



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP20/66

Thursday, 29 October 2020

Webcentral Group Limited - Panel Declines to Conduct Proceedings

The Panel has declined to conduct proceedings on an application dated 21 October 2020 from Keybridge Capital Limited in relation to the affairs of Webcentral Group Limited.

Webcentral is subject to a takeover bid from 5G Networks Limited. On 17 September 2020, Webcentral announced (among other things) that 5G Networks would provide funding to Webcentral to enable Webcentral to repay its existing financiers in full (**Debt Funding**), if 5G Networks has a relevant interest in at least 50.1% of the Webcentral shares and the 5G Networks bid becomes or is declared wholly unconditional. On 13 October 2020, 5G Networks declared its bid unconditional and disclosed that all of Webcentral's directors had accepted into the 5G Networks bid and that 5G Networks had voting power in Webcentral of 34.75% (see [TP20/61](#)).

The day after the application was made (i.e. 22 October 2020), 5G Networks lodged a supplementary bidder's statement, disclosing (among other things) that it and Webcentral had entered into an agreement to waive the requirement that 5G Networks has a relevant interest in at least 50.1% of Webcentral shares as a condition to the Debt Funding.

The Panel considered that it was not in the public interest to conduct proceedings in all the circumstances, noting that:

- any coercive effect of 5G Networks waiving its bid conditions and leaving the 50% acceptance condition on 5G Networks' loan offer was partly remedied by 5G Networks waiving the 50% condition to its loan offer
- Webcentral was financially constrained
- the Panel is generally reluctant to substitute the decision of target directors when there is little material to suggest any association between them and the bidder
- the directors waited for a period before accepting into the 5G Networks bid, allowing for a superior proposal to be made and

- the range of possible remedies were less likely to have an effect given the timing of the application.

The Panel concluded there was no reasonable prospect that it would make a declaration of unacceptable circumstances. Accordingly, the Panel declined to conduct proceedings. As the Panel has decided not to conduct proceedings, the President's interim orders (see [TP20/62](#)) cease to have effect.

The sitting Panel was Amy Alston, Stephanie Charles (sitting President) and Michael Lishman.

The Panel will publish its reasons for the decision in due course on its website www.takeovers.gov.au.

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