

# J.P.Morgan CAZENOVE

12 December 2019

**Strictly confidential**

The Directors  
Redde PLC  
Pinesgate  
Lower Bristol Road  
Bath  
BA2 3DP  
United Kingdom

Dear Sirs and Madams,

**Recommended all-share merger of Northgate PLC and Redde PLC (“the Merger”)**

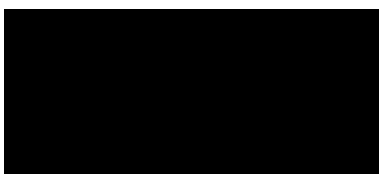
We refer to the scheme document (the “**Scheme Document**”) and the rule 15 letters in connection with the Redde PLC Performance Share Plan 2016 and the Redde PLC SAYE Option Plan (the “**Rule 15 Letters**”), in each case to be posted on or around 12 December 2019 in connection with the Merger, copies of which are attached hereto and initialed by us for the purposes of identification (the Scheme Document and the Rule 15 Letters together, the “**Documents**”).

The Documents include certain references to J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) (“**J.P. Morgan**”).

J.P. Morgan hereby gives its consent to the issue of the Documents with the inclusion therein of references to its name in the form and context in which they appear.

This letter is for your information only and should not be relied upon by any other person.

Yours faithfully,



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For and on behalf of J.P. Morgan Securities plc

**J.P. Morgan Securities plc**

25 Bank Street, Canary Wharf, London, E14 5JP  
Tel: +44 (0)20 7742 4000 • Fax: +44 (0)20 3493 0684

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART 2 AND ALL OTHER PARTS OF THIS DOCUMENT COMPRISE AN EXPLANATORY STATEMENT IN COMPLIANCE WITH THE COMPANIES ACT 2006. THIS DOCUMENT CONTAINS PROPOSALS WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE ADMISSION OF THE REDDE SHARES TO TRADING ON AIM.**

**If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial, legal and tax advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in a territory outside the United Kingdom.**

If you have sold or otherwise transferred all of your Redde Shares, please forward this document, together with the accompanying documents (other than documents or forms personalised to you), at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. However, neither this document nor any accompanying document should be forwarded to, or transmitted into, any jurisdiction where to do so may constitute a violation of local securities laws or regulations. If you sell or have sold or otherwise transferred only part of your registered holding of Redde Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document and/or the accompanying documents into jurisdictions other than the United Kingdom may be restricted by law and therefore this document and/or the accompanying documents may not be distributed or published in any jurisdiction except under circumstances which result in compliance with applicable laws and regulations. Therefore, persons into whose possession this document and/or the accompanying documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws and regulations of any such jurisdiction.

**Neither this document nor any of the accompanying documents do or are intended to constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. This document is not a prospectus. None of the securities referred to in this document shall be sold, issued, exchanged or transferred in any jurisdiction in contravention of applicable law.**

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**Recommended all-share merger of**

**Redde plc**

**and**

**Northgate plc**

to be effected by means of a scheme of arrangement

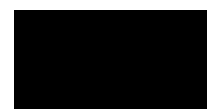
under Part 26 of the Companies Act 2006

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Redde Shareholders should read the whole of this document (including all information incorporated into this document by reference to another source) and the accompanying Forms of Proxy.

Application will be made by Northgate for the New Northgate Shares to be admitted to the premium listing segment of the Official List and to trading on the Main Market.

Your attention is drawn to the letter from the Chairman set out in Part 1 of this document, which contains the unanimous recommendation of the Board that you vote in favour of the Scheme at the Court Meeting and in favour of the Redde Special Resolution to be proposed at the Redde General Meeting. A letter from J.P. Morgan Cazenove explaining the Scheme appears in Part 2 of this document.



## ACTION TO BE TAKEN

**Notices of the Court Meeting and the Redde General Meeting, each of which have been convened for Wednesday 15 January 2020 at the offices of Bryan Cave Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA, are set out in Parts 9 and 10 of this document. The Court Meeting will start at 10.00 am and the Redde General Meeting at 10.15 am (or as soon thereafter as the Court Meeting has concluded).**

Redde Shareholders will find accompanying this document a pink Form of Proxy for use in connection with the Court Meeting and a blue Form of Proxy for use in connection with the Redde General Meeting. Whether or not you plan to attend either or both of the Meetings, please complete the enclosed Forms of Proxy and return them in accordance with the instructions printed thereon, as soon as possible, but in any event, so as to be received (during normal business hours) to the Registrar, Link Asset Services, at PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 10.00 am on Monday 13 January 2020 in the case of the Court Meeting and by 10.15 am on Monday 13 January 2020 in the case of the Redde General Meeting (or, in the case of adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding non-Business Days)). If the pink Form of Proxy for use at the Court Meeting is not lodged by 10.00 am on Monday 13 January 2020, it may be handed to the chairman of the meeting or the Registrar on behalf of the chairman at the Court Meeting before the taking of the poll and will still be valid. However, in the case of the Redde General Meeting, unless the blue Form of Proxy is lodged so as to be received by 10.15 am on Monday 13 January 2020, it will be invalid.

Redde Shareholders who hold their shares through CREST and who wish to appoint a proxy or proxies for the Meetings or any adjournment(s) thereof may do so by using the CREST proxy voting service in accordance with the procedures set out in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to that CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. **Proxies submitted via CREST must be received by the Registrar by no later than 48 hours (excluding any part of such 48 hour period falling on a non-Business Day) before the appointed time for the relevant Meeting or in the case of an adjournment, no later than 48 hours (excluding any part of such 48 hour period falling on a non-Business Day) before the time fixed for the holding of the adjourned meeting.**

The completion and return of a Form of Proxy, CREST proxy instruction or proxy appointment via the share portal service will not prevent you from attending and voting in person at the Meetings or any adjournment thereof if you so wish and are so entitled.

## NOTICES

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**") is authorised in the UK by the PRA and regulated by the PRA and the FCA. J.P. Morgan Cazenove is acting as financial adviser exclusively for Redde and no one else in connection with the matters set out in this document and will not regard any other person as its client in relation to the matters set out in this document and will not be responsible to anyone other than Redde for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, or for providing advice in relation to any matter referred to herein.

Goldman Sachs, which is authorised by the PRA and regulated by the FCA and the PRA in the UK, is acting exclusively for Northgate and no one else in connection with the matters referred to in this document and will not be responsible to anyone other than Northgate for providing the protections afforded to clients of Goldman Sachs, or for providing advice in connection with the matters referred to in this document.

Barclays Bank PLC, acting through its Investment Bank ("**Barclays**"), which is authorised by the PRA and regulated in the UK by the FCA and the PRA, is acting exclusively for Northgate and no one else in connection with the Merger and will not be responsible to anyone other than Northgate for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Merger or any other matter referred to in this document.

If you have any queries please contact Link Asset Services on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Merger nor give any financial, legal or tax advice.

### **OVERSEAS JURISDICTIONS**

The release, publication or distribution of this document in or into jurisdictions other than the United Kingdom or the United States may be restricted by law and therefore persons into whose possession this document comes who are not resident in the United Kingdom or the United States or who are subject to other jurisdictions should inform themselves about, and observe, any applicable restrictions.

In particular, the ability of persons who are not resident in the United Kingdom to vote their Redde Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf or to hold and vote Northgate Shares, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Merger disclaim any responsibility or liability for the violation of such restrictions by any person. This document has been prepared for the purposes of complying with English law and the Takeover Code and the information disclosed herein may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction.

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the proposals set out in this document. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Unless otherwise determined by Northgate or required by the Takeover Code, and permitted by applicable law and regulation, the Merger will not be made available, directly or indirectly, in, into or from a jurisdiction where to do so would violate the laws in that jurisdiction, and no person may vote in favour of the Merger by any such use, means, instrumentality or form within any jurisdiction if to do so would constitute a violation of the laws of that Restricted Jurisdiction. Accordingly, copies of this document and all documents relating to the Merger are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this document and all documents relating to the Merger (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from any Restricted Jurisdictions where to do so would violate the laws in that jurisdiction. Any person (including, without limitation, any custodian, nominee and trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this document and/or any other related document to any jurisdiction other than the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction.

If the Merger is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction, and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or facility.

The availability of the New Northgate Shares under the Merger to Redde Shareholders who are not resident in the United Kingdom or the ability of those persons to hold such shares may be affected by the laws or regulatory requirements of the relevant jurisdictions in which they are resident (which may affect the ability of such Redde Shareholders to vote their Northgate Shares with respect to the Scheme and the Merger at the Meetings, or to execute and deliver Forms of Proxy appointing another to vote at the Meetings on their behalf).

Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements. Redde Shareholders who are in any doubt regarding such matters should consult an appropriate independent financial adviser in their relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Northgate Shares may not be offered, sold or delivered, directly or indirectly, in, into or from any Restricted Jurisdiction or to, or for the account or benefit of, any Restricted Persons except pursuant to an applicable exemption from, or in a transaction not subject to, applicable securities laws of those jurisdictions, or otherwise permitted under applicable securities laws of those jurisdictions.

Each Redde Shareholder is urged to consult his or her independent professional adviser immediately regarding the tax consequences of the Merger.

The statements contained in this document are not to be construed as legal, business, financial or tax advice.

### **NOTES TO REDDE SHAREHOLDERS IN THE UNITED STATES**

The Merger relates to the securities of two English companies and is proposed to be implemented by means of a scheme of arrangement provided for under, and governed by, English law. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation nor the tender offer rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements and practices applicable in the United Kingdom to schemes of arrangement, which are different from the disclosure requirements of the United States proxy solicitation and tender offer rules. The financial information included in or referred to this document has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of United States companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. If Northgate exercises its right to implement the acquisition of the Redde Shares by way of a Takeover Offer, in the circumstances provided for in the Co-operation Agreement, and determines to extend such Takeover Offer into the United States, such offer will be made in compliance with applicable United States securities laws and regulations.

It may be difficult for United States holders to enforce their rights and claims arising out of the United States federal securities laws, since Northgate and Redde are located in countries other than the United States and are organised under the laws of England and Wales, and some or all of their officers and directors may be residents of countries other than the United States. United States holders may not be able to sue a non-United States company or its officers or directors in a non-US court for violations of United States securities laws. Further, it may be difficult to compel a non-United States company and its directors, officers and affiliates to subject themselves to a United States court's jurisdiction and judgement.

The Merger and the securities referred to in this document have not been approved or disapproved by the SEC, any state securities commission in the United States or any other United States regulatory authority of any state or district or other jurisdiction of the United States, nor have such authorities passed upon or determined the fairness or merits of such securities, the Merger or the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

The New Northgate Shares to be issued pursuant to the Scheme have not been, and, unless Northgate otherwise elects in the event of a Takeover Offer, will not be, registered under the US Securities Act or under the securities laws of any state, district or other jurisdiction of the United States, may not be offered or sold in the US absent registration or an applicable exemption from the registration requirements of the US Securities Act, and are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof.

For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10) thereof, Redde will advise the Court through counsel that its sanctioning of the Scheme will be relied upon by Northgate as an approval of the Scheme following a hearing on fairness of its terms to Redde Shareholders. All Redde Shareholders are entitled to attend

such Court hearing in person or through counsel to support or oppose the sanctioning of the Scheme, and notification of such Court hearing will be given to all such Redde Shareholders.

Former Redde Shareholders who will be affiliates (within the meaning of Rule 144 under the US Securities Act) of Northgate after the Effective Date will be subject to certain United States transfer restrictions relating to the New Northgate Shares received pursuant to the Scheme.

In accordance with the Takeover Code, normal UK market practice and Rule 14e-5(b) of the US Exchange Act, each of Goldman Sachs, Barclays and J.P. Morgan Cazenove and their respective affiliates will continue to act as exempt principal traders in Redde and Northgate securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the UK pursuant to the Takeover Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the United States to the extent that such information is made public in the UK.

In accordance with normal UK practice, Northgate, its nominees, affiliated companies or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase Redde Shares outside of the United States, until the date on which the Merger becomes Effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices and would comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the UK, will be available from the Regulatory Information Service of the London Stock Exchange available at <http://www.londonstockexchange.com>.



## **IMPORTANT INFORMATION**

This document does not constitute, or form part of, an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to purchase any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful.

This document and the accompanying documents have been prepared in connection with proposals in relation to a scheme of arrangement pursuant to and for the purpose of complying with English law, the Takeover Code and information disclosed may not be the same as that which would have been prepared in accordance with the laws of any other jurisdiction. Nothing in this document or the accompanying documents should be relied on for any other purpose.

The distribution of this document (in whole or in part) in jurisdictions outside the United Kingdom or the United States may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. All Shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend to, or may have a contractual or legal obligation to, forward this document and the accompanying Forms of Proxy to a jurisdiction outside the United Kingdom or the United States should refrain from doing so and seek appropriate professional advice before taking any action.

No person has been authorised to make any representations on behalf of Northgate or any member of the Redde Group concerning the Merger which are inconsistent with the statements contained in this document and such representations, if made, may not be relied upon as having been so authorised.

The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part 3 of this document. Each Scheme Shareholder is advised to read and consider carefully the text of the Scheme itself. This document, and in particular, the Chairman's Letter (Part 1 of this document) and Explanatory Statement (Part 2 of this document) have been prepared solely to assist Redde Shareholders in respect of voting on the Scheme.

Redde Shareholders should not construe the contents of this document as legal, taxation or financial advice, and should consult with their own advisers as to the matters described in this document.

In the event of any ambiguity or conflict between this document and the Northgate Prospectus in respect of the terms and conditions of the Merger or the Scheme, this document shall prevail.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth in this document since such date.

## **CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS**

This document contains statements which are, or may be deemed to be, "forward-looking statements" and which are prospective in nature. All statements other than statements of historical fact included in this document may be forward-looking statements. They are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "anticipates", "believes", "targets", "aims", "projects", "future-proofing" or words or terms of similar substance or the negative of such words or terms, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Northgate's or any member of the Wider Northgate Group's, Redde's or any member of the Wider Redde Group's operations and the Combined Group; and (iii) the effects of global economic conditions and governmental regulation on Northgate's, any member of the Wider

Northgate Group's, Redde's or any member of the Wider Redde Group's and Combined Group's business.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause the actual results, performance or achievements of Northgate, the Wider Northgate Group, the Wider Redde Group and/or the Combined Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These factors include the satisfaction of the Conditions, as well as additional factors, such as: local and global political and economic conditions; significant price discounting by competitors; changes in consumer habits and preferences; foreign exchange rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline); changes to the market in which the businesses operate; changes in the employee environment; legal or regulatory developments and changes; the outcome of any litigation; the impact of any acquisitions or similar transactions; competitive product and pricing pressures; success of business and operating initiatives; changes in the level of investment in IT systems; and changes in the level of capital investment. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. For a discussion of important factors which could cause actual results to differ from forward-looking statements in relation to the Redde Group, refer to the Annual Report and the audited financial statements of the Redde Group for the financial year ended 30 June 2019. For a discussion of important factors which could cause actual results to differ from forward looking statements in relation to the Northgate Group, refer to the Annual Report and the audited financial statements of Northgate for the financial year ended 30 April 2019. Readers should specifically consider the factors identified above and further described in the "Risk Factors" section of the Northgate Prospectus that could cause actual results of the Combined Group to differ before taking any action in respect of the Merger. Each of Northgate and the Redde Group, and each of their respective members, directors, officers, employees, advisers and persons acting on their behalf expressly disclaims any intention or obligation to update or revise any forward-looking or other statements contained in this document, whether as a result of new information, future events or otherwise, except as required by applicable law.

No member of the Wider Northgate Group, nor the Wider Redde Group, nor any of their respective associates, directors, officers, employees or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur.

Except as expressly provided in this document, no forward-looking or other statements have been reviewed by the auditors of Northgate or the Redde Group. All subsequent oral or written forward-looking statements attributable to Northgate or any member of the Redde Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.

All forward looking statements contained in this document are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

#### **NORTHGATE QUANTIFIED FINANCIAL BENEFITS STATEMENT**

Appendix 1 sets out the Northgate Quantified Financial Benefits Statement and contains details and bases of calculation of the anticipated financial benefits of the Merger.

For the purposes of Rule 28 of the Takeover Code, the Northgate Quantified Financial Benefits Statement contained in this document is the responsibility of Northgate and the Northgate Directors.

The statements in the Northgate Quantified Financial Benefits Statement relate to future actions and circumstances which by their nature, involve risks, uncertainties and contingencies. The synergies and cost savings referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.



## **NORTHGATE STATEMENT**

The Northgate Statement is a profit forecast for the purposes of Rule 28 of the Takeover Code. The Northgate Statement is repeated and confirmed by the directors of Northgate in Appendix 2 of this document, in line with the requirements of Rule 28.1(c) of the Takeover Code. For the purposes of Rule 28 of the Takeover Code, the Northgate Statement is the responsibility of Northgate and directors of Northgate.

Other than the Northgate Statement, no statement in this document (including the Northgate Quantified Financial Benefits Statement) is intended to be, or should be construed as, a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per Redde Share or per Northgate Share for the current or future financial years would necessarily match or be greater than or be less than the historical published earnings or earnings per Redde Share or per Northgate Share.

## **DEALING DISCLOSURE REQUIREMENTS**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Takeover Code applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day following the Announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8 of the Takeover Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Takeover Code applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Takeover Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Takeover Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the disclosure table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk) including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

## **ROUNDING**

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

## **ELECTRONIC COMMUNICATIONS**

Please be aware that addresses, electronic addresses and certain information provided by Redde Shareholders, and other relevant persons for the receipt of communications from Redde may be provided to Northgate during the Offer Period as requested under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

## **PUBLICATION ON WEBSITE**

A copy of this document (together with any document incorporated by reference and the documents required to be published by Rule 26 of the Takeover Code) and a copy of the Northgate Prospectus is and will be available, free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Redde's website at [www.redde.com](http://www.redde.com) and Northgate's website at [www.northgateplc.com](http://www.northgateplc.com). The contents of those websites are not incorporated into, and do not form part of, this document.

## **CREDIT RATINGS AND OUTLOOKS**

There are no current ratings or outlooks accorded to Redde or Northgate by ratings agencies.

## **RIGHT TO RECEIVE COPIES IN HARD COPY FORM**

Any person entitled to receive a copy of documents, announcements and information relating to the Merger is entitled to receive such documents (including information incorporated by reference into such documents by reference to another source) in hard copy form. Such person may request that all future documents, announcements and information in relation to the Merger are sent to them in hard copy form.

A hard copy form will not be sent to any person unless requested from Link Asset Services by way of either written request to Link Asset Services at the Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by telephone on +44 (0) 371 664 0321. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## **DEFINITIONS AND INTERPRETATION**

Definitions used in this document are as defined in Part 8 unless defined elsewhere herein or the context requires otherwise.

Unless otherwise indicated, all references in this document to "**sterling**", "**pounds sterling**", "**£**", "**pence**", "**penny**" or "**p**" are to the lawful currency of the UK.

Words importing the singular shall include the plural and vice versa. Words importing the masculine gender shall include the feminine or neutral gender and vice versa.

The terms "**parent undertaking**" and "**subsidiary undertaking**" shall have the same meanings as defined in section 1162 of the Companies Act and references to "**parent**" and "**subsidiary**" shall be interpreted accordingly.

All references to a statutory provision or law or to any order or regulation shall be construed as a reference to that provision or law, order or regulation as extended, modified, replaced or re-enacted from time to time.

This document is dated Thursday 12 December 2019.

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## ACTION TO BE TAKEN

This page should be read in conjunction with the rest of this document, the accompanying Forms of Proxy, any document incorporated by reference and the Northgate Prospectus. Northgate, the Northgate Directors and the Proposed Northgate Directors alone are responsible for the Northgate Prospectus.

The Court Meeting and the Redde General Meeting will be held at the offices of Bryan Cave Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA, on Wednesday 15 January 2020 at 10.00 am and 10.15 am, respectively (or, in the case of the Redde General Meeting, as soon thereafter as the Court Meeting has been concluded or adjourned). The Scheme requires approval at the Court Meeting, and the implementation of the Scheme requires approval at the Redde General Meeting.

### 1. Documents

Please check you have received the following with this document:

- a pink Form of Proxy for use in respect of the Court Meeting;
- a blue Form of Proxy for use in respect of the Redde General Meeting; and
- a prepaid envelope for use in the United Kingdom.

If you have not received all of these documents, please contact Link Asset Services on the telephone number set out in the paragraph under the section heading "Helpline" below.

**IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST (WHETHER IN PERSON OR BY PROXY) SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF THE OPINION OF SCHEME SHAREHOLDERS. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY OR APPOINT A CREST PROXY AS SOON AS POSSIBLE.**

### 2. To vote on the Scheme proposals

Whether or not you plan to attend the Meetings, **PLEASE COMPLETE AND SIGN** both the enclosed blue and pink Forms of Proxy and return them in accordance with the instructions provided thereon, as soon as possible, but in any event so as to be received by no later than 10.00 am on Monday 13 January 2020 in the case of the pink Form of Proxy in respect of the Court Meeting and by no later than 10.15 am on Monday 13 January 2020 in the case of the blue Form of Proxy in respect of the Redde General Meeting. This will enable your votes to be counted at the Meetings in the event of your absence. If the pink Form of Proxy for use at the Court Meeting is not lodged by 10.00 am on Monday 13 January 2020 (or, in the case of adjournment, no later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day)), it may be handed to the chairman of the meeting or to the Registrar, Link Asset Services, on behalf of the chairman at the Court Meeting before the taking of the poll. However, in the case of the Redde General Meeting, unless the blue Form of Proxy is lodged so as to be received by 10.15 am on Monday 13 January 2020 (or, in the case of adjournment, no later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day)), it will be invalid. Both Forms of Proxy should be returned in the prepaid envelope provided for use in the United Kingdom for your convenience in returning them. A Redde Shareholder may appoint more than one proxy in relation to each of the Meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Redde Shareholder.

The completion and return of a Form of Proxy will not prevent you from attending and voting at the Court Meeting or the Redde General Meeting, or any adjournment thereof, in person should you wish to do so.

#### ***Redde Shares held in uncertificated form***

If you hold your Redde Shares in CREST you may vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to the notices of the Meetings and the accompanying notes to the notice of the Redde General Meeting set out at the end

of this document). Proxies submitted via CREST (under CREST participant ID RA10) must be received by the Registrar, Link Asset Services, no later than 10.00 am on Monday 13 January 2020 in the case of the Court Meeting and by no later than 10.15 am on Monday 13 January 2020 in the case of the Redde General Meeting (or, in the case of an adjourned meeting, not less than 48 hours prior to the time and date set for the adjourned meeting (excluding any day that is not a Business Day)).

The submission of a proxy via CREST will not prevent you from attending and voting at either the Court Meeting or the Redde General Meeting, or any adjournment thereof, in person should you wish to do so.

### ***Redde Share Plans***

Participants in the Redde Share Plans will be written to separately to inform them of the effect of the Scheme on their rights under the Redde Share Plans, including details of any appropriate proposals being made.

### ***Helpline***

If you have any queries please contact Link Asset Services on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Merger nor give any financial, legal or tax advice.

This section should be read in conjunction with the rest of this document.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS<sup>(1)</sup>

Date of circulation of this document	Thursday 12 December 2019
Latest time for lodging Form of Proxy for the Court Meeting ( <b>pink form</b> )	10.00 am on Monday 13 January 2020 <sup>(2)</sup>
Latest time for lodging Form of Proxy for the Redde General Meeting ( <b>blue form</b> )	10.15 am on Monday 13 January 2020 <sup>(3)</sup>
Scheme Voting Record Time for the Court Meeting and the Redde General Meeting	6.00 pm on Monday 13 January 2020 <sup>(4)</sup>
Northgate Shareholder Meeting	10.00 am on Wednesday 15 January 2020
Court Meeting	10.00 am on Wednesday 15 January 2020
Redde General Meeting	10.15 am on Wednesday 15 January 2020 <sup>(5)</sup>

**The following dates and times associated with the Scheme are subject to change and will depend, amongst other things, on the date on which the regulatory (and other) Conditions to the Scheme are satisfied or, if capable of waiver, waived and on the date on which the Court sanctions the Scheme. Redde will give adequate notice of all of these dates and times, when known, by issuing an announcement through a Regulatory Information Service. Further updates and changes to these times shall, at Redde's discretion, be notified in the same way.**

Court hearing to sanction the Scheme and last day of dealings in, and for registration of transfers of, Redde Shares	A date expected to be during Q1 2020, ("D") <sup>(6)</sup>
Suspension of trading, and dealings, in Redde Shares	5.00 pm on D
Scheme Record Time	6.00 pm on D
Effective Date	D+1 ("S")
New Northgate Shares issued to Redde Shareholders	By 8.00 am on the first Business Day following S
Admission and commencement of dealings in New Northgate Shares	8.00 am on the first Business Day following S
De-listing of Redde Shares	8.00 am on the first Business Day following S
CREST accounts of Redde Shareholders credited with New Northgate Shares	On or after 8.00 am on the first Business Day following S but no later than 14 days after the Effective Date
Latest date for CREST accounts to be credited with any cash due in relation to the sale of fractional entitlements	14 days after the Effective Date
Latest date for despatch of share certificates for New Northgate Shares and cheques for the cash due in relation to the sale of fractional entitlements for those Redde Shareholders who do not hold their Redde Shares in CREST	14 days after the Effective Date
Longstop Date	30 April 2020 <sup>(7)</sup>

### Notes

- (1) References to times are to London time. If any of the dates and/or times in this expected timetable change, the revised dates and/or times will be notified to Redde Shareholders by announcement through a Regulatory Information Service.
- (2) The PINK Form of Proxy for the Court Meeting if not returned by the time stated above may be handed to the Registrar or to the chairman of the Court Meeting before the taking of the poll at the Court Meeting and will still be valid.
- (3) The BLUE Form of Proxy for the Redde General Meeting must be lodged by the time stated above in order to be valid or, if the Redde General Meeting is adjourned, no later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting.
- (4) If either the Court Meeting or the Redde General Meeting is adjourned, the Scheme Voting Record Time of the adjourned meeting(s) will be 6.00 pm on the second Business Day before the day fixed for the adjourned meeting.
- (5) The Redde General Meeting will commence at 10.15 am on the day of the Court Meeting or as soon thereafter as the Court Meeting has been concluded or adjourned.
- (6) This date is subject to, among other things, the satisfaction or, where applicable, waiver of Conditions 6 and 7.
- (7) The Longstop Date is the latest date by which the Scheme may become Effective. However, the Longstop Date may be extended to such later date as Redde and Northgate may agree in writing (with the Panel's consent and as the Court may approve (should such approval(s) be required)).



# PART 1

## LETTER FROM THE CHAIRMAN

*Directors:*

John Davies (*Interim Non-Executive Chairman*)  
Martin Ward (*Chief Executive Officer*)  
Stephen Oakley (*Chief Financial Officer*)  
Mark Chessman (*Chief Operating Officer*)  
Mark McCafferty (*Independent Non-Executive Director*)

*Registered Office:*

Pinesgate  
Lower Bristol Road  
Bath, BA2 3DP

Incorporated in England and Wales with  
registered number 03120010

Thursday 12 December 2019

To: Redde Shareholders and, for information only, participants in the Redde Share Plans

Dear Shareholder

### **Recommended all-share merger of Northgate and Redde**

#### **1. Introduction**

On 29 November 2019, the boards of Redde and Northgate announced that they had reached agreement on the terms of a recommended all-share merger of Northgate and Redde, pursuant to which Northgate will acquire all of the issued and to be issued share capital of Redde to form the Combined Group.

This letter sets out the background to the Merger and the reasons why the Board considers the terms of the Merger to be fair and reasonable, and why it is unanimously recommending that Redde Shareholders vote in favour of the Scheme at the Court Meeting and in favour of the Redde Special Resolution to be proposed at the Redde General Meeting (as all of the Redde Directors who own or control Redde Shares have irrevocably undertaken to do in respect of their own holdings, as set out in paragraph 8 of this letter below).

This document also contains, in Parts 9 and 10, notices of the Meetings at which the Scheme will be put to Redde Shareholders.

The Merger has also been unanimously recommended by the Northgate Directors, with the Northgate Directors who hold Northgate Shares having irrevocably undertaken to vote in favour of the Northgate Shareholder Resolutions at the Northgate Shareholder Meeting in respect of their own beneficial holdings which amount in total to 65,023 Northgate Shares, representing approximately 0.05 per cent. of Northgate's total issued ordinary share capital as at Friday 6 December 2019, being the latest practicable date to obtain this information.

#### **2. Summary of the Merger**

Under the terms of the Merger, which is subject to the Conditions and further terms set out in Part 4 of this document, Scheme Shareholders whose names appear on Redde's register of members at the Scheme Record Time will be entitled to receive:

**for each Redde Share**

**0.3669 New Northgate Shares**

Immediately following Completion, Northgate Shareholders will own approximately 54 per cent. and Redde Shareholders will own approximately 46 per cent. of the share capital of the Combined Group (based on the fully diluted ordinary issued share capital of Northgate and the fully diluted share capital of Redde, in each case as at 6 December 2019).

Subject to the satisfaction or, where applicable, waiver of the Conditions, it is expected that the Scheme will become Effective during the first quarter of 2020, with the New Northgate Shares admitted to listing

on the premium segment of the Official List and to trading on the Main Market on the first Business Day following the Effective Date.

The Merger is being effected by a Court-sanctioned scheme of arrangement of Redde under Part 26 of the Companies Act.

### **3 Background to and reasons for the Scheme proposals**

#### ***Background to and reasons for the Merger***

##### *Background*

The Boards of Northgate and Redde believe that the UK mobility and automotive services sector is a structurally attractive yet highly fragmented market with opportunities to remove inefficiencies that would enhance the customer proposition and unlock value for shareholders. Numerous players offer different aspects of the value chain and life-cycle of a vehicle across vehicle provision (sales, rental, term hire and leasing), vehicle fit out, fleet management, servicing maintenance and repair, breakdown and recovery, accident management, legal services, vehicle disposal (retail and trade) and salvage.

Northgate is a leading specialist business providing light commercial vehicles and cars to business customers in the UK, Spain and Ireland on flexible and minimum-term hire contracts.

Redde is a leading support services company in the UK specialising in accident and incident management and legal services to motorists. Primarily, it provides replacement vehicle, repair and recovery services to insurance company customers as well as accident and incident support services to private and public organisations who have contractual relationships with Redde. Redde aims to restore their mobility through the provision of hire vehicles and support them in achieving recoveries to which they are entitled.

The markets in which Northgate and Redde operate are subject to a number of trending dynamics as participants seek to grow through expanding their business model and providing new services and solutions as a means of driving differentiation to competitors and gaining exposure to more aspects of the value chain. These dynamics include:

- shifts by businesses and customers from owning to renting vehicles;
- the convergence of mobility solutions;
- increasing use of offering services and support to differentiate customer propositions relative to competitors; and
- interacting and providing customers with a broader end-to-end experience.

##### *Rationale for the Merger*

Northgate and Redde believe that the Merger will provide the opportunity to combine two highly complementary businesses into a Combined Group with a comprehensive suite of mobility services and a platform from which to create a leading integrated mobility solutions and automotive services business of scale.

Each company has previously stated their intention to and the benefits of diversifying their customer propositions and the Merger will enable both businesses to materially accelerate their complementary diversification strategies.

The Merger will enable Northgate to broaden the provision of capital-light fleet solutions such as market-leading fleet and accident management, strengthen the customer offer, and deliver low capex growth opportunities in attractive and adjacent markets. As well as immediately broadening its service offering, the Merger will provide Northgate with a platform from which to add further services, potentially extending to a turnkey fleet management suite of services with an attractive financial returns profile.

Redde specialises in responding to vehicle-related incidents, in particular road traffic accidents. Its expertise allows it to compete effectively with larger hire businesses despite scale disadvantages. Following the Merger, as part of a major vehicle hire group with an enlarged branch network throughout the UK, Redde will be able to strengthen the customer offer through an even more responsive service

to its business partners and their customers. Northgate's support and its infrastructure is expected to enable Redde to provide a broader range of car hire services to complement its accident-related services and scale in selected markets where the returns and investment case are attractive.

The Combined Group will have the expertise, experience and infrastructure required to provide businesses and personal customers with a comprehensive suite of mobility services and a range of automotive services, supplying vehicles to meet their regular mobility needs, servicing and supporting them when unforeseen events occur to ensure that they remain mobile while providing support for any resulting claims.

