

**29 November 2019**

**NORTHGATE PLC**

**REDDE PLC**

---

---

**CO-OPERATION AGREEMENT**

---

---



**Freshfields Bruckhaus Deringer**

65 Fleet Street  
London EC4Y 1HS

## CONTENTS

CLAUSE	PAGE
1. Definitions and interpretation.....	1
2. Publication of the Announcement and the terms of the Merger.....	9
3. Undertakings in relation to obtaining Clearances.....	9
4. Scheme Document.....	12
5. Implementation of the Merger.....	13
6. Northgate documents and Northgate Recommendation.....	14
7. Switching to a Takeover Offer .....	15
8. Conduct of business.....	16
9. Share Plans .....	17
10. Directors' and officers' insurance .....	17
11. Termination .....	18
12. Takeover Code .....	19
13. Representations and warranties .....	19
14. Costs.....	20
15. Entire agreement.....	20
16. Assignment.....	20
17. Notices.....	20
18. Waivers, rights and remedies .....	21
19. No partnership .....	22
20. Further assurances .....	22
21. Counterparts .....	22
22. Variations .....	22
23. Invalidity .....	22
24. Third party enforcement rights.....	23
25. Governing law and jurisdiction .....	23
Schedule 1 Form of Announcement.....	25
Schedule 2 Share Plans.....	26

**THIS AGREEMENT** is made on 29 November 2019

**BETWEEN:**

- (1) **NORTHGATE PLC**, a public limited company registered in England and Wales with registered number 00053171, whose registered office is at Northgate Centre, Lingfield Way, Darlington, England, DL1 4PZ (*Northgate*); and
- (2) **REDDE PLC**, a public limited company registered in England and Wales with registered number 03120010, whose registered office is at Pinesgate, Lower Bristol Road, Bath, BA2 3DP (*Redde*),

(each a *party* and together the *parties*).

**WHEREAS:**

- (A) Northgate and Redde propose to announce a recommended all-share merger pursuant to Rule 2.7 of the Code.
- (B) The Merger will be made on the terms and subject to the Conditions set out in the Announcement and this Agreement.
- (C) The parties intend that the Merger will be implemented by way of the Scheme, although Northgate reserves the right, subject to the terms of this Agreement and the Announcement, to implement the Merger by way of the Takeover Offer.
- (D) The parties are entering into this Agreement to set out certain obligations and commitments in relation to the implementation of the Merger (whether by way of the Scheme or the Takeover Offer).

**IT IS AGREED** as follows:

**1. Definitions and interpretation**

- 1.1 In this Agreement (including the recitals but excluding Schedule 1), the terms and expressions listed in this clause 1.1 shall have the meanings set out in this clause 1.1. Terms and expressions used in Schedule 1 shall have the meanings given to them in Schedule 1.

*Acceptance Condition* means the acceptance condition to any Takeover Offer complying with clause 7.2(a) in relation to an Agreed Switch;

*Admission* means admission of the New Northgate Shares to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange;

*Agreed Switch* has the meaning given in clause 7.1(a);

*Announcement* means the announcement detailing the terms and conditions of the Merger to be made pursuant to Rule 2.7 of the Code, in substantially the form set out in Schedule 1;

**Business Day** means a day other than a Saturday or Sunday or public holiday in England and Wales on which banks in London are open for general commercial business;

**Clearances** means any approvals, consents, clearances, permissions and waivers as are required, and all filings that are required to be made and waiting periods that may need to have expired, from or under the Law or practices applied by any applicable Relevant Authority, in order to satisfy a Regulatory Condition;

**Code** means the City Code on Takeovers and Mergers, as issued from time to time by or on behalf of the Panel;

**Combined Group** means the enlarged group following the completion of the Merger comprising the Redde Group and the Northgate Group;

**Companies Act** means the Companies Act 2006;

**Competing Proposal for Northgate** means:

- (a) an offer (including a partial, exchange or tender offer), merger, acquisition, dual-listed structure, scheme of arrangement, reverse takeover, whitewash transaction and / or business combination (or the announcement of a firm intention to do the same), the purpose of which is to acquire, directly or indirectly, 30 per cent. or more of the issued or to be issued ordinary share capital of Northgate (when aggregated with the shares already held by the acquirer and any person acting or deemed to be acting in concert with the acquirer) or any arrangement or series of arrangements which results in any party acquiring, consolidating or increasing 'control' (as defined in the Code) of Northgate;
- (b) the acquisition or disposal, directly or indirectly (and including by way of dilution as a result of a share issuance by any member of the Northgate Group), of all or a significant proportion (being 30 per cent. or more) of the business, assets and / or undertakings of the Northgate Group calculated by reference to any of its revenue, profits or value taken as a whole;
- (c) a demerger and / or liquidation involving all or a significant portion (being 30 per cent. or more) of the Northgate Group calculated by reference to any of its revenue, profits or value taken as a whole; or
- (d) any other transaction which would be alternative to, or inconsistent with, or would be reasonably likely materially to preclude, impede or delay or otherwise prejudice the implementation of the Merger (including, for the avoidance of doubt, any transaction or arrangement which would constitute a Class 1 transaction for the purposes of the Listing Rules undertaken by a member of the Northgate Group),

in each case which is not effected by or with Redde (or a person acting in concert with Redde) or at Redde's direction, and in each case whether implemented in a single transaction or a series of transactions and whether conditional or otherwise;

**Competing Proposal for Redde** means:

- (a) an offer (including a partial, exchange or tender offer), merger, acquisition, dual-listed structure, scheme of arrangement, reverse takeover, whitewash transaction and / or business combination (or the announcement of a firm intention to do the same), the purpose of which is to acquire, directly or indirectly, 30 per cent. or more of the issued or to be issued ordinary share capital of Redde (when aggregated with the shares already held by the acquirer and any person acting or deemed to be acting in concert with the acquirer) or any arrangement or series of arrangements which results in any party acquiring, consolidating or increasing 'control' (as defined in the Code) of Redde;
- (b) the acquisition or disposal, directly or indirectly (and including by way of dilution as a result of a share issuance by any member of the Redde Group), of all or a significant proportion (being 30 per cent. or more) of the business, assets and / or undertakings of the Redde Group calculated by reference to any of its revenue, profits or value taken as a whole;
- (c) a demerger and / or liquidation involving all or a significant portion (being 30 per cent. or more) of the Redde Group calculated by reference to any of its revenue, profits or value taken as a whole; or
- (d) any other transaction which would be alternative to, or inconsistent with, or would be reasonably likely materially to preclude, impede or delay or otherwise prejudice the implementation of the Merger (including, for the avoidance of doubt, any transaction or arrangement which would, if the Redde Shares were listed on the premium listing segment of the Financial Conduct Authority's Official List, constitute a Class 1 transaction for the purposes of the Listing Rules undertaken by a member of the Redde Group),

in each case which is not effected by or with Northgate (or a person acting in concert with Northgate) or at Northgate's direction, and in each case whether implemented in a single transaction or a series of transactions and whether conditional or otherwise;

