the Webcentral Board now comprises the following five directors: Andrew Reitzer (Chairman) and Karl Siegling and three nominees of 5GN, being Joseph Demase, Joe Gangi and Natalie Mactier.

As such, the Webcentral Board now consists of a majority of persons nominated by 5GN and the Effective Date to the waiver referred to in section 1.1 has occurred.

The Independent Board Committee established by the Webcentral Board to oversee the conduct of the takeover bid now consists of Andrew Reitzer and Karl Siegling.

4 Takeovers Panel application

Webcentral notes that late on 21 October 2020 it received a copy of an application to the Takeovers Panel made by Keybridge Capital Limited (**Keybridge**) in relation to the off-market takeover bid for all the shares in Webcentral by 5G Networks Limited (**5GN**) (the **Takeovers Panel Application**).

In summary, Keybridge is seeking:

- interim orders to the effect that (1) 5GN not process any acceptances until the Panel has considered Keybridge's application and (2) 5GN extends the expiry of its bid by 3 weeks; and

¹ Webcentral notes that it has had no discussions with 5GN about the possibility of an equity raising following the close of the Offer Period.

² Details of Natalie Mactier can be found in 5GN's First Supplementary Bidder's Statement dated [22 October 2020] (a copy of which is published on the ASX).

- final orders to the effect that (1) Webcentral shareholders be provided with withdrawal rights under the takeover bid or the takeover bid be withdrawn, (2) certain of the shares acquired by 5GN from the Webcentral directors be vested in ASIC for sale and (3) corrective disclosures be made by 5GN and Webcentral.

Webcentral considers the Takeovers Panel Application is without merit. However, in accordance with the Takeovers Panel's rules, Webcentral is unable to make any further comment on the Takeovers Panel Application at this stage.

Further details of the Takeovers Panel Application are contained in the Takeovers Panel's media release dated 22 October 2020, a copy of which can be obtained from the ASX website.

Webcentral will keep shareholders updated in relation to material developments to the extent appropriate in accordance with the Takeovers Panel's rules.

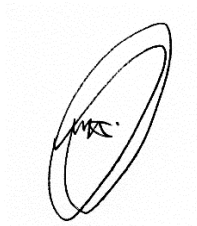
5 Further questions

If you have questions about the Offer, please call the Webcentral shareholder information line on 1300 853 816 (for callers in Australia) or +61 1300 853 816 (for callers outside Australia).

6 Approval

Signed for and on behalf of Webcentral Group Limited following a resolution of the directors of Webcentral Group Limited acting through the Independent Board Committee.

Date: 22 October 2020

A handwritten signature, appearing to be 'AR', is written inside a faint, hand-drawn oval. The signature is in black ink and is slanted to the right.

Andrew Reitzer, Chairman