In summary, Northgate and Redde believe that the Merger will:

- establish a complementary combination with a comprehensive suite of mobility services and a platform from which to create a leading integrated mobility solutions and automotive services business of scale;
- create a market-leading customer proposition;
- generate cost synergies underpinned by enhanced scale and optimisation potential;
- provide the opportunity to unlock attractive revenue synergies; and
- position the Combined Group with a strong financial profile.

#### *Complementary combination with a comprehensive mobility service suite*

The Combined Group will serve customers across core rental and accident and incident management business lines and achieve greater diversification across its territories, service lines and customer base, with a strong financial profile and balance sheet.

The Merger will create a leading integrated mobility solutions and automotive services platform spanning the vehicle life-cycle across vehicle supply, service, maintenance, repair, recovery, accident and incident management and disposal through sale. It creates the platform onto which further value accretive services can be overlaid delivering customer value across a broader range of services utilised by a vehicle through its life.

The Combined Group will have enhanced scale and be able to supply a far wider range of services to existing and new customers both as a function of cross-selling each other's services and through the creation of new services enabled by the Merger. It will have a combined network of enhanced scale and density with over 110,000 vehicles in its own fleet and over 400,000 managed vehicles managed through a combined rental network of over 100 branches in the UK and Spain with the ability to provide one stop-shop service, maintenance and repair operations. In addition, the Combined Group will have an extensive vehicle disposal network through which it can efficiently dispose of vehicles.

Consideration will be given to Northgate's Spanish operations and the extent to which this can be used as a suitable platform to build out the enlarged capabilities of the Combined Group.

#### *A market leading customer proposition*

The Merger will create a market-leading customer proposition, providing fleet customers and insurers with access to an increased scope of services, a combined fleet, an increased and enhanced geographic coverage, benefits from cost efficiencies and a combination of existing capabilities.

Fleet customers of the Combined Group will benefit from the combination of a leading light commercial van rental provider and an efficient, leading fleet management, accident management and legal services provider. It is envisaged that fleet customers would benefit from the outstanding service proposition, have a greater choice and fulfilment ability, and be able to access the enhanced network of the Combined Group providing more proximate locations for service fulfilment, aiding overall responsiveness to customer requests.

The insurance customers of the Combined Group will benefit from credit hire service levels that are further enhanced through greater branch coverage and access to the breadth of vehicle fleet that the Combined Group would manage. The credit hire fleet of the Combined Group will be more cost effectively serviced and maintained.

### *Cost synergies underpinned by enhanced scale and optimisation potential*

Northgate and Redde have identified significant savings that they expect to be delivered through the Merger. The Boards of Northgate and Redde expect that the Merger will generate pre-tax cost synergies of at least £10 million per annum, with target run-rate phasing of £7 million at the end of the first 12 months following Completion and £10 million at the end of the second 12 months following Completion.

These cost synergies are expected to be delivered from the following areas:

- *Corporate and support functions (approximately 45 per cent. of total pre-tax cost synergies):* Rationalisation and consolidation of corporate and support functions, removal of duplicate public company costs and optimisation of procurement;
- *Network (approximately 35 per cent. of total pre-tax cost synergies):* Operational savings from optimisation of the combined networks given enhanced scale of the Combined Group which is expected to enable the removal of branch overlap and the better optimisation of the network density of the Combined Group; and
- *Accident and fleet management (approximately 20 per cent. of total pre-tax cost synergies):* Operational savings from consolidating and rationalising the accident and fleet management capabilities of the Combined Group.

In achieving these cost synergies, the Combined Group expects to incur aggregate cash implementation costs of approximately £10 million. It is expected that approximately 70 per cent. of the total integration costs will be incurred in the first 12 months following Completion with the balance being incurred in the second 12 months following Completion.

Aside from these one-off costs, the Board of Northgate and the Board of Redde do not expect any material dis-synergies to arise from the creation of the Combined Group.

The identified synergies will accrue as a direct result of the Merger and would not be achieved on a standalone basis. Further information on the bases of belief supporting the Northgate Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out in Appendix 1.

### *Attractive revenue synergies*

The Combined Group is expected to realise revenue synergies from cross-selling Northgate's vehicle rental proposition to Redde customers as well as cross-selling Redde's FMG fleet management capabilities to Northgate customers. Further revenue synergies are anticipated to be available from accidents involving Northgate vehicles being channelled through FMG, and the service and maintenance of FMG customer vehicles through the enlarged service network of the Combined Group. The Boards of Northgate and Redde further believe that revenue growth opportunities exist from the launch of a UK flexible car rental proposition leveraging Redde's credit hire fleet operations alongside Northgate's considerable UK network.

### *Strong financial profile*

The Combined Group is anticipated to have a strong financial profile with a diversified revenue mix, an attractive margin profile and improved cash flow characteristics.

The Boards of Northgate and Redde have considered the future capital management policy for the Combined Group. It is anticipated that this strong cash flow generation will enable the Combined Group to further strengthen the balance sheet over time with the Combined Group seeking to maintain a net debt to underlying EBITDA ratio of 1.0 times to 2.0 times in the near term.

The Merger is anticipated to deliver a post-tax return on invested capital which exceeds Northgate's weighted average cost of capital by the end of the first full financial year following Completion.

### **Financial effects of the Merger on Northgate**

With effect from the Effective Date, the earnings, assets and liabilities of the Combined Group will include the consolidated earnings, assets and liabilities of Redde and Northgate on the Effective Date.

### ***Background to and reasons for the recommendation***

The Board of Redde remains confident in the standalone prospects of Redde and is pleased with the substantive progress made over the last few years across its strategic priorities. Despite facing some recent challenges with the reported contract loss, the strong delivery against strategic and operational initiatives and growth in its fleet and accident and incident management services saw Redde generate record revenues of £589.7 million and further adjusted EBIT growth to a total of £49.6 million in its financial year ending 30 June 2019.

The rationale for, and benefits of, the Merger are set out in this paragraph 3 under the section headed "Background to and reasons for the Merger". While the Board of Redde considers the standalone prospects for Redde to be strong, it has long held the view that with the shifting trends from ownership to rental and hire that the market for mobility solutions to both business users and consumers will converge over the long term. As a consequence, the Board of Redde believes that longer term sustainable competitive success will largely depend on focusing on the life journey of the product and the service innovation that supports customers as well as creating competitive scale.

Redde has developed a unique skill set in delivering replacement mobility and repair services into the insurance market and the wider automotive space through its fleet incident services. Redde has captured a large share of that market and with a bigger platform, can deliver further services valued by its customers. Similarly, Northgate is a market leader in rental and hire of light commercial vehicles that operates in a different market space to Redde and provides a complementary and adjacent product offering. Combining some of the operational aspects of the respective businesses unlocks value and extends the product and service reach, enhances operational capability and generates better purchasing economics.

In addition, the Board of Redde believes the Merger provides an opportunity to capture the early trends in convergence of mobility solutions and builds a platform to deliver more innovative future solutions and provide shareholders with a strategic route into the consolidation of the market. Redde believes that the scale and reach of the Combined Group will position the business across a number of markets which it will be well placed to serve and grow.

Furthermore, the Board of Redde believes that the terms of the Merger fairly reflect Redde and Northgate's respective standalone businesses and their prospects, an appropriate sharing of the expected synergies resulting from the combination, and the proposed balance of the Board and management team of the Combined Group. The Board of Redde is pleased that the members of the Board of the Combined Group to be nominated from Redde will be in a position to support the Board and management team of the Combined Group in delivering the successful integration of Redde and Northgate and the resulting synergies.

#### **4. Northgate's future intentions for Redde**

Your attention is drawn to the statement of Northgate's intentions for the Redde Group if the Scheme becomes Effective as set out in paragraph 6 of Part 2 of this document.

#### **5. Employees and management**

Your attention is drawn to the statement of Northgate's intentions for Redde's employees and management if the Scheme becomes Effective as set out in paragraph 6 of Part 2 of this document.

#### **6. Current trading and prospects**

##### ***Redde current trading and prospects***

Redde released its results for the financial year ended 30 June 2019 on 5 September 2019. A copy of the Redde 2019 Annual Report and Accounts is available on Redde's website at [www.redde.com](http://www.redde.com).

Since 30 June 2019, the financial performance of the Redde Group has been in line with the expectations of the Redde Board.

##### ***Northgate current trading and prospects***

Northgate released its results for the financial year ended 30 April 2019 on 25 June 2019. A copy of the Northgate 2019 Annual Report and Accounts is available on Northgate's website at [www.northgateplc.com](http://www.northgateplc.com). On 29 November 2019, Northgate released its interim results for the six month



period to 31 October 2019 with total revenue of £357.8 million, underlying operating profit of £35.1 million and underlying earnings per share of 17.6 pence. Northgate also reported the Company's overall financial performance expected for the year ending 30 April 2020 is in line with market expectations. A copy of such interim results is also available on Northgate's website at [www.northgateplc.com](http://www.northgateplc.com).

## **7 Dividends and dividend policy**

Your attention is drawn to the information relating to dividends and dividend policy as set out in paragraph 5 of Part 2 of this document.

Following the Merger and subject to the approval of the Board of the Combined Group, the Combined Group intends to adopt a progressive dividend policy consistent with a strategy which balances returns to shareholders with the need to retain sufficient funds to drive growth. In setting its initial dividend, it is expected that the dividend will be covered by the Combined Group's profit after tax by around two times. The Combined Group will look to pay interim dividends that are 50 per cent. of the prior final dividend.

## **8 Irrevocable undertakings**

To become Effective, the Scheme requires, amongst other things, the approval of Scheme Shareholders at the Court Meeting convened for 10.00 am on Wednesday 15 January 2020. The Scheme also requires the sanction of the Court at the Scheme Court Hearing and the passing of the Redde Special Resolution to be proposed at the Redde General Meeting convened for 10.15 am on Wednesday 15 January 2020.

Northgate has received irrevocable undertakings from the Redde Directors, together with a close relative of Martin Ward, who own or control Redde Shares, together totalling 4,687,303 Redde Shares, to vote (or procure the vote) in favour of the Scheme at the Court Meeting and the Redde Special Resolution to be proposed at the Redde General Meeting. The Redde Shares in respect of which Northgate has received irrevocable undertakings from Redde Directors and the close relative of Martin Ward represent approximately 1.53 per cent. of the issued Redde Shares as at Friday 6 December 2019 (being the latest practicable date to obtain this information).

Redde and Northgate have received irrevocable undertakings from those Northgate Directors who own or control Northgate Shares, totalling 65,023 Northgate Shares, to vote (or procure the vote) in favour of the Northgate Shareholder Resolutions, and, subject to the terms of the relevant undertaking, any other resolution, to be proposed at the Northgate Shareholder Meeting. The Northgate Shares in respect of which Redde has received irrevocable undertakings from Northgate Directors represent approximately 0.05 per cent. of the issued Northgate Shares as at Friday 6 December 2019 (being the latest practicable date to obtain this information).

Further details of these irrevocable undertakings, including the circumstances in which they fall away, are set out in paragraph 4 of Part 7 of this document.

## **9 Northgate Shareholder approval**

As a result of the size of the acquisition, the Merger constitutes a class 1 transaction for Northgate for the purposes of the Listing Rules. Accordingly, Northgate will be required to seek the approval of the Northgate Shareholders for the Merger at the Northgate Shareholder Meeting, which has been convened for 10.00 am on Wednesday 15 January 2020 at Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS. Northgate Shareholder approval will also be required for the issuance of the New Northgate Shares under the Merger.

The directors of Northgate have unanimously recommended to Northgate Shareholders to vote in favour of the Northgate Shareholder Resolutions at the Northgate Shareholder Meeting.

## **10 The New Northgate Shares**

The New Northgate Shares will be issued in registered form and will be capable of being held in certificated and uncertificated form.



The New Northgate Shares will be issued as fully paid and will rank equally in all respects with the Northgate Shares in issue at the time the New Northgate Shares are issued pursuant to the Scheme, including in relation to the right to receive notice of, and to attend and vote at, general meetings of Northgate, and the right to receive and retain any dividends and/or other distributions declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium amount or otherwise) made, by Northgate in respect of the Northgate Shares with a record date falling after the Effective Date and to participate in the assets of Northgate upon a winding-up of Northgate. Further details of the rights attaching to the New Northgate Shares are set out in the Northgate Prospectus accompanying this document.

Irrespective of the date on which the Effective Date falls, Redde Shareholders will not be entitled to receive any dividend declared, made or paid by Northgate for the benefit of the Northgate Shareholders by reference to a record date falling on or before the Effective Date.

Applications will be made to the FCA for the New Northgate Shares to be admitted to the premium listing segment of the Official List and to be admitted to trading on the London Stock Exchange's Main Market.

It is expected that the New Northgate Shares will be admitted to trading on the London Stock Exchange's Main Market on the first Business Day after the Effective Date and dealings for normal settlement in the New Northgate Shares will commence at 8.00 am on the First Business Day after the Effective Date.

No application has been made or is currently intended to be made by Northgate for the New Northgate Shares to be admitted to listing or trading on any other exchange.

## **11 Cancellation of listing of Redde Shares**

The last day of dealings in Redde Shares is expected to be on the Business Day prior to the Effective Date.

Further details are set out in paragraph 12 of Part 2 of this document.

## **12 Redde Share Plans**

Further details of the arrangements proposed to be implemented in relation to the Redde Share Plans in connection with the Merger are set out in paragraph 7 of Part 2 of this document.

## **13 United Kingdom taxation**

A summary of relevant UK taxation, which is intended as a general guide only, is set out in paragraph 15 of Part 7 of this document. If you are in any doubt as to your tax position, or you are subject to taxation in any jurisdiction other than the UK, you are strongly advised to consult an appropriate independent professional adviser.

## **14 Action to be taken**

Your attention is drawn to the sections of this document on pages 11-12 and in paragraph 19 of Part 2, which explain the actions to be taken in relation to the Scheme.

Overseas Shareholders holding Redde Shares should refer to paragraph 13 of Part 2 of this document. Details relating to settlement, mandates and communication preferences are included in paragraph 15 of Part 2 of this document.

**IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST (WHETHER IN PERSON OR BY PROXY) SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF THE OPINION OF SCHEME SHAREHOLDERS. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY OR APPOINT A CREST PROXY AS SOON AS POSSIBLE.**

If you have any queries please contact Link Asset Services on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday

to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Merger nor give any financial, legal or tax advice.

## **15 Further information**

Please note that the information contained in this letter is not a substitute for reading the remainder of this document.

The attention of Redde Shareholders is drawn to the letter from J.P. Morgan Cazenove set out in Part 2 of this document (being the Explanatory Statement pursuant to section 897 of the Companies Act). The terms of the Scheme are set out in full in Part 3 of this document. Your attention is also drawn to the further information contained in this document and, in particular, to the Scheme conditions in Part 4, the financial information on the Redde Group in Part 5, the financial and other information on Northgate in Part 6 and the additional information in Part 7 (including the information on UK taxation in paragraph 15 of Part 7) of this document.

## **16 Recommendation of the Merger**

The Redde Directors, who have been so advised by J.P. Morgan Cazenove as to the financial terms of the Merger, consider the terms of the Merger to be fair and reasonable. J.P. Morgan Cazenove is providing independent financial advice to the Redde Directors for the purposes of Rule 3 of the Takeover Code. In providing its financial advice to the Redde Directors, J.P. Morgan Cazenove has taken into account the commercial assessments of the Redde Directors.

Accordingly, the Redde Directors believe that the terms of the Merger are in the best interests of Redde Shareholders as a whole **and unanimously recommend that Redde Shareholders vote in favour of the Scheme at the Court Meeting and the Redde Special Resolution to be proposed at the Redde General Meeting** (or, in the event that the Merger is implemented by way of a Takeover Offer, accept such Takeover Offer).

Each Redde Director, together with a close relative of Martin Ward, who holds Redde Shares has irrevocably undertaken to vote in favour of the Scheme and the Redde Special Resolution in respect of their own beneficial holdings of Redde Shares, amounting to, in aggregate, 4,687,303 Redde Shares representing approximately 1.53 per cent. of Redde's share capital in issue on Friday 6 December 2019 (being the latest practicable date to obtain this information).

Yours faithfully

**John Davies**

*Interim Non-Executive Chairman*

## PART 2

### EXPLANATORY STATEMENT

*(in compliance with section 897 of the Companies Act 2006)*

J.P. Morgan Securities plc  
25 Bank St  
Canary Wharf  
London E14 5JP

Thursday 12 December 2019

*To Redde Shareholders*

Dear Sir/Madam

#### 1. Introduction

On 29 November 2019, the Boards of Redde and Northgate announced that they had reached agreement on the terms of a recommended all-share merger of Redde and Northgate pursuant to which Northgate will acquire all of the issued and to be issued Redde Shares to form the Combined Group.

The Redde Directors have been advised by J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**") in connection with the Merger. J.P. Morgan Cazenove has been authorised by the Redde Directors to write to you and set out the terms of the Merger and to provide you with other relevant information. In giving its advice, J.P. Morgan Cazenove is advising the Redde Directors in relation to the Merger and is not acting for any Redde Director in their personal capacity or for any Redde Shareholder in relation to the Merger. J.P. Morgan Cazenove will not be responsible to any such person for providing the protections afforded to its clients or for advising any such person in relation to the Merger. In particular, J.P. Morgan Cazenove will not owe any duties or responsibilities to any particular Redde Shareholder concerning the Merger. Please note that dates and timings set out in this document are indicative only and may be subject to change.

The Merger is to be effected by means of a Court sanctioned scheme of arrangement under Part 26 of the Companies Act, which requires the approval of the Scheme Shareholders and the sanction of the Court. The terms of the Scheme are set out in full in Part 3 of this document.

Your attention is drawn to the Letter from the Chairman set out in Part 1 of this document which forms part of this Explanatory Statement. That letter contains, amongst other things, the background to and reasons for the recommendation of the Redde Directors and states that the Redde Directors, who have been so advised by J.P. Morgan Cazenove as to the financial terms of the Merger, consider the terms of the Merger to be fair and reasonable. In giving advice to the Redde Directors, J.P. Morgan Cazenove has taken into account the commercial assessments of the Redde Directors.

Statements made in this letter regarding (i) the background to the recommendation of the Redde Directors; and/or (ii) the business of Redde, reflect the views of the Redde Directors. Statements made in this letter regarding the businesses of Northgate, reflect the views of the Northgate Directors. Statements made in this letter regarding the future plans for the Combined Group reflect the views of the Northgate Directors and the Proposed Northgate Directors.

Your attention is also drawn to the Northgate Prospectus (for which Northgate, the Northgate Directors and the Proposed Northgate Directors are responsible), which contains further information on Northgate and the New Northgate Shares to be issued in connection with the Merger. A copy of the Northgate Prospectus accompanies this document and is also available on Redde's website, [www.redde.com](http://www.redde.com), and on Northgate's website, [www.northgateplc.com](http://www.northgateplc.com). A hard copy, subject to applicable securities laws, can be requested by contacting the Company's registrars, Link Asset Services, whose contact details are set out on page 9 of this document.

## **2. Summary of the Scheme**

Under the terms of the Merger, which is subject to the Conditions and further terms set out in Part 4 of this document, Scheme Shareholders whose names appear on Redde's register of members at the Scheme Record Time will be entitled to receive:

**for each Redde Share**

**0.3669 New Northgate Shares**

Immediately following Completion, Northgate Shareholders will own approximately 54 per cent. and Redde Shareholders will own approximately 46 per cent. of the share capital of the Combined Group (based on the fully diluted ordinary issued share capital of Northgate and the fully diluted share capital of Redde, in each case as at 6 December 2019).

Subject to the satisfaction or, where applicable, waiver of the Conditions, it is expected that the Scheme will become Effective in the first quarter of 2020, with the New Northgate Shares admitted to listing on the premium segment of the Official List and to trading on the Main Market on the Effective Date.

## **3. Structure of the Scheme proposals**

The Scheme is an arrangement made between Redde and the Scheme Shareholders under Part 26 of the Companies Act, which requires the approval of the Scheme Shareholders and the sanction of the Court. The purpose of the Scheme is to provide for Northgate to become the owner of all the Redde Shares.

In order to achieve this, it is proposed that all Scheme Shares will be transferred to Northgate, in consideration for which the Scheme Shareholders whose names appear on the register of members of Redde at the Scheme Record Time will be entitled (subject to certain terms and conditions) to receive New Northgate Shares on the basis set out in paragraph 2 of this Part 2 above.

The Scheme is subject to the Conditions and to certain further terms referred to in Part 4 of this document. In particular, it requires the approval of Scheme Shareholders for the Scheme at the Court Meeting, which has been convened for 10.00 am on Wednesday 15 January 2020. The Scheme must be approved by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting representing not less than 75 per cent. in value of the Scheme Shares voted by such holders.

Implementation of the Scheme will also require the passing at the Redde General Meeting (which will be held immediately after the Court Meeting) of the Redde Special Resolution as a special resolution, which requires the approval of Redde Shareholders representing at least 75 per cent. of the votes cast at the Redde General Meeting (either in person or by proxy). In respect of the Redde Special Resolution, each Redde Shareholder will be entitled to cast one vote for each Redde Share held.

The Merger and the allotment and issue of the New Northgate Shares must also be approved at the Northgate Shareholder Meeting by the requisite majority of Northgate Shareholders (described in more detail in paragraph 10 of this Part 2 below).

Following the Meetings, the Scheme must be sanctioned by the Court and will only become Effective upon delivery to the Registrar of Companies of the Scheme Court Order. Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted, or whether they voted in favour of or against the Scheme at the Court Meeting or whether they voted in favour of or against the Redde Special Resolution at the Redde General Meeting.

Redde will not issue or register the transfer of any Redde Shares after the Scheme Record Time until the Scheme has become Effective.

## **4. Irrevocable undertakings from Redde Directors and Northgate Directors**

Northgate has received irrevocable undertakings from those Redde Directors, together with a close relative of Martin Ward, who own or control Redde Shares, together totalling 4,687,303 Redde Shares, to vote (or procure the vote) in favour of the Scheme at the Court Meeting and the Redde Special Resolution to be proposed at the Redde General Meeting. The Redde Shares in respect of which Northgate has received irrevocable undertakings from Redde Directors and the close relative of Martin

Ward represent approximately 1.53 per cent. of the issued Redde Shares as at Friday 6 December 2019 (being the latest practicable date to obtain this information).

In addition, Redde and Northgate have received irrevocable undertakings from those Northgate Directors who own or control Northgate Shares, totalling 65,023 Northgate Shares, to vote (or procure the vote) in favour of the Northgate Shareholder Resolutions, and, subject to the terms of the relevant undertaking, any other resolution, to be proposed at the Northgate Shareholder Meeting. The Northgate Shares in respect of which Redde has received irrevocable undertakings from Northgate Directors represent approximately 0.05 per cent. of the issued Northgate Shares as at Friday 6 December 2019 (being the latest practicable date to obtain this information).

Further details of these undertakings, including details of the circumstances in which they will cease to be binding are set out in paragraph 4 of Part 7 of this document.

## **5. Dividends and dividend policy**

The Boards of Northgate and Redde have agreed to retain their current dividend policies for the period prior to Completion. Accordingly, Northgate and Redde have agreed that:

- Northgate Shareholders will be entitled to retain the Northgate interim dividend for the six month period to 31 October 2019 of 6.3 pence per Northgate Share announced by Northgate on 29 November 2019 (the "**Permitted Northgate Dividend**"); and
- if the Effective Date has not occurred before 6 March 2020, being the record date for any Redde dividend that may be declared for the six month period to 31 December 2019, Redde Shareholders will be entitled to retain such dividend provided it is equal to or less than 5.5 pence per Redde Share (the "**Permitted Redde Dividend**").

### ***Reduction to Exchange Ratio***

If, after the date of the Announcement, any dividend, distribution or return of capital is declared, made or paid or becomes payable in respect of the Redde Shares (other than, or in excess of, any Permitted Redde Dividend or any Redde Equalisation Dividend) with a record date on or before the Effective Date (each a "**Non-Permitted Redde Dividend**"), Northgate reserves the right to reduce the Exchange Ratio accordingly so as to reflect the aggregate value attributable to any such Non-Permitted Redde Dividend.

### ***Redde Equalisation Dividend***

If, after the date of the Announcement, any dividend (other than, or in excess of, any Permitted Northgate Dividend), distribution or return of capital is declared, made or paid or becomes payable in respect of the Northgate Shares with a record date on or before the Effective Date (a "**Non-Permitted Northgate Dividend**"), then Redde will be entitled (in addition to any Permitted Redde Dividend) to declare and pay, and the Redde Shareholders will be entitled to receive and retain an equalisation dividend in Sterling (the "**Redde Equalisation Dividend**") in respect of the Redde Shares of an amount per Redde Share equal to the amount of the Non-Permitted Northgate Dividend per Northgate Share multiplied by the Exchange Ratio (taking into account any reduction to the Exchange Ratio arising as a result of any Non-Permitted Redde Dividends in accordance with the above paragraph entitled "**Reduction to Exchange Ratio**").

### ***Dividend policy of the Combined Group***

Following the Merger and subject to the approval of the Board of the Combined Group, the Combined Group intends to adopt a progressive dividend policy consistent with a strategy which balances returns to shareholders with the need to retain sufficient funds to drive growth. In setting its initial dividend, it is expected that the dividend will be covered by the Combined Group's profit after tax by around two times. The Combined Group will look to pay interim dividends that are 50 per cent. of the prior final dividend.

## **6. Employees, management and locations**

### ***Strategic plans for the Combined Group***

The Combined Group will create a leading integrated mobility solutions and automotive services business of scale. The Combined Group intends to move quickly to combine the existing businesses and create a combined business which harnesses the assets, best practices and skilled teams of both companies. It is expected that the Combined Group will:

- bring together some of the best talent in its industry;
- be focused on placing consumers at the centre of its business through a broader, more attractive, customer proposition;
- leverage its nationwide coverage and end-to-end portfolio of services;
- benefit from the expertise of both companies to provide best in class services for its customers;
- have a strong balance sheet and financial flexibility; and
- have a governance model which will support and challenge its management to ensure that the interests of all stakeholders are considered.

Given the complementary nature of Northgate and Redde in terms of their respective propositions to customers and the nature of customers that each business addresses, it is anticipated that there will be limited impact from the Merger on customers and employees, in particular in the short term. Upon Completion, the Combined Group will initiate a detailed review of the operations of both businesses to assess how they can work most effectively and efficiently together. The review, which is expected to take at least three months following Completion, will review the current operating and organisational structures of both businesses and provide the basis for the development of an integration programme designed to minimise disruption to customers and employees whilst delivering the expected opportunities and benefits of the Merger for the Combined Group's stakeholders.

The Combined Group will retain extensive operations across the UK, Ireland and Spain, and, given the complementary nature of the businesses and the limited areas of overlap, it is anticipated that there will be minimal consolidation of the existing operational centres of both businesses. While an initial assessment has been undertaken as part of the preparation of the Northgate Quantified Financial Benefits Statement, following Completion the Combined Group will perform a detailed review of the enlarged branch network to identify opportunities to realise infrastructure and operating efficiencies. The review, which is expected to take at least three months following Completion, will identify the optimal network by removing overlap and enhancing overall scale along with greater density to align with the needs of the Combined Group's portfolio of services and its efficient delivery to customers. It is expected that this will be achieved by ensuring that vehicles are closer to customers resulting in lower delivery and collection costs. In respect of head office and corporate functions, where overlap and duplication does exist, it is intended that, following a review of the options available, activities will be consolidated and rationalised to allow for the better integration of the Combined Group.

The proposed Board and management of the Combined Group, who have a proven track record of delivering on strategic initiatives, plan to evolve the strategy of the Combined Group through three phases:

- **Focus:** complete the integration of the two businesses alongside initiation of the delivery of the anticipated cost synergies, development of the Combined Group's product and services, and start to leverage the platform to enable revenue growth on the basis of the broader offering;
- **Drive:** complete the initiatives around the cost synergies, product and service portfolio and platform, and initiate service diversification into complementary markets alongside exploring further market and geographic growth opportunities; and
- **Broaden:** accelerate the service diversification and exploration of market and geographic growth opportunities.



## **Governance**

The Combined Group will draw on the array of talent and experience in both companies to drive the business forward. Following the Merger, it is intended that the Combined Group will have a Board comprising members of both Northgate and Redde's existing Boards.

- Avril Palmer-Baunack, currently non-executive chairman of Northgate, will become non-executive chairman of the Combined Group;
- Martin Ward, currently CEO of Redde, will become CEO of the Combined Group; and
- Philip Vincent, currently CFO of Northgate, will become CFO of the Combined Group.

In addition, John Davies and Mark McCafferty, currently non-executive directors of Redde, and Stephen Oakley, currently CFO of Redde, will join the Board of Northgate as non-executive directors from Completion. William Spencer, John Pattullo OBE, Claire Miles, Mark Butcher and Fernando Cogollos, currently non-executive directors of Northgate, will remain on the Board of Northgate following Completion. Mark Chessman, currently chief operating officer of Redde, will step down from the Board of Redde upon Completion.

It is intended that, following Completion, the composition and size of the Board of Northgate will be reviewed with a view to ensuring that the Board of Northgate is commensurate with the size and nature of the Combined Group.

In conjunction with the proposed governance arrangements and board composition of the Combined Group, Northgate confirmed in the Announcement that Kevin Bradshaw had stepped down, by agreement with the Board of Northgate, from his position as a director and CEO of Northgate on that day and with immediate effect.

## **Employees**

Northgate attaches great importance to the skills and experience of the existing management and employees of Redde and Northgate and believes that they will benefit from greater opportunities within the Combined Group following the Merger. Northgate confirms that it intends to safeguard fully the existing statutory and contractual employment and pension rights of the Redde Group's employees and management and to make no material changes to the conditions of employment or change to the balance of skills and functions of employees across the Redde Group.

The Board of Northgate recognises that in order to achieve the expected benefits of the Merger, it will be necessary to perform a detailed review of how best to integrate the two businesses. Northgate believes that there is the potential to generate cost savings in the Combined Group through business, operational and administrative restructuring following Completion. As part of the preparation of the Northgate Quantified Financial Benefits Statement, Northgate's initial analysis has identified that there is likely to be an opportunity to rationalise certain corporate overheads and support functions, including public company related costs and central functions, and that there may be duplication at a limited number of operational branches capable of rationalisation without impacting customers. At this stage, Northgate has not yet developed a proposal as to how such integration and restructuring would be implemented and will only be able to develop and implement such proposals once the Combined Group has completed its review, which is expected to take at least three months following Completion.

Subject to the outcome of the detailed review of the integration options, it is possible that there may be a low to mid-single digit percentage reduction in the Combined Group's headcount, where there is duplication across Northgate's and Redde's existing corporate and support functions. At this early stage in integration planning, the Combined Group has not yet developed a proposal as to how any such headcount reductions might be implemented and will only develop and implement such a proposal once the review referred to above has been completed. The Combined Group will aim to retain the best talent and will consult as appropriate with relevant employees, employee representatives and other stakeholders before any proposals are finalised.

## **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. In order to achieve that

equitable treatment, it is expected that the terms of certain of the Northgate Share Plans will be adjusted and that performance conditions that would not be relevant in the context of the Combined Group would be tested on Completion and the awards would thereafter be conditional only upon continued employment with the Combined Group. Northgate will seek shareholder approval for an amendment to its directors' remuneration policy so that the CFO's awards can be treated in a manner that is consistent with all other Northgate employees.

### **Northgate Value Creation Plan**

The Board of Northgate has proposed to introduce a new long-term incentive plan (the "**Value Creation Plan**") for a small number of senior employees in the Combined Group, including the CEO, to support in the delivery of the integration of Northgate and Redde and in the delivery of the anticipated strategic benefits of the Merger.

The Value Creation Plan provides a clear link between the remuneration of the participants and the creation of value for shareholders by rewarding the delivery of significant, sustainable absolute returns to shareholders over the long-term. The award has no value on grant but gives the participants the opportunity to share in a proportion of the total value created for shareholders above a hurdle over a performance period of at least three and a half years.

Awards take the form of entitlements to acquire ordinary shares in Northgate at nil or nominal cost (or as cash-settled equivalents). The number of ordinary shares to which a participant is entitled is determined by reference to the shareholder value created. Each participant's award will represent a percentage of the shareholder value created. A minimum compound annual growth rate (**CAGR**) in total shareholder return of 5% must be achieved above the initial share price in order for participants to receive any awards and participants only receive a share of value created above that level.

Participants will be able to sell sufficient shares to cover any tax or national insurance liabilities arising and up to one third of the after tax shares. The remaining shares will be subject to a further two year holding period following completion of the performance period.

The value that can be delivered by the Value Creation Plan is linked to the shareholder value created over the relevant performance period. A minimum CAGR in total shareholder return of 5% must be achieved above an initial share price following announcement of the Merger. The total pool for all participants in the scheme will be 5% of the growth in total shareholder return above the hurdle where the CAGR is between 5% and 10%, reducing to 2.75% once a CAGR of 10% is achieved and to 0.5% once a CAGR of 30% is achieved. The value of the pool will then be divided by the 40 dealing day volume weighted average share price to determine the number of shares to be issued under the plan. The maximum allocations of the pool to the CEO will be 45%.

A total cap of 2.0% of the issued share capital of Northgate will apply on vesting of all awards under the VCP. There is a cap of 0.9% for the CEO and a proportionate cap for other executive Directors of the Combined Group and participants. The Northgate remuneration committee may set a lower cap for any participant by reference to a fixed monetary amount or a fixed number of shares.

At the discretion of the Northgate remuneration committee, a portion of an award may be subject to additional performance conditions.

Awards to executive Directors of the Combined Group or eligible employees who leave at any time prior to vesting will lapse unless they leave by reason of death, retirement, ill health, injury or disability, redundancy, on the sale out of the Combined Group of the participant's employing company or business or in other circumstances at the discretion of the remuneration committee (**good leavers**).

Awards for good leavers will normally vest on the original vesting date, on assessment of the performance criteria at that time, and will normally be pro-rated on the basis of the period of time after the grant date and ending on the date of cessation relative to the performance period.

In the event of a change of control, the scheme will be assessed by reference to the performance criteria at that time. The Northgate remuneration committee will retain discretion to modify the vesting outcome in any particular case if it considers it appropriate.

An award may be satisfied with new issue shares, a transfer of treasury shares or shares purchased in the market.

Northgate requires shareholder approval to introduce the Value Creation Plan. It is expected that the required resolution will be proposed at the Northgate Shareholder Meeting.

Other senior employees of the Combined Group will receive share awards under the existing Northgate EPSP consistent with Northgate's existing practice.

As required by, and solely for the purposes of, Rule 16.2 of the Takeover Code, J.P. Morgan Cazenove has (in its capacity as independent adviser to Redde for the purposes of Rule 3 of the Takeover Code) reviewed the terms of the Value Creation Plan together with other information deemed relevant and advised Redde that the terms of the Value Creation Plan are fair and reasonable so far as the Redde Shareholders are concerned. In providing its advice, J.P. Morgan Cazenove has taken into account the commercial assessments of the Redde Directors.

### ***Locations, headquarters and research and development***

Management recognise that it is in the Combined Group's best interest for the head office functions of both Northgate and Redde to be combined. While an initial assessment has been undertaken as part of the preparation of the Northgate Quantified Financial Benefits Statement, following Completion the Combined Group will consider the migration and rationalisation of the combined corporate head office function to allow for the better integration of both businesses and may result in the rationalisation of the Combined Group's head office locations. A number of options are under consideration but no decision has been taken on the preferred outcome and the Combined Group will only develop and implement such a proposal once the review referred to above has been completed.

Beyond the potential changes identified above in relation to the Combined Group's branch network and corporate head office, there are no further plans to change the locations of Northgate's or Redde's operational places of business or redeploy the fixed assets of Redde.

Neither Northgate nor Redde currently has a research and development function and Northgate has no plans in this regard.

### ***Pensions***

Following Completion, the Combined Group does not intend to make any changes with regard to the agreed employer contributions into Redde's existing defined contribution pension scheme(s) or the accrual of benefits to existing members or the admission of new members to such pension schemes.

### ***Name of the Combined Group***

Upon Completion, it is intended that the name of the Combined Group will be Redde Northgate plc.

### ***Financial year end***

The financial year end of the Combined Group will be 30 April.

### ***Other***

The statements in this paragraph 6 which constitute "post-offer intention statements" for the purposes of Rule 19.6 of the Takeover Code will apply for 12 months from Completion.

### ***Views of Redde's Board***

In considering the recommendation of the Merger to Redde Shareholders, the Board of Redde has given due consideration to the confirmations that Northgate has given in relation to employees within the Combined Group. The Board of Redde welcomes the Combined Group's intentions with respect to the future operations of the business and its employees as part of a larger business combined with Northgate, in particular, Northgate's confirmation of its intention to safeguard fully the existing statutory and contractual employment and pension rights of the Redde Group's employees and management and to make no change to the balance of skills and functions of employees across the Redde Group.

## **7. Redde Share Plans**

Participants in the Redde Share Plans will be contacted regarding the effect of the Merger on their rights and appropriate proposals will be made to such participants in due course. Details of these proposals will be set out in separate letters to be sent to participants in the Redde Share Plans.

It is expected that awards held by participants in the Redde PSP will vest as a consequence of the Merger, subject to satisfaction of the applicable performance conditions. Time pro-rating will apply to awards granted in 2018 and 2019 but not to awards granted in 2017. Participants will be offered a choice to have their awards settled wholly in Redde Shares or partly in cash, paid by Redde, sufficient to cover their tax and national insurance liability, and partly in Redde Shares, and such Redde Shares will, in each case, then be exchanged for Northgate Shares under the terms of the Scheme.

Northgate will offer participants in the Redde SAYE Plan the opportunity to exchange their options over Redde Shares (including options which have already become exercisable) granted under that plan for equivalent options over Northgate Shares in accordance with the terms of the Redde SAYE Plan.

## **8. Information about Redde**

The Redde Group offers a comprehensive package of motor claims accident management services, including vehicle replacement and repair management together with full claims-handling assistance, as well as legal and other bespoke services. It is positioned to provide its key business partners with a range of services, from direct assistance to the non-fault motorist, through to partially or fully outsourced case-handling facilities. The Redde Group's business partners are insurance companies, brokers and other motoring organisations such as car dealerships, motor manufacturers, leasing companies and repair centres.

The Redde Group is a leading supplier to the motor insurance industry and aims to be the preferred claims outsourcing partner for UK motor insurers by providing claims solutions which reduce their administrative work and expenditure and provide their customers with an excellent vehicle repair and temporary replacement service. The Redde Group also provides specialised large fleet accident and incident management services for over 400,000 fleet vehicles through the FMG group of companies.

Redde was established in 1992 and is headquartered in Bath, with accident management operational centres in Peterlee and Huddersfield. As at 30 June 2019, the Redde Group had a vehicle distribution network consisting of 27 branches, employed approximately 2,400 staff and had a fleet of over 10,000 vehicles with access to an additional 50,000 vehicles through selected rental partnerships. The Redde Group provides solicitors' services through Principia from Northwich and NewLaw from Bristol, Cardiff and an associated office in Glasgow.

For the financial year ended 30 June 2019, Redde's revenue was £589.7 million and profit before tax was £41.6 million. Redde Shares are admitted to trading on AIM, a market of the London Stock Exchange.

## **9. Information about Northgate**

Northgate is the leading light commercial vehicle hire business in the UK, Ireland and Spain by fleet size and has been operating in the sector since 1981.

Northgate's core business is the hire of light commercial vehicles to businesses on a flexible or minimum-term basis, giving customers the ability to manage their fleet requirements in a way which can adapt best to changing business needs.

Northgate operates a modern fleet of over 100,000 vehicles from more than 100 sites across the UK, Ireland and Spain. Through this network it partners with a wide spectrum of customers from sole traders to blue chip multi-nationals across multiple sectors. Northgate generated revenues of £745.5 million and underlying operating profit of £76.2 million in the financial year ended 30 April 2019.

Northgate is headquartered in Darlington, County Durham and employs over 3,000 employees.

Northgate Shares are listed on the premium listing segment of the Official List and are traded on the London Stock Exchange's Main Market.

## **10. Northgate Shareholder approval and the Northgate Prospectus**

As a result of the size of the acquisition, the Merger constitutes a class 1 transaction for Northgate for the purposes of the Listing Rules. Accordingly, Northgate will be required to seek the approval of the Northgate Shareholders for the Merger at the Northgate Shareholder Meeting. Northgate Shareholder approval will also be required for the issuance of the New Northgate Shares under the Merger.

Northgate has sent to Northgate Shareholders the Northgate Circular summarising the background to and reasons for the Merger, which includes a notice convening the Northgate Shareholder Meeting. The Merger is conditional on, among other things, the Northgate Shareholder Resolutions being passed by the requisite majority of the Northgate Shareholders at the Northgate Shareholder Meeting, which will be held at 10.00 am on Wednesday 15 January 2020 at Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS. The directors of Northgate have unanimously recommended to Northgate Shareholders to vote in favour of the Northgate Shareholder Resolutions at the Northgate Shareholder Meeting.

Northgate will also propose certain other resolutions which shall be voted on by its shareholders at the Northgate Shareholder Meeting but which, unlike the Northgate Shareholder Resolutions, are not Conditions to the Merger. These resolutions comprise:

- a resolution relating to a change of Northgate's name to "Redde Northgate plc" from the Effective Date; and
- two resolutions relating to (i) amendments required in connection with the Merger to Northgate's directors' remuneration policy and (ii) a new share scheme proposed to be implemented by Northgate following the Effective Date, a participant in which shall include Martin Ward as CEO of the Combined Group.

The directors of Northgate have unanimously recommended to Northgate Shareholders to vote in favour of these resolutions, in addition to the Northgate Shareholder Resolutions, at the Northgate Shareholder Meeting.

Northgate has also produced the Northgate Prospectus in connection with the issue of the New Northgate Shares and their Admission. A copy of the Northgate Prospectus accompanies this document and is also available on Redde's website, [www.redde.com](http://www.redde.com), and on Northgate's website, [www.northgateplc.com](http://www.northgateplc.com). A hard copy, subject to applicable securities laws, can be requested by contacting the Company's registrars, Link Asset Services, whose contact details are set out on page 9 of this document.

## **11. The Redde Directors and the effect of the Scheme on their interests**

The names of the Redde Directors and the details of their interests (for the purposes of sections 820 to 825 of the Companies Act) in Redde Shares and options and awards over Redde Shares are set out in paragraphs 2 and 3 of Part 7 of this document. Redde Shares held by the Redde Directors as at the Scheme Record Time will be subject to the Scheme.

Particulars of the service contracts (including termination provisions) and letters of appointment of the Redde Directors are set out in paragraph 7(a) of Part 7 of this document.

Save as disclosed in this document, the effect of the Scheme on such interests of the Redde Directors does not differ from its effect on the like interests of any other holder of Scheme Shares.

As referred to in paragraph 6 of this Part 2, Martin Ward will become CEO, and an executive director, of the Combined Group following the Merger. In connection with such appointment, it is intended that Martin Ward will enter into a new service agreement with the Combined Group, further details of which are set out in paragraph 7(b) of Part 7 of this document.

## **12. Listing of the New Northgate Shares and de-listing of the Redde Shares**

### ***Listing of the New Northgate Shares***

Applications will be made to the FCA for the New Northgate Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Northgate Shares to be admitted to trading on the London Stock Exchange's Main Market.



It is expected that Admission will become effective, and that dealings for normal settlement in the New Northgate Shares will commence on the London Stock Exchange, at 8.00 am on the first Business Day following the Effective Date.

No application has been made or is currently intended to be made by Northgate for the New Northgate Shares to be admitted to listing or trading on any other exchange.

### ***De-listing of the Redde Shares and re-registration of Redde***

Prior to the Scheme becoming Effective and subject to the applicable requirements of the AIM Rules, application will be made to the London Stock Exchange for the cancellation of the admission of the Redde Shares to trading on AIM following the Effective Date. Following the Effective Date, Redde will be re-registered as a private company.

On the basis of the indicative timetable set out on page 13 of this document, it is intended that dealings in Redde Shares will be suspended at 5.00 p.m. (London time) on the Business Day prior to the Effective Date and no transfers shall be registered after that time.

Once the Scheme becomes Effective, Redde will become a wholly-owned subsidiary of Northgate and share certificates in respect of Redde Shares will cease to be valid and entitlements to Redde Shares held within the CREST system will be cancelled. In addition, every Redde Shareholder shall be bound at the request of Redde to deliver up their share certificate(s) to Redde (or any person appointed by Redde to receive the same) or to destroy the same.

## **13. Overseas Shareholders**

### **(a) General**

The availability of the Scheme and the Merger to Overseas Shareholders may be affected by the laws of other jurisdictions. Overseas Shareholders should inform themselves about, and should observe, all applicable legal requirements. It is the responsibility of all Overseas Shareholders to satisfy themselves as to the full compliance of the laws of the jurisdiction in which they are situated in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction. Redde Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

In any case, if, in respect of a Redde Shareholder who is resident or has a registered address in a jurisdiction outside the United Kingdom or the United States or whom Northgate reasonably believes to be a citizen, resident or national of a jurisdiction outside the United Kingdom or the United States, Northgate is advised that the law of a country or territory outside the United Kingdom and the United States:

- (i) precludes the allotment, issue and/or delivery to that Redde Shareholder of New Northgate Shares; or
- (ii) precludes the allotment, issue and/or delivery to that Redde Shareholder of New Northgate Shares, except after compliance by the Company or Northgate (as the case may be) with any governmental or other consent or any registration, filing or other formality with which the Company and/or Northgate is unable to comply or compliance with which the Company and/or Northgate (as the case may be) regards as unduly onerous,

then Northgate may, in its sole discretion, determine that such New Northgate Shares shall not be allotted, issued and delivered to such Redde Shareholder but shall instead be allotted, issued and delivered to a person appointed by Northgate to hold such shares for such shareholder on terms that such person shall, as soon as practicable following the time and date on which this Scheme becomes effective, sell the relevant shares so issued.

Any such sale shall be carried out at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid to the relevant Redde Shareholder by sending a cheque in accordance with



the terms of the Scheme. Any remittance of the net proceeds of the sale referred to shall be at the risk of the relevant Redde Shareholder.

This document has been prepared for the purposes of complying with the laws of England and Wales, the Takeover Code and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside England and Wales. Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Merger in their particular circumstances.

Nothing in this document or the accompanying documents should be relied upon for any other reason or purpose. This document and the accompanying documents are for information purposes only and neither this document nor the accompanying documents are intended to, and do not, constitute an offer or invitation to sell, purchase, subscribe for or issue any securities or the solicitation of an offer to buy or subscribe for securities in any jurisdiction in which such offer or solicitation is unlawful.

This document will not be made available, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, telephonic or electronic) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, a Restricted Jurisdiction, and no person may vote in favour of (or against) the Merger by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Copies of this document and formal documentation relating to the Merger are not being, and must not be, directly or indirectly, mailed or otherwise forwarded or distributed in, into or from a Restricted Jurisdiction and persons receiving this document (including custodians, nominees and trustees) must not distribute or send it in, into or from a Restricted Jurisdiction.

(b) ***US securities law***

The New Northgate Shares have not been, and, unless Northgate otherwise elects in the event of a Takeover Offer, will not be, registered under the US Securities Act or under the securities laws of any state, district or other jurisdiction of the United States and are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10) thereof, Redde will advise the Court that its sanctioning of the Scheme will be relied upon by Northgate as an approval of the Scheme following a hearing on fairness of the Scheme to Redde Shareholders.

All Redde Shareholders are entitled to attend such Court hearing in person or through counsel to support or oppose the sanctioning of the Scheme and notification of such Court hearing will be given to all such Redde Shareholders.

The New Northgate Shares generally should not be treated as "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and persons who receive securities under the Scheme (other than "affiliates" as described in the paragraph below) may resell them without restriction under the US Securities Act.

Under US securities laws, persons who are or will be deemed to be affiliates (as defined under the US Securities Act) of Redde or Northgate prior to, or of Northgate after, the Effective Date may not resell the New Northgate Shares received under the Scheme without registration under the US Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Whether a person is an affiliate of a company for such purposes depends upon the circumstances, but affiliates of a company can include certain officers and directors and significant shareholders. Redde Shareholders who believe they may be affiliates for the purposes of the US Securities Act should consult their own legal advisers prior to any resale of New Northgate Shares received under the Scheme.

(c) ***Other overseas securities laws***

Unless otherwise determined by Redde or required by the Takeover Code and permitted by applicable law and regulation, the Merger will not be made available, directly or indirectly, in, into or from a jurisdiction where to do so would violate the laws in that jurisdiction and no person

may vote in favour of the Merger by any such use, means, instrumentality or form within any jurisdiction if to do so would constitute a violation of the laws of that jurisdiction.

Accordingly, unless otherwise determined by Northgate or Redde or required by the Takeover Code and permitted by applicable law and regulation, copies of this document and all documents relating to the Merger are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this document and all documents relating to the Merger (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction. Any person (including, without limitation, any custodian, nominee and trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this document and/or any other related document to any jurisdiction outside the United Kingdom or the United States should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction.

#### **14. United Kingdom taxation**

A summary of relevant UK taxation, which is intended as a general guide only, is set out in paragraph 15 of Part 7 of this document. If you are in any doubt as to your tax position, or you are subject to taxation in a jurisdiction other than the United Kingdom, you are strongly advised to consult an appropriate independent professional adviser.

#### **15. Settlement, mandates and communication preferences**

##### **(a) *Scheme Shares held in certificated form***

New Northgate Shares will be allotted and issued to those Redde Shareholders who hold their Redde Shares in certificated form at the Scheme Record Time. Pending the despatch of share certificates for New Northgate Shares, issues of New Northgate Shares will be certified against the register of members of Northgate.

In the case of Redde Shareholders who hold Redde Shares in certificated form at the Scheme Record Time and who are either entitled to payment in respect of fractions of New Northgate Shares or are treated as Restricted Persons, Northgate shall procure the despatch to the persons entitled thereto of cheques for the sums payable to them respectively.

However, in relation to fractions of New Northgate Shares, entitlements to amounts of less than £5 (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) will not be paid to the relevant Redde Shareholders, but shall be retained for the benefit of Northgate.

All documents and remittances sent through the post will be sent at the risk of the person(s) entitled thereto.

##### **(b) *Scheme Shares held in uncertificated form through CREST***

The Northgate Directors will apply for the New Northgate Shares to be admitted to CREST so that settlement of transactions in New Northgate Shares following Admission can take place in uncertificated form within the CREST system. For Redde Shareholders who held their Redde Shares in uncertificated form at the Scheme Record Time, New Northgate Shares to which the Redde Shareholder is entitled will be issued in uncertificated form through CREST. The ISIN number for the New Northgate Shares will be GB00B41H7391. Northgate will procure that Euroclear is instructed to credit the appropriate stock account in CREST of the relevant Redde Shareholders with such Redde Shareholder's entitlement to such New Northgate Shares as soon as practicable after the Scheme becomes Effective and in any event within 14 days of the Effective Date.

Redde Shares held in uncertificated form will be disabled in CREST as at the Scheme Record Time, being 6.00 pm on the date of the Scheme Court Hearing.

In the case of Redde Shareholders who hold Redde Shares in uncertificated form at the Scheme Record Time and who are entitled to payment in respect of fractions of New Northgate Shares

(other than any Redde Shareholders who are treated as Restricted Persons), Northgate shall procure that Euroclear is instructed to create an assured payment obligation in favour of the payment bank of the persons entitled thereto in accordance with the CREST assured payment arrangements for the sums payable to them respectively, provided that Northgate reserves the right to make payment of the said sums by cheque as set out in the paragraph below if, for reasons outside its reasonable control, it is not able to effect settlement within the CREST system in accordance with this paragraph. However, in relation to fractions of New Northgate Shares, fractional entitlements to amounts of less than £5 (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) will not be paid to the relevant Redde Shareholders who would otherwise be entitled to them under the Merger, but shall instead be retained for the benefit of Northgate.

In the case of Redde Shareholders who hold Redde Shares in uncertificated form at the Scheme Record Time and are treated as Restricted Persons, Northgate shall procure the despatch to the persons entitled thereto of cheques for the sums payable to them respectively. However, in relation to fractions of New Northgate Shares, entitlements to amounts of less than £5 (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) will not be paid to the relevant Redde Shareholders, but shall be retained for the benefit of Northgate.

Northgate reserves the right to issue New Northgate Shares to any Scheme Shareholders holding their Redde Shares in CREST in the manner referred to in the above paragraph 15(a) of this Part 2 if, for any reason, it wishes to do so.

All remittances sent through the post will be sent at the risk of the person(s) entitled thereto.

(c) ***Mandates and communication preferences***

Under the terms of the Scheme, all mandates and other instructions, including communication preferences given to Redde by Redde Shareholders and in force at the Scheme Record Time shall, unless and until revoked, be deemed as from the Effective Date to be valid and effective mandates or instructions to Northgate in relation to the New Northgate Shares, except to the extent that a Redde Shareholder already holds Northgate Shares at the Scheme Record Time (and Link Asset Services is able to match such holdings), in which case any mandates and instructions in relation to those existing Northgate Shares will also apply to the New Northgate Shares received by that Redde Shareholder under the terms of the Scheme. If you do not wish any mandates and other instructions, including communications preferences that you have given to Redde, to apply to your New Northgate Shares, please contact Link Asset Services on the shareholder helpline (telephone number: +44 (0) 371 664 0321) before the Scheme Record Time to amend or withdraw such mandates or instructions.

## **16. Shareholder Meetings and the Scheme Court Hearing**

Before the Court's sanction of the Scheme can be sought, the Scheme will require approval by the Scheme Shareholders at the Court Meeting, the passing of the Redde Special Resolution by Redde Shareholders at the Redde General Meeting and the passing of the Northgate Shareholder Resolutions by the Northgate Shareholders. Notices of the Meetings are set out in Parts 9 and 10 of this document. Shareholders' entitlement to attend and vote at the Meetings and the number of votes which may be cast at them will be determined by reference to the register of members of Redde at the Scheme Voting Record Time or, if such Meetings are adjourned, on the register of members at 6.00 pm on the day that is two Business Days before the relevant adjourned Meeting. If the Scheme becomes Effective, it will be binding on all Scheme Shareholders including those who did not vote or who voted against the Scheme or the Redde Special Resolution.

(a) ***The Court Meeting***

You will find set out in Part 9 of this document the notice of the Court Meeting of the Scheme Shareholders which has been convened at the direction of the Court for the purpose of the Scheme Shareholders considering and, if thought fit, approving the Scheme.

The Court Meeting has been convened for 10.00 am on Wednesday 15 January 2020 at the offices of Bryan Cave Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA.

At the Court Meeting, voting will be by way of poll and not a show of hands and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held. The approval required at the Court Meeting is a majority in number of those Scheme Shareholders present and voting, whether in person or by proxy, at the Court Meeting representing not less than 75 per cent. of the Scheme Shares voted by such Scheme Shareholders.

Scheme Shareholders have the right to raise any objections they may have to the Scheme at the Court Meeting.

**IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST (WHETHER IN PERSON OR BY PROXY) SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF THE OPINION OF SCHEME SHAREHOLDERS. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY OR APPOINT A CREST PROXY AS SOON AS POSSIBLE, AND, IN ANY EVENT SO AS TO BE RECEIVED BY 10.00 AM ON MONDAY 13 JANUARY 2020 FOR THE COURT MEETING. A FORM OF PROXY FOR THE COURT MEETING NOT LODGED AT THE RELEVANT TIME MAY BE HANDED IN TO THE CHAIRMAN OF THE COURT MEETING OR THE REGISTRAR BEFORE THE TAKING OF THE POLL AT THE COURT MEETING.**

(b) ***The Redde General Meeting***

In addition to the Court Meeting, the Redde General Meeting has been convened at the offices of Bryan Cave Leighton Paisner LLP, Adelaide House, London Bridge, EC4R 9HA at 10.15 am on Wednesday 15 January 2020 (or as soon thereafter as the Court Meeting is concluded or adjourned) to consider and, if thought fit, pass the Redde Special Resolution (which requires a vote in favour of not less than 75 per cent. of the votes cast either in person or by proxy at the Redde General Meeting) to:

- authorise the Redde Directors to take all actions as they may consider necessary or appropriate to give effect to the Scheme; and
- approve certain amendments to the articles of association of Redde to ensure that, subject to the Scheme becoming Effective, any Redde Shares issued to any person (including any participant in the Redde Share Plans) (other than to Northgate and/or its nominees) at or after the Scheme Record Time will be compulsorily acquired by, or to the order of, Northgate, in consideration of (subject to certain terms and conditions) the issue of New Northgate Shares or payment of cash consideration on the same basis as under the Scheme.

Voting on the Redde Special Resolution will be held by way of poll and not a show of hands and each Redde Shareholder present in person or by proxy will be entitled to one vote for every ordinary share held.

You will find the notice of the Redde General Meeting set out in Part 10 of this document. The quorum for the Redde General Meeting will be two or more Redde Shareholders present in person or by proxy.

Due to the length of time anticipated to be required to calculate the result of the poll, the result may not be announced at the Redde General Meeting. The result of the vote at the Redde General Meeting will be publicly announced by Redde via a Regulatory Information Service as soon as practicable after it is known and, in any event, by no later than 8.00 a.m. on the Business Day following the Redde General Meeting.

(c) ***The Scheme Court Hearing***

Under the Companies Act, the Scheme also requires the sanction of the Court. The Scheme Court Hearing to sanction the Scheme is currently expected to be held in the first quarter of 2020, subject to the prior satisfaction or waiver of the other Conditions set out in Part 4 of this document.

All Scheme Shareholders are entitled to attend the Scheme Court Hearing in person or to be represented by counsel to support or oppose the sanctioning of the Scheme.

Northgate has confirmed that, subject to the prior satisfaction or, where applicable, waiver of the other Conditions set out in Part 4 of this document it will be represented by counsel at the Scheme Court Hearing so as to consent to the Scheme and to undertake to the Court to be bound by the Scheme.

The Scheme will become Effective in accordance with its terms on delivery of the Scheme Court Order to the Registrar of Companies.

(d) ***Modifications to the Scheme***

The Scheme contains a provision for Redde and Northgate to consent on behalf of all persons affected to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or additions to, or impose a condition to the Scheme which might be material to the interests of the Scheme Shareholders, unless Scheme Shareholders were informed of any modification, addition or condition.

It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in these circumstances. Similarly, if a modification, addition or condition is put forward which in the opinion of the Redde Directors is of such a nature or importance that it requires the consent of Scheme Shareholders at further meeting, the Redde Directors will not take the necessary steps to enable the Scheme to become Effective unless and until such consent is obtained.

(e) ***Conditions of the Scheme***

The implementation of the Scheme in full is conditional upon satisfaction or, where applicable, waiver of the Conditions, which are set out in full in Part 4 of this document and it is important that Redde Shareholders read Part 4 in full. The Conditions include, amongst others:

- the Court Meeting and the Redde General Meeting being held by 6 February 2020 (or such later date as may be agreed between Redde and Northgate);
- the Northgate Shareholder Meeting being held by the 22nd day after the expected date of the Northgate Shareholder Meeting set out in the Northgate Circular (or such later date as may be agreed between Redde and Northgate);
- the Scheme Court Hearing being held by the 22nd day after the expected date of such hearing, which is expected to be no later than 14 days following the satisfaction or, where applicable, waiver, or Conditions in paragraphs 6 and 7 in Part A of Part 4 of this document (or such later date as may be agreed between Redde and Northgate);
- the Scheme becoming Effective by the Longstop Date;
- the Scheme being approved by a majority in number of the holders of Scheme Shares who are present, entitled to vote and vote at the Court Meeting, or at any adjournment thereof, either in person or by proxy, representing not less than 75 per cent. in value of the Scheme Shares voted by such holders;
- the Redde Special Resolution being duly passed by the requisite majority of the Redde Shareholders at the Redde General Meeting, or at any adjournment thereof;
- the Merger and the allotment and issue of the New Northgate Shares being approved at the Northgate Shareholder Meeting by the requisite majority of Northgate Shareholders (described in more detail in paragraph 10 of this Part 2 above);
- the relevant approvals required from the FCA and the SRA in connection with the Merger being obtained;
- the sanction of the Scheme by the Court (with or without modifications, on terms agreed by Redde and Northgate);



- delivery of a copy of the Scheme Court Order to the Registrar of Companies; and
- receipt by Northgate or Redde of the necessary merger and other regulatory clearances.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted in favour of the Scheme at the Court Meeting or in favour of the Redde Special Resolution at the Redde General Meeting. If the Scheme does not become Effective by the Longstop Date, the Scheme will lapse and will not proceed.

(f) ***Fractional entitlements***

Fractions of New Northgate Shares will not be issued to Scheme Shareholders under the Scheme. Fractional entitlements to New Northgate Shares will be aggregated and sold in the market and the net proceeds of sale distributed pro rata to the relevant Scheme Shareholders. However, individual entitlements to amounts (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) of less than £5 will not be paid to the relevant Scheme Shareholder but will be retained for the benefit of Northgate.

**17. Alternative means of implementing the Merger**

Northgate reserves the right to elect (with the consent of the Panel, and subject to the approval of Redde or as otherwise permitted under the terms of the Co-operation Agreement) to implement the acquisition of the Redde Shares by way of a Takeover Offer as an alternative to the Scheme. In such event, the Takeover Offer will be implemented on substantially the same terms, so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments to reflect the terms of the Co-operation Agreement and, among other things, the change in structure by which the Merger is to be implemented and compliance with all applicable laws.

If the Merger is effected by way of a Takeover Offer and such Takeover Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Northgate intends to: (i) request the London Stock Exchange and the FCA to cancel trading in Redde Shares on the Main Market and the listing of the Redde Shares from the Official List; and (ii) exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining Redde Shares in respect of which the Takeover Offer has not been accepted.

**18. Return of documents of title**

If the Scheme is withdrawn or lapses, documents of title submitted and other documents lodged with either Form of Proxy (if any) will be returned to the relevant Redde Shareholder as soon as practicable and in any event within 14 days of such lapse or withdrawal.

**19. Action to be taken**

**IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST (WHETHER IN PERSON OR BY PROXY) SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF THE OPINION OF THE SCHEME SHAREHOLDERS. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY OR APPOINT A CREST PROXY AS SOON AS POSSIBLE.**

(a) ***Sending Forms of Proxy by post or by hand***

You will find enclosed with this document:

- a pink Form of Proxy for use in respect of the Court Meeting;
- a blue Form of Proxy for use in respect of the Redde General Meeting; and
- a prepaid envelope for use in the United Kingdom.

Whether or not you plan to attend either or both of the Meetings, please complete and sign each of the accompanying Forms of Proxy and return them in accordance with the instructions printed thereon, as soon as possible, but in any event, so as to be received by post or by hand (during



normal business hours) to the Registrar, Link Asset Services, at PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 10.00 am on Monday 13 January 2020 in the case of the Court Meeting and by 10.15 am on Monday 13 January 2020 in the case of the Redde General Meeting (or, in the case of adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding non-Business Days)). If the pink Form of Proxy for use at the Court Meeting is not lodged by 10.00 am on Monday 13 January 2020, it may be handed to the chairman of the meeting or the Registrar on behalf of the chairman at the Court Meeting before the taking of the poll at the Court Meeting and will still be valid. However, in the case of the Redde General Meeting, unless the blue Form of Proxy is lodged so as to be received by 10.15 am on Monday 13 January 2020, it will be invalid. A Redde Shareholder may appoint more than one proxy in respect of the Redde General Meeting and/or the Court Meeting provided that in respect of each Meeting each proxy is appointed to exercise the rights attached to different shares held by that Shareholder. Shareholders' attention is drawn to the fact that where they return Forms of Proxy without denoting their voting preference, the proxy will vote or abstain from voting in his discretion. The completion and return of a Form of Proxy will not prevent you from attending and voting at either the Court Meeting or the Redde General Meeting, or any adjournment thereof, in person should you wish to do so.

(b) ***Electronic appointment of proxies through CREST***

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meetings and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by not later than 48 hours before the time fixed for the holding of the meeting or the adjourned meeting (excluding non-Business Days). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CREST does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Redde may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

(c) ***Shareholder Helpline***

If you have any queries please contact Link Asset Services on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different

charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Merger nor give any financial, legal or tax advice.

## **20. Risk Factors**

Redde Shareholders should consider fully and carefully the risk factors associated with the Combined Group and the Merger. Your attention is drawn to the "Risk Factors" section of the Northgate Prospectus accompanying this document, which contains, inter alia, further information on Redde, Northgate and the New Northgate Shares. A copy of the Northgate Prospectus will also be made available on Redde's website, [www.redde.com](http://www.redde.com).

## **21. Further information**

The terms of the Scheme are set out in full in Part 3 of this document. Your attention is also drawn to the letter from your Chairman set out in Part 1 of this document and the Additional Information set out in Part 7 of this document.

Yours faithfully,

James Robinson  
Managing Director  
J.P. Morgan Securities plc

**PART 3**  
**SCHEME OF ARRANGEMENT**

**IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
COMPANIES COURT (ChD)**

**CR-2019-007610**

**IN THE MATTER OF REDDE PLC**

– and –

**IN THE MATTER OF THE COMPANIES ACT 2006**

**SCHEME OF ARRANGEMENT**

**(under Part 26 of the Companies Act 2006)**

**between**

**REDDE PLC**

**and**

**THE HOLDERS OF THE SCHEME SHARES**

**(as hereinafter defined)**

**PRELIMINARY**

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“**Announcement**” means the announcement by Northgate of its firm intention to make an offer to acquire Redde in accordance with Rule 2.7 of the Takeover Code;

“**Business Day**” means a day on which banks are generally open for business in London (apart from Saturdays, Sundays and bank holidays);

“**certificated**” or “**in certificated form**” means, in relation to a share or other security, a share or other security which is not in uncertificated form (i.e. not in CREST);

“**Clause**” means a clause of this Scheme;

“**Companies Act**” means the Companies Act 2006, as amended from time to time;

“**Company**” or “**Redde**” means Redde plc, a public limited company incorporated in England and Wales and registered with number 03120010;

“**Consideration**” means the consideration due to the Scheme Shareholders for the Scheme Shares under Clause 2 of this Scheme;

“**Court**” means Her Majesty’s High Court of Justice in England and Wales;

“**Court Hearing**” means the hearing of the Court of the application to sanction the Scheme under Part 26 of the Companies Act including any adjournment thereof;

“**Court Meeting**” means the meeting of the Scheme Shareholders to be convened by an order of the Court pursuant to section 896 of the Companies Act, to be held at the offices of Bryan Cave Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA on Wednesday 15 January 2020 at 10.00 am, for the purpose of considering, and if thought fit, approving the Scheme (with or without amendment) and any adjournment thereof;

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

**"CREST"** means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;

**"CREST Regulations"** means the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;

**"Effective Time"** means the time and date on which this Scheme becomes effective in accordance with Clause 8 of this Scheme;

**"Effective Date"** means the date on which this Scheme becomes effective in accordance with Clause 8 of this Scheme;

**"Euroclear"** means Euroclear UK & Ireland Limited incorporated in England and Wales with company number 02878738, the operator of CREST;

**"Exchange Ratio"** means the exchange ratio of 0.3669 New Northgate Shares in exchange for each Scheme Share;

**"Excluded Shares"** means any Redde Shares beneficially owned by Northgate or any other member of the Wider Northgate Group;

**"FCA"** means the Financial Conduct Authority;

**"Holder"** means, in respect of Redde Shares, a registered holder of such Redde Shares (and **"Holder"** includes any person entitled by transmission);

**"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 consent(s)/approval(s) are required));

**"Northgate"** means Northgate plc, a public limited company incorporated in England and Wales with company number 00053171;

**"Northgate Group"** means Northgate and its subsidiaries and subsidiary undertakings from time to time and, where the context permits, each of them;

**"New Northgate Shares"** means the new Northgate Shares to be issued to Scheme Shareholders pursuant to the Scheme;

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

**"Permitted Northgate Dividend"** means the Northgate interim dividend for the six month period to 31 October 2019 of 6.3 pence per Northgate Share announced by Northgate on 29 November 2019;

**"Permitted Redde Dividend"** means, if the Effective Date has not occurred before 6 March 2020, any Redde dividend that may be declared for the six month period to 31 December 2019 (which shall be no more than 5.5 pence per Redde Share);

**"Redde Shares"** means the ordinary shares of 0.1 pence each in the capital of Redde;

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

**"Redde SAYE Plan"** the Redde 2014 SAYE Scheme;

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

**"Registrar of Companies"** means the Registrar of Companies in England and Wales;

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

**"Scheme"** means this scheme of arrangement 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 by Redde and Northgate;

**"Scheme Record Time"** means 6.00 pm (London time) on the date of the Court Hearing;

**"Scheme Shareholders"** means Holders of Scheme Shares at any relevant date or time;

**"Scheme Shares"** means the Redde Shares:

- (i) in issue at the date of this Scheme;
- (ii) (if any) issued after the date of this Scheme and before the Scheme Voting Record Time; and
- (iii) (if any) issued at or after the Scheme Voting Record Time but before the Scheme Record Time on terms that the holder thereof shall be bound by this Scheme or in respect of which the original or any subsequent holders thereof are, or have agreed in writing to be, bound by this Scheme,

but in each case other than the Excluded Shares.

**"Scheme Voting Record Time"** means 6.00 pm on the day two days before the date of the Court Meeting or any adjournment thereof (as the case may be), in each case excluding any day that is not a Business Day;

**"Substantial Interest"** means in relation to an undertaking, a direct or indirect interest in 20 per cent. or more of the total voting rights conferred by the equity share capital of such undertaking;

**"Takeover Code"** means the UK's City Code on Takeovers and Mergers;

**"uncertificated"** or **"in uncertificated form"** means, in relation to a share or other security, a share or other security the title to which is recorded as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;

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

**"Wider Northgate Group"** means Northgate and the subsidiaries and subsidiary undertakings of Northgate and associated undertakings (including any body corporate, joint venture, partnership, firm or company in which any member of the Northgate Group is interested or any undertaking in which Northgate and such undertakings (aggregating their interests) have a Substantial Interest); and

**"£"** **"pence"** or **"sterling"** means the lawful currency of the United Kingdom from time to time.

- (B) The issued share capital of Redde at the date of this Scheme is £306,868.351 divided into 306,868,351 ordinary shares of £0.001 each, all of which are credited as fully paid and none of which are held in treasury.
- (C) As at Friday 6 December 2019 (being the latest practicable date to obtain this information) options and awards which could require the issue of up to 5,903,427 Redde Shares have been granted pursuant to the Redde Share Plans.
- (D) Northgate was incorporated in England and Wales on 2 July 1897 with registered number 00053171.
- (E) The purpose of this Scheme is to provide for the transfer of the Scheme Shares to Northgate in consideration for the issue of the Consideration to the Scheme Shareholders.
- (F) As at the date of this Scheme no member of the Wider Northgate Group is the Holder of or beneficially owns any Redde Shares.

- (G) Northgate has agreed, subject to satisfaction or (where applicable) waiver of the conditions set out in Part 4 of the document of which this Scheme forms part, to appear by counsel at the Court Hearing, to consent to the Scheme, to undertake to be bound thereby and to execute and do, or procure to be executed and done, all such documents, acts and things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to this Scheme.

## **THE SCHEME**

### **1. Transfer of Scheme Shares**

- (a) At the Effective Time, Northgate (and/or its nominee(s)) shall acquire all the Scheme Shares fully paid up with full title guarantee and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests whatsoever and together with all rights existing at the Effective Time or thereafter attaching thereto, including (without limitation) voting rights and the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made after the Effective Date in respect of the Scheme Shares.
- (b) The Scheme Shares shall be transferred to Northgate (and/or its nominee(s)) and such transfer shall be effected by means of a form or forms of transfer or other instrument or instruction of transfer and, to give effect to such transfers, any person may be appointed by Northgate as attorney and/or agent and/or otherwise, and shall be authorised as such attorney and/or agent and/or otherwise on behalf of the relevant Holder of Scheme Shares to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer, or procure the transfer by means of CREST, of such Scheme Shares and every form, instrument or instruction of transfer so executed shall be as effective as if it had been executed by the Holder or Holders of the Scheme Shares thereby transferred.
- (c) With effect from the Effective Time and until the registration of Northgate (and/or its nominee(s)) as the Holder of the Scheme Shares to reflect the transfer pursuant to Clauses 1(a) and 1(b) of this Scheme:
- (i) Northgate or its agents shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Redde or of any class of its shareholders) attaching to any Scheme Shares;
  - (ii) each Scheme Shareholder irrevocably appoints Northgate and/or any one or more of its directors or agents to sign on behalf of such Scheme Shareholder such documents, and do such things, as may in the opinion of Northgate and/or any one or more of its directors or agents be necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the relevant Scheme Shares (including without limitation, an authority to sign any consent to short notice of a general or separate class meeting of Redde as attorney or agent for, and on behalf of, such Scheme Shareholder and/ or to attend and/or execute a form of proxy in respect of such Scheme Shares appointing any person nominated by Northgate and/or any one or more of its directors or agents to attend general and separate class meetings of Redde (or any adjournment thereof) and to exercise or refrain from exercising the votes attaching to the Scheme Shares on such Scheme Shareholder's behalf);
  - (iii) each Scheme Shareholder irrevocably authorises Redde and/or its agents to send to Northgate at its registered office any notice, circular, warrant or other document or communication which may be required to be sent to such Scheme Shareholder as a member of Redde in respect of their Scheme Shares (including any share certificate(s) or other document(s) of title issued as a result of conversion of their Scheme Shares into certificated form); and
  - (iv) each Scheme Shareholder irrevocably undertakes: (a) not to exercise any votes or any other rights attaching to the relevant Scheme Shares without the consent of Northgate; and (b) not to appoint a proxy or representative for or to attend any general meeting or separate class meeting of Redde.



## 2. Consideration for the transfer of the Scheme Shares

- (a) In consideration for the transfer of the Scheme Shares to Northgate and/or its nominee(s) referred to in Clause 1 of this Scheme, Northgate shall, subject as hereinafter provided, allot and issue New Northgate Shares to (or for the account of) each Scheme Shareholder (as appearing in the register of members of Redde at the Scheme Record Time) on the following basis:

**for each Scheme Share**

**0.3669 New Northgate Shares**

- (b) If, after the date of the Announcement, any dividend, distribution or return of capital is declared, made or paid or becomes payable in respect of the Redde Shares (other than, or in excess of, any Permitted Redde Dividend or any Redde Equalisation Dividend) with a record date on or before the Effective Date (each a "**Non-Permitted Redde Dividend**"), Northgate reserves the right to reduce the Exchange Ratio accordingly so as to reflect the aggregate value attributable to any such Non-Permitted Redde Dividend.
- (c) If, after the date of the Announcement, any dividend (other than, or in excess of, any Permitted Northgate Dividend), distribution or return of capital is declared, made or paid or becomes payable in respect of the Northgate Shares with a record date on or before the Effective Date (a "**Non-Permitted Northgate Dividend**"), then Redde will be entitled (in addition to any Permitted Redde Dividend) to declare and pay, and the Redde Shareholders will be entitled to receive and retain an equalisation dividend in Sterling (the "**Redde Equalisation Dividend**") in respect of the Redde Shares of an amount per Redde Share equal to the amount of the Non-Permitted Northgate Dividend per Northgate Share multiplied by the Exchange Ratio (taking into account any reduction to the Exchange Ratio arising as a result of any Non-Permitted Redde Dividends in accordance with Clause 2(b) above).
- (d) The New Northgate Shares allotted and issued pursuant to Clause 2(a) shall be issued credited as fully paid and shall rank *pari passu* in all respects with the Northgate Shares in issue at the Effective Time, including the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, in each case, by reference to a record date falling after the Effective Date. Scheme Shareholders who receive New Northgate Shares pursuant to the Scheme shall not be entitled to receive any dividend announced, declared, made or paid by Northgate by reference to a record date falling on or before the Effective Date.

## 3. Overseas shareholders

- (a) The provisions of Clause 2 and Clause 4(a)(i) shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any Scheme Shareholder who is resident, located or has a registered address in a jurisdiction outside the United Kingdom or the United States, or whom Northgate reasonably believes to be a citizen, resident or national of a jurisdiction outside the United Kingdom or the United States, Northgate is advised that the law of a country or territory outside the United Kingdom and United States:
- (i) precludes the allotment, issue and/or delivery to that Scheme Shareholder of New Northgate Shares; or
- (ii) precludes the matters referred to in Clause 3(a)(i), except after compliance by Redde or Northgate (as the case may be) with any governmental or other consent or any registration, filing or other formality with which Redde and/or Northgate is unable to comply or compliance with which Redde and/or Northgate (as the case may be) regards as unduly onerous,

then Northgate may, in its sole discretion, determine that such New Northgate Shares shall not be allotted, issued and delivered to such Scheme Shareholder but shall instead be allotted, issued and delivered to a person appointed by Northgate for such Scheme Shareholder on terms that such person shall, as soon as practicable following the Effective Time, sell the New Northgate Shares so issued.

- (b) Any sale under Clause 3(a) shall be carried out at the best price which can reasonably be obtained at the time of sale, and the net proceeds of such sale (after the deduction of all expenses and commissions incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid to such Scheme Shareholder in accordance with the provisions of Clause 4.
- (c) To give effect to any sale under Clause 3(a), the person appointed by Northgate in accordance with Clause 3(a) shall be authorised as attorney or agent on behalf of the Scheme Shareholder concerned to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer and to give such instructions and to do all other things which he or she may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of Redde, Northgate or the person(s) so appointed shall have any liability or for any loss or damage arising as a result of the timing or terms of any sale pursuant to this Clause 3.
- (d) Neither Northgate nor Redde will be liable to any Scheme Shareholder for any determination made pursuant to this Clause 3 or for any omission or denial made hereunder.

#### **4. Settlement**

- (a) As soon as practicable on or after the Effective Date, and in any event no later than 14 days after the Effective Date, Northgate shall:
  - (i) subject to the provisions of Clause 3 and Clause 5:
    - (A) on the Effective Date allot the New Northgate Shares which it is required to allot to Scheme Shareholders pursuant to Clause 2; and
    - (B) as soon as practicable on or after the Effective Date issue the New Northgate Shares which it is required to issue to Scheme Shareholders pursuant to Clause 2; and
      - (1) in the case of Scheme Shares which at the Scheme Record Time are in certificated form, Northgate shall deliver or procure delivery to each of the relevant Holders of share certificates for such New Northgate Shares to the persons entitled thereto in accordance with Clause 4(b); or
      - (2) in the case of Scheme Shares which at the Scheme Record Time are in uncertificated form, Northgate shall procure that Euroclear is instructed to credit the appropriate stock account in CREST of the relevant Scheme Shareholder with such Scheme Shareholder's entitlement to such New Northgate Shares, provided that Northgate reserves the right to settle all or part of such consideration in the manner set out in Clause 4(a)(i)(B)(1) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this Clause 4(a)(i)(B)(2).
  - (ii) in the case of New Northgate Shares sold pursuant to Clause 3 (including any fractions sold pursuant to Clause 5 which are associated therewith), procure the despatch to the persons entitled thereto of cheques for the sums payable to them, respectively;
  - (iii) in the case of New Northgate Shares sold pursuant to Clause 5 and issued in respect of Scheme Shares, which, at the Scheme Record Time, are in certificated form, procure the despatch to the persons entitled thereto of cheques for the sums payable to them, respectively; and
  - (iv) in the case of New Northgate Shares sold pursuant to Clause 5 and issued in respect of Scheme Shares, which, at the Scheme Record Time, are in uncertificated form, procure that Euroclear is instructed to create an assured payment obligation in favour of the payment bank of the persons entitled thereto in accordance with the CREST assured payment arrangements for the sums payable to them, respectively, provided that Northgate reserves the right to make payment of the said sums by cheque as set out in Clause 4(a)(iii) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with the remainder of this Clause 4(a)(iv).

- (b) All share certificates and/or cheques required to be despatched by this Scheme shall be despatched by first-class post by Northgate in prepaid envelopes or by international standard post if overseas (or by such method as may be approved by the Panel) addressed to the relevant Holders entitled thereto at their respective addresses as appearing in the register of members of Redde at the Scheme Record Time (or such other address as may be notified by the relevant Scheme Shareholders to Redde before such time), or, in the case of joint Holders, at the registered address of the joint Holder whose name stands first in such register (except, in their case, as otherwise directed in writing).
- (c) All cheques required to be delivered under this Scheme shall be payable to Scheme Shareholders except that, in the case of joint Holders of Scheme Shares, Northgate reserves the right to make such cheques payable to the joint Holder whose name stands first in the register of members of Redde at the Scheme Record Time. All such cash payments shall be made in pounds sterling by cheque drawn on a branch of a clearing bank in the United Kingdom. The cashing of any such cheques or the creation of any such assured payment obligation as is referred to in Clause 4(a)(iv) shall be a complete discharge of Northgate's obligations under this Scheme to pay the money represented thereby.
- (d) None of Northgate, Redde or their agents or nominees shall be responsible for any loss or delay in the transmission or delivery of cheques and/or share certificates sent in accordance with this Scheme which shall be sent at the risk of the persons entitled thereto.
- (e) The provisions of this Clause 4 shall take effect subject to any prohibition or condition imposed by law.

## **5. Fractional entitlements**

- (a) Notwithstanding Clause 2, no fraction of a New Northgate Share shall be allotted or issued to any Scheme Shareholder pursuant to this Scheme. Instead, the fractional entitlements of Scheme Shareholders at the Effective Time to New Northgate Shares shall be aggregated, and Northgate shall procure that the maximum whole number of New Northgate Shares resulting therefrom shall be allotted and issued to a person appointed by Northgate to hold such New Northgate Shares on behalf of the relevant Scheme Shareholders. Northgate shall procure that such New Northgate Shares are sold in the market as soon as practicable after the Effective Time and that the net proceeds of sale (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid in due proportion to the relevant Scheme Shareholders (rounded down to the nearest penny) in accordance with the provisions of Clause 4. However, fractional entitlements to amounts (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) of £5 or less shall not be paid to the relevant Scheme Shareholders who would otherwise be entitled to them under the Merger, but shall be retained for the benefit of Northgate.
- (b) For the purposes of determining fractional entitlements, each portion of a Scheme Shareholder's holding which is recorded in the register of members of Redde by reference to a separate designation at the Scheme Record Time, whether in certificated or uncertificated form, shall be treated as a separate holding.
- (c) The person appointed by Northgate in accordance with Clause 5(a) shall be authorised to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer and to give such instructions and to do all other things which he or she may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of Redde, Northgate or the persons so appointed shall have any liability for any loss or damage arising as a result of any determination made, or the timing or terms of any sale, pursuant to Clause 5(a).

## **6. Certificates representing Scheme Shares and cancellation of CREST entitlements**

- (a) With effect from and including the Effective Time:
- (i) all certificates representing Scheme Shares shall cease to have effect as documents of title to the shares represented thereby and each Scheme Shareholder shall be bound at the request of Redde to deliver up the same to Redde or to any person nominated by Redde for cancellation, or to destroy the same;
  - (ii) in respect of Scheme Shareholders holding their shares in uncertificated form, the Company shall procure that Euroclear is instructed to cancel or transfer such Holders' entitlements to such Scheme Shares; and
  - (iii) following the cancellation of the entitlements to Scheme Shares of Scheme Shareholders in uncertificated form, Redde shall procure (if necessary) that its registrar rematerialises entitlements to such Scheme Shares.
- (b) On or as soon as reasonably practicable after the Effective Date and subject to delivery of such form or forms of transfers, instruments or instructions as may be required by Clause 1(b), and the payment of any stamp duty thereon, the Company shall procure that appropriate entries are made in the register of members of the Company to reflect the transfer of the Scheme Shares to Northgate and/or its nominee(s) pursuant to Clause 1(b) (as applicable).

## **7. Mandates**

All mandates and other instructions, including communications preferences, which have been given to the Company by Scheme Shareholders in respect of some or all of their Scheme Shares and which remain in force at the Scheme Record Time in respect of their Scheme Shares shall, unless and until revoked or amended, be deemed as from the Effective Time to be valid and effective mandates and/or instructions (as applicable) to Northgate in relation to the New Northgate Shares issued in respect thereof, except to the extent that a Scheme Shareholder already holds one or more Northgate Shares at the Scheme Record Time (and Link Asset Services is able to match such holding), in which case any mandates and instructions in relation to those existing Northgate Shares will also apply to the New Northgate Shares received by that Scheme Shareholder.

## **8. Effective Time and Effective Date**

- (a) This Scheme shall become effective as soon as a copy of the Court Order has been delivered to the Registrar of Companies.
- (b) Unless this Scheme has become effective on or before close of business (London time) on the Longstop Date it shall lapse and no part of this Scheme shall ever become effective.

## **9. Modification**

The Company and Northgate may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may think fit to approve or impose. Any such modification or addition may require the consent of the Panel.

## **10. Governing law**

This Scheme is governed by English law and is subject to the exclusive jurisdiction of the courts of England and Wales. The rules of the Takeover Code apply to this Scheme.

Dated: Thursday 12 December 2019

## **PART 4**

### **CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND THE MERGER**

#### **Part A: Conditions of the Merger**

- 1 The Merger is conditional upon the Scheme becoming unconditional and becoming effective, subject to the provisions of the Takeover Code, by no later than the Longstop Date.

#### **Scheme approval**

- 2 The Scheme is conditional upon:
  - (a) approval of the Scheme at the Court Meeting (or at any adjournment thereof, provided that the Court Meeting may not be adjourned beyond 6 February 2020 or such later date (if any) as Northgate and Redde may agree and, if required, the Court may allow) by a majority in number of the Scheme Shareholders present and voting, either in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders;
  - (b) all resolutions required to approve and implement the Scheme as set out in the notice of the Redde General Meeting (including, without limitation, the Redde Special Resolution but excluding any resolution proposed in relation to any share scheme(s) proposed to be implemented by Northgate following the Effective Date) being duly passed by the requisite majority of Redde Shareholders at the Redde General Meeting (or at any adjournment thereof, provided that the Redde General Meeting may not be adjourned beyond 6 February 2020 or such later date (if any) as Northgate and Redde may agree and, if required, the Court may allow); and
  - (c) the sanction of the Scheme by the Court without modification or with modification on terms acceptable to Northgate and Redde (acting reasonably), provided that the Scheme Court Hearing may not be adjourned beyond the 22nd day after the expected date of the Scheme Court Hearing which is expected to be no later than 14 days following the satisfaction or, where applicable, waiver, of the Conditions in paragraphs 6 and 7 in Part A of this Part 4 (or such later date (if any) as Northgate and Redde may agree and, if required, the Court may allow) and the delivery of a copy of the Scheme Court Order to the Registrar of Companies.

In addition, subject to Part B below and to the requirements of the Panel, the Merger is conditional upon the following Conditions and, accordingly, the Court Order shall not be delivered to the Registrar of Companies unless such Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

#### **Northgate Shareholder approval**

- 3 Any resolution or resolutions of Northgate Shareholders required to approve and implement the Merger (excluding any resolution relating to: (i) a change of Northgate's name; (ii) any amendments required in connection with the Merger to Northgate's directors' remuneration policy; or (iii) any share scheme(s) proposed to be implemented following the Effective Date) being duly passed by the requisite majority at the Northgate Shareholder Meeting (or at any adjournment thereof, provided that the Northgate Shareholder Meeting may not be adjourned beyond the 22nd day after the expected date of the Northgate Shareholder Meeting set out in the Northgate Circular (or such later date (if any) as Northgate and Redde may agree);

#### **Admission to listing**

- 4 The FCA having acknowledged to Northgate or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Northgate Shares to the Official List with a premium listing has been approved and (after satisfaction of any conditions to

which such approval is expressed to be subject (“**Listing Conditions**”) will become effective as soon as a dealing notice has been issued by the FCA and any Listing Conditions have been satisfied;

#### **Admission to trading**

- 5 The London Stock Exchange having acknowledged to Northgate or its agent (and such acknowledgement not having been withdrawn) that the New Northgate Shares will be admitted to trading on the London Stock Exchange’s Main Market;

#### **FCA change of control approval**

- 6 In respect of Northgate and each other person who, for the purposes of section 178 FSMA (as varied where appropriate by the Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009)), has decided to acquire control over Auxillis Limited, FMG Support Limited, and FMG Support (FIM) Limited (and if applicable, Cab Aid Limited), the FCA: (i) having given notice for the purposes of section 189(4) or section 189(7) of the FSMA that it has determined to approve such acquisition of control; or (ii) being treated, by virtue of section 189(6) of FSMA, as having approved such acquisition of control;

#### **SRA approval**

- 7 In respect of Northgate and each other person who, for the purposes of the Legal Services Act 2007, will acquire a restricted interest in NewLaw Legal Limited, Principia Law Limited and FMG Legal LLP, the SRA having approved such acquisition;

#### **General Third Party clearances**

- 8 Excluding those referred to in the Conditions in paragraphs 6 and 7 in Part A of this Part 4, all material notifications to and filings with, Third Parties which are necessary having been made, all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed, been waived or been terminated (as appropriate) and all applicable statutory or regulatory obligations in any relevant jurisdiction having been complied with, in each case in connection with the Scheme or Merger or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Redde or any other member of the Wider Redde Group by any member of the Wider Northgate Group or the carrying on by any member of the Wider Redde Group of any material aspect of its business;
- 9 Other than in relation to the matters referred to in the Conditions in paragraphs 6 and 7 of Part A of this Part 4, no Third Party having intervened (as defined below) and there not continuing to be outstanding any statute, regulation or order of any Third Party in each case which is material in the context of the Merger and which would or might reasonably be expected to:
  - (a) make the Scheme or the Merger or, in each case, its implementation or the acquisition or proposed acquisition by Northgate or any member of the Wider Northgate Group of any shares or other securities in, or control or management of, Redde or any member of the Wider Redde Group void, illegal or unenforceable in any relevant jurisdiction, or otherwise directly or indirectly materially restrain, prevent, prohibit, restrict or delay the same or impose additional material conditions or obligations with respect to the Scheme or the Merger or such acquisition, or otherwise materially impede, challenge or interfere with the Scheme or Merger or such acquisition, or require material amendment to the terms of the Scheme or Merger or the acquisition or proposed acquisition of any Redde Shares or the acquisition of control or management of Redde or the Wider Redde Group by Northgate or any member of the Northgate Group;
  - (b) materially limit or delay, or impose any material limitations on, the ability of any member of the Wider Northgate Group or any member of the Wider Redde Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise voting or management control over, any member of the Wider Redde Group or any member of the Wider Northgate Group, to an



extent which is or could be material in the context of the Combined Group taken as a whole or material in the context of the Merger;

- (c) require, prevent or materially delay the divestiture by any member of the Wider Northgate Group of any shares or other securities in any member of the Redde Group;
- (d) require, prevent or materially delay the divestiture or alter the terms envisaged for any such divestiture by any member of the Wider Northgate Group or by any member of the Wider Redde Group of all or any portion of their respective businesses, assets or properties or materially limit the ability of any of them to conduct any of their respective businesses or to own or control any of their respective assets or properties or any part thereof;
- (e) except pursuant to sections 974 to 991 of the Companies Act, require any member of the Wider Northgate Group or of the Wider Redde Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in any member of the Wider Redde Group or any asset owned by any Third Party (other than in the implementation of the Merger);
- (f) materially limit the ability of any member of the Wider Northgate Group or any member of the Wider Redde Group to conduct or integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Northgate Group or of the Wider Redde Group to an extent which is material in the context of the Wider Redde Group taken as a whole or the Wider Northgate Group taken as a whole (as the case may be);
- (g) result in any member of the Wider Redde Group or any member of the Wider Northgate Group ceasing to be able to carry on business under any name under which it presently does so to an extent which is material in the context of the Wider Redde Group taken as a whole or the Wider Northgate Group taken as a whole (as the case may be); or
- (h) otherwise materially adversely affect any or all of the business, assets, profits or prospects of any member of the Wider Redde Group or any member of the Wider Northgate Group,

and all applicable waiting and other time periods during which any Third Party could intervene under the laws of any relevant jurisdiction having expired, lapsed or been terminated;

- 10 Excluding those referred to in the Conditions in paragraphs 6 and 7 of Part A of this Part 4, all Authorisations which are necessary in any relevant jurisdiction for or in respect of the Scheme or Merger or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Redde or any other member of the Wider Redde Group by any member of the Wider Northgate Group or the carrying on by any member of the Wider Redde Group of any material aspect of its business having been obtained or having been deemed to have been given or obtained, in terms and in a form satisfactory to Northgate (acting reasonably), from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any persons or bodies with whom any member of the Wider Redde Group has entered into contractual arrangements and all such Authorisations necessary for the carrying on by any member of the Wider Redde Group of its business having been obtained and all such Authorisations remaining in full force and effect at the time at which the Merger becomes effective or otherwise wholly unconditional and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same, in each case where the absence of such Authorisation would have a material adverse effect on the Wider Redde Group (taken as a whole);

**Certain matters arising as a result of any arrangement, agreement etc.**

- 11 Except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Wider Redde Group is a party, or by or to which any such member or any of its assets is or are or may be bound, entitled or subject or any circumstance, which, in each case as a consequence of the Scheme or Merger or the acquisition or proposed acquisition by any member of the Wider Northgate Group of any shares or other securities (or the equivalent) in Redde or because of any change in the control or

management of any member of the Wider Redde Group or otherwise, could or might reasonably be expected to result in:

- (a) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider Redde Group being or becoming repayable or capable of being declared repayable immediately or prior to its stated maturity date or repayment date or the ability of any member of the Wider Redde Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;
- (b) the creation (save in the ordinary course of business) or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider Redde Group or any such mortgage, charge or other security interest (wherever created, arising or having arisen) becoming enforceable;
- (c) any such arrangement, agreement, licence, permit, franchise or instrument, or the rights, liabilities, obligations or interests of any member of the Wider Redde Group thereunder, being terminated or adversely modified or affected or any adverse action being taken or any obligation or liability arising thereunder;
- (d) any asset or interest of any member of the Wider Redde Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of otherwise than in the ordinary course of business;
- (e) any member of the Wider Redde Group ceasing to be able to carry on business under any name under which it presently does so;
- (f) the creation of any material liability (actual or contingent) by any member of the Wider Redde Group other than trade creditors or other liabilities incurred in the ordinary course of business;
- (g) the rights, liabilities, obligations, interests or business of any member of the Wider Redde Group under any such arrangement, agreement, licence, permit, franchise or other instrument or the interests or business of any member of the Wider Redde Group in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being terminated or adversely modified or affected; or
- (h) the financial or trading position or the value of any member of the Wider Redde Group being prejudiced or adversely affected,

which, in each of the foregoing cases is material and adverse in the context of the Wider Redde Group (taken as a whole) and no event having occurred which, under any provision of any such arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Wider Redde Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, could result in any of the events or circumstances which are referred to in paragraphs (a) to (h) of the Condition contained in this paragraph 11 (in each case, to the extent which is material in the context of the Wider Redde Group (taken as a whole));

12 Since 30 June 2019 and except as Disclosed, no member of the Wider Redde Group having:

- (a) issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or securities or convertible securities or transferred or sold or agreed to transfer or sell any shares out of treasury, other than as between Redde and wholly owned subsidiaries of Redde and other than any shares issued upon the exercise of any options or the vesting of any employee share awards granted under any of the Redde Share Plans;