**Conditions** means:

- (a) for so long as the Merger is being implemented by means of the Scheme, the conditions to the implementation of the Merger (including the Scheme) as set out in Appendix 1 to the Announcement and to be set out in the Merger Document, as may be amended by Northgate with the consent of the Panel (and, for so long as the Scheme is subject to a unanimous and unqualified recommendation from the board of directors of Redde, with the consent of Redde); and
- (b) for so long as the Merger is being implemented by means of a Takeover Offer, the conditions referred to in (a) above, as amended by replacing the Scheme Conditions with the Acceptance Condition and as may be further amended by Northgate with the consent of the Panel (and in the case of an Agreed Switch, and for so long as the Takeover Offer is subject to a unanimous and unqualified recommendation from the board of directors of Redde, with the consent of Redde),

and **Condition** shall be construed accordingly;

**Confidentiality Agreement** means the confidentiality agreement between Northgate and Redde in relation to the Merger dated 21 October 2019;

**Court** means the High Court of Justice in England and Wales;

**Court Hearing** means the hearing by the Court of the petition to sanction the Scheme and to grant the Court Order;

**Court Hearing Date** means the date upon which the Court Hearing is held;

**Court Meeting** means the meeting of the Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act, notice of which will be set out in the Scheme Document, for the purpose of approving the Scheme, including any adjournment, postponement or reconvening thereof;

**Court Order** means the order of the Court sanctioning the Scheme under section 899 of the Companies Act;

**Court Sanction Date** means the date upon which the Court sanctions the Scheme and grants the Court Order;

**Effective Date** means:

- (a) the date on which the Scheme becomes effective in accordance with its terms;  
or
- (b) if Northgate elects to implement the Merger by means of a Takeover Offer in accordance with the terms of this Agreement, the date that the Takeover Offer becomes or is declared unconditional in all respects;

**Group** means, in relation to any person, that person and any bodies corporate which are subsidiaries or subsidiary undertakings of that person;

**Law** means any applicable statute, law, rule, regulation, ordinance, code, order, judgment, injunction, writ, decree, directive, policy, guideline, interpretation or rule of common law issued, administered or enforced by any Relevant Authority, or any judicial or administrative interpretation thereof;

**Listing Rules** means the rules and regulations made by the Financial Conduct Authority under the Financial Services and Markets Act 2000, and contained in the Financial Conduct Authority's publication of the same name;

**London Stock Exchange** means London Stock Exchange plc;

**Longstop Date** means 30 April 2020 or such later date as may be agreed in writing by Northgate and Redde (with the Panel's consent and as the Court may approve (if such consents(s) or approval(s) is / are required));

**Merger** means the share-for-share merger of Redde and Northgate to be effected by way of: (i) the Scheme; or (ii) the Takeover Offer (as the case may be);

**Merger Document** means: (i) if the Scheme is (or is to be) implemented, the Scheme Document; or (ii) if the Takeover Offer is (or is to be) implemented, the Offer Document;

**New Northgate Shares** means the Northgate Shares to be issued by Northgate to Redde Shareholders as consideration for the Merger;

**Northgate Adverse Recommendation Change** means: (a) any failure to include the Northgate Recommendation in the Northgate Circular; (b) any announcement by Northgate: (i) that it will not convene the Northgate General Meeting; (ii) that the Northgate Board no longer intends to make the Northgate Recommendation or intends adversely to modify or qualify such recommendation or no longer intends to publish a Northgate Circular; or (iii) that it does not intend to post the Northgate Circular or (if different) the document convening the Northgate General Meeting; (c) any withdrawal, adverse modification or adverse qualification of the Northgate Recommendation without Redde's prior written consent; or (d) any failure to reaffirm or re-issue the Northgate Recommendation within five Business Days of Redde's reasonable request to do so;

**Northgate Board** means the board of directors of Northgate from time to time;

**Northgate Circular** means any circular and/or supplementary circular to be sent by Northgate to the Northgate Shareholders in connection with the Merger and convening any Northgate General Meeting;

**Northgate Directors** means the directors of Northgate from time to time;

**Northgate EPSP** means the Northgate plc Executive Performance Share Plan as amended and approved on 23 September 2019;

**Northgate General Meeting** means any meeting of the Northgate Shareholders (and any adjournment thereof) to be convened to consider and, if thought fit, approve the Northgate Resolutions;

**Northgate Group** means Northgate and its subsidiary undertakings and **member of the Northgate Group** shall be construed accordingly;

**Northgate Prospectus** means the prospectus and/or any supplementary prospectus required to be published by Northgate in respect of the issue of the New Northgate Shares;

**Northgate Recommendation** means the unanimous and unqualified recommendation from the Northgate Directors to the Northgate Shareholders to vote in favour of the Northgate Resolutions at the Northgate General Meeting;

**Northgate Resolutions** means the shareholder resolutions necessary to satisfy the Conditions to the Merger;

**Northgate Share Plans** means the Northgate EPSP, the Northgate All Employee Share Scheme and the Deferred Annual Bonus Plan;

**Northgate Shareholders** means the holders of Northgate Shares from time to time;

**Northgate Shares** means the ordinary shares of 50 pence each in the capital of Northgate;

**Offer Document** means, if (following the date of this Agreement) Northgate elects to implement the Merger by way of a Takeover Offer in accordance with clause 7.1, the document to be sent to (among others) Redde Shareholders setting out, among other things, the full terms and conditions of the Takeover Offer;

**Panel** means the UK Panel on Takeovers and Mergers;

**Prospectus Rules** means the prospectus rules made by the Financial Conduct Authority under section 73(A) of the Financial Services and Markets Act 2000 and contained in the Financial Conduct Authority's publication of the same name;

**Redde Adverse Recommendation Change** means: (a) any failure to include the Redde Board Recommendation in the Scheme Document; (b) except as contemplated in this Agreement, any announcement by Redde: (i) that it will not convene the Court Meeting or Redde General Meeting; (ii) that the Redde Board no longer intends to make the Redde Board Recommendation or intends adversely to modify or qualify such recommendation or no longer intends to publish the Scheme Document; or (iii) that it does not intend to post the Scheme Document or (if different) the document convening the Court Meeting or the Redde General Meeting; (c) any withdrawal, adverse modification or adverse qualification of the Redde Board Recommendation without Northgate's prior written consent; or (d) any failure to reaffirm or re-issue the Redde Board Recommendation within five Business Days of Northgate's reasonable request to do so;

**Redde Board** means the board of directors of Redde from time to time;

**Redde Board Recommendation** means a unanimous and unqualified recommendation from the Redde Directors to Redde Shareholders in respect of the Merger: (i) to vote in favour of the Redde Resolutions; or (ii) if Northgate elects to proceed with the Takeover Offer in accordance with the terms of this Agreement, to accept the Takeover Offer;

**Redde Directors** means the directors of Redde from time to time;

**Redde General Meeting** means the general meeting of Redde to be convened in connection with the Scheme, notice of which will be set out in the Scheme Document, including any adjournment thereof;

**Redde Group** means Redde and its subsidiary undertakings and **member of the Redde Group** shall be construed accordingly;

**Redde PSP** means the Redde plc Performance Share Plan 2016;

**Redde Resolutions** means such shareholder resolutions of Redde as are necessary to satisfy the Conditions to the Merger;

**Redde Share Plans** means the Redde 2014 SAYE Plan and the Redde PSP;

**Redde Shareholders** means the holders of Redde Shares from time to time;

**Redde Shares** means the ordinary shares of 0.1 pence each in the capital of Redde, from time to time;

**Regulatory Conditions** means the conditions in paragraphs 6 to 10 (inclusive) of Part A of Appendix 1 to the Announcement;

**Regulatory Information Service** means any information service authorised from time to time by the Financial Conduct Authority for the purpose of disseminating regulatory announcements;

**Relevant Authority** means any central bank, ministry, governmental, quasi-governmental, supranational (including the European Union), statutory, regulatory or investigative body, authority or tribunal (including any national or supranational anti-trust, competition or merger control authority, any sectoral ministry or regulator and foreign investment review body), national, state, municipal or local government (including any subdivision, court, tribunal, administrative agency or commission or other authority thereof), any entity owned or controlled by them, any private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body in any jurisdiction;

**Scheme** means the scheme of arrangement proposed to be made under Part 26 of the Companies Act between Redde and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to in writing by Redde and Northgate;

**Scheme Conditions** means the conditions referred to in paragraph 2 of Part A of Appendix 1 to the Announcement;

**Scheme Document** means the document and / or any supplementary document to be sent to (among others) Redde Shareholders containing and setting out, among other things, the full terms and conditions of the Scheme and containing the notices convening the Court Meeting and the Redde General Meeting;

**Scheme Record Time** means the time and date specified as such in the Scheme Document;

**Scheme Shareholders** means the holders of Scheme Shares;

**Scheme Shares** has the meaning given in the Announcement;

**Share Plans** means the Redde Share Plans and the Northgate Share Plans;

**Switch** has the meaning given in clause 7.1;

**Takeover Offer** means a takeover offer (within the meaning of section 974 of the Companies Act) to be made by or on behalf of Northgate to acquire the entire issued and to be issued share capital of Redde on the terms and conditions to be set out in the Offer Document;

**UK or United Kingdom** means the United Kingdom of Great Britain and Northern Ireland; and

**Working Hours** means 9.30 a.m. to 5.30 p.m. in the relevant location on a Business Day.

1.2 In this Agreement, unless the context otherwise requires:

- (a) the expressions **subsidiary** and **subsidiary undertaking** have the meanings given in the Companies Act;
- (b) the expressions **acting in concert** and **concert parties** shall be construed in accordance with the Code;
- (c) **interest** in shares or securities shall be construed in accordance with the Code;
- (d) a reference to an enactment or statutory provision shall include a reference to any subordinate legislation made under the relevant enactment or statutory provision and is a reference to that enactment, statutory provision or subordinate legislation as from time to time amended, consolidated, modified, re-enacted or replaced;
- (e) references to a **person** include any individual, an individual's executors or administrators, a partnership, a firm, a body corporate (wherever incorporated), an unincorporated association, government, state or agency of a state, local or municipal authority or government body, a joint venture, association, works council or employee representative body (in any case, whether or not having separate legal personality);
- (f) references to a recital, paragraph, clause or Schedule (other than a schedule to a statutory provision) shall refer to those of this Agreement unless stated otherwise;
- (g) headings do not affect the interpretation of this Agreement, the singular shall include the plural and *vice versa*, and references to one gender include all genders;
- (h) references to time are to London time;
- (i) any reference to a **day** (including within the phrase **Business Day**) shall mean a period of 24 hours running from midnight to midnight;
- (j) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England, be construed as references to the term or concept which most nearly corresponds to it in that jurisdiction;
- (k) any phrase introduced by the terms **including, include, in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (l) a reference to any other document referred to in this Agreement is a reference to that other document as amended, varied or supplemented at any time; and

(m) references to this Agreement include this Agreement as amended or supplemented in accordance with its terms.

1.3 The Schedules form part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement and any reference to this Agreement shall include the Schedules.

## **2. Publication of the Announcement and the terms of the Merger**

2.1 The obligations of the parties under this Agreement, other than this clause 2.1 and clauses 12 to 19 (inclusive) and 21 to 25 (inclusive), shall be conditional on the release of the Announcement via a Regulatory Information Service at or before 8:00 a.m. on the date of this Agreement or such later time and date as the parties may agree in writing (and, where required by the Code, the Panel may approve). This clause 2.1 and clauses 12 to 19 (inclusive) and 21 to 25 (inclusive) shall take effect on and from execution of this Agreement.

2.2 The terms of the Merger shall be as set out in the Announcement, together with such other terms as may be agreed by the parties in writing (save in the case of an improvement for Redde Shareholders to the terms of the Merger, which will be at the absolute discretion of Northgate) and, where required by the Code, approved by the Panel. Without prejudice to clause 7, the terms of the Merger at the date of publication of the Merger Document shall be set out in the Merger Document.

## **3. Undertakings in relation to obtaining Clearances**

3.1 Northgate shall diligently pursue the Clearances so that the Regulatory Conditions can be satisfied as soon as is reasonably practicable and, in any event, by the Longstop Date. For the avoidance of any doubt, neither the provisions of this clause 3.1 nor any other provisions of clause 3 shall require Northgate to accept or give any commitment, condition or undertaking from or to any Regulatory Authority or any other person that is not on terms satisfactory to Northgate (acting reasonably) in order to obtain any of the Clearances.

3.2 Subject to clauses 3.5 and 3.6 and except as prohibited by Law or a Relevant Authority, Northgate and Redde shall (and shall procure that relevant members of the Northgate Group and the Redde Group respectively shall):

(a) co-operate with each other in good faith in connection with seeking to obtain the Clearances and provide each other, in a timely manner, with such information, assistance and access, including taking all reasonable steps to obtain relevant information from third parties (including through the exercise of contractual rights), as may reasonably be required in order to allow:

(i) Northgate to determine what filings, notifications or submissions to a Relevant Authority may be necessary for the purposes of obtaining the Clearances; and

(ii) Northgate, or Northgate and Redde jointly, or Redde (in each case, as may be required by Law or a Relevant Authority) to make such filings, notifications or submissions to the Relevant Authorities as are

necessary to be made by them to obtain the Clearances, taking into account all applicable waiting periods; and

- (b) use all reasonable endeavours to ensure that all information necessary for the making of (or responding to any requests for further information consequent upon) any such filings, notifications or submissions (including draft versions), or for determining which Clearances are required to be obtained and by whom, is supplied accurately and promptly to the other party (it being acknowledged that a party shall not be in breach of this obligation as a consequence of any inaccuracy in any information originating from a third party source (provided that such party is not aware of the inaccuracy)).
- 3.3 Without prejudice to the generality of clause 3.2, and except as prohibited by Law or a Relevant Authority, Northgate shall determine the strategy for obtaining the Clearances (and, in doing so, shall consult with Redde in good faith and on a timely basis, taking into account in good faith the reasonable views and comments of Redde).
- 3.4 Without prejudice to the generality of clauses 3.2 and 3.3, but subject to clauses 3.5 and 3.6, and except as prohibited by Law or a Relevant Authority:
- (a) Northgate (and/or the relevant members of the Northgate Group), Redde (and/or the relevant members of the Redde Group) or such persons jointly (as may be required by Law or a Relevant Authority) will submit all filings, notifications and/or submissions (as may be required) to each Relevant Authority as soon as is reasonably practicable after the signing of this Agreement and, in any event, within any applicable mandatory time periods where it is necessary to do so to obtain the Clearances (and Northgate and Redde shall procure that the relevant members of the Northgate Group and the Redde Group respectively comply with this obligation);
  - (b) Northgate and Redde shall (and shall procure that the relevant members of the Northgate Group and the Redde Group, respectively, shall) provide such co-operation as is reasonably required in connection with the preparation of all filings, notifications or submissions (as applicable) referred to in clause 3.4(a) and in relation to the preparation of any other submissions, material correspondence or material communications to any Relevant Authority in connection with the Clearances (including at pre-notification stage);
  - (c) each of Northgate and Redde shall provide, or procure the provision of, draft copies of all filings, notifications, submissions, material correspondence and material communications intended to be sent to any Relevant Authority by them (and/or any member of the Northgate Group or the Redde Group, respectively) in relation to obtaining any Clearances (including at pre-notification stage) to the other party and their legal advisers at such time as will allow the receiving party a reasonable opportunity to provide comments on such filings, submissions, correspondence and communications before they are submitted or sent and each party shall provide the other party (or procure that the other party are provided) with copies of all such filings, submissions, material correspondence and material communications in the

form finally submitted or sent (including, in the case of non-written communications, reasonably detailed summaries of material non-written communications) as soon as reasonably practicable after being submitted or sent;

- (d) each of Northgate and Redde shall (and shall procure that the relevant members of the Northgate Group and the Redde Group, respectively, shall) have regard in good faith to comments reasonably proposed in a timely manner by the other party (and/or its advisers) on draft copies of filings, notifications, submissions, material correspondence and material communications provided pursuant to clause 3.4(c) and provide such supporting documentation as the other party reasonably requires;
- (e) each of Northgate and Redde shall (and shall procure that the relevant members of the Northgate Group and the Redde Group, respectively, shall) notify the other party, and provide copies (including, in the case of non-written communications, reasonably detailed summaries of material non-written communications), in a timely manner, of any material communication or material correspondence from any Relevant Authority in relation to obtaining any Clearance;
- (f) each of Northgate and Redde agrees to keep the other reasonably informed as to the progress of each filing, notification and/or submission (as applicable) submitted to a Relevant Authority by them (and/or any member of the Northgate Group or the Redde Group, respectively) pursuant to clause 3.4(a), and shall give the other party, where reasonably practicable, reasonable prior notice of any meetings or material calls with any Relevant Authority relating to obtaining any Clearance (including at pre-notification stage) and shall, where reasonably requested by the other party or its advisers and insofar as permitted by the Relevant Authority, permit the other party and/or its advisors: (i) to attend any such meetings or calls; and (ii) to make reasonable oral submissions at such meetings or calls (provided that such oral submissions have been discussed and the substance of which has been agreed in principle in advance); and
- (g) where requested by Northgate or Redde (acting reasonably), the other party shall use reasonable endeavours to make available appropriate representatives for meetings and telephone calls with any Relevant Authority in connection with the obtaining of any Clearances (including at pre-notification stage).

3.5 Nothing in this clause 3 shall oblige either Northgate or Redde (or any member of the Northgate Group or the Redde Group) (for the purposes of this clause 3.5 and clause 3.6, the *disclosing party*) to disclose any information to the other party:

- (a) which the disclosing party (acting reasonably) considers to be competitively or commercially sensitive (for the avoidance of doubt, any information relating to Northgate's valuation of Redde and/or Redde's valuation of Northgate will be commercially sensitive);
- (b) in respect of which the disclosing party owes a duty of confidence to a third party;

- (c) which the disclosing party is prohibited from disclosing by Law or a Relevant Authority; or
  - (d) where such disclosure would result in the loss of privilege that subsists in relation to such information (including but not limited to legal advice privilege).
- 3.6 Where the circumstances referred to in clauses 3.5(a), 3.5(b) and/or 3.5(c) (as applicable) apply, the disclosing party shall disclose the relevant information:
  - (a) to the other party to the extent permitted by Law or a Relevant Authority, on a “clean team only” basis or on an “external counsel only” basis or as the disclosing party and the other party may otherwise agree; or
  - (b) where disclosure in a manner contemplated by clause 3.6(a) would reasonably be expected to have a material adverse effect on the disclosing party’s legitimate business interests, directly to a Relevant Authority (and, in such circumstances, where possible and unless prohibited by Law or a Relevant Authority, the disclosing party shall provide to the other party a non-confidential version of such information).
- 3.7 Without prejudice to the generality of clause 3.2, subject to clauses 3.5 and 3.6 and except as prohibited by Law or a Relevant Authority:
  - (a) each of Northgate and Redde undertakes to keep the other informed as soon as is reasonably practicable of: (i) progress towards the satisfaction (or otherwise) of the Clearances and any developments which are material or reasonably likely to be material to the obtaining of a Clearance; and (ii) the satisfaction of the Regulatory Conditions; and
  - (b) if either Northgate or Redde is, or becomes, aware of any matter which might reasonably be considered to be material in the context of the satisfaction (or waiver) of any of the Regulatory Conditions, Northgate or Redde (as applicable) will, as soon as reasonably practicable, make the substance of any such matter known to the other party and provide such details and further information as the other party may reasonably request.
- 3.8 Neither party shall withdraw any filing, notification or submission submitted to any Relevant Authority in respect of any Clearance without the other party’s prior written approval (such approval not to be unreasonably withheld, conditioned or delayed).
- 3.9 Northgate shall be responsible for paying any filing fees charged by any Relevant Authority for any filings, notifications or submissions required in relation to the Clearances. Except as set out in the immediately preceding sentence, each party shall bear its own legal and other costs in relation to the filings, notification or submissions made by it to a Relevant Authority.

#### **4. Scheme Document**

- 4.1 Northgate agrees:

- (a) promptly to provide Redde with all such information about itself, its directors and the Northgate Group as may reasonably be requested and which is required by Redde (having regard to the Code and other Law) for inclusion in the Scheme Document or any supplementary circular or document required to be published by Redde in connection with the Scheme (including any information required under the Code or other Law);
- (b) promptly to provide Redde with all such other assistance and access as may reasonably be required in connection with the preparation of the Scheme Document and any other document required under the Code or by other Law to be published in connection with the Scheme, including access to, and ensuring the provision of reasonable assistance by, Northgate's relevant professional advisers; and
- (c) to procure that the Northgate Directors accept responsibility, in the terms required by the Code, for all the information in the Scheme Document and any other document required under the Code or by other Law to be published in connection with the Scheme relating to themselves (and members of their immediate families, related trusts and persons connected with them), the Northgate Group, information on Northgate's future plans for the Redde Group, its management and employees, any statements of opinion, belief or expectation of the Northgate Directors in relation to the Merger or the Combined Group following the Effective Date and any other information in the Scheme Document for which a Northgate Director is required to accept responsibility under the Code.

## **5. Implementation of the Merger**

- 5.1 The parties intend that the Merger Document, the Northgate Circular and the Northgate Prospectus will be published and dispatched (as applicable) at or around the same time in accordance with the timetable agreed between the parties in writing from time to time.
- 5.2 Where the Merger is being implemented by way of the Scheme:
  - (a) Northgate undertakes that, before the Court Hearing, it shall deliver a notice in writing to Redde either:
    - (i) confirming the satisfaction or waiver of all Conditions (other than the Scheme Conditions); or
    - (ii) confirming its intention to invoke a Condition (if permitted by the Panel) and providing reasonable details of the event which has occurred, or circumstances which have arisen, which Northgate reasonably considers entitle it to invoke the Condition in accordance with Rule 13.5 of the Code and why Northgate considers such event or circumstance to be sufficiently material for the Panel to permit it to invoke such Condition;
  - (b) where Northgate confirms the satisfaction or waiver of all Conditions (other than the Scheme Conditions) in accordance with clause 5.2(a)(i), Northgate

agrees that Redde shall be permitted to take the necessary steps to procure that the Court Hearing is duly held as soon as reasonably practicable thereafter (having regard to the proposed timetable agreed between the parties and included in the Scheme Document or in any subsequent agreed announcement regarding the implementation of the Merger); and

- (c) Northgate shall instruct counsel to appear on its behalf at the Court Hearing and undertake to the Court to be bound by the terms of the Scheme in so far as it relates to Northgate.

## **6. Northgate documents and Northgate Recommendation**

6.1 Northgate shall:

- (a) use all reasonable endeavours to ensure that the Northgate Circular and the Northgate Prospectus are dispatched and published (as applicable) at or around the same time as the Scheme Document; and
- (b) convene the Northgate General Meeting for the same date as the Court Meeting and the Redde General Meeting (or such other date as may be agreed by both parties in writing).

6.2 Northgate shall provide, or procure the provision to Redde and its advisers of, draft copies of the Northgate Circular and the Northgate Prospectus at such times as will allow Redde and its advisers reasonable notice of and a reasonable opportunity to review and provide comments on such drafts, and Northgate and its advisers shall have regard in good faith to comments reasonably proposed by Redde and its advisers in a timely manner before such drafts are submitted or sent to the Financial Conduct Authority or any other Relevant Authority or published in final form and, where practicable, Northgate shall promptly notify Redde and its advisers of any material comments received from the Financial Conduct Authority or any other Relevant Authority in relation to the Northgate Circular and the Northgate Prospectus.

6.3 The Northgate Circular shall include the Northgate Recommendation, except to the extent that the directors of Northgate have determined in good faith that including the Northgate Recommendation would be inconsistent with any of the respective fiduciary duties of the Northgate directors, provided that:

- (a) any such determination must be based on appropriate external financial and legal advice; and
- (b) to the extent permitted by Law and where reasonably practicable, before such decision is notified to the Northgate Shareholders or made public, Northgate must notify Redde of such decision (or any intention of the Northgate Directors to make such a decision) and provide Redde with the opportunity to provide representations to the Northgate Board for a period of ten Business Days following notification.

6.4 Redde agrees to provide promptly to Northgate, to the standard that is required for Northgate to meet its obligations in relation to the Listing Rules and the Prospectus Rules, all such information about itself, its directors and the Redde Group as may be

reasonably requested and which is required for the purpose of inclusion in (or submission with) the Northgate Circular and / or the Northgate Prospectus and to provide all other assistance and access which may be reasonably required for the preparation of the Northgate Circular and / or the Northgate Prospectus, including access to, and ensuring that reasonable assistance is provided by, its professional advisers.

- 6.5 After the posting of the Northgate Circular and before the Northgate General Meeting, Northgate shall keep Redde informed, on a regular basis or as soon as reasonably practicable following a request from Redde, of the number and content of proxy votes received in respect of the Northgate Resolutions and of Northgate Shareholders' stated voting instructions in respect of the Northgate Resolutions.
- 6.6 Northgate shall permit up to six representatives of Redde and its advisers to attend the Northgate General Meeting.
- 6.7 Subject to the approval of the Northgate Resolutions at the Northgate General Meeting, Northgate shall:
- (a) subject only to Admission, allot all of the New Northgate Shares to the Scheme Shareholders; and
  - (b) use all reasonable endeavours to procure Admission of the New Northgate Shares,

in accordance with the timetable set out in the Announcement.

## **7. Switching to a Takeover Offer**

- 7.1 The parties currently intend that the Merger will be implemented by way of the Scheme. However, Northgate shall be entitled, with the consent of the Panel, to implement the Merger by way of the Takeover Offer rather than the Scheme (such election being a *Switch*) if:
- (a) Redde provides its prior written consent (an *Agreed Switch*), in which case clause 7.2 shall apply;
  - (b) a third party announces a firm intention to make an offer for all or part of the issued and to be issued ordinary share capital of Redde;
  - (c) Redde announces its intention to proceed with a Competing Proposal for Redde; or
  - (d) a Redde Adverse Recommendation Change occurs.
- 7.2 In the event of any Agreed Switch, unless otherwise agreed with Redde or required by the Panel:
- (a) the Acceptance Condition shall be set at 90 per cent of the Redde Shares to which the Takeover Offer relates (or such lesser percentage as may be determined by Northgate after, to the extent necessary, consultation with the Panel, being in any case more than 50 per cent) of the Redde Shares;

- (b) Northgate shall not take any action which would cause the Takeover Offer not to proceed, to lapse or to be withdrawn, in each case for non-fulfilment of the Acceptance Condition, prior to the 60th day after publication of the Offer Document and Northgate shall ensure that the Takeover Offer remains open for acceptances until such time;
- (c) Northgate shall ensure that the only conditions to the Takeover Offer shall be the Conditions;
- (d) Northgate shall keep Redde informed, on a confidential basis on the next Business Day following receipt of a written request from Redde, of the number of Redde Shareholders that have validly returned their acceptance or withdrawal forms or incorrectly or invalidly completed their acceptance or withdrawal forms, the identity of such shareholders and the number of Redde Shares to which such forms relate; and
- (e) Redde's obligations under clause 6.4 shall apply to the Offer Document as if references in such clause to the Northgate Circular and the Northgate Prospectus were to the Northgate Circular, the Northgate Prospectus and the Offer Document.

7.3 In the event of any Switch:

- (a) the parties agree that all provisions of this Agreement shall continue to apply save as set out in this clause 7;
- (b) the parties agree that all provisions of this Agreement relating to the Scheme and its implementation shall apply to the Takeover Offer or its implementation *mutatis mutandis*; and
- (c) Northgate's obligations under clause 6.2 shall apply to the Offer Document as if references in such clause to the Northgate Circular and the Northgate Prospectus were to the Northgate Circular, the Northgate Prospectus and the Offer Document.

**8. Conduct of business**

- 8.1 Each of the parties acknowledges and agrees that Northgate is entitled to pay the Permitted Northgate Dividend (as defined in the Announcement) and agrees that the declaration, payment or receipt of any Permitted Northgate Dividend shall not affect or reduce the consideration due in connection with the Merger.
- 8.2 Each of the parties acknowledges and agrees that Redde will be entitled to pay any Redde Equalisation Dividend (as defined in the Announcement) and, if the Effective Date has not occurred by 6 March 2020, any Permitted Redde Dividend (as defined in the Announcement) and agrees that the declaration, payment or receipt of any Permitted Redde Dividend or any Redde Equalisation Dividend shall not affect or reduce the consideration due in connection with the Merger.
- 8.3 Subject to clause 8.4, Northgate undertakes not to:

- (a) take any action not expressly contemplated by this Agreement and/or the Announcement which it would not be permitted to undertake under Rule 21.1(a) of the Code if it were the offeree for the purposes of that rule; and
- (b) seek the approval of Northgate Shareholders for any action set out in Rule 21.1(a)(i) to (iv) of the Code (inclusive).

If there is any doubt as to whether any proposed action would fall within this clause 8.3, Northgate shall consult Redde in advance in relation to it.

8.4 The restrictions contained in clause 8.3 shall not apply to:

- (a) any transaction or arrangement between one wholly-owned member of the Northgate Group and another wholly-owned member of the Northgate Group, in each case including Northgate;
- (b) any action the taking of which is conditional on the Merger not becoming effective or wholly unconditional;
- (c) any action taken with the prior written consent of Redde;
- (d) any issue of securities by Northgate for the purposes of satisfying in the ordinary course awards existing at the date of this Agreement under the Northgate Share Plans or otherwise pursuant to the terms of this Agreement; or
- (e) any action taken in pursuance of either: (i) a contract entered into by a member of the Northgate Group; or (ii) a decision taken by the Northgate Board, in either case (A) before Northgate made an approach (within the meaning of the Code) in connection with the Merger to Redde; and (B) which has been disclosed in writing to Redde.

8.5 The obligations in clause 8.3 shall cease to have effect on a Redde Adverse Recommendation Change.

## **9. Share Plans**

The provisions of Schedule 2 shall apply in respect of the Share Plans.

## **10. Directors' and officers' insurance**

10.1 If and to the extent such obligations are permitted by Law, for six years after the Effective Date, Northgate shall procure that the members of the Redde Group honour and fulfil their respective obligations (if any) existing as at the date of this Agreement to indemnify their respective directors and officers and to advance expenses, in each case with respect to matters existing or occurring at or prior to the Effective Date.

10.2 Northgate acknowledges that Redde may purchase directors' and officers' liability insurance cover for both current and former directors and officers of the Redde Group, including directors and officers who retire or whose employment is terminated as a result of the Merger, for acts and omissions up to and including the Effective Date, in the form of runoff cover for a period of six years following the Effective Date.

- 10.3 Northgate shall obtain directors' and officers' insurance covering, at and from the time of publication of the Northgate Prospectus, the Redde directors who will become directors of Northgate in connection with the Merger, for actions taken or statements made in their capacity as proposed directors of Northgate for the purposes of the Listing Rules and the Prospectus Rules, on no less favourable terms as to coverage and value as Northgate's existing directors' and officers' insurance.

## **11. Termination**

- 11.1 Subject to clauses 11.2 and 11.3, this Agreement shall terminate and all obligations of the parties under this Agreement shall cease, as follows:

- (a) if agreed in writing between the parties;
- (b) upon service of written notice by Northgate to Redde, if: (i) a Redde Adverse Recommendation Change occurs; (ii) a Northgate Adverse Recommendation Change occurs; or (iii) a Competing Proposal for Redde completes, becomes effective, or is declared or becomes unconditional in all respects;
- (c) upon service of written notice by Redde to Northgate, if: (i) a Northgate Adverse Recommendation Change occurs; (ii) a Redde Adverse Recommendation Charge occurs; (iii) Northgate breaches clause 8.3; or (iv) a Competing Proposal for Northgate completes, becomes effective, or is declared or becomes unconditional in all respects;
- (d) upon service of written notice by Northgate to Redde prior to the Longstop Date stating that either:
  - (i) any Condition in so far as it relates to Redde which has not been waived is (or has become) incapable of satisfaction by the Longstop Date and, notwithstanding that Northgate has the right to waive such Condition, Northgate will not do so; or
  - (ii) any Condition in so far as it relates to Redde which is incapable of waiver is (or has become) incapable of satisfaction by the Longstop Date,

in each case in circumstances where the invocation of the relevant Condition (or confirmation that the Condition is incapable of satisfaction, as appropriate) is permitted by the Panel;

- (e) if the Merger is, with the permission of the Panel, withdrawn or lapses in accordance with its terms prior to the Longstop Date (other than where: (i) such lapse or withdrawal is as a result of the exercise of Northgate's right to effect a Switch; or (ii) Northgate confirms to Redde in writing that it is otherwise to be followed within five Business Days by an announcement under Rule 2.7 of the Code made by Northgate or a person acting in concert with Northgate to implement the Merger by a different offer or scheme on substantially the same (but not less favourable) terms for Redde Shareholders); or

- (f) unless otherwise agreed by the parties in writing, if the Announcement has not been released before the time referred to in clause 2.1 or the Effective Date has not occurred on or before the Longstop Date.
- 11.2 Termination of this Agreement shall be without prejudice to the rights of the parties which have arisen prior to termination, including any claim in respect of a breach of this Agreement.
- 11.3 Clauses 14 to 19 (inclusive), 21 to 25 (inclusive), this clause 11 and all related provisions of clause 1 shall survive termination of this Agreement.

## **12. Takeover Code**

- 12.1 Nothing in this Agreement shall in any way limit the parties' obligations under the Code, and any uncontested rulings of the Panel as to the application of the Code in conflict with the terms of this Agreement shall take precedence over such terms of this Agreement.
- 12.2 The parties agree that, if the Panel determines that any provision of this Agreement that requires Redde to take or not to take any action, whether as a direct obligation or as a condition to any other person's obligation (however expressed), is not permitted by Rule 21.2 of the Code, that provision shall have no effect and shall be disregarded.
- 12.3 Without prejudice to the representations and warranties given by the parties pursuant to clause 13, nothing in this Agreement shall be taken to restrict the directors of any member of the Northgate Group or the Redde Group from complying with Law, orders of court or regulations, including the Code, the Listing Rules and the rules and regulations of the Panel, AIM and the Financial Conduct Authority.