- (b) purchased or redeemed or repaid any of its own shares or other securities or reduced or, except in respect of the matters mentioned in sub-paragraph (a) above, made any other change to any part of its share capital;
- (c) recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue other than: (i) to Redde or a wholly owned subsidiary of Redde; and (ii) any Permitted Redde Dividend and any Redde Equalisation Dividend;
- (d) made or authorised any change in its loan capital;
- (e) (other than pursuant to the Scheme (and except for transactions between Redde and its wholly owned subsidiaries or between the wholly owned subsidiaries of Redde and transactions other than in the ordinary course of business)) disposed of or transferred, mortgaged, charged or created any security interest over any material asset or any right, title or interest in any material asset (including shares in any undertaking and trade investments) or authorised the same, in any such case to an extent which is material in the context of the Wider Redde Group (taken as a whole);
- (f) (except for transactions between Redde and its wholly owned subsidiaries or between the wholly owned subsidiaries of Redde or otherwise in the ordinary course of business) issued or authorised the issue of, or made any change in or to the terms of, any debentures or incurred or increased any indebtedness or liability (actual or contingent), which is material in the context of the Wider Redde Group taken as a whole;
- (g) entered into, materially varied, or authorised any material agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) except in the ordinary course of business, which:
  - (i) is of a long term, onerous or unusual nature or magnitude or which involves an obligation of such nature or magnitude; or
  - (ii) could materially restrict the business of any member of the Wider Redde Group;
- (h) entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in respect of itself or another member of the Wider Redde Group otherwise than in the ordinary course of business;
- (i) entered into or materially varied the terms of, any contract, service agreement or binding arrangement with any of the directors or senior executives of any member of the Wider Redde Group except for salary increases, bonuses or variations of terms in the ordinary course or as a result of genuine promotion;
- (j) (other than in respect of a member of the Wider Redde Group which is dormant and was solvent at the time) taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction in each case as would or might reasonably be expected to have a material adverse effect on the financial position of the Wider Redde Group taken as a whole;
- (k) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business in each case as would or might reasonably be expected to have a material adverse effect on the financial position of the Wider Redde Group taken as a whole;
- (l) waived or compromised any claim, otherwise than in the ordinary course of business, which is material in the context of the Wider Redde Group as a whole;

- (m) except as Disclosed or envisaged in accordance with the terms of the Scheme, made any alteration to its memorandum or articles of association which is material in the context of the Merger;
- (n) except in relation to changes made or agreed as a result of, or arising from, changes to legislation, made or agreed or consented to:
  - (i) any significant change:
    - A. to the terms of the trust deeds constituting the pension scheme(s) established by any member of the Wider Redde Group for its directors, employees or their dependants; or
    - B. the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder; or
    - C. the basis on which qualification for, or accrual or entitlement to such benefits or pensions are calculated or determined; or
    - D. the basis upon which the liabilities (including pensions) or such pension schemes are funded, valued or made; or
  - (ii) any change to the trustees including the appointment of a trust corporation, to an extent which is in any such case material in the context of the Wider Redde Group;
- (o) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider Redde Group, which is in any such case material in the context of the Wider Redde Group taken as a whole; or
- (p) entered into any agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) with respect to, or proposed or announced any intention to effect, any of the transactions, matters or events referred to in this Condition 12;

**No adverse change, litigation or regulatory enquiry**

- 13 Since 30 June 2019 and except as Disclosed (in each case to an extent which is or could be material in the context of the Wider Redde Group taken as a whole or the Wider Northgate Group taken as a whole, or material in the context of the Merger):
- (a) there having been no adverse change or deterioration and no circumstance having arisen which would or might reasonably be expected to result in any adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects or operational performance of any member of the Wider Redde Group or any member of the Wider Northgate Group;
  - (b) no contingent or other liability in respect of any member of the Wider Redde Group or in respect of any member of the Wider Northgate Group, which is, or which would be likely to, affect adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider Redde Group or any member of the Wider Northgate Group having arisen or become apparent or increased;
  - (c) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Redde Group or any member of the Wider Northgate Group is or may become a party (whether as claimant, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider Redde Group or any member of the Wider Northgate Group;
  - (d) (other than as a result of the Merger) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened in writing, announced, implemented,

instituted by or against or remaining outstanding against or in respect of any member of the Wider Redde Group or any member of the Wider Northgate Group;

- (e) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Redde Group or any member of the Wider Northgate Group which is necessary for the proper carrying on of its business; or
- (f) no member of the Wider Redde Group nor any member of the Wider Northgate Group having conducted its business in material breach of any applicable laws and regulations;

#### **No discovery of certain matters**

14 Northgate not having discovered (in each case to an extent which is or could be material in the context of the Wider Redde Group taken as a whole or material in the context of the Merger):

- (a) that any financial or business or other information concerning the Wider Redde Group publicly disclosed by or on behalf of any member of the Wider Redde Group prior to the date of the Announcement is misleading or contains any misrepresentation of fact or omits to state a fact necessary to make any information contained therein not misleading and which was not subsequently corrected before the date of the Announcement by disclosure either publicly or otherwise to Northgate;
- (b) that any member of the Wider Redde Group, otherwise than in the ordinary course of business, is subject to any liability (actual or contingent) which is not disclosed in Redde's annual report and accounts for the financial year ended 30 June 2019 which has not been Disclosed; or
- (c) any information which has not been Disclosed and which affects the import of any information Disclosed at any time by or on behalf of any member of the Wider Redde Group;

15 Northgate not having discovered, other than as Disclosed (in each case to an extent which is or could be material in the context of the Wider Redde Group taken as a whole or material in the context of the Merger);

- (a) that any past or present member of the Wider Redde Group has not complied in any material respect with any applicable legislation or regulations of any jurisdiction with regard to the use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person, which, in any case, such non-compliance would be likely to give rise to any material liability (whether actual or contingent) or cost on the part of any member of the Wider Redde Group; or
- (b) that there is, or is likely to be, any material liability, whether actual or contingent, to make good, repair, reinstate or clean up any property or any controlled waters now or previously owned, occupied or made use of by any past or present member of the Wider Redde Group under any environmental legislation, regulation, notice, circular, order or other lawful requirement of any relevant authority or Third Party; and

#### **Anti-corruption, sanctions and criminal property**

16 Northgate not having discovered other than as Disclosed that, in each case to an extent which is or could be material in the context of the Wider Redde Group taken as a whole or material in the context of the Merger:

- (a) (i) any past or present member, director, officer or employee of the Wider Redde Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other anti-corruption legislation applicable to the Wider Redde Group or (ii) any person that performs or has performed services for or on behalf of the Wider Redde Group is or



has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation; or

- (b) any material asset of any member of the Wider Redde Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
- (c) any past or present member, director, officer or employee of the Wider Redde Group has engaged in any business with, made any investments in, made any funds or assets available to or received any funds or assets from: (i) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HM Treasury & Customs; or (ii) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states; or
- (d) a member of the Wider Redde Group has engaged in any transaction which would cause Northgate to be in breach of any law or regulation upon its (direct or indirect) acquisition of Redde, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HM Treasury & Customs, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states.

For the purpose of these Conditions:

- (i) "Third Party" means any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, authority (including any national or supranational anti-trust or merger control authority), court, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction, including, for the avoidance of doubt, the Panel;
- (ii) a Third Party shall be regarded as having "intervened" if it has decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made, proposed or enacted any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided or otherwise having done anything (and in each case, not having withdrawn the same) and "intervene" shall be construed accordingly; and
- (iii) "Authorisations" means authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, permissions and approvals, in each case, of a Third Party.

#### **Part B: Waiver and invocation of the Conditions**

- 1 The Scheme will not become effective unless the Conditions have been fulfilled or (to the extent capable of waiver) waived or, where appropriate, have been determined by Northgate or Redde (as applicable) to be or remain satisfied by no later than the Longstop Date.
- 2 Subject to the requirements of the Panel, Northgate reserves the right in its sole discretion to waive:
  - (a) those parts of all or any of the Conditions in paragraph 2 of Part A of this Part 4 relating to the deadlines for the Court Meeting, Redde General Meeting and/or the Scheme Court Hearing. If any such deadline is not met, Northgate shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked



- the relevant Condition, waived the relevant deadlines or agreed with Redde to extend the relevant deadline; and
- (b) in whole or in part, all or any of (only so far as they relate to Redde, the Wider Redde Group or any part thereof) the Conditions in paragraphs 8 to 16 (inclusive) in Part A of this Part 4.
- 3 Subject to the requirements of the Panel, Redde reserves the right in its sole discretion to waive:
- (a) that part of the Condition in paragraph 3 of Part A of this Part 4 relating to the deadline for the Northgate Shareholder Meeting. If such deadline is not met, Redde shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked the relevant Condition, waived the deadline or agreed with Northgate to extend the deadline; and
- (b) in whole or in part (only so far as it relates to Northgate, the Wider Northgate Group or any part thereof) the Condition in paragraph 13 in Part A of this Part 4.
- 4 Save as set out above in respect of paragraphs 2 and 3 in Part A of this Part 4, the Conditions in paragraphs 1 to 7 (inclusive) in Part A of this Part 4 cannot be waived.
- 5 Save where Northgate has confirmed the satisfaction or waiver of all Conditions (other than the Conditions in paragraph 2 in Part A of this Part 4) pursuant to the terms of the Co-operation Agreement, Northgate shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions in Part A above by a date earlier than the latest date specified above for the fulfilment of that condition, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any Condition may not be capable of fulfilment.
- 6 The Merger will lapse if the acquisition of Redde by Northgate or any other matter arising from or relating to the Scheme or the Merger is referred to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Reform Act 2013 before the date of the Court Meeting.
- 7 If the Panel requires Northgate to make an offer or offers for any Redde Shares under the provisions of Rule 9 of the Takeover Code, Northgate may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.
- 8 Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
- 9 Under Rule 13.5(a) of the Takeover Code, Northgate may not invoke a Condition so as to cause the Merger not to proceed, to lapse or be withdrawn, unless the circumstances which give rise to the right to invoke the Condition are of material significance to Northgate in the context of the Merger. The Conditions in paragraphs 1 to 5 (inclusive) in Part A of this Part 4 are not subject to this provision of the Takeover Code.
- 10 Under Rule 13.6 of the Takeover Code, Redde may not invoke, or cause or permit Northgate to invoke, the Condition in paragraph 13 in Part A of this Part 4 unless the circumstances which give rise to the right to invoke the Condition are of material significance to the Redde Shareholders in the context of the Merger.

### **Part C: Implementation by way of Takeover Offer**

Northgate reserves the right to elect to implement the Merger by way of a Takeover Offer, subject to the Panel's consent and to the terms of the Co-operation Agreement. In such event, such Takeover Offer will be implemented on the same terms, so far as applicable, as those which would apply to the Scheme subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. or such other percentage (being more than 50 per cent.) as Northgate may in accordance with the provisions of the Co-operation Agreement decide (subject to the Panel's consent): (i) in nominal value of the shares to which such Takeover Offer relates; and (ii) of the voting rights attaching to those shares.

#### **Part D: Certain further terms of the Merger**

- 1 Fractions of New Northgate Shares will not be issued to Scheme Shareholders under the Scheme. Fractional entitlements to New Northgate Shares will be aggregated and sold in the market and the net proceeds of sale distributed pro rata to the relevant Scheme Shareholders. However, individual entitlements to amounts (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) of less than £5 will not be paid to the relevant Scheme Shareholder but will be retained for the benefit of Northgate.
- 2 Redde Shares will be acquired by Northgate fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other third party rights of any nature whatsoever and together with all rights attaching to them as at the date of the Announcement or subsequently attaching or accruing to them, including the right to receive and retain, in full, all dividends and other distributions (if any) declared, made, paid or payable, or any other return of capital made, on or after the date of the Announcement, other than any Permitted Redde Dividend and any Redde Equalisation Dividend.
- 3 If, after the date of the Announcement, any Non-Permitted Redde Dividend is declared, made or paid or becomes payable in respect of the Redde Shares, Northgate reserves the right to reduce the Exchange Ratio accordingly so as to reflect the aggregate value attributable to any such Non-Permitted Redde Dividend.
- 4 If, after the date of the Announcement, any Non-Permitted Northgate Dividend is declared, made or paid or becomes payable in respect of the Northgate Shares, then Redde will be entitled (in addition to any Permitted Redde Dividend) to declare and pay, and the Redde Shareholders will be entitled to receive and retain the Redde Equalisation Dividend in respect of the Redde Shares of an amount per Redde Share equal to the amount of the Non-Permitted Northgate Dividend per Northgate Share multiplied by the Exchange Ratio (taking into account any reduction to the Exchange Ratio arising as a result of any Non-Permitted Redde Dividend in accordance with paragraph 3 in Part D of this Part 4).
- 5 The availability of the Merger to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are not resident in the United Kingdom or who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements.
- 6 This document and any rights or liabilities arising hereunder, the Merger, the Scheme, and any Forms of Proxy and other proxies will be governed by English law and be subject to the jurisdiction of the courts of England and Wales. The Scheme will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.

## **PART 5**

### **FINANCIAL INFORMATION ON THE REDDE GROUP**

The following sets out financial information in respect of Redde as required by Rule 24.3 of the Takeover Code. The documents referred to below (or parts thereof), the contents of which have previously been announced through a Regulatory Information Service, are incorporated by reference into this document pursuant to Rule 24.15 of the Takeover Code:

- the audited consolidated accounts of the Redde Group for the financial year ended 30 June 2019 are set out on pages 29-74 (both inclusive) of Redde's Annual Report and Accounts 2019 available from Redde's website at <https://www.redde.com/wp-content/uploads/2019/09/Annual-Report-and-Accounts-2019.pdf>; and
- the audited consolidated accounts of the Redde Group for the financial year ended 30 June 2018 are set out on pages 26-67 (both inclusive) of Redde's Annual Report and Accounts 2018 available from Redde's website at [https://www.redde.com/wp-content/uploads/2018/09/NP0818-2710\\_Redde\\_Annual-Report\\_Web.pdf](https://www.redde.com/wp-content/uploads/2018/09/NP0818-2710_Redde_Annual-Report_Web.pdf).

## PART 6

### INFORMATION ON NORTHGATE

#### 1. General information

- (a) Northgate was incorporated on 2 July 1897 as a public limited company with the name of Goode Durrant & Murray Group Public Limited Company. Northgate subsequently changed its name on 14 January 1987 to Goode Durrant PLC. On 16 September 1999 Northgate changed its name to Northgate plc. It was incorporated with limited liability in England and Wales, and operates as a public limited company under the Act, with registered number 00053171. Northgate is a resident of the UK for UK tax purposes.
- (b) Northgate's registered office and principal place of business is at Northgate Centre, Lingfield Way, Darlington, England, DL1 4PZ, its telephone number is +44 (0)1325 467558, its LEI number is 213800B3ZUTDOZYVJB41 and its website is [www.northgateplc.com](http://www.northgateplc.com). Except as referred to paragraph 2 of this Part 6, the contents of Northgate's website do not form part of this document. The principal laws and legislation under which Northgate operates and the Northgate Shares have been created are the Companies Act 2006 and regulations made thereunder.

#### 2. Financial information

The following sets out financial information in respect of Northgate as required by Rule 24.3 of the Takeover Code. The documents referred to below (or parts thereof), the contents of which have previously been announced through a Regulatory Information Service, are incorporated by reference into this document pursuant to Rule 24.15 of the Takeover Code:

- (a) the audited consolidated accounts of the Northgate Group for the financial year ended 30 April 2019 are set out on pages 76-114 (both inclusive) of Northgate's Annual Report and Accounts 2019 available from Northgate's website at [https://www.northgateplc.com/media/2654/northgate\\_annual-report-2019-bookmarks.pdf](https://www.northgateplc.com/media/2654/northgate_annual-report-2019-bookmarks.pdf);
- (b) the audited consolidated accounts of the Northgate Group for the financial year ended 30 April 2018 are set out on pages 83-131 (both inclusive) of Northgate's Annual Report and Accounts 2018 available from Northgate's website at <https://www.northgateplc.com/media/2246/northgate-ar2018-interactive.pdf>; and
- (c) the interim results of the Northgate Group for the six months ended 31 October 2019 are set out in the interim report for that period available from Northgate's website at <https://www.northgateplc.com/media/2685/fy20-h1-interims-statement-final.pdf>.

#### 3. Share capital

As at Friday 6 December 2019 (being the latest practicable date to obtain this information) Northgate's share capital was £66,616,259 comprising 133,232,518 ordinary shares of 50 pence each (all of which were fully paid or credited as fully paid).

#### 4. Preference Shares

The one million cumulative preference shares in the capital of Northgate will remain in issue after Completion and the rights attaching to such shares will be unaffected by the Merger.

## PART 7

### ADDITIONAL INFORMATION

#### 1. Responsibility

- (a) The Redde Directors, whose names are set out in paragraph 2(a) of this Part 7, accept responsibility for all the information contained in this document (including any expressions of opinion and all information in respect of the Redde Group which has been incorporated by reference into this document), except for that information for which the Northgate Directors and/or the Proposed Northgate Directors accept responsibility in accordance with this paragraph 1(a) and paragraph 1(b) below. In addition, those Redde Directors that are Proposed Northgate Directors accept responsibility, jointly with the Northgate Directors, for the statements of intention of Northgate, save to the extent that any such statement relates to the Northgate Quantified Financial Benefits Statement. To the best of the knowledge and belief of the Redde Directors and the Proposed Northgate Directors (as applicable) (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The Northgate Directors, whose names are set out in paragraph 2(c) of this Part 7, accept responsibility for:
- the information contained in this document relating to Northgate, the Northgate Directors, their close relatives and related trusts and persons acting in concert with Northgate (as such term is used in the Takeover Code) (including all information in respect of those parties which has been incorporated by reference into this document);
  - the opinions of the Northgate Directors; and
  - jointly with the Proposed Northgate Directors, the statements of intention of Northgate.

To the best of the knowledge and belief of the Northgate Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors

- (a) The Redde Directors and their respective functions are:

John Davies	<i>Interim Non-Executive Chairman</i>
Martin Ward	<i>Chief Executive Officer</i>
Stephen Oakley	<i>Chief Financial Officer</i>
Mark Chessman	<i>Chief Operating Officer</i>
Mark McCafferty	<i>Independent Non-Executive Director</i>

- (b) The registered office of Redde, which is also the business address of each of the Redde Directors, is Pinesgate, Lower Bristol Road, Bath, BA2 3DP.

- (c) The Northgate Directors and their respective functions are:

Avril Palmer-Baunack	<i>Chairman</i>
John Pattullo OBE	<i>Senior Independent Director</i>
Philip Vincent	<i>Chief Financial Officer</i>
Bill Spencer	<i>Non-Executive Director</i>
Claire Miles	<i>Non-Executive Director</i>
Mark Butcher	<i>Non-Executive Director</i>
Fernando Cogollos	<i>Non-Executive Director</i>

- (d) The registered office of Northgate, which is also the business address of the Northgate Directors, is Northgate Centre, Lingfield Way, Darlington, England, DL1 4PZ.

### 3. Disclosure of interests and dealings

#### (a) **Definitions**

In this Part 7 the following definitions apply:

- (i) "**acting in concert**" has the meaning given in the Takeover Code;
- (ii) "**arrangement**" means any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant Redde securities and/or relevant Northgate securities which may be an inducement to deal or refrain from dealing (other than the irrevocable commitments, details of which are set out in paragraph 4 of this Part 7 (*Additional Information*));
- (iii) "**close relatives**" has the meaning given in the Takeover Code;
- (iv) "**derivative**" has the meaning given in the Takeover Code;
- (v) "**dealing**" has the meaning given to it in the Takeover Code and "**dealt**" has the corresponding meaning;
- (vi) "**Disclosure Date**" means 6 December 2019, being the latest practicable date prior to the publication of this document;
- (vii) "**Disclosure Period**" means the period commencing on Thursday 29 November 2018, being the date twelve months prior to the commencement of the Offer Period and ending on the Disclosure Date;
- (viii) references to a person having an "**interest**" or is "**interested**" in relevant securities has the meaning given in the Takeover Code;
- (ix) "**Interested Persons**" means, in relation to a director, other persons (including, without limit, bodies corporate) whose interests that director is taken as having by virtue of the application of Part 22 of the Companies Act 2006;
- (x) "**relevant Northgate securities**" means Northgate Shares, any other securities in the capital of Northgate which carry voting rights or which are equity share capital, and securities convertible into, rights to subscribe for, options (including traded options) in respect of and derivatives referenced to, any of the foregoing;
- (xi) "**relevant Redde securities**" means Redde Shares, any other securities in the capital of Redde which carry voting rights or which are equity share capital, and securities convertible into, rights to subscribe for, options (including traded options) in respect of and derivatives referenced to, any of the foregoing; and
- (xii) "**short positions**" means short positions, whether conditional or absolute and whether in the money or otherwise, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.



(b) **Interests in relevant Redde securities**

At the close of business on the Disclosure Date:

*Redde*

- (i) The following Redde Directors (together with their close relatives) had an interest in, or a right to subscribe for, the following relevant Redde securities:

<i>Name</i>	<i>Nature of interest or right</i>	<i>Number of relevant Redde securities</i>
Martin Ward and his close relatives	Redde Shares	4,004,812
Stephen Oakley and his close relatives	Redde Shares	2,032,500
Mark Chessman	Redde Shares	89,991
Mark McCafferty	Redde Shares	30,000

- (ii) The following Redde Directors had the following outstanding options and awards over Redde Shares under the Redde Share Plans:

<i>Name</i>	<i>Scheme</i>	<i>Date of grant</i>	<i>Number of relevant Redde securities under option</i>	<i>Exercise period/vesting date</i>	<i>Exercise price (pence)</i>
Martin Ward	Redde PSP	2 Sep 2016	93,324	To 2 Sep 2026	0.1
	Redde PSP	8 Sep 2017	228,287	30 Jun 2020 to 8 Sep 2027	0.1
	Redde PSP	26 Sep 2018	203,648	30 Jun 2021 to 26 Sep 2028	0.1
	Redde PSP	6 Sep 2019	279,830	30 Jun 2022 to 6 Sep 2029	0.1
Stephen Oakley	Redde PSP	2 Sep 2016	62,739	To 2 Sep 2026	0.1
	Redde PSP	8 Sep 2017	153,470	30 Jun 2020 to 8 Sep 2027	0.1
	Redde PSP	26 Sep 2018	136,906	30 Jun 2021 to 26 Sep 2028	0.1
	Redde PSP	6 Sep 2019	188,121	30 Jun 2022 to 6 Sep 2029	0.1
Mark Chessman	Redde SAYE Plan	9 Apr 2019	21,226	9 Apr 2020 to 9 Oct 2020	84.8
	Redde PSP	2 Sep 2016	25,135	To 2 Sep 2026	0.1
	Redde PSP	8 Sep 2017	61,731	30 Jun 2020 to 8 Sep 2027	0.1
	Redde PSP	26 Sep 2018	115,207	30 Jun 2021 to 26 Sept 2028	0.1
	Redde PSP	6 Sep 2019	211,073	30 Jun 2022 to 6 Sep 2029	0.1

- (iii) The following persons acting in concert with Redde had an interest in, a right to subscribe for or a short position in the following relevant Redde securities:

<i>Name</i>	<i>Nature of interest or right</i>	<i>Number of relevant Redde securities</i>
J.P. Morgan Chase Bank (Custody)	Interest	3

*Northgate*

- (iv) The following Northgate Directors had an interest in, a right to subscribe in or a short position in any relevant Redde securities:

<i>Name</i>	<i>Nature of interest or right</i>	<i>Number of relevant Redde securities</i>
Mark Butcher	Redde Shares	40,000

- (v) The following persons acting in concert with Northgate had an interest in, a right to subscribe in or a short position in the following relevant Redde securities:

<i>Name</i>	<i>Nature of interest or right</i>	<i>Number of relevant Redde securities</i>
Ian Soanes	Redde Shares	21,361

(c) **Interests in relevant Northgate securities**

At the close of business on the Disclosure Date:

*Northgate*

- (i) The following Northgate Directors (together with their related trusts) were interested in, or had a right to subscribe for, the following relevant Northgate securities:

<i>Name</i>	<i>Nature of interest or right</i>	<i>Number of relevant Northgate securities</i>
Philip Vincent	Northgate Shares	15,870
John Pattullo OBE	Northgate Shares	10,000
William Spencer	Northgate Shares	8,000
Claire Miles	Northgate Shares	5,000
Fernando Cogollos	Northgate Shares	26,153
Nominee Account provided by Zedra (as a related trust of Philip Vincent)	Northgate Shares	125,268

- (ii) The following Northgate Directors had the following outstanding options and awards over Northgate Shares under the Northgate Share Plans:

<i>Name</i>	<i>Scheme</i>	<i>Date of grant</i>	<i>Number of relevant Northgate securities under option</i>	<i>Exercise period/ vesting date</i>	<i>Exercise price (pence)</i>
Philip Vincent	Northgate EPSP	27 Jul 2018	95,360	To 27 Jun 2021	Nil
	Northgate EPSP	24 Sep 2019	157,781	To 24 Sep 2022	Nil

- (iii) None of the persons acting in concert with Northgate had an interest in, a right to subscribe for or a short position in any relevant Northgate securities.

*Redde*

- (iv) None of the Redde Directors (together with their close relatives, related trusts and Interested Persons) had an interest in, a right to subscribe for or a short position in any relevant Northgate securities.

- (v) The following persons acting in concert with Redde had an interest in, a right to subscribe for or a short position in the following relevant Northgate securities:

<i>Name</i>	<i>Nature of interest or right</i>	<i>Number of relevant Northgate securities</i>
J.P. Morgan Chase Bank (Custody)	Interest	15

(d) **Dealings**

As at the close of business on the Disclosure Date:

*Redde*

- (i) None of Redde, any of the Redde Directors, any persons acting in concert with Redde nor any persons with whom Redde or any person acting in concert with Redde has an arrangement have dealt in any relevant Redde securities since the start of the Offer Period.
- (ii) None of Redde, any of the Redde Directors, any persons acting in concert with Redde nor any persons with whom Redde or any person acting in concert with Redde has an arrangement have dealt in any relevant Northgate securities since the start of the Offer Period.

*Northgate*

- (iii) Northgate, the following Northgate Directors, persons acting in concert with Northgate and persons with whom Northgate or any person acting in concert with Northgate has an arrangement have dealt in the following relevant Redde securities during the Disclosure Period, as follows:

<i>Name</i>	<i>Date of dealing</i>	<i>Nature of dealing</i>	<i>Relevant Redde security</i>	<i>Number of relevant Redde securities</i>	<i>Price (pence)</i>
Mark Butcher	13 Sep 2019	Sold	Redde Shares	1,000	123.27
	6 Sep 2019	Sold	Redde Shares	2,000	119.80
	6 Sep 2019	Sold	Redde Shares	2,000	116.56
	5 Sep 2019	Sold	Redde Shares	1,000	112.86
	30 Jul 2019	Bought	Redde Shares	1,000	114.19
	22 Jul 2019	Sold	Redde Shares	1,000	121.22
	17 Jul 2019	Sold	Redde Shares	1,000	119.44
	17 Jul 2019	Sold	Redde Shares	1,000	118.86
	16 Jul 2019	Sold	Redde Shares	1,000	117.08
	16 Jul 2019	Sold	Redde Shares	1,000	117.08
	5 Jul 2019	Sold	Redde Shares	1,000	115.30
	4 Jul 2019	Sold	Redde Shares	1,000	114.10
	3 Jul 2019	Sold	Redde Shares	1,000	114.57
	3 Jul 2019	Sold	Redde Shares	1,000	112.68
	3 Jul 2019	Sold	Redde Shares	4,000	110.27
	3 Jul 2019	Sold	Redde Shares	1,000	111.37
	1 Jul 2019	Sold	Redde Shares	1,000	107.00
	13 Jun 2019	Sold	Redde Shares	5,000	103.14
	13 Jun 2019	Sold	Redde Shares	4,000	106.26
	7 Jun 2019	Bought	Redde Shares	4,000	95.66
	4 Jun 2019	Bought	Redde Shares	5,000	99.44
	28 May 2019	Bought	Redde Shares	5,000	104.70
	20 May 2019	Bought	Redde Shares	5,000	112.80
	17 May 2019	Bought	Redde Shares	5,000	115.66
	10 Apr 2019	Bought	Redde Shares	5,000	118.58
	4 Apr 2019	Sold	Redde Shares	5,000	112.03
	2 Apr 2019	Bought	Redde Shares	1,000	113.93
	2 Apr 2019	Bought	Redde Shares	2,000	113.93
	2 Apr 2019	Bought	Redde Shares	1,000	113.93
	2 Apr 2019	Bought	Redde Shares	1,000	113.93
	15 Mar 2019	Bought	Redde Shares	5,000	112.00

<i>Name</i>	<i>Date of dealing</i>	<i>Nature of dealing</i>	<i>Relevant Redde security</i>	<i>Number of relevant Redde securities</i>	<i>Price (pence)</i>
Mark Butcher	13 Mar 2019	Bought	Redde Shares	10,000	96.54
	12 Mar 2019	Bought	Redde Shares	5,000	84.24
	12 Mar 2019	Bought	Redde Shares	10,000	89.03
	11 Mar 2019	Bought	Redde Shares	10,000	98.35
Avril Palmer-Baunack	14 Mar 2019	Bought	Redde Shares	23,837	104.876
	12 Mar 2019	Bought	Redde Shares	56,497	88.50
	11 Sep 2019	Sold	Redde Shares	30,334	112.8911
	11 Sep 2019	Sold	Redde Shares	25,000	114.8993
	11 Sep 2019	Sold	Redde Shares	25,000	115.0053
Ian Soanes	12 Nov 2019	Bought	Redde Shares	1,144	107.78
	4 Jun 2019	Bought	Redde Shares	4,959	100.81
	11 Mar 2019	Bought	Redde Shares	15,258	98.31
Goldman Sachs & Co. LLC	28 Dec 2018	Bought	Redde Shares	81	169.20
	28 Dec 2018	Sold	Redde Shares	81	169.20
	28 Feb 2019	Bought	Redde Shares	20,196	153.98
	28 Feb 2019	Sold	Redde Shares	20,196	153.98
	1 Mar 2019	Bought	Redde Shares	8,552	153.81
	1 Mar 2019	Sold	Redde Shares	8,552	153.81
	1 Mar 2019	Bought	Redde Shares	32,231	153.81
	1 Mar 2019	Sold	Redde Shares	32,231	153.81
	28 May 2019	Bought	Redde Shares	93,269	106.81
	28 May 2019	Sold	Redde Shares	93,269	106.81
	21 Jun 2019	Bought	Redde Shares	220,261	104.20
	21 Jun 2019	Sold	Redde Shares	220,261	104.20
	21 Jun 2019	Bought	Redde Shares	121,452	104.20
	21 Jun 2019	Sold	Redde Shares	121,452	104.20
	21 Jun 2019	Bought	Redde Shares	116,296	104.20
	21 Jun 2019	Sold	Redde Shares	116,296	104.20
	21 Jun 2019	Bought	Redde Shares	20,843	104.20
	21 Jun 2019	Sold	Redde Shares	20,843	104.20
	21 Jun 2019	Bought	Redde Shares	3,356	104.20
	21 Jun 2019	Sold	Redde Shares	3,356	104.20
	21 Jun 2019	Bought	Redde Shares	1,892	104.20
	21 Jun 2019	Sold	Redde Shares	1,892	104.20
	21 Jun 2019	Bought	Redde Shares	1,220	104.20
	21 Jun 2019	Sold	Redde Shares	1,220	104.20
	12 Jul 2019	Bought	Redde Shares	16,717	111.76
	12 Jul 2019	Sold	Redde Shares	16,717	111.76
	29 Jul 2019	Bought	Redde Shares	20,976	115.80
	29 Jul 2019	Sold	Redde Shares	20,976	115.80
	30 Jul 2019	Bought	Redde Shares	11,001	114.03
	30 Jul 2019	Sold	Redde Shares	11,001	114.03
	11 Sep 2019	Bought	Redde Shares	12,123	115.82
	11 Sep 2019	Sold	Redde Shares	12,123	115.82
	11 Sep 2019	Bought	Redde Shares	10,288	115.82
11 Sep 2019	Sold	Redde Shares	10,288	115.82	
2 Oct 2019	Bought	Redde Shares	8,418	111.69	
2 Oct 2019	Sold	Redde Shares	8,418	111.69	

- (iv) Northgate, the following Northgate Directors, persons acting in concert with Northgate and persons with whom Northgate or any person acting in concert with Northgate has an arrangement have dealt in the following relevant Northgate securities during the Disclosure Period, as follows:

<i>Name</i>	<i>Date of dealing</i>	<i>Nature of dealing</i>	<i>Relevant Northgate security</i>	<i>Number of relevant Northgate securities (pence)</i>	<i>Price</i>
John Pattullo OBE	10 Apr 2019	Bought	Northgate Shares	10,000	371
Philip Vincent	24 Sep 2019	Awarded	Award of Shares (EAB)	15,674	0
	24 Sep 2019	Awarded	Award of Shares (EPSP)	157,781	0
	15 Aug 2019	Awarded	Free Share Award (SIP)	196	0
	27 Jul 2018	Awarded	Award of Shares (EPSP)	95,360	0
Goldman Sachs & Co. LLC	4 Dec 2018	Bought	Northgate Shares	5,537	384.84
	4 Dec 2018	Sold	Northgate Shares	5,537	384.84
	28 Dec 2018	Bought	Northgate Shares	36	371.20
	28 Dec 2018	Sold	Northgate Shares	36	371.20
	13 Mar 2019	Bought	Northgate Shares	1,461	384.91
	13 Mar 2019	Sold	Northgate Shares	1,461	384.91
	9 Apr 2019	Bought	Northgate Shares	8,447	369.88
	9 Apr 2019	Sold	Northgate Shares	8,447	369.88
	31 May 2019	Bought	Northgate Shares	160	324.50
	31 May 2019	Sold	Northgate Shares	160	324.50
	5 Jun 2019	Bought	Northgate Shares	7,437	320.88
	5 Jun 2019	Sold	Northgate Shares	7,437	320.88
	21 Jun 2019	Bought	Northgate Shares	516	300.50
	21 Jun 2019	Sold	Northgate Shares	516	300.50
	30 Aug 2019	Bought	Northgate Shares	1,800	322.50
	30 Aug 2019	Sold	Northgate Shares	1,800	322.50
	16 Oct 2019	Bought	Northgate Shares	1,904	331.12
	16 Oct 2019	Sold	Northgate Shares	1,904	331.12
	17 Oct 2019	Bought	Northgate Shares	1,490	334.26
	17 Oct 2019	Sold	Northgate Shares	1,490	334.26
18 Oct 2019	Bought	Northgate Shares	2,652	333.34	
18 Oct 2019	Sold	Northgate Shares	2,652	333.34	
21 Oct 2019	Bought	Northgate Shares	3,584	334.72	
21 Oct 2019	Sold	Northgate Shares	3,584	334.72	

(e) **General**

- (i) Save as disclosed in this paragraph 3 of this Part 7, as at the Disclosure Date, none of:
- Redde;
  - the Redde Directors;
  - any persons acting in concert with Redde; nor
  - any of the close relatives, related trusts or Interested Persons of the Redde Directors,

had an interest in, or a right to subscribe for, or any short position in relation to, any relevant Redde securities nor any relevant Northgate securities, nor has any such person dealt in any relevant Redde securities or any relevant Northgate securities during the Offer Period.

- (ii) Save as disclosed in this paragraph 3 of this Part 7, as at the Disclosure Date, none of:
- Northgate;
  - the Northgate Directors;
  - any persons acting in concert with Northgate; nor
  - any of the close relatives, related trusts or Interested Persons of the Northgate Directors,
- had an interest in, or a right to subscribe for, or any short position in relation to, any relevant Redde securities nor any relevant Northgate securities, nor has any such person dealt in any Redde securities or any relevant Northgate securities during the Disclosure Period.
- (iii) Neither Redde nor any person acting in concert with Redde has borrowed or lent (including any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code) any relevant Redde securities nor any relevant Northgate securities during the Offer Period (save, in each case, for any borrowed shares which have been either on-lent or sold).
- (iv) Neither Northgate nor any person acting in concert with Northgate has borrowed or lent (including any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code) any relevant Northgate securities, nor any relevant Redde securities during the Disclosure Period (save, in each case, for any borrowed shares which have been either on-lent or sold).
- (v) Neither Redde nor any person acting in concert with Redde has any arrangement.
- (vi) Neither Northgate nor any person acting in concert with Northgate has any arrangement.

#### 4. Irrevocable undertakings

- (a) Northgate has received irrevocable commitments from those Redde Directors who own or control Redde Shares, together totalling 3,687,303 Redde Shares, to vote (or procure the vote) in favour of the Scheme at the Court Meeting and the Redde Special Resolution to be proposed at the Redde General Meeting. The Redde Shares in respect of which Northgate has received irrevocable commitments from Redde Directors represent approximately 1.2 per cent. of the issued Redde Shares as at Friday 6 December 2019 (being the latest practicable date prior to the date of this document).

Details of these undertakings are as follows:

<i>Name of Redde Director</i>	<i>Number of Redde Shares</i>	<i>% of Redde Shares in issue</i>
Martin Ward	3,004,812	0.98
Stephen Oakley	562,500	0.66
Mark Chessman	89,991	0.18
Mark McCafferty	30,000	0.01
<b>TOTAL</b>	<u>3,687,303</u>	<u>1.2</u>

The irrevocable undertakings from the Redde Directors will lapse and cease to have effect on the earliest to occur of the following:

- (i) Northgate announcing that it does not intend to proceed with the Merger;
- (ii) this document (or Offer Document, if applicable) not being sent to Redde Shareholders on or before the date falling 28 days from the date of the Announcement (or such later date as the Panel may agree);



- (iii) the Scheme (or Takeover Offer, if applicable) lapsing or being withdrawn;
- (iv) there is a Northgate Adverse Recommendation Change (as defined in the Co-operation Agreement);
- (v) a competing offer for Redde becomes unconditional or, if proceeding by way of a scheme of arrangement, becomes effective; or
- (vi) there is a breach of the Condition in paragraph 3 of Part A of Part 4 of this document.

In addition, Martin Ward's wife, who holds the beneficial interest in 1,000,000 Redde Shares (representing approximately 0.33 per cent. of the issued Redde Shares as at Friday 6 December 2019) has given an irrevocable undertaking on substantially the same terms as the Redde Directors.

- (b) Redde and Northgate have received irrevocable undertakings from those Northgate Directors who own or control 65,023 Northgate Shares, to vote (or procure the vote) in favour of the Northgate Shareholder Resolutions, and, subject to the terms of the relevant undertaking, any other resolution, to be proposed at the Northgate Shareholder Meeting. The Northgate Shares in respect of which Redde has received irrevocable commitments from Northgate Directors represent approximately 0.05 per cent. of the issued Northgate Shares as at Friday 6 December 2019 (being the latest practicable date prior to the date of this document).

Details of these undertakings are as follows:

<i>Name of Northgate Director</i>	<i>Number of Northgate Shares</i>	<i>% of Northgate Shares in issue</i>
Fernando Cogollos	26,153	0.020
Claire Miles	5,000	0.004
John Pattullo OBE	10,000	0.008
William Spencer	8,000	0.006
Philip Vincent	15,870	0.012
<b>TOTAL</b>	<u>65,023</u>	<u>0.05</u>

The irrevocable undertakings from the Northgate Directors will lapse and cease to have effect on the earliest to occur of the following:

- (i) Northgate announcing that it does not intend to proceed with the Merger;
- (ii) the Scheme (or Takeover Offer, if applicable) lapsing or being withdrawn; or
- (iii) there is a Redde Adverse Recommendation Change (as defined in the Co-operation Agreement).

## **5. Market quotations**

The following table sets out the middle market quotations for Redde Shares and Northgate Shares derived from the London Stock Exchange plc Daily Official List, for:

- (a) the first Business Day in each month from July 2019 to December 2019;
- (b) 28 November 2019 (being the last Business Day before the commencement of the Offer Period); and

(c) Friday 6 December 2019 (the latest practicable date prior to the publication of this document):

<i>Relevant date</i>	<i>Redde Share price (p)</i>	<i>Northgate Share price (p)</i>
1 Jul 2019	106.60	344.50
1 Aug 2019	118.60	329.00
2 Sep 2019	108.00	323.00
1 Oct 2019	113.20	332.00
1 Nov 2019	109.00	344.00
28 Nov 2019	108.60	350.00
2 Dec 2019	106.00	304.50
6 Dec 2019	107.40	306.50

## 6. Northgate Directors' emoluments

As a result of the Merger, and subject to Northgate Shareholder approval of the amendments to Northgate's directors' remuneration policy, it is proposed that Philip Vincent's awards under the Northgate EPSP will be amended so that the performance conditions relating to his awards will be tested by reference to the achievement of the applicable performance conditions over a shortened performance period ending on or shortly prior to Completion. 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. Subject to shareholder approval, it is anticipated that Philip Vincent will participate in the Value Creation Plan.

## 7. Service contracts

### (a) Redde Directors

- (i) Each of the Executive Directors of Redde has entered into a service contract with Redde. Their respective salaries and notice periods (which may be given by either party) are as follows:

<i>Name</i>	<i>Date of service contract</i>	<i>Annual Salary</i>	<i>Notice Period</i>
Martin Ward	22 Dec 2010	£405,680	One year
Stephen Oakley	18 Oct 2011	£272,723	One year
Mark Chessman	9 Jul 2018	£306,000	One year

- (ii) Each of the service contracts provide for the relevant Executive Director's salary to be reviewed annually. The Executive Directors are also entitled to other benefits commensurate with their position including permanent health insurance, participation in a death in service scheme, private medical expenses and car allowance.

### **Service Agreement of Martin Ward as a Redde Director**

- (iii) Martin Ward joined Redde in August 2005 and he was appointed as Chief Executive Officer in October 2011. He is currently engaged under a service agreement dated 22 December 2010. Martin Ward's service agreement is terminable by either party on one year's written notice or immediately by Redde if there is an event of default. Martin Ward's service agreement has no express provision for the payment of compensation in the event of early termination. In the event of termination of an executive director's service contract, when determining the compensation payable to the executive director, it is the policy of Redde's Remuneration Committee to take account of the principles of mitigation of loss.

With effect from 1 July 2019, Martin Ward is entitled to a base salary of £405,680 per annum. Prior to this date Martin Ward was entitled to a base salary of £397,725. Redde is liable to make annual pension contributions, or payments in lieu of pension contributions, of £95,311 in aggregate and provide the other benefits set out in paragraph 7(a)(ii) of this Part 7.

Martin Ward is entitled to participate in an annual bonus scheme. The bonuses are payable subject to the achievement of bonus targets which, for Redde's financial year ending 30 June 2020, are based on both adjusted profit and earnings per share before taxation and operating cash flow. The maximum bonus potential for meeting all of the targets is 100 per cent. of salary but Redde's Remuneration Committee has discretion if some but not all targets are met.

***Service Agreement of Stephen Oakley as a Redde Director***

- (iv) Stephen Oakley joined Redde in October 2011 as Chief Financial Officer. He is currently engaged under a service agreement dated 18 October 2011. Stephen Oakley's service agreement is terminable by either party on one year's written notice or immediately by the Company if there is an event of default. Stephen Oakley's service agreement has no express provision for the payment of compensation in the event of early termination. In the event of termination of an executive director's service contract, when determining the compensation payable to the executive director, it is the policy of Redde's Remuneration Committee to take account of the principles of mitigation of loss.

With effect from 1 July 2019, Stephen Oakley is entitled to a base salary of £272,723 per annum. Prior to this date Stephen Oakley was entitled to a base salary of £267,378. Redde is liable to make annual pension contributions, or payments in lieu of pension contributions, of £64,220 in aggregate and provide the other benefits set out in paragraph 7(a)(ii) of this Part 7.

Stephen Oakley is entitled to participate in an annual bonus scheme. The bonuses are payable subject to the achievement of bonus targets which, for Redde's financial year ending 30 June 2020, are based on both adjusted profit and earnings per share before taxation and operating cash flow. The maximum bonus potential for meeting all of the targets is 100 per cent. of salary but Redde's Remuneration Committee has discretion if some but not all targets are met.

***Service Agreement of Mark Chessman as a Redde Director***

- (v) Mark Chessman joined Redde in October 2015, following the acquisition of the FMG group of companies by Redde, and he was appointed as Chief Operating Officer in July 2018. He is currently engaged under a service agreement dated 9 July 2018. Mark Chessman's service agreement is terminable by either party on one year's written notice or immediately by Redde if there is an event of default. Mark Chessman's service agreement has no express provision for the payment of compensation in the event of early termination. In the event of termination of an executive director's service contract, when determining the compensation payable to the executive director, it is the policy of Redde's Remuneration Committee to take account of the principles of mitigation of loss.

With effect from 1 July 2019, Mark Chessman is entitled to a base salary of £306,000 per annum. Prior to this date Mark Chessman was entitled to a base salary of £300,000. Redde is liable to make annual pension contributions, or payments in lieu of pension contributions, of £30,600 in aggregate and provide the other benefits set out in paragraph 7(a)(ii) of this Part 7.

Mark Chessman is entitled to participate in an annual bonus scheme. The bonuses are payable subject to the achievement of bonus targets which, for Redde's financial year ending 30 June 2020, are based on both adjusted profit and earnings per share before taxation and operating cash flow. The maximum bonus potential for meeting all of the targets is 100 per cent. of salary but Redde's Remuneration Committee has discretion if some but not all targets are met.

***Non-Executive Directors letters of appointment***

- (vi) Each of the Non-Executive Directors has entered into letters of appointment with Redde. Their respective salaries and days of service are as follows:

<i>Name</i>	<i>Annual Fee</i>	<i>Number of days per annum</i>
John Davies	£150,000	Minimum of 20
Mark McCafferty	£52,000	Minimum of 20

- (vii) Save for the amendments to the Redde Directors' annual salaries (and salary linked benefits such as pension contributions or payment in lieu) and fees that took effect from 1 July 2019 and the temporary increase on the interim chairman's fees that took effect from 1 August 2019, as set out in paragraphs 7(a)(iii) to (v) (inclusive) above, no contract of service between any Redde Director and Redde or any of its subsidiaries has been amended or replaced within the six months preceding the date of this document.
- (viii) Save as disclosed in paragraphs 7(a)(iii) to 7(a)(v) (inclusive) above and paragraphs 7(a)(ix) and 7(a)(x) below, no Redde Director participates in any commission or profit-sharing arrangements.

***Letter of appointment of John Davies***

- (ix) John Davies's services as Non-executive director are provided under the terms of an appointment letter with Redde which was entered into on 30 November 2011 for an appointment as a director commencing on 1 December 2011, following which Mr Davies was re-elected by the Redde Shareholders at subsequent annual general meetings. Mr Davies's position shall terminate automatically, with immediate effect and without compensation, if Redde Shareholders do not re-elect him in annual general meeting or he is otherwise retired from office under Redde's articles of association. With effect from 1 August 2019, Mr Davies is entitled to an annual fee of £150,000, but only so long as he acts as interim chairman. Prior to this date Mr Davis was entitled to a base salary of £52,000.

John Davies has been acting as Interim Non-executive Chairman for Redde since 1 August 2019.

***Letter of appointment of Mark McCafferty***

- (x) Mark McCafferty's services as Senior Independent Director are provided under the terms of an appointment letter with Redde which was entered into on 26 February 2009 for an appointment as a director commencing on 1 March 2009, following which Mr McCafferty was re-elected by the Redde Shareholders at subsequent annual general meetings. Mr McCafferty's position shall terminate automatically, with immediate effect and without compensation, if the Redde Shareholders do not re-elect him in annual general meeting or he is otherwise retired from office under Redde's articles of association. With effect from 1 August 2019, Mr McCafferty is entitled to an annual fee of £52,000.

(b) ***Proposed Northgate Directors***

***Service Agreement of Martin Ward***

It is anticipated that a new service agreement will be put in place between Martin Ward and Northgate. No discussions have taken place in respect of the terms of Martin Ward's new service agreement. However, it is intended that the terms of his service agreement will be appropriate for a CEO of a group of the size and nature of the Combined Group and will take into account appropriate and recognised benchmarking. Martin Ward will be eligible to participate in the proposed Value Creation Plan and further information on that plan and his participation is set out in paragraph 6 of Part 2 of this document.

### ***Non-executive directors letters of appointment***

It is intended that John Davies, Stephen Oakley and Mark McCafferty, as non-executive directors of the Combined Group, will have letters of appointment with the Combined Group on substantially the same terms as Northgate's existing non-executive directors.

## **8. Material contracts**

### **(a) Redde and Northgate**

#### **(i) Confidentiality Agreement**

See paragraph 12(a) below for details of the Confidentiality Agreement.

#### **(ii) Co-operation Agreement**

See paragraph 12(b) below for details of the Co-operation Agreement.

### **(b) Redde**

Save as disclosed in paragraph 8(a) above and this paragraph 8(b), neither Redde nor any of its subsidiaries has, during the period beginning on Wednesday 29 November 2017 and ending on the Disclosure Date, entered into any material contract otherwise than in the ordinary course of business.

#### **(i) Facility Agreement**

Redde (and certain other Redde Group companies) entered into an unsecured credit facility agreement on 2 December 2015 (as amended and restated by an amendment and restatement agreement dated 7 August 2019) pursuant to which HSBC UK Bank plc (the "**Redde Lender**") (originally HSBC Bank plc but, pursuant to an Order of the High Court on 21 May 2018, HSBC Bank plc transferred part of its banking business to HSBC UK Bank plc with effect from 1 July 2018) agreed to make available a committed revolving credit facility of up to £50 million (the "**Redde Facility Agreement**") for the general corporate and working capital purposes of the Redde Group. The Redde Facility Agreement is documented on terms which are customary for a company with a public listing.

All amounts outstanding under the Redde Facility Agreement must be repaid in full on 7 August 2024.

Voluntary cancellations and prepayment may be made, by giving prior notice, either in full or in part with minimum cancellation and prepayment amounts if in part. Mandatory prepayment events will occur in the event of illegality, a change of control in relation to Redde or a sale of all or substantially all of the business and/or assets of the Redde Group.

The interest payable on amounts outstanding under the Redde Facility Agreement for each interest period (which can be selected as one, three or six months or any other period agreed between Redde and the Redde Lender) is calculated on the basis of LIBOR plus a margin. The margin is subject to a margin ratchet calculated by reference to a total net debt to consolidated earnings before interest, depreciation and amortization financial covenant test. Default interest is payable on unpaid amounts and a commitment fee is payable on the available commitments (as is customary).

The Redde Facility Agreement includes (i) a total net debt to consolidated earnings before interest, depreciation and amortisation financial covenant test which is set at 4:1 and (ii) a consolidated earnings before interest, depreciation and amortisation to net finance charges interest cover test which is set at 3:1, in each case, in respect of any testing period based on the LMA model but with negotiated definitions. The covenants are tested half yearly.

The representations, undertakings and events of default are customary for a facility of this type and a borrower of this nature with the usual materiality tests, carve outs, de minimis amounts and grace/remedy periods. Upon the occurrence of an event of default, the Redde Lender will be able to, among other things, cancel the available commitments,

declare all outstanding payments to be immediately due and payable and/or exercise any or all of rights, remedies, powers or discretions available to the Redde Lender under the finance documents.

The consent of Redde, not to be unreasonably withheld or delayed, is required for any assignment or transfer unless such assignment or transfer is (i) to another lender or affiliate of a lender or (ii) made at a time when an event of default is continuing.

The Redde Facility Agreement is cross guaranteed by 17 Redde Group companies (including Redde). There is a requirement that the aggregate earnings before interest, tax, depreciation and amortisation and the aggregate gross assets, in each case, of the guarantors of the Redde Facility Agreement must comprise at least 80 per cent. of the consolidated earnings before interest, tax, depreciation and amortisation and 80 per cent. of the consolidated gross assets of the Redde Group as a whole. There is also a material companies test whereby any Redde Group company comprising more than 10 per cent. of the consolidated earnings before interest, tax, depreciation and amortisation or more than 10 per cent. of the consolidated gross assets, in each case, of the Redde Group as a whole is required to accede as a guarantor (if not already a guarantor). The Redde Facility Agreement also contains market standard guarantor accession and resignation mechanics.

(ii) *Overdraft Facility*

Redde (and certain other Redde Group companies) have also entered into an uncommitted sterling net overdraft facility of up to £5 million in respect of various Redde Group accounts with HSBC UK Bank plc, under their standard terms and conditions and only to be used in the ordinary course of trading of the Redde Group.

(c) **Northgate**

Save as disclosed in paragraph 8(a) above and this paragraph 8(c), Northgate has not, during the period beginning on Wednesday 29 November 2017 and ending on the Disclosure Date, entered into any material contract otherwise than in the ordinary course of business.

(i) *Facilities agreement*

On 16 September 2019, Northgate entered into a senior multicurrency term and revolving facilities agreement made between Northgate, ABN Amro Bank N.V., Barclays Bank PLC, Lloyds Bank plc and The Royal Bank of Scotland plc as arrangers, Northgate and Northgate Vehicle Hire Limited as borrowers (the "**Borrowers**"), Northgate, Northgate Vehicle Hire Limited, and Northgate (Europe) Limited as guarantors (the "**Guarantors**"), ABN Amro Bank N.V., Barclays Bank PLC, Lloyds Bank plc, The Royal Bank of Scotland plc, The Governor and Company of the Bank of Ireland, Banco de Sabadell S.A., London Branch, Banco Bilbao Vizcaya Argentaria, S.A., London Branch, CaixaBank, S.A. United Kingdom Branch, and Bank of China Limited, London Branch as lenders (the "**Lenders**"), and National Westminster Bank plc as agent (the "**Agent**"), as amended and restated from time to time (the "**Facilities Agreement**") consisting of (i) a senior multicurrency term loan facility of €89,560,000 (the "**Term Loan**") and (ii) a revolving credit facility of £477,500,000 (the "**RCF**" and, together with the Term Loan, the "**Facilities**").

As at 6 December 2019, the full amount of the Term Loan has been drawn down. The Term Loan facility matures on 30 November 2022 and accrues interest at EURIBOR, plus an applicable margin.

The base currency of the RCF is sterling but is available in optional currencies subject to certain conditions. The RCF may be utilised for the general corporate purposes of the Northgate Group, including refinancing indebtedness and financing acquisitions.

As at 6 December 2019, Northgate had approximately £345,000,000 drawn down under the RCF. The RCF matures on 30 November 2023 and accrues interest at LIBOR plus an applicable margin.



Each loan under the RCF is repayable on the last day of its interest period. The interest period can be one, three, or six months or any such period as agreed between Northgate and the Agent.

The Facilities Agreement also contains customary prepayment, cancellation and default provisions and customary representations and warranties (subject to certain exceptions and qualifications) and a financial covenant based on the ratio of total net debt to EBITDA.

The Facilities Agreement limits the ability of Northgate and the obligors to make acquisitions, enter mergers or joint ventures, incur additional financial indebtedness, make disposals, grant security or make a substantial change to the general nature of the business of Northgate and its subsidiaries as well as other customary covenants.

The covenants, events of default and representations in the Facilities Agreement are customary for facilities of this type and are subject to certain carve-outs and/or materiality thresholds.

(ii) *Backstop facilities agreement*

The Facilities Agreement contains a covenant restricting acquisitions that does not currently permit the completion of the Merger. Northgate has approached the Lenders (as defined in the Facilities Agreement) for the required consent to waive this provision in respect of the Merger (the "**Consent**").

Northgate has entered into a commitment letter with Barclays pursuant to which Barclays has underwritten certain backstop facilities (the "**Backstop Facilities**") and has agreed to execute a backstop facilities agreement (the "**Backstop Facilities Agreement**") upon one Business Day's request by Northgate.

The Backstop Facilities are, in aggregate, sufficient to refinance and provide equivalent headroom to the Facilities and, upon the execution of the Backstop Facilities Agreement and satisfaction of relevant conditions precedent, they would be available to be drawn to refinance the Facilities and (to the extent provided as revolving facilities) for general corporate purposes. The completion of the Merger is permitted under the Backstop Facilities Agreement.

In the event that the Consent is not granted by the Majority Lenders under and as defined in the Facilities Agreement, it will be available to Northgate to require the execution of the Backstop Facilities Agreement by Barclays.

The Backstop Facilities have a term of 12 months from the date of the Backstop Facilities Agreement, subject to a 6 months extension (exercisable at the option of Northgate only).

The representations, financial covenants, general covenants and events of default under the Backstop Facilities Agreement generally reflect those of the Facilities Agreement (other than permitting the completion of the Merger) and the Backstop Facilities Agreement contains customary prepayment and cancellation provisions for backstop facilities.

(iii) *Note purchase agreement*

On 31 July 2015, Northgate entered into a note purchase agreement to authorise the issue and sale of €100,000,000 aggregate principal amount of its senior notes to the Prudential Insurance Company of America, the Prudential Retirement Insurance and Annuity Company, the Prudential Legacy Insurance Company of New Jersey, and International Kapitalanlagegesellschaft MBH, Dusseldorf (together, the "**Purchasers**") (the "**Note Purchase Agreement**").

The unpaid principal balance of each is due and payable on 1 August 2022. Interest is due on the 31st day of January and July in each year, commencing from the date the note was issued. Voluntary prepayment, either in full or in part may be made by giving prior notice to each noteholder, subject to certain make-whole provisions.

The Note Purchase Agreement limits the ability of Northgate to substantially change the general nature of Northgate's business, enter into certain mergers (such as those that would result in Northgate being incorporated outside the United Kingdom or certain other jurisdictions) which could result in the imposition of sanctions, incur financial indebtedness, grant security and make disposals (in each case subject to certain exceptions, and as not otherwise permitted in the Note Purchase Agreement).

The covenants, events of default and representations in the Note Purchase Agreement are customary for facilities of this type and are subject to certain carve-outs and/or materiality thresholds.

## 9. Concert parties

- (a) In addition to the Northgate Directors (together with their close relatives and related trusts) and members of the Northgate Group, the persons who, for the purposes of the Takeover Code, are in acting in concert with Northgate are:

<i>Name</i>	<i>Registered office</i>	<i>Relationship with Redde</i>
Goldman Sachs International	Plumtree Court, 25 Shoe Lane, London EC4A 4AU	Lead joint financial adviser to Northgate
Barclays Bank PLC	1 Churchill Place, London E14 5HP	Joint financial adviser and corporate broker to Northgate
Corporate Decisions Limited (and its managing director and their close relatives)	30 Beaumont House 27 Spital Square, London E1 6DX	Commercial adviser to Northgate

- (b) In addition to the Redde Directors (together with their close relatives and related trusts) and members of the Redde Group, the persons who, for the purposes of the Takeover Code, are in acting in concert with Redde are:

<i>Name</i>	<i>Registered office</i>	<i>Relationship with Redde</i>
J.P. Morgan Securities plc	25 Bank St, Canary Wharf, London E14 5JP	Sole financial adviser to Redde
Cenkos Securities plc	6-8 Tokenhouse Yard, London EC2R 7AS	Nominated advisor and joint corporate broker to Redde
N+1 Singer Advisory LLP	One Bartholomew Lane, London, EC2N 2AX	Joint corporate broker to Redde

## 10. Governing law

The Scheme shall be governed by and construed in accordance with English law. The English courts shall have exclusive jurisdiction for determining any matter which may arise under or in connection with the Scheme.

## 11. Post-offer undertakings

No statements in this document constitute "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

## 12. Offer-related arrangements

### (a) Confidentiality Agreement

Northgate and Redde have entered into a mutual confidentiality agreement dated 21 October 2019 pursuant to which each of Northgate and Redde has undertaken, amongst other things, to:

(a) keep confidential information relating to the Merger and the other party and not to disclose it to third parties (other than certain permitted parties) unless required by law or regulation; and

(b) use the confidential information for the sole purpose of evaluating, negotiating, advising on or implementing the potential Merger.

These confidentiality obligations remain in force until the earlier of: (i) two years from the date of the Confidentiality Agreement; and (ii) the Effective Date. The agreement also contains provisions pursuant to which each party has agreed not to solicit certain employees, suppliers and customers of the other party, subject to customary carve-outs, for a period of 12 months from the date of the Confidentiality Agreement.

(b) **Co-operation Agreement**

Northgate and Redde have entered into the Co-operation Agreement, pursuant to which Northgate and Redde have agreed certain undertakings to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made in relation to regulatory clearances and authorisations. Northgate and Redde have also agreed to provide each other with reasonable information, assistance and access for the preparation of the key shareholder documentation.

The Co-operation Agreement records Northgate's and Redde's intention to implement the Merger by way of the Scheme, subject to the ability of Northgate to proceed by way of a Takeover Offer in certain circumstances.

The Co-operation Agreement also contains provisions that will apply in respect of the Redde Share Plans, the Northgate Share Plans and certain other employee incentive arrangements.

The Co-operation Agreement shall be terminated with immediate effect if: (i) Northgate and Redde so agree in writing; (ii) if the Merger is, with the permission of the Panel, withdrawn or lapses in accordance with its terms prior to the Longstop Date; or (iii) if the Scheme has not become effective by the Longstop Date.

Northgate has the right to terminate the Co-operation Agreement if: (i) a Competing Proposal for Redde (as defined in the Co-operation Agreement) completes, becomes effective, or is declared or becomes unconditional in all respects; or (ii) any Condition in so far as it relates to Redde is not satisfied or waived or becomes incapable of satisfaction or waiver (where such invocation has been permitted by the Panel) by the Longstop Date.

Redde has the right to terminate the Co-operation Agreement if: (i) a Competing Proposal for Northgate (as defined in the Co-operation Agreement) completes, becomes effective, or is declared or becomes unconditional in all respects; or (ii) Northgate breaches clause 8.3 of the Co-operation Agreement.

In addition, either party has the right to terminate the Co-operation Agreement if: (i) there is a Redde Adverse Recommendation Change (as defined in the Co-operation Agreement); or (ii) there is a Northgate Adverse Recommendation Change (as defined in the Co-operation Agreement).

**13. Sources and bases**

- (a) As at the close of business on the Disclosure Date, Northgate had in issue 133,232,518 Northgate Shares and Redde had in issue 306,868,351 Redde Shares.
- (b) The fully diluted share capital of Northgate (being 134,828,394 Northgate Shares) is calculated on the basis of:
  - (i) the number of issued Northgate Shares referred to in paragraph 13(a) above; and
  - (ii) 1,595,876 Northgate Shares which may be issued on or after the date of this document on the exercise of options or vesting of awards granted or agreed to be granted under the Northgate Share Plans, after deducting the Northgate Shares held by any Northgate employee benefit trust.
- (c) The fully diluted share capital of Redde (being 312,771,778 Redde Shares) is calculated on the basis of:
  - (i) the number of issued Redde Shares referred to in paragraph 13(a) above; and

- (ii) a maximum of 5,903,427 Redde Shares which may be issued on or after the date of this document on the exercise of options or vesting of awards granted or agreed to be granted under the Redde Share Plans.
- (d) The percentage of the share capital of the Combined Group that Northgate and Redde Shareholders will own on a fully diluted base is calculated on the basis of:
  - (i) the fully diluted share capital of Northgate referred to in paragraph 13(b) above; and
  - (ii) the 114,755,965 New Northgate Shares that Redde Shareholders will receive under the terms of the merger, based on the fully diluted share capital of Redde referred to in paragraph 13(c) above and the Exchange Ratio (of 0.3669 New Northgate Shares in exchange for each Scheme Share).
- (e) Unless otherwise stated, the financial information on Northgate is extracted from Northgate's interim results for the six months ended 31 October 2019.
- (f) The synergy numbers are unaudited and are based on analysis by Northgate's management and Northgate's internal records. Further information underlying the Quantified Financial Benefits Statement contained in this document is provided in Appendix 1 to this document.
- (g) Certain figures contained in this document have been subject to rounding adjustments.

#### **14. General**

- (a) Save as disclosed elsewhere in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Northgate or any party acting in concert with Northgate and any of the directors, recent directors, shareholders or recent shareholders of Redde or any person interested or recently interested in shares of Redde, having any connection with or dependence on the Merger.
- (b) There is no agreement, arrangement or understanding under which any securities acquired pursuant to the Merger will be transferred to any other person, save that Northgate reserves the right to transfer any such securities to any other member of the Wider Northgate Group.
- (c) Except with the consent of the Panel, settlement of the consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without any regard to any lien or right of set-off, counter claim or other analogous right of which any member of the Northgate Group may otherwise be, or claim to be, entitled against such Scheme Shareholder.
- (d) There is no agreement to which Northgate is a party which relates to the circumstances in which it may, or may not, invoke a Condition to the Merger.
- (e) The aggregate fees and expenses expected to be incurred by Northgate in connection with the Merger are estimated to amount to £16,900,000–£17,000,000 plus applicable value added tax and other taxes. The following are estimates expected to comprise the aggregate figure (in each case exclusive of value added tax):
 

(i) Financial and corporate broking advice	£12,000,000
(ii) Legal advice	£2,600,000
(iii) Accounting advice	£995,000
(iv) Public relations advice	£150,000
(v) Other professional services	£260,000–£360,000
(vi) Other costs and expenses	£895,000

*Note: Fees for accounting advice are charged on a time and materials basis. Amounts included in paragraph 14(e)(iii) above for accounting advice reflect time incurred up to the latest practicable date prior to the publication of this document and an estimate of further time required.*

- (f) The aggregate fees and expenses expected to be incurred by Redde in connection with the Merger are estimated to amount to £8,030,000 – £8,530,000 plus applicable value added tax and

other taxes. The following are estimates expected to comprise the aggregate figure (in each case exclusive of value added tax):

(i)	Financial and corporate broking advice	£6,000,000–£6,500,000
(ii)	Legal advice	£1,500,000
(iii)	Accounting advice	Nil
(iv)	Public relations advice	£30,000
(v)	Other professional services	Nil
(vi)	Other costs and expenses	£500,000

## 15. Taxation

**The summary information on taxation in this document is intended as a guide only and is not a substitute for detailed tax advice. Any Redde Shareholders who are in any doubt about their tax position, or who are resident for tax purposes outside the UK, are strongly advised to contact an appropriate independent professional adviser immediately.**

### (a) **UK taxation**

The summary comments set out below are based on current United Kingdom tax law as applied in England and Wales and what is understood to be the current HM Revenue & Customs (“**HMRC**”) practice (which may not be binding on HMRC) as at the date of this document, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide to certain limited aspects of the UK tax treatment of Redde Shareholders in respect of the Merger and apply only to Redde Shareholders resident and, in the case of individuals, domiciled for tax purposes in, and only in, the United Kingdom and to whom “split year” treatment does not apply, who hold shares in Redde as an investment (other than where a tax exemption applies, for example where the shares in Redde are held in an individual savings account or a pension arrangement) and who are the absolute beneficial owners thereof (“**UK Holders**”). Certain categories of Redde Shareholders, including (but not limited to) dealers in securities, those subject to UK tax on the remittance basis, those carrying on certain financial or insurance activities, those subject to specific tax regimes or benefiting from certain reliefs and exemptions, those connected with Redde or the Redde Group and those for whom the shares are employment-related securities may be subject to special rules and this summary does not apply to such shareholders.

The discussion does not address any possible tax consequences relating to an investment in New Northgate Shares. For information on the UK tax consequences of: (i) a subsequent disposal of all or any New Northgate Shares acquired under the Scheme or otherwise; and (ii) dividends paid in respect of any New Northgate Shares, please see paragraphs (a) and (b) of part 20 of the Northgate Prospectus (for which Northgate, the Northgate Directors and the Proposed Northgate Directors are responsible).

Redde Shareholders or prospective Redde Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers.

### (b) **UK tax on capital gains**

A UK Holder’s liability to UK tax on capital gains will depend on the individual circumstances of such UK Holder and on the form of consideration received.

#### (i) *Receipt of New Northgate Shares*

To the extent that a UK Holder receives New Northgate Shares in exchange for his/her Redde Shares and does not hold (either alone or together with persons connected with him/her) more than 5 per cent. of, or of any class of, shares in or debentures of Redde, he/she will not be treated as having made a disposal of his/her Redde Shares. Instead, the New Northgate Shares will be treated as the same asset as those Redde Shares acquired at the same time and for the same consideration as those shares.

A UK Holder who holds (either alone or together with persons connected with him/her) more than 5 per cent. of, or of any class of, shares in or debentures of Redde will be eligible for the above treatment only if the Scheme is effected for bona fide commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is an avoidance of liability to UK capital gains tax or corporation tax. UK Holders are advised that clearance has been sought by Redde under section 138 of the Taxation of Chargeable Gains Act 1992 that HMRC is satisfied that the Scheme will be effected for bona fide commercial reasons and will not form part of any such scheme or arrangements. As at Friday 6 December 2019 (being the latest practicable date prior to the date of this document), Redde has not yet received a response from HMRC in respect of such clearance.

(ii) *Cash*

To the extent that a UK Holder receives cash for his/her Redde Shares in respect of fractional entitlements to New Northgate Shares, that UK Holder will, except in the circumstances set out in the next paragraph, be treated as disposing of Redde Shares which may, depending on the shareholder's individual circumstances (including the availability of exemptions, reliefs or allowable losses), give rise to a liability to UK tax on capital gains.

If a UK Holder receives cash (in respect of fractional entitlements to New Northgate Shares) in addition to New Northgate Shares, in circumstances where the amount of cash received is small in comparison with the value of his/her Redde Shares and the base cost attributable to his/her Redde Shares is equal to or greater than the amount of such cash received, the UK Holder will not be treated as having disposed of the shares in respect of which the cash was received. Instead, an amount equal to the amount of such cash will be deducted from the base cost of his/her New Northgate Shares for the purposes of computing any chargeable gain or allowable loss on a future disposal of the New Northgate Shares.

Under current HMRC practice, any cash payment of: (i) £3,000 or less; or (ii) (if greater) which is 5 per cent. or less of the market value of a UK Holder's holding of Redde Shares should generally be treated as small for these purposes.

In all other cases where a UK Holder receives cash in addition to New Northgate Shares, the UK Holder will be treated as having made a part disposal of his/her Redde Shares which may, depending on the UK Holder's individual circumstances (including the availability of exemption reliefs or allowable losses), give rise to a liability to the tax on chargeable gains. Any chargeable gain shall be computed on the basis of an apportionment of the allowable cost of the holding by reference to the market value of the holding at the time of the disposal.

(c) ***UK stamp duty and stamp duty reserve tax ("SDRT")***

No UK stamp duty or SDRT should be payable by Redde Shareholders on the exchange of their Scheme Shares for New Northgate Shares and/or cash under the Scheme.

**16. Significant change**

- (a) Other than the payment on 7 November 2019 of the final dividend for the financial year ended 30 June 2019, the Redde Directors are not aware of any significant change in the financial or trading position of Redde since 30 June 2019, being the date to which the Redde Group's latest audited consolidated accounts were prepared.
- (b) The Northgate Directors are not aware of any significant change in the financial or trading position of Northgate since 31 October 2019, being the date to which the Northgate Group's interim results were prepared.



## **17. Consent**

- (a) J.P. Morgan Cazenove has given and has not withdrawn their written consent to the issue of this document with the inclusion of their names and the references to them in the form and context in which they are included.
- (b) Goldman Sachs and Barclays have given and have not withdrawn their written consent to the issue of this document with the inclusion of their names and the references to them in the form and context in which they are included.

## **18. Documents available on websites**

Copies of the following documents will be made available on Redde's website at [www.redde.com](http://www.redde.com) and Northgate's website at [www.northgateplc.com](http://www.northgateplc.com) during the period from the date on which this document is published up to and including the Effective Date (or the date on which the Scheme lapses):

- (a) this document and the Forms of Proxy;
- (b) any announcements issued by Redde and/or Northgate in connection with the Scheme;
- (c) the memorandum and articles of association of Redde;
- (d) the memorandum and articles of association of Northgate;
- (e) the Northgate Prospectus;
- (f) the Northgate Circular;
- (g) a draft of the articles of association of Redde as proposed to be amended by the Redde Special Resolution;
- (h) the published audited consolidated accounts of the Redde Group for the two financial years ended 30 June 2018 and 30 June 2019. These accounts have been incorporated into this document by reference to the above website in accordance with Rule 24.15 of the Takeover Code;
- (i) the published audited consolidated accounts of the Northgate Group for the two financial years ended 30 April 2018 and 30 April 2019. These accounts have been incorporated into this document by reference to the above website in accordance with Rule 24.15 of the Takeover Code;
- (j) the interim results of the Northgate Group for the six month period to 31 October 2019 set out in the interim report for that period. These results have been incorporated into this document by reference to the above website in accordance with Rule 24.15 of the Takeover Code;
- (k) the irrevocable commitments referred to in Part 7, paragraph 4 of this document;
- (l) the offer related arrangements or other agreements or commitments permitted under or excluded from Rule 21.2 referred to in Part 7, paragraph 12 of this document;
- (m) the letters of consent referred to in Part 7, paragraph 17 of this document;
- (n) a copy of the written confirmation letters from each of PwC, Goldman Sachs and Barclays referred to in Appendix 1 to this document; and
- (o) template forms of the Rule 15 Letters.

## PART 8

### DEFINITIONS

The following definitions apply throughout this document (other than in those parts of this document containing separate definitions), unless the context otherwise requires.

<b>Admission</b>	admission of the New Northgate Shares to the premium listing segment of the Official List and to trading on the Main Market;
<b>AIM</b>	the London Stock Exchange's alternative investment market;
<b>AIM Rules</b>	the rules for AIM companies published by the London Stock Exchange from time to time;
<b>Announcement</b>	the announcement by Northgate on 29 November 2019 of its firm intention to make an offer to acquire the entire issued and to be issued share capital of Redde in accordance with Rule 2.7 of the Takeover Code;
<b>Barclays</b>	Barclays Bank PLC, acting through its Investment Bank, joint financial adviser and corporate broker to Northgate;
<b>Board</b>	as the context requires, the board of directors of Northgate or the board of directors of Redde and the terms the <b>Northgate Directors</b> and <b>Redde Directors</b> shall be construed accordingly;
<b>Business Day</b>	a day on which banks are generally open for business in London (apart from Saturdays, Sundays and bank holidays);
<b>certificated or in certificated form</b>	in relation to a share or other security, a share or other security which is not in uncertificated form (i.e. not in CREST);
<b>CEO</b>	chief executive officer;
<b>CFO</b>	chief financial officer;
<b>Combined Group</b>	the enlarged group following completion of the Merger comprising of the Northgate Group and Redde Group;
<b>Companies Act</b>	the UK Companies Act 2006, as amended from time to time;
<b>Company</b>	see <b>Redde</b> ;
<b>Completion</b>	completion of the Merger;
<b>Conditions</b>	the conditions to the Merger as set out in Part 4 of this document;
<b>Confidentiality Agreement</b>	the mutual confidentiality agreement 21 October 2019 between Northgate and Redde as described in paragraph 12(a) of Part 7;
<b>Co-operation Agreement</b>	the agreement dated 29 November 2019 between Northgate and Redde as described in paragraph 12(b) of Part 7;
<b>Court</b>	the High Court of Justice of England and Wales;
<b>Court Hearing</b>	the hearing of the Court to sanction the Scheme under section 899 of the Companies Act and, if such hearing is adjourned, reference to commencement of any such hearing shall mean the commencement of the final adjournment thereof;

<b>Court Meeting</b>	the meeting(s) of the Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act, notice of which is set out in Part 9 of this document, for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment), including any adjournment thereof;
<b>Court Order</b>	the order of the Court sanctioning the Scheme under section 899 of the Companies Act;
<b>CREST</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form;
<b>CREST Manual</b>	the CREST Manual published by Euroclear, as amended from time to time;
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
<b>Daily Official List</b>	the daily official list published by the London Stock Exchange;
<b>Dealing Disclosure</b>	has the same meaning as in Rule 8 of the Takeover Code;
<b>Disclosed</b>	<p>in respect of the Wider Redde Group, information which has been disclosed by or on behalf of Redde: (i) in the annual report and accounts of the Redde Group for the 12 month period to 30 June 2019; (ii) in the Announcement; (iii) in any other public announcement by, or on behalf of, Redde in accordance with the Listing Rules, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules of the FCA (as applicable) prior to the date of the Announcement; or (iv) in writing prior to the date of the Announcement by or on behalf of Redde to Northgate (or its respective officers, employees, agents or advisers in their capacity as such); and</p> <p>in respect of the Wider Northgate Group, information which has been disclosed by or on behalf of Northgate: (i) in the annual report and accounts of the Northgate Group for the 12 month period to 30 April 2019; (ii) in the half yearly results announcement of the Northgate Group for the six month period to 31 October 2019; (iii) in the Announcement; (iv) in any other public announcement by, or on behalf of, Northgate in accordance with the Listing Rules, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules of the FCA (as applicable) prior to the date of the Announcement; or (v) in writing prior to the date of the Announcement by or on behalf of Northgate to Redde (or its respective officers, employees, agents or advisers in their capacity as such);</p>
<b>EBITDA</b>	earnings before interest, tax, depreciation and amortisation;
<b>Effective</b>	<p>in the context of the Merger:</p> <p>(i) if the Merger is implemented by way of the Scheme, means the Scheme having become effective in accordance with its terms; or</p>

	(ii) if the Merger is implemented by way of a Takeover Offer, such offer having become or been declared unconditional in all respects in accordance with its terms;
<b>Effective Date</b>	the date upon which either the Scheme or (if applicable) the Takeover Offer becomes Effective;
<b>Euroclear</b>	Euroclear UK & Ireland Limited, incorporated in England and Wales with registered number 02878738, the operator of CREST;
<b>Exchange Ratio</b>	the exchange ratio of 0.3669 New Northgate Shares in exchange for each Redde Share;
<b>Excluded Shares</b>	any Redde Shares beneficially owned by Northgate or any other member of the Wider Northgate Group;
<b>Executive Directors</b>	Martin Ward, Stephen Oakley and Mark Chessman;
<b>Explanatory Statement</b>	the explanatory statement relating to the Scheme, as set out in Part 2 of this document, which together with the documents incorporated therein and the rest of this document constitute the explanatory statement relating to the Scheme as required by section 897 of the Companies Act;
<b>FCA</b>	the Financial Conduct Authority of the United Kingdom, acting in its capacity as the competent authority for the purposes of FSMA;
<b>Forms of Proxy</b>	the pink and blue forms of proxy enclosed with this document for use in connection with (i) the Court Meeting; and (ii) the Redde General Meeting, respectively, and <b>Form of Proxy</b> means either of them;
<b>FSMA</b>	the Financial Services and Markets Act 2000;
<b>Goldman Sachs</b>	Goldman Sachs International, lead joint financial adviser to Northgate;
<b>J.P. Morgan Cazenove</b>	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove, sole financial adviser and Rule 3 independent financial adviser to Redde;
<b>LIBOR</b>	the London Inter-Bank Offered Rate;
<b>Listing Rules</b>	the rules and regulations made by the FCA under the Financial Services and Markets Act 2000, and contained in the FCA's publication of the same name;
<b>LMA</b>	Loan Market Association;
<b>London Stock Exchange</b>	London Stock Exchange plc, together with any successors thereto;
<b>Longstop Date</b>	30 April 2020, or such later date (if any) as Northgate and Redde may agree, with the consent of the Panel, and as the Court may approve (if such consent(s)/approval(s) are required);
<b>Main Market</b>	the main market for listed securities of the London Stock Exchange;
<b>Market Abuse Regulation</b>	Regulation (EU) No. 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse (and/or, as applicable, such regulation as it forms part of the domestic

	UK law by virtue of section 3 of the European Union (Withdrawal) Act 2018, as amended from time to time);
<b>Meetings</b>	the Court Meeting and the Redde General Meeting, and <b>Meeting</b> means either of them;
<b>Merger</b>	the recommended share-for-share merger of Northgate and Redde by the acquisition of the entire issued and to be issued share capital of Redde by Northgate, to be implemented by way of a Scheme or (should Northgate so elect, subject to the consent of the Panel and the terms of the Co-operation Agreement) by way of a Takeover Offer and, where the context admits, any subsequent revision, variation, extension or renewal thereof;
<b>New Northgate Shares</b>	the new Northgate Shares proposed to be issued to Scheme Shareholders whose names appear on Redde's register of members at the Scheme Record Time in connection with the Merger or in consideration for the transfer to Northgate of Redde Shares pursuant to the articles of association of Redde, as amended by the Redde Special Resolution;
<b>Northgate</b>	Northgate plc, a public limited company incorporated in England and Wales with company number 00053171 the name of which is proposed to be changed to Redde Northgate plc with effect from and subject to Completion;
<b>Northgate Circular</b>	the circular to be sent by Northgate to Northgate Shareholders summarising the background to the Merger, which includes a notice convening the Northgate Shareholder Meeting;
<b>Northgate Directors</b>	the directors of the Northgate as at the date of this document or, where the context so requires, the directors of the Northgate from time to time;
<b>Northgate EPSP</b>	the Northgate 2019 Executive Share Plan as amended and approved on 23 September 2019;
<b>Northgate Group</b>	Northgate, its subsidiaries and its subsidiary undertakings from time to time, and, where the context permits, each of them;
<b>Northgate Prospectus</b>	the prospectus to be published by Northgate at or around the same time as this document in respect of the New Northgate Shares to be issued to Redde Shareholders in connection with the Merger and for the purpose of Admission;
<b>Northgate Quantified Financial Benefits Statement</b>	as defined in Appendix 1 to this document;
<b>Northgate Shareholder Meeting</b>	the general meeting of Northgate Shareholders (including any adjournment thereof) to be convened for the purpose of considering and, if thought fit, approving the Northgate Shareholder Resolutions including any adjournment thereof;
<b>Northgate Share Plans</b>	the Northgate EPSP, the Northgate All Employee Share Scheme and the Deferred Annual Bonus Plan;
<b>Northgate Shareholders</b>	the holders of Northgate Shares;
<b>Northgate Shareholder Resolutions</b>	the ordinary shareholder resolutions of Northgate required to satisfy the Conditions to the Merger being to: (i) approve the Merger as a class 1 transaction for the purposes of the Listing

	Rules; and (ii) grant authority to the directors of Northgate to allot the New Northgate Shares (and any amendments thereto);
<b>Northgate Shares</b>	the ordinary shares of 50 pence each in the capital of Northgate;
<b>Northgate Statement</b>	the statement confirmed by the directors of Northgate in accordance with Appendix 2 to this document;
<b>Non-Executive Directors</b>	John Davies and Mark McCafferty;
<b>Non-Permitted Northgate Dividends</b>	has the meaning given to it in paragraph 5 of Part 2 of this document;
<b>Non-Permitted Redde Dividends</b>	has the meaning given to it in paragraph 5 of Part 2 of this document;
<b>Offer Document</b>	should the Merger be implemented by means of a Takeover Offer, the document to be sent to Redde Shareholders containing the full terms and conditions of such Takeover Offer;
<b>Offer Period</b>	the offer period (as defined in the Takeover Code) relating to Redde, which commenced on 29 November 2019;
<b>Official List</b>	the Official List maintained by the FCA;
<b>Opening Position Disclosure</b>	has the same meaning as in Rule 8 of the Takeover Code;
<b>Overseas Shareholders</b>	Redde Shareholders (or nominees of, or custodians or trustees for Redde Shareholders) who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom;
<b>Panel</b>	the UK Panel on Takeovers and Mergers;
<b>Permitted Northgate Dividends</b>	has the meaning given to it paragraph 5 of Part 2 of this document;
<b>Permitted Redde Dividends</b>	has the meaning given to it in paragraph 5 of Part 2 of this document;
<b>PRA</b>	the Prudential Regulation Authority;
<b>Proposed Northgate Directors</b>	the Redde Directors proposed to join the board of the Combined Group, being Martin Ward as CEO and executive director and John Davies, Mark McCafferty and Stephen Oakley as non-executive directors;
<b>PwC</b>	PricewaterhouseCoopers LLP;
<b>Redde or the Company</b>	Redde plc, a public limited company incorporated in England and Wales with company number 03120010;
<b>Redde Directors</b>	the directors of Redde as at the date of this document or, where the context requires, the directors of Redde from time to time;
<b>Redde Equalisation Dividend</b>	has the meaning given to it in paragraph 5 of Part 2 of this document;
<b>Redde General Meeting</b>	the general meeting of Redde Shareholders (including any adjournment thereof) to be convened in connection with the Scheme, notice of which is set out in Part 10 of this document;
<b>Redde Group</b>	Redde, its subsidiaries and its subsidiary undertakings from time to time, and, where the context permits, each of them;
<b>Redde PSP</b>	the Redde 2016 Share Performance Plan;



<b>Redde SAYE Plan</b>	the Redde 2014 SAYE Scheme;
<b>Redde Share Plans</b>	the Redde SAYE Plan and the Redde PSP;
<b>Redde Shareholders or Shareholders</b>	the holders of Redde Shares from time to time;
<b>Redde Shares</b>	the ordinary shares of 0.1 pence each in the capital of Redde;
<b>Redde Special Resolution</b>	the special resolution set out in the notice of Redde General Meeting in Part 10 of this document in connection with, among other things, the approval and implementation of the Scheme and the alteration of Redde's articles of association and such other matters as may be necessary to implement the Scheme and the delisting of the Redde Shares;
<b>Registrar or Link Asset Services</b>	Link Asset Services of The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, registrar of Redde;
<b>Registrar of Companies</b>	means the Registrar of Companies of England and Wales;
<b>Regulatory Information Service</b>	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements;
<b>Restricted Jurisdiction</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Merger is sent or made available to Redde Shareholders in that jurisdiction;
<b>Restricted Persons</b>	Redde Shareholders resident in, or nationals or citizens of, a Restricted Jurisdiction or who are nominees or custodians, trustees or guardians for, citizens, residents or nationals of a Restricted Jurisdiction;
<b>Scheme</b>	the scheme of arrangement proposed to be made under Part 26 of the Companies Act between Redde and the Scheme Shareholders to implement the Merger, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Redde and Northgate;
<b>Scheme Court Hearing</b>	the hearing of the Court to sanction the Scheme and, if such hearing is adjourned, reference to commencement of any such hearing shall mean the commencement of the final adjournment thereof;
<b>Scheme Court Order</b>	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act;
<b>Scheme Document</b>	this document;
<b>Scheme Record Time</b>	6.00 pm (London time) on the date of the Scheme Court Hearing;
<b>Scheme Shareholders</b>	holders of Scheme Shares at any relevant date or time;
<b>Scheme Shares</b>	the Redde Shares: <ul style="list-style-type: none"> <li>(i) in issue at the date of this document;</li> <li>(ii) (if any) issued after the date of this document and before the Scheme Voting Record Time;</li> <li>(iii) (if any) issued at or after the Scheme Voting Record Time but before the Scheme Record Time on terms that the holder thereof shall be bound by the Scheme or in respect</li> </ul>

of which the original or any subsequent holders thereof are, or have agreed in writing to be, bound by the Scheme,

but in each case other than the Excluded Shares;

<b>Scheme Voting Record Time</b>	6.00 pm on the day two days before the date of the Court Meeting or any adjournment of it (as the case may be), in each case excluding any day that is not a Business Day;
<b>SEC</b>	the United States Securities and Exchange Commission;
<b>Shareholder</b>	see Redde Shareholder;
<b>short position</b>	a short position whether conditional or absolute and whether in the money or otherwise including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery;
<b>SRA</b>	Solicitors Regulation Authority;
<b>Substantial Interest</b>	in relation to an undertaking, a direct or indirect interest in 20 per cent. or more of the total voting rights conferred by the equity share capital of such undertaking;
<b>subsidiary and subsidiary undertaking</b>	have the meanings given to them in the Companies Act;
<b>Takeover Code</b>	the City Code on Takeovers and Mergers;
<b>Takeover Offer</b>	if (subject to the consent of the Panel and the terms of the Co-operation Agreement) Northgate elects to effect the Merger by way of a takeover offer (as defined in Chapter 3 of Part 28 of the Companies Act), the offer to be made by or on behalf of Northgate to acquire the issued and to be issued ordinary share capital of Redde on the terms and subject to the conditions to be set out in the related offer document and, where the context admits, any subsequent revision, variation, extension or renewal thereof;
<b>uncertificated or in uncertificated form</b>	in relation to a share or other security, a share or other security the title to which is recorded as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>United States of America, United States or US</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
<b>US Exchange Act</b>	the United States Securities Exchange Act 1934 (as amended);
<b>Wider Northgate Group</b>	Northgate and the subsidiaries and subsidiary undertakings of Northgate and associated undertakings (including any body corporate, joint venture, partnership, firm or company in which any member of the Northgate Group is interested or any undertaking in which Northgate and such undertakings (aggregating their interests) have a Substantial Interest); and

**Wider Redde Group**

Redde and the subsidiaries and subsidiary undertakings of Redde and associated undertakings (including any body corporate, joint venture, partnership, firm or company in which any member of the Redde Group is interested or any undertaking in which Redde and such undertakings (aggregating their interests) have a Substantial Interest).

In this document, the following terms have the meaning given to them in the Takeover Code: **"acting in concert"**, **"connected adviser"**, **"dealing"** (and **"dealt"** shall be construed accordingly), **"derivative"**, **"exempt fund manager"**, **"exempt principal trader"**, **"interests in securities"** (and reference to a person having an interest in securities shall be construed accordingly).

## PART 9

### NOTICE OF COURT MEETING

**IN THE HIGH COURT OF JUSTICE,  
BUSINESS AND PROPERTY COURTS  
OF ENGLAND AND WALES,  
COMPANIES COURT (ChD)**

**CR-2019-007610**

**Deputy Insolvency and Companies Court Judge Frith**

**IN THE MATTER OF REDDE PLC**

**– and –**

**IN THE MATTER OF THE COMPANIES ACT 2006**

NOTICE IS HEREBY GIVEN that by an order dated Tuesday 10 December 2019 made in the above matters (the "**Order**"), the High Court of Justice in England and Wales (the "**Court**") has given permission for a meeting (the "**Court Meeting**") to be convened of the Scheme Shareholders (as defined in the scheme of arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the "**Scheme of Arrangement**") proposed to be made between the Company and the Scheme Shareholders and that such meeting will be held at the offices of Bryan Cave Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA on Wednesday 15 January 2020 at 10.00 am at which place and time all Scheme Shareholders are requested to attend.

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the Scheme Document of which this Notice forms part. Capitalised terms used but not defined in this Notice shall have the meaning given to them in the Scheme Document.

Voting on the resolution to approve the Scheme will be by poll, which will be conducted as the chairman of the Court Meeting or the Registrar may determine.

**Scheme Shareholders entitled to attend and vote at the Court Meeting may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend, speak and vote in their place. A pink Form of Proxy for use at the Court Meeting is enclosed with this notice. Scheme Shareholders who hold their shares in uncertificated form (i.e. in CREST) are requested to complete CREST proxy instructions in accordance with the procedures described in the CREST Manual, which can be viewed at [www.euroclear.com/CREST](http://www.euroclear.com/CREST).**

**Completion and return of the pink Form of Proxy or the appointment of a proxy through CREST will not prevent a Scheme Shareholder from attending and voting at the Court Meeting, or any adjournment thereof.**

Scheme Shareholders are entitled to appoint a proxy in respect of some or all of their Scheme Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Scheme Shareholders who wish to appoint more than one proxy in respect of their holding of Scheme Shares should contact Link Asset Services for further Forms of Proxy.

It is requested that Forms of Proxy (and any power of attorney or other authority under which the same are signed) and CREST proxy instructions be lodged with the Registrar, Link Asset Services at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, and CREST proxy instructions be submitted in each case not less than 48 hours (excluding non-Business Days) before the time appointed for the Court Meeting or any adjournment thereof. Forms of Proxy not so lodged may be handed to the chairman of the Court Meeting or the Registrar at the Court Meeting before the taking of the poll.

In the case of joint holders of the Scheme Shares, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As an alternative to appointing a proxy, any Scheme Shareholder which is a corporation may vote by a corporate representative appointed in accordance with the Companies Act.

Entitlement to attend, speak and vote at the Court Meeting, or any adjournment thereof, and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company as at 6.00 pm (London time) on the day which is two Business Days before the date of the Court Meeting or adjourned meeting (as the case may be). In each case, changes to the register of members of the Company after such time will be disregarded for the purposes of determining entitlement to attend, speak and vote.

By the said Order, the Court has appointed John Davies or, failing him, Martin Ward or, failing him, any other director of the Company to act as chairman of the Court Meeting and has directed the chairman to report the result of the Court Meeting to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated Thursday 12 December 2019

**Bryan Cave Leighton Paisner LLP**  
Adelaide House  
London Bridge  
London EC4R 9HA  
Solicitors for the Company

## PART 10

### NOTICE OF GENERAL MEETING

#### REDDE PLC

*(incorporated in England and Wales with registered number 03120010)*

Notice is hereby given that a general meeting (the "**Redde General Meeting**") of Redde plc (the "**Company**") will be held at the offices of Bryan Cave Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA on Wednesday 15 January 2020 at 10.15 am (or as soon thereafter as the Court Meeting shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution as a special resolution. Capitalised terms in this Notice shall, unless defined herein, have the same meanings as defined in the Scheme Document of which this Notice forms part.

#### SPECIAL RESOLUTION

**1. THAT:**

- (a) for the purpose of giving effect to the scheme of arrangement dated Thursday 12 December 2019 (the "**Scheme**"), in its original form or subject to any modification, addition or condition agreed between the Company and Northgate plc ("**Northgate**") and approved or imposed by the Court, proposed to be made between the Company and the Scheme Shareholders (as defined in the Scheme), a print of which has been produced to the Redde General Meeting and (for the purpose of identification only) signed by the chairman of the Redde General Meeting, the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
- (b) with effect from the passing of this resolution, the articles of association of the Company be amended by including the following new article as Article 130 (and amending the remainder of the articles and any cross-references thereto accordingly):

**"130 Scheme of Arrangement**

130.1 In this Article, references to the "**Scheme**" are to the scheme of arrangement dated Thursday 12 December 2019 under section 899 of the Companies Act 2006, between the Company and the Scheme Shareholders (as defined in the Scheme), as it may be modified or amended in accordance with its terms, and (save as defined in this Article) expressions defined in the Scheme shall have the same meanings in this Article.

130.2 Notwithstanding any other provision of these Articles, if the Company issues any ordinary shares after the adoption of this Article and prior to the Scheme Record Time (as defined in the Scheme), such shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holder or holders of such shares shall be bound by the Scheme accordingly.

130.3 Notwithstanding any other provision of these Articles and subject to the Scheme becoming effective, if any ordinary shares are issued to any person (other than to Northgate or its nominee(s)) (a "**New Member**") at or after the Scheme Record Time, such ordinary shares (the "**Disposal Shares**") shall, at the Effective Time or, if later, on issue, be immediately transferred to Northgate (or to such person as Northgate may otherwise direct) in consideration of (subject as hereinafter provided) the allotment and issue or transfer to the New Member of such number of Northgate Shares (the "**Consideration Shares**") (and the payment of cash in respect of fractional entitlements, as described in paragraph 130.6 of this Article) that the New Member would have been entitled to under the Scheme had each Disposal Share been a Scheme Share, provided that if, in respect of any New Member who is resident, located or has a registered address in a jurisdiction outside the United Kingdom or the United States or whom Northgate reasonably believes to be a citizen, resident or national of a jurisdiction outside the United Kingdom or the United States, Northgate is advised that the law of a country or territory outside the United



Kingdom and the United States: (i) precludes the allotment, issue and/or delivery to that New Member of Consideration Shares; or (ii) precludes the matters referred to in (i) except after compliance by the Company or Northgate (as the case may be) with any governmental or other consent or any registration, filing or other formality with which the Company and/or Northgate is unable to comply or compliance with which the Company and/or Northgate (as the case may be) regards as unduly onerous, then Northgate may, in its sole discretion determine that such Consideration Shares shall not be allotted, issued and delivered to such New Member, but shall instead be allotted, issued and delivered to a person appointed by Northgate for such New Member on terms that such person shall, as soon as practicable following the allotment and issue of such New Northgate Shares, sell the New Northgate Shares so issued. In the event that the Consideration Shares are to be sold pursuant to the preceding sentence, the Company shall appoint a person to act, and who shall be authorised, as attorney or agent for the New Member pursuant to this Article and such person shall be authorised on behalf of such New Member to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member and to give such instructions and to do all other things which he or she may consider necessary or expedient in connection with such sale. The net proceeds of such sale (after the deduction of all expenses and commissions incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid to the persons entitled thereto in due proportion as soon as practicable following such sale, save that any fractional cash entitlements shall be rounded down to the nearest whole penny.

- 130.4 The Consideration Shares allotted and issued or transferred to a New Member pursuant to paragraph 130.3 of this Article shall be credited as fully paid and shall rank *pari passu* in all respects with the Northgate Shares in issue at that time (other than as regards any dividend or other distribution payable by reference to a record date preceding the date of allotment or transfer).
- 130.5 On any reorganisation of, or material alteration to, the share capital of either the Company or Northgate (including, without limitation, any subdivision and/or consolidation) effected after the Effective Date, the number of Consideration Shares to be allotted and issued or transferred to a New Member for each Disposal Share under paragraph 130.3 of this Article may be adjusted by the Directors in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this Article to ordinary shares Consideration Shares and Disposal Shares shall, following such adjustment, be construed accordingly.
- 130.6 No fraction of a Consideration Share shall be allotted, issued or transferred to a New Member pursuant to this Article. Any fraction of a Consideration Share to which a New Member would otherwise have become entitled shall be aggregated with the fractional entitlements of any other New Members whose shares are being transferred under this Article on the same date and the maximum whole number of Consideration Shares resulting therefrom shall be allotted and issued to a person appointed by Northgate to hold such Consideration Shares on behalf of the relevant New Members. Such Consideration Shares shall then be sold in the market as soon as practicable after the Effective Time, or, if later, their allotment and issue, and the net proceeds of sale (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid in sterling in due proportion to the persons entitled thereto (rounded down to the nearest penny). However, fractional entitlements to amounts (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) of £5 or less shall not be paid to the relevant New Members who would otherwise be entitled to them, but shall be retained for the benefit of Northgate.
- 130.7 To give effect to any transfer of Disposal Shares, the Company may appoint any person as attorney (on the basis that any such appointment shall be irrevocable for a period of two months from the date upon which such New Member is issued the Disposal Shares for that New Member) or agent for the New Member to transfer the Disposal Shares to Northgate and/or its nominee(s) and do all such other things and execute and deliver all such

documents as may in the opinion of the attorney or agent be necessary or desirable to vest the Disposal Shares in Northgate or its nominee(s) and pending such vesting to exercise all such rights attaching to the Disposal Shares as Northgate may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney or agent fails to act in accordance with the directions of Northgate) be entitled to exercise any rights attaching to the Disposal Shares unless so agreed by Northgate. The attorney or agent shall be empowered to execute and deliver as transferor a form or forms of transfer or other instrument(s) or instruction(s) of transfer on behalf of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) in favour of Northgate and/or its nominee(s) and the Company may give a good receipt for the consideration for the Disposal Shares and may register Northgate and/or its nominee(s) as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for the Disposal Shares. Northgate shall, subject to paragraph 130.3 of this Article, allot and issue or transfer the Consideration Shares to the New Member (and send a cheque in respect of any fractional entitlements in accordance with paragraph 130.6 of this Article and in circumstances where the provision in paragraph 130.3 of this Article applies) within 10 business days of the issue of the Disposal Shares to the New Member.

130.8 Notwithstanding any other provision of these Articles, neither the Company nor the Directors shall register the transfer of any Disposal Shares and/or any Scheme Shares between the Scheme Record Time and the Effective Date.

130.9 If the Scheme shall not have become effective by the Longstop Date of the Scheme, this Article 130 shall be of no effect."

*By Order of the Board*

**Nicholas Tilley**  
*Company Secretary*

*Registered Office:*

Pinesgate  
Lower Bristol Road  
Bath, BA2 3DP

Thursday 12 December 2019

Registered in England and Wales  
No. 03120010

## NOTES TO THE NOTICE OF GENERAL MEETING

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the Redde General Meeting. A shareholder may appoint more than one proxy in relation to the Redde General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A blue Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this document.
2. The return of a completed Form of Proxy or any CREST proxy instruction (as described in paragraph 4 below), will not prevent a shareholder attending the Redde General Meeting and voting in person if he/she wishes to do so and is so entitled.
3. If you are a user of the CREST system (including a CREST personal member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint a proxy or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, the CREST message must be received by the Registrar (CREST participant ID RA10) not later than 10.15 am on Monday 13 January 2020 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Registrar is able to retrieve the message.
4. CREST Personal Members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings, please refer to the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
5. Alternatively, you may request a hard copy Form of Proxy directly from the Registrar. A hard copy Form of Proxy together with any power of attorney or other authority under which it is signed, or a duly certified copy thereof, must be received by the Registrar at Link Asset Services, PXS 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 10.15 am on Monday 13 January 2020 (or, in the case of an adjournment, not later than 48 hours (excluding non-Business Days) before the time fixed for the holding of the adjourned meeting).
6. Entitlement to attend and vote at the meeting and the number of votes which may be cast at the meeting will be determined by reference to the register of members of the Company as at 6.00 pm on Monday 13 January 2020.
7. If the meeting is adjourned, entitlement to attend and vote will be determined by reference to the register of members of the Company as at 6.00 pm on the date two days prior to the adjourned meeting (excluding non-Business Days). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
9. In the case of joint holders, where more than one of the joint holders purports to vote (including voting by proxy), the only vote which will count is the vote of the person whose name is listed before the other joint holder(s) on the register of members of the Company for the share.
10. Any shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting, but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
11. A copy of this Notice of General Meeting, and other information required by section 311A of the Companies Act 2006, can be found at [www.redde.com](http://www.redde.com). Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, these notes.
12. Shareholders should only use any electronic address provided in either this Notice of General Meeting or any related documents (including the Chairman's letter and the Form of Proxy) to communicate with the Company for the purposes expressly stated.
13. At the close of business on Friday 6 December 2019, being the latest practicable date prior to the publication of this notice, the Company had 306,868,351 ordinary shares in issue (none of which were held in treasury). Therefore, the total number of voting rights in the Company was 306,868,351. The ordinary shares have a nominal value of £0.001 each. On a poll, each holder of ordinary shares has one vote per share.

## APPENDIX 1

### NORTHGATE QUANTIFIED FINANCIAL BENEFITS STATEMENT

Paragraph 3 of Part 1 of this document contains statements of estimated cost savings and synergies arising from the Merger (together, the "**Northgate Quantified Financial Benefits Statement**").

A copy of the Northgate Quantified Financial Benefits Statement is set out below.

*"Northgate and Redde have identified significant savings that they expect to result from the Merger. The Boards of Northgate and Redde expect that the Merger will generate pre-tax cost synergies of at least £10 million per annum, with target run-rate phasing of £7 million at the end of the first 12 months following Completion and £10 million at the end of the second 12 months following Completion.*

*These cost synergies are expected to be delivered from the following areas:*

- *Corporate and support functions (approximately 45 per cent. of total pre-tax cost synergies): Rationalisation and consolidation of corporate and support functions, removal of duplicate public company costs and optimisation of procurement;*
- *Network (approximately 35 per cent. of total pre-tax cost synergies): Operational savings from optimisation of the combined networks given enhanced scale of the Combined Group which is expected to enable the removal of branch overlap and the better optimisation of the network density of the Combined Group; and*
- *Accident and fleet management (approximately 20 per cent. of total pre-tax cost synergies): Operational savings from consolidating and rationalising the accident and fleet management capabilities of the Combined Group.*

*In achieving these cost synergies, the Combined Group expects to incur aggregate cash implementation costs of approximately £10 million. It is expected that approximately 70 per cent. of the total integration costs will be incurred in the first 12 months following Completion with the balance being incurred in the second 12 months following Completion.*

*Aside from these one-off costs, the Board of Northgate and the Board of Redde do not expect any material dis-synergies to arise from the creation of the Combined Group.*

*The identified synergies will accrue as a direct result of the Merger and would not be achieved on a standalone basis. Further information on the bases of belief supporting the Northgate Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out in Appendix 1."*

Further information on the basis of belief supporting the Northgate Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out below:

#### **Basis of belief**

Following commencement of discussions regarding the creation of the Combined Group, a team with members of the management team from Northgate and Redde (the "**Synergy Team**") was established to identify areas of potential savings and validate the cost benefit plan. The Northgate and Redde teams worked collaboratively to identify integration initiatives and estimate the timing and quantum of cost benefits available.

In preparing the Northgate Quantified Financial Benefits Statement, both Northgate and Redde have shared certain operating and financial information to facilitate a detailed analysis in support of evaluating the potential cost benefits available from the creation of the Combined Group. In circumstances where data have been limited for commercial or other reasons, the Synergy Team has made estimates and assumptions to aid its development of individual cost benefit initiatives.

In general, the cost benefit assumptions have in turn been risk adjusted, exercising a degree of prudence in the calculation of the estimated cost benefits set out above.

In arriving at the Northgate Quantified Financial Benefits Statement, Northgate have assumed:

- no material change in law and regulations, changes in government policies and changes in accounting standards;
- no unanticipated financial impact of the UK's EU Referendum on 23 June 2016;
- no significant impact on the underlying operations of either business from the creation of the Combined Group;
- no material change in foreign exchange rates; and
- no material divestments from either the Northgate or Redde existing businesses.

The baselines used for the quantified cost synergies were:

- For Northgate: full year operating expenses for the financial year ended 30 April 2019; and
- For Redde: full year operating expenses for the financial year ended 30 June 2019.

### **Confirmations**

On 29 November 2019, PwC, as reporting accountants to Northgate, and Goldman Sachs and Barclays, as joint financial advisers to Northgate, gave the reports relating to the Northgate Quantified Financial Benefits Statements required by Rule 28.1(a) of the Takeover Code. Copies of their reports were included in Parts B and C of Appendix 4 of the Announcement.

The Northgate Directors confirm that:

- 1 the Northgate Quantified Financial Benefit Statement remains valid; and
- 2 as required by Rule 27.2(d)(ii) of the Takeover Code each of PwC, Goldman Sachs and Barclays has confirmed to Northgate that their respective reports produced in connection with the Northgate Quantified Financial Benefit Statement continue to apply.

### **Note**

The statements of estimated cost benefits relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost benefits referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

Other than the Northgate Statement, no statement in the Northgate Quantified Financial Benefits Statement or this document generally should be construed as a profit forecast or interpreted to mean that Northgate's earnings in the full first full year following the Merger, or in any subsequent period, would necessarily match or be greater than or be less than those of Northgate and/or Redde for the relevant preceding financial period or any other period.

Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost benefits may be materially greater or less than those estimated.

## APPENDIX 2

### NORTHGATE STATEMENT

#### Northgate Statement

On 29 November 2019, Northgate announced its interim results for the six months ended 31 October 2019. As part of that announcement Northgate made the following statements regarding the outlook for its business (the "**Interim Statements**") as an update to statements made on 25 June 2019 at the time of the announcement of its results for the 12 months ended 30 April 2019 (the "**Full Year Statements**"):

"The Company re-confirms its guidance for the current year in relation to the Group's hire revenue growth, where we continue to expect low to mid single digit year-on-year growth %."

"the Company now expects the Group rental profit margin to improve by at least 50 basis points year-on-year"

"Group disposal profits are now expected to decrease by approximately 20% on the prior year"

When considered together the Interim Statements imply an expected level of revenue and underlying profit before tax for the 12 months ending 30 April 2020 which is unchanged from the expected level implied by the Full Year Statements (the "**Implied Forecast**").

The Full Year Statements and the Implied Forecast were originally published before Northgate made any approach to Redde and, accordingly, the requirements of Rule 28.1(c) of the City Code on Takeovers and Mergers apply in relation to the Full Year Statements.

The Northgate Directors confirm that the Implied Forecast remains valid and confirm that the Implied Forecast has been properly compiled on the basis of the assumptions stated below and that the basis of accounting used is consistent with Northgate's accounting policies.

#### Assumptions

The Full Year Statements, Interim Statements and the Implied Forecast were prepared on the basis of the following assumptions, any of which could turn out to be incorrect and therefore affect the validity of the Full Year Statements, Interim Statements and the Implied Forecast:

#### ***Factors within the influence and control of the Northgate Directors***

- There is no material change in the operational strategy of Northgate from the date of this announcement.
- There will be no further acquisitions or disposals which will have a material impact on Northgate's results.
- There are no material strategic investments over and above those currently planned.

#### ***Factors outside the influence or control of the Northgate Directors***

- There will be no material macroeconomic change in the principal markets and regions in which Northgate operates.
- There will be no unanticipated financial impact of the UK's EU Referendum on 23 June 2016.
- There will be no material adverse events which will have a significant impact on Northgate's financial results.
- There will be no changes in interest rates, bases of taxation, regulatory environment or legislation that have a material impact on Northgate, including in relation to operations or accounting policies.
- There will be no material changes in customer demand or the competitive environment in which Northgate operates.
- There will be no business disruptions that materially affect Northgate or its customer or supplier partners.



**THIS LETTER AND ACCOMPANYING PSP EXERCISE FORM ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION**

**If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial, legal and tax advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser in a territory outside the United Kingdom.**

Northgate PLC  
(registered number 00053171)  
Northgate Centre  
Lingfield Way  
Darlington  
England, DL1 4PZ

Redde PLC  
(registered number 03120010)  
Pinesgate  
Lower Bristol Road  
Bath, BA2 3DP

**To: Individuals holding option(s) ("Participants") under the Redde PLC Performance Share Plan 2016 (the "PSP")**

*Please note that if you also hold options under the Redde plc SAYE Option Plan, you will receive a separate proposal letter in relation to such options.*

12 December 2019

Dear Participant

**Recommended share-for-share merger of Northgate plc and Redde plc**

**1 Background**

On 29 November 2019, Redde plc ("**Redde**") and Northgate plc ("**Northgate**") announced that they had reached agreement on the terms of a recommended share-for-share merger (the "**Merger**").

Under the Merger, Northgate will acquire all of the shares in Redde (the "**Redde Shares**") and each Redde shareholder will receive 0.3669 ordinary shares in Northgate (the "**Northgate Shares**") for each Redde Share they hold at 6.00 pm on the Scheme Sanction Date (defined below).

The Merger will be effected through a court sanctioned scheme of arrangement under part 26 of the Companies Act 2006 (the "**Scheme**") which requires the approval of the Redde shareholders and the sanction of the UK High Court ("**Court**"). Completion of the Merger is also subject to the approval of the Northgate shareholders.

Save where otherwise defined in this letter and the enclosed PSP Exercise Form, capitalised terms and expressions used in this letter and the PSP Exercise Form have the meanings given to them in the Scheme Document (as defined below).

A copy of the document containing full details of the Scheme (the "**Scheme Document**") is available at [www.redde.com](http://www.redde.com). You should read this letter and the PSP Exercise Form in conjunction with the Scheme Document.

It is expected that:

- the Court hearing to consider sanctioning the Scheme will take place during Q1 2020 (the "**Scheme Sanction Date**"); and
- the Scheme will become effective the day after the Scheme Sanction Date.

**2 Your Option(s)**

You have been sent this letter because you currently hold unexercised or unvested option(s) over Redde Shares ("**Option(s)**") under the PSP. The Option(s) have an exercise price of £0.001.



### **3 Effect of the Scheme on your Option(s)**

If the Scheme is sanctioned by the Court, your Option(s) (if not already capable of exercise) shall become immediately capable of exercise to the extent described below on the Scheme Sanction Date, and, subject to the rules of the PSP providing for earlier lapse, will ordinarily remain capable of exercise during the period of 6 months commencing on the Scheme Sanction Date.

Any outstanding Options granted in 2016 may be exercised to the extent already notified.

The extent to which Option(s) granted in 2017, 2018 and 2019 will become capable of exercise will be determined based on two factors:

- Firstly, the extent to which Option(s) granted in 2017, 2018 and 2019 become exercisable will be determined by the Redde Remuneration Committee based on the extent to which it determines (in accordance with the rules of the PSP) that the applicable performance conditions have been met. Whilst a final decision has not yet been taken, it is expected that in respect of the 2017 Options 50% of the Option will vest and, subject as provided below, in respect of the 2018 and 2019 Options 100% will vest, on the Scheme Sanction Date.
- Secondly, subject to confirmation by the Redde Remuneration Committee the number of Redde Shares in respect of which the 2018 and 2019 Options would otherwise vest as determined in accordance with the previous paragraph will be reduced pro rata to reflect the period from the date of grant of the relevant Option to the Scheme Sanction Date as a proportion of the original vesting period. The original vesting period is the period from the date of grant to 1 July 2021 in the case of the 2018 Options and to 1 July 2022 in the case of the 2019 Options. No time pro rata reduction will be applied in respect of the 2017 Option(s).

### **4 Exercise proposal**

If the Merger goes ahead and you wish to realise value from your Option(s), you need to take action to exercise them. You can exercise your Option(s) conditionally upon Court sanction of the Scheme by signing and returning the enclosed PSP Exercise Form.

If you use the enclosed PSP Exercise Form, all of your Option(s) will be exercised on your behalf to the fullest extent possible. In addition to assist you in the exercise of your Option(s) Redde will "cash cancel" a proportion of your Option(s) to cover the income tax and employer and employee National Insurance Contributions and the option exercise price for which you will be liable on exercise. The amount of cash paid in respect of each Redde Share which is being cash cancelled will be an amount equal to the closing price of a Redde Share on the last dealing day prior to the Scheme Sanction Date less the option exercise price. The cash will be used on your behalf to cover the income tax, national insurance contributions and option exercise price. In respect of that part of your Option(s) that is not cash cancelled, you will receive Redde Shares which will then be acquired by Northgate in exchange for 0.3669 Northgate Shares for each Redde Share.

### **5 What happens if I do not use the PSP Exercise Form**

If you do nothing and the Merger goes ahead, then unless you make your own arrangements to exercise, your Option(s) will lapse at the latest six months after the Scheme Sanction Date.

You can, if you wish, exercise your 2016 Option(s) in the normal way prior to the Scheme Sanction Date.

In addition, you can exercise the 2017, 2018 and 2019 Option(s) after the Scheme becomes effective. However, in this case your Option(s) would be exercised to the same extent as if you had used the PSP Exercise Form and Northgate will still automatically acquire your Redde Shares. In addition, you would be required to pay up front to Redde at the time of exercise an amount to cover the income tax and employer and employee National Insurance Contributions and the option exercise price for which you will be liable on exercise.

## **6 What happens if the Court does not sanction the Scheme?**

You should note that the PSP Exercise Form will only take effect if the Court sanctions the Scheme. Accordingly in the event that the Scheme is not sanctioned by the Court, the PSP Exercise Form will be of no effect and your Option(s) will continue to subsist in accordance with the rules of the PSP.

## **7 Leaving Redde before the Scheme Sanction Date**

If you cease employment with Redde or give or receive notice of such cessation before the Scheme Sanction Date, the leaver provisions under the PSP will apply in the normal way.

This means that if you leave and are considered a "good leaver", your Option(s) will remain outstanding and this letter would continue to apply to you, provided that the calculation of the time apportionment reduction to your Option(s) may differ, as the Redde Remuneration Committee may determine it will take account of the date on which you left. If you have already returned the PSP Exercise Form it would remain valid.

If any other arrangements are applied in connection with you leaving at the discretion of the Redde Remuneration Committee, you would be contacted separately.

If prior to the Scheme Sanction Date you leave or give or receive notice and are not considered a "good leaver" all of your Option(s) (other than any 2016 Options) will lapse on the earlier of the date your employment ceases and the date of such notice. If you have already returned the PSP Exercise Form it would have no effect (other than in relation to the 2016 Option(s)).

A "good leaver" is defined in the PSP and includes anyone who leaves due to ill health, injury, disability, redundancy, retirement by agreement and death.

## **8 Leaving Redde after the Scheme Sanction Date**

If you exercise your Option(s) by using the enclosed PSP Exercise Form that exercise will be effective on the Scheme Sanction Date and so there is no impact on your Award if you later cease employment, or give or receive notice.

If you do not use the enclosed PSP Exercise Form and then leave employment following the Scheme Sanction Date but before you exercise your Option(s) then, if you are considered a "good leaver", your Option(s) would continue to be exercisable for up to six months from the Scheme Sanction Date as described in this letter, or, if you are not considered a "good leaver", your Option(s) (other than the 2016 Option(s)) would lapse on the earlier of the date your employment ceases and the date on which you gave or received notice. (This would not be relevant to you if you use the enclosed PSP Exercise Form).

## **9 Tax**

This section summarises the UK income tax and National Insurance Contributions applicable to UK residents who are domiciled in the UK and working for Redde in the UK. It is intended as a guide only and is not a full description of all the circumstances in which a taxation liability may occur.

- Income tax and National Insurance Contributions will arise on the exercise of Option(s) or to the extent that Option(s) are cash cancelled. Under the rules of the PSP you are responsible for both employer and employee National Insurance Contributions.
- Redde is required to withhold and account to HM Revenue & Customs for the amount of these liabilities.
- Therefore, if you exercise at or following the Scheme Sanction Date (including if you use the enclosed PSP Exercise Form), Redde in connection with that exercise will calculate its best estimate of the amount of your income tax and National Insurance liability. Where the Option is exercised using the PSP Exercise Form, Redde will, as described above, cash cancel sufficient Redde Shares to cover the cost. If you exercise your Option(s) after the Scheme Sanction Date, you will be required to pay this amount to Redde before the Option can be exercised. Redde will then pay the value withheld over to HM Revenue & Customs on your behalf.

- The tax/National Insurance liability rate applied will be based on Redde's best estimate of your income tax and employee National Insurance liabilities. However, there may be instances where the value withheld is more than the actual liabilities due, and in this situation any amounts over-withheld from you will be reimbursed to you through payroll. Similarly, if the amount withheld has been underestimated, you will need to meet any shortfall and the arrangements for this will be communicated to you individually should this arise, which may include these liabilities being deducted through payroll.

Further tax liabilities (such as capital gains tax) may arise when you eventually dispose of Northgate Shares that you acquire.

***If you are in any doubt about your tax position, you are advised to seek advice from a suitably authorised tax advisor.***

## **10 Recommendation**

The Redde Directors, who have been so advised by J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), as to the financial terms of the proposals contained in this letter, consider the terms of the proposals to be fair and reasonable in the context of the Merger. J.P. Morgan Cazenove is providing independent financial advice to Redde Directors for the purposes of Rule 3 of the Code. In providing its advice, J.P. Morgan Cazenove has taken into account the commercial assessments of the Redde Directors.

The Redde Directors unanimously recommend that you exercise your Option(s) before they lapse.

**Please note that no officer or employee of Redde or Northgate will be able to give you legal, financial or tax advice nor advise you personally on the course of action that you should take in relation to your Option(s). If you are in any doubt as to the contents of this letter, the course of action you should take, or your tax position, you should seek your own independent professional advice immediately.**

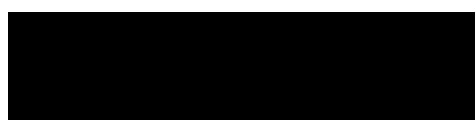
## **11 Action Required**

If you wish to accept the proposal set out in this letter in respect of your Option(s), you must complete and return the enclosed PSP Exercise Form in accordance with the instructions set out in it **as soon as possible** and return it to Nick Tilley at Pinesgate, Lower Bristol Road, Bath, BA2 3DP **so as to be received no later than 5pm on 13 January 2020.**

Yours faithfully



Martin Ward  
CEO  
**Redde plc**



Avril Palmer-Baunack  
Chairman  
**Northgate plc**

## Notes

1. The Redde Directors, whose names are set out in paragraph 2(a) of Part 7 of the Scheme Document (being John Davies, Martin Ward, Stephen Oakley, Mark Chessman and Mark McCafferty), accept responsibility for the information (including any expressions of opinion) contained in this letter and the accompanying PSP Exercise Form (other than the information for which the Northgate Directors, whose names are set out in paragraph 2(c) of Part 7 of the Scheme Document, accept responsibility in accordance with Note 2 below). To the best of the knowledge and belief of the Redde Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter and the accompanying PSP Exercise Form for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
2. The Northgate Directors, whose names are set out in paragraph 2(c) of Part 7 of the Scheme Document (being Avril Palmer-Baunack, John Pattullo OBE, Philip Vincent, William Spencer, Claire Miles, Mark Butcher and Fernando Cogollos), accept responsibility for the information (including any expressions of opinion) contained in this letter and the accompanying PSP Exercise Form relating to Northgate, the Northgate Group, the Northgate Directors and their respective immediate families and the related trusts of and persons connected with the Northgate Directors, and persons deemed to be acting in concert (as such term is defined in the Code) with Northgate. To the best of the knowledge and belief of the Northgate Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
3. J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**"), is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority. J.P. Morgan Cazenove is acting as financial adviser exclusively for Redde and for no-one else in connection with the Merger and other matters referred to in this letter and the accompanying PSP Exercise Form and will not be responsible to anyone other than Redde for providing the protections afforded to clients of J.P. Morgan Cazenove and its affiliates, nor for providing advice in connection with the Merger or in relation to the matters referred to herein.
4. J.P. Morgan Cazenove has given and has not withdrawn its written consent to the issue of this letter and the accompanying PSP Exercise Form, with the inclusion of the references to its name in the form and context in which they appear.
5. The dates set out in this letter are based on current expectations and may be subject to change. If the expected dates change, Redde will give notice of the change by issuing an announcement to all participants in the PSP.
6. Nothing in this letter or the Scheme Document serves to vary the rules of the PSP or to extend the life of any Options which have lapsed or may lapse under the rules of the PSP. The information relating to taxation given in this document is given by way of guidance only.
7. The accidental omission to despatch this letter, or the accompanying PSP Exercise Form to, or any failure to receive the same by, any person to whom the proposals are made, or should be made, shall not invalidate the proposals in this letter in any way.
8. A copy of this letter will be available to view (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions) on Northgate's website at [www.northgateplc.com](http://www.northgateplc.com) and Redde's website at [www.redde.com](http://www.redde.com).

**THIS LETTER AND ACCOMPANYING SAYE DECISION FORM ARE IMPORTANT  
AND REQUIRE YOUR IMMEDIATE ATTENTION**

**If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial, legal and tax advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser in a territory outside the United Kingdom.**

Northgate PLC  
(registered number 00053171)  
Northgate Centre  
Lingfield Way  
Darlington  
England, DL1 4PZ

Redde PLC  
(registered number 03120010)  
Pinesgate  
Lower Bristol Road  
Bath, BA2 3DP

**To: Individuals holding option(s) ("Participants") under the Redde PLC SAYE Option Plan (the "SAYE Plan")**

*Please note that if you also hold options under the Redde plc Performance Share Plan 2016, you will receive a separate proposal letter in relation to such options.*

12 December 2019

Dear Participant

**Recommended share-for-share merger of Northgate plc and Redde plc**

**1 Background**

On 29 November 2019, Redde plc ("**Redde**") and Northgate plc ("**Northgate**") announced that they had reached agreement on the terms of a recommended share-for-share merger (the "**Merger**").

Under the Merger, Northgate will acquire all of the shares in Redde (the "**Redde Shares**") and each Redde shareholder will receive 0.3669 ordinary shares in Northgate (the "**Northgate Shares**") for each Redde Share they hold at 6.00 pm on the Scheme Sanction Date (as defined below).

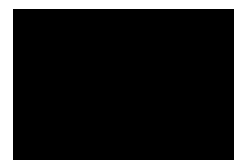
The Merger will be effected through a court sanctioned scheme of arrangement under part 26 of the Companies Act 2006 (the "**Scheme**") which requires the approval of the Redde shareholders and the sanction of the UK High Court ("**Court**"). Completion of the Merger is also subject to the approval of the Northgate shareholders.

Save where otherwise defined in this letter and the enclosed SAYE Decision Form, capitalised terms and expressions used in this letter and the SAYE Decision Form have the meanings given to them in the Scheme Document (as defined below).

A copy of the document containing full details of the Scheme (the "**Scheme Document**") is available at [www.redde.com](http://www.redde.com). You should read this letter (including the Schedule) and the SAYE Decision Form in conjunction with the Scheme Document.

It is expected that:

- the Court hearing to consider sanctioning the Scheme will take place during Q1 2020 (the "**Scheme Sanction Date**"); and
- the Scheme will become effective the day after the Scheme Sanction Date.





## 2 Your Option(s)

Under the SAYE Plan you are currently saving a fixed amount directly from your pay under a savings contract. You have also been granted option(s) over Redde Shares ("**Option(s)**") under the SAYE Plan. When an Option becomes exercisable you would normally be able to use the monthly savings which you have made under the savings contract to exercise the Option by purchasing Redde Shares at a purchase price equal to the option exercise price. However, you do not have to exercise your Option(s). For instance you may choose not to exercise your Option(s) if the quoted share price exceeds the option exercise price as you would be able to buy shares more cheaply in the market.

There are the following outstanding grants of Option(s) which have been made under the SAYE Scheme. They are:

Date of Grant	Option Exercise Price	Expected Maturity Date
30 September 2016	£1.64	1 November 2019
27 March 2017	£1.33	1 May 2020
3 October 2017	£1.39	1 November 2020
28 March 2018	£1.36	1 May 2021
3 October 2018	£1.47	1 November 2021
9 April 2019	£0.85	1 May 2022
2 October 2019	£0.94	1 November 2022

## 3 Effect of the Scheme on your Option(s)

If the Scheme is sanctioned by the Court, your Option(s) (if not already capable of exercise) will become immediately capable of exercise on the Scheme Sanction Date, and, subject to the rules of the SAYE Plan providing for earlier lapse, will ordinarily remain capable of exercise during the period of 6 months commencing on the Scheme Sanction Date.

The rules of the SAYE Plan also permit you with Northgate's agreement to "rollover" ("**Rollover**") your Option(s) such that they will continue on their existing terms but as options over Northgate Shares.

You are being offered the following choices as to how your Option(s) are treated under the Merger.

## 4 Your Choices

### *Choice A: Rollover*

Northgate is offering you the chance to Rollover your Option(s).

If you choose the Rollover:

- you will exchange your current Option(s) for replacement option(s) which are on equivalent terms and of equivalent value as your current Option(s) except that they are over Northgate Shares of an equivalent value to the Redde Shares (the "**New Option(s)**");
- you can continue making your monthly savings so that you will have the chance to exercise the New Option(s) in full on their normal maturity date (and on exercise you would receive Northgate Shares); and
- Northgate will seek to preserve the tax advantages attaching to your Option(s) so that an exercise of your New Option(s) after their normal maturity date should mean that no income tax would be payable.

**If you want to Rollover you can do so by completing the SAYE Decision Form and selecting Choice A.**

For further information see the schedule to this letter.

*Choice B: Exercise on the Scheme Sanction Date*

Alternatively, you can choose to exercise your Option(s) on the Scheme Sanction Date.

If you choose to exercise on the Scheme Sanction Date:

- on exercise you will receive Redde Shares which will then be acquired by Northgate in exchange for 0.3669 Northgate Shares for each Redde Share;
- you cannot exercise your Option(s) in full (with the exception of the Option granted on 30 September 2016 which has already matured), but instead can exercise your Option(s) in part. This is because you can only exercise your Option(s) using the monthly savings you have made up until the date of exercise, and so you will not be able to get the maximum number of Redde Shares which you would have been entitled to had your Option(s) reached maturity;
- where the Option is exercised within three years of grant, you will incur an income tax charge on exercise (please see paragraph 2.4 of the schedule to this letter).

**You should consider very carefully before exercising an Option with an option exercise price which when divided by 0.3669 exceeds the market value of a Northgate Share. This is because unless the Northgate Share price does exceed this amount at the time you sell your Northgate Shares you will receive less than you paid for them. The closing price of a Northgate Share on 6 December 2019 was £3.07. Assuming the price does not change this means that if you exercised an Option with an option exercise price in excess of approximately £1.12 and immediately sold the resulting Northgate Shares you would receive less than you paid for them. You can check the current price of a Northgate Share by visiting <https://www.londonstockexchange.com/exchange/prices-and-markets/stocks/summary/company-summary/GB00B41H7391GBGBXSSMM.html>.**

**If you want to exercise your Option(s) on the Scheme Sanction Date you can do so by completing the SAYE Decision Form and selecting Choice B.**

Please note that if you want to exercise an Option granted on 30 September 2016 and you have already closed your related savings account you will need to contact YBS Share Plans to make arrangements to pay directly the total option exercise price (as you will have already received the proceeds from the relevant savings contract).

*Choice C: Exercise at latest practicable date after the Scheme Sanction Date*

Alternatively, you can delay exercise for six months from the Scheme Sanction Date to allow yourself time to make additional monthly savings (and therefore receive some additional Redde Shares on exercise). You can continue to make monthly savings, and your Option(s) would be exercised no later than six months after the Scheme Sanction Date, using the monthly savings you have continued to make until that time. This Choice is not available for the Option granted on 30 September 2016.

If you choose to exercise at the latest practicable date after the Scheme Sanction Date:

- on exercise you will receive Redde Shares which will then be acquired by Northgate for 0.3669 Northgate Shares for each Redde Share;
- you cannot exercise your Option(s) in full, but instead can exercise your Option(s) in part. This is because you can only exercise your Option(s) using the monthly savings you have made up until the date of exercise, and so you will not be able to get the maximum number of Northgate Shares which you would have been entitled to had your Option(s) reached maturity; and
- where the Option is exercised within three years of grant, you will incur an income tax charge on exercise (please see paragraph 2.4 of the schedule to this letter).