## **13. Representations and warranties**

- 13.1 Each party represents and warrants to the other party on the date of this Agreement that:
  - (a) it has the requisite corporate power and authority to enter into and perform its obligations under this Agreement;
  - (b) this Agreement constitutes its binding obligations in accordance with its terms; and
  - (c) the execution and delivery of, and performance of its obligations under, this Agreement will not:
    - (i) result in any breach of any provision of its constitutional documents; or
    - (ii) result in a breach of any order, judgment, or decree of any court or governmental agency to which it is a party or by which it is bound.
- 13.2 No party shall have any claim against any other party pursuant to clause 13.1 for misrepresentation or breach of warranty after the Effective Date (without prejudice to any liability for fraudulent misrepresentation or fraudulent misrepresentation).

#### **14. Costs**

Except as otherwise provided in this Agreement, each party shall pay its own costs incurred in connection with negotiating, preparing and completing this Agreement or otherwise in connection with the Merger.

#### **15. Entire agreement**

15.1 Without prejudice to the terms of the Announcement or the Merger Document, this Agreement and the Confidentiality Agreement together set out the entire agreement between the parties relating to the Merger and supersede any previous draft, agreement, arrangement or understanding, whether in writing or not, relating to the Merger.

15.2 Each party acknowledges that in entering into this Agreement it is not relying upon any pre-contractual statement that is not set out in this Agreement or the Confidentiality Agreement.

15.3 Except in the case of fraud or fraudulent misrepresentation, no party shall have any right of action against any other party to this Agreement arising out of or in connection with any pre-contractual statement except to the extent that it is repeated in this Agreement or the Confidentiality Agreement.

15.4 For the purposes of this clause 15, *pre-contractual statement* means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of this Agreement or the Confidentiality Agreement made or given by any person at any time prior to the entry into of this Agreement.

15.5 Nothing in this Agreement shall limit any liability for (or remedy in respect of) fraud or fraudulent misrepresentation.

15.6 Each party agrees to the terms of this clause 15 on its own behalf.

#### **16. Assignment**

Unless the parties specifically agree in writing, no person shall assign, transfer, charge or otherwise deal with all or any of its rights under this Agreement nor grant, declare, create or dispose of any right or interest in it.

#### **17. Notices**

17.1 Any notice to be given by one party to the other party in connection with this Agreement shall be in writing in English and signed by or on behalf of the party giving it. It shall be delivered by hand, e-mail, registered post or courier using an internationally recognised courier company.

17.2 A notice shall be effective upon receipt and shall be deemed to have been received: (i) at the time of delivery, if delivered by hand, registered post or courier; or (ii) at the time of transmission if delivered by e-mail. Where delivery occurs outside Working Hours, notice shall be deemed to have been received at the start of Working Hours on the next following Business Day.

17.3 The addresses and e-mail addresses of the parties for the purpose of clause 17.1 are:

**Northgate**

Address: Northgate Centre, Lingfield Way, Darlington DL1 4PZ

E-mail: avril.palmer-baunack@northgateplc.com  
katie.tasker-wood@northgateplc.com

For the attention of: Avril Palmer-Baunack / Katie Tasker-Wood

*With a copy (which shall not constitute notice) to:*

Address: Freshfields Bruckhaus Deringer LLP  
65 Fleet Street  
London  
EC4Y 1HS

E-mail: piers.prichardjones@freshfields.com  
mark.austin@freshfields.com

For the attention of: Piers Prichard Jones / Mark Austin

**Redde**

Address: Pinesgate, Lower Bristol Road, Bath BA2 3DP

E-mail: MWard-e@redde.com/NTilley-e@redde.com

For the attention of: Martin Ward and Nicholas Tilley

*With a copy (which shall not constitute notice) to:*

Address: Adelaide House, London Bridge, London EC4R 9HA

E-mail: Benjamin.Lee@bclplaw.com/Nicholas.Myatt@bclplaw.com

For the attention of: Benjamin Lee / Nicholas Myatt

17.4 Each party shall notify the other party in writing of any change to its details in clause 17.3 from time to time.

**18. Waivers, rights and remedies**

18.1 The rights and remedies provided for in this Agreement are cumulative and not exclusive of any other rights or remedies, whether provided by Law or otherwise.

18.2 No failure to exercise, or delay in exercising, any right under this Agreement or provided by Law shall affect that right or operate as a waiver of the right. The single or partial exercise of any right under this Agreement or provided by Law shall not preclude any further exercise of it.

18.3 Without prejudice to any other rights or remedies that the other party may have, each party acknowledges and agrees that damages may not be an adequate remedy for any breach by it of this Agreement and that accordingly the other party may be entitled,

without proof of special damages, to the remedies of injunction, specific performance or other equitable relief for any threatened or actual breach of this Agreement by any party and no proof of special damages shall be necessary for the enforcement by any party of the rights under this Agreement.

**19. No partnership**

No provision of this Agreement creates a partnership between the parties or makes a party the agent of the other party for any purpose. A party has no authority or power to bind, to contract in the name of, or to create a liability for the other party in any way or for any purpose.

**20. Further assurances**

Each party shall (and shall procure that members of its Group shall and shall use reasonable endeavours to procure that any necessary third party shall) execute such documents and do such acts and things as the requesting party may reasonably require for the purpose of giving the full benefit of this Agreement to the requesting party.

**21. Counterparts**

This Agreement may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Agreement by e-mail attachment or telecopy shall be an effective mode of delivery.

**22. Variations**

22.1 No variation of this Agreement shall be valid unless it is in writing and duly executed by or on behalf of all of the parties to it.

22.2 If this Agreement is varied:

- (a) the variation shall not constitute a general waiver of any provisions of this Agreement;
- (b) the variation shall not (except as expressly stated otherwise) affect any rights, obligations or liabilities under this Agreement that have already accrued up to the date of variation; and
- (c) the rights and obligations of the parties under this Agreement shall remain in force, except as, and only to the extent that, they are varied.

**23. Invalidity**

23.1 Each of the provisions of this Agreement is severable.

23.2 If and to the extent that any provision of this Agreement:

- (a) is held to be, or becomes, invalid or unenforceable under the Law of any jurisdiction; but

- (b) would be valid, binding and enforceable if some part of the provision were deleted or amended,

then the provision shall apply with the minimum modifications necessary to make it valid, binding and enforceable and neither the validity or enforceability of the remaining provisions of this Agreement, nor the validity or enforceability of that provision under the Law of any other jurisdiction, shall in any way be affected or impaired as a result of this clause 23.2.

#### **24. Third party enforcement rights**

- 24.1 Each of the persons to whom clauses 10.1, 10.2 and / or 10.3 applies may under the Contracts (Rights of Third Parties) Act 1999 enforce the terms of clauses 10.1, 10.2 and / or 10.3 (as applicable). This right is subject to: (i) the rights of the parties to rescind or vary this Agreement before the Effective Date without the consent of any other person and; (ii) the other terms and conditions of this Agreement.
- 24.2 Except as set out in clause 24.1, a person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

#### **25. Governing law and jurisdiction**

- 25.1 This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by, and interpreted in accordance with, English law.
- 25.2 The English courts shall have exclusive jurisdiction in relation to all disputes (including claims for set-off and counterclaims) arising out of or in connection with this Agreement including, without limitation disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, termination or the legal relationships established by, this Agreement; and (ii) any non-contractual obligations arising out of or in connection with this Agreement. For such purposes each party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction. Each party also irrevocably waives any objection to the recognition or enforcement in the courts of any other country of a judgment delivered by an English court exercising jurisdiction pursuant to this clause 25.

**IN WITNESS WHEREOF** this Agreement has been entered into on the date stated on page 1.

**SIGNED by** Philip Vincent ) /s/ Philip  
for and on behalf of ) Vincent  
**NORTHGATE PLC** )

**SIGNED by** )  
for and on behalf of )  
**REDDE PLC** )

**IN WITNESS WHEREOF** this Agreement has been entered into on the date stated on page 1.

**SIGNED** by )  
for and on behalf of )  
**NORTHGATE PLC** )

**SIGNED** by *STEPHEN OAKLEY* ) /s/ Stephen Oakley  
for and on behalf of )  
**REDDE PLC** )

**Schedule 1**  
**Form of Announcement**

## **Schedule 2**

### **Share Plans**

Redde and Northgate agree that the following arrangements will, where appropriate and subject to the Merger becoming effective in all respects, be implemented with respect to the Share Plans and certain employment arrangements.

In this Schedule 2, references to an *“award”* include a conditional right or an option to acquire shares, references to *“vest”* include, in the case of an option, it becoming *“exercisable”* and references to the *“normal vesting date”* means the date on which an award would vest in the ordinary course absent the Merger or the application of the arrangements specified in this Schedule.

#### **1. Employment**

Northgate confirms that it intends to safeguard fully the existing statutory and contractual employment and pension rights of Redde Group’s employees and management.

#### **2. Provisions of general application**

- 2.1 If the Merger is effected by way of the Scheme, Northgate and Redde agree that shareholder approval will be sought for an amendment to the articles of association of Redde so that any Redde Shares issued after the Scheme Record Time pursuant to the exercise of options or vesting of awards under the Redde Share Plans will be compulsorily acquired by Northgate on the same terms as were available to other Redde Shareholders under the Scheme.
- 2.2 Redde and Northgate will co-operate and each use its reasonable endeavours to provide such details in relation to the Share Plans as is reasonably required by the other party in order to facilitate the implementation of the arrangements set out in this Schedule 2.
- 2.3 Redde will prepare, in a form to be agreed between Redde and Northgate, communications (or where applicable, multiple communications) to each of the participants in the Redde Share Plans to enable Northgate to satisfy its obligations under Rule 15 of the Code and to send, or arrange for the sending of, such communications to participants at the appropriate time(s), such time(s) to be agreed between the parties.

#### **3. Redde 2014 SAYE Plan**

- 3.1 Northgate acknowledges that options granted under the Redde 2014 SAYE Plan which would not otherwise have been exercisable prior to the Merger becoming effective will (in consequence of the Merger and in accordance with participants’ contractual rights under the plan) be exercisable in the six months following the Court Sanction Date and will be exercisable over less than the full number of Redde Shares that could otherwise be acquired on maturity of the related savings contracts.
- 3.2 Northgate agrees that it will offer participants under the Redde 2014 SAYE Plan the opportunity to exchange their options (including options which have already become

exercisable) granted under that plan for equivalent options over Northgate Shares in accordance with rule 9.6 of the Redde 2014 SAYE Plan.

#### **4. Redde PSP**

4.1 Northgate acknowledges that, in accordance with the rules of the Redde PSP and as a consequence of the Merger, unvested Redde PSP awards will vest on the Court Sanction Date in respect of such number of Redde Shares as is determined by the Redde remuneration committee. Northgate further acknowledges that the Redde remuneration committee has confirmed that:

- (a) in respect of the 2017 PSP awards:
  - (i) it intends to waive the application of any time pro rata reduction relevant to the Redde PSP awards; and
  - (ii) it anticipates (having assessed the likelihood of the extent to which the Redde PSP performance conditions will have been satisfied over the shortened performance measurement period prior to the Court Sanction Date) that its determination of the extent to which the Redde PSP performance conditions relevant to the 2017 PSP awards will have been satisfied, will result in the performance vesting of approximately 50% of the maximum number of Redde Shares subject to those PSP awards, and
- (b) in respect of the 2018 PSP awards and the 2019 PSP awards:
  - (i) it intends to apply a time pro rata reduction of the performance adjusted awards on vesting to reflect the time elapsed between the date of grant applicable to the corresponding award and the Court Sanction Date as a proportion of the period from the date of grant to the normal vesting date of the award; and
  - (ii) it anticipates (having assessed the likelihood of the extent to which the Redde PSP performance conditions will have been satisfied over the shortened performance measurement period prior to the Court Sanction Date) that its determination of the extent to which the Redde PSP performance conditions relevant to the 2018 PSP awards and the 2019 PSP awards will have been satisfied, will result in the performance vesting of 100% of the maximum number of Redde Shares subject to those PSP awards.

4.2 Northgate acknowledges that Redde may with the agreement of the participant satisfy such awards in part by payment of a cash sum to such participant sufficient to cover that participant's tax and national insurance liability and the option exercise price. The amount to be paid in respect of Redde Shares that are to be cash cancelled shall be an amount equal to  $A \times B$  where  $A$  is the number of vested Redde Shares to be cash cancelled and  $B$  is the closing price of a Redde Share on the dealing day prior to the Court Sanction Date less the nominal value of a Redde Share. All such cash payments will be subject to deductions for income tax and social security contributions required by law.

**5. Northgate Share Plans**

Northgate and Redde have agreed that the participants in the Northgate Share Plans will, so far as possible, be treated equitably with the participants in the Redde Share Plans.

**6. Northgate EPSP**

The parties acknowledge and agree that for awards already granted under the Northgate EPSP as at the date of this Agreement, unvested awards will vest on the normal vesting date in respect of such number of Northgate Shares as is determined by the Northgate remuneration committee. The Northgate remuneration committee has further confirmed that:

- (a) its determination of the extent to which the performance conditions relating to the 2017 EPSP awards, the 2018 EPSP awards and the 2019 EPSP awards are satisfied will be tested by reference to the achievement of the applicable performance conditions over a shortened performance period ending on or shortly prior to the Effective Date;
- (b) following the Effective Date, vesting of the awards will be subject to a condition of continued employment with the Combined Group in accordance with the existing rules of the Northgate EPSP; and
- (c) it is Northgate's intention that awards under the Northgate EPSP will be satisfied by shares already held in the Northgate employee benefit trust or by market purchases.

**7. New Share Plans**

Redde and Northgate have agreed that Northgate will seek shareholder approval to introduce a new share plan in which the executive directors and certain other senior managers of the Combined Group may participate following the Effective Date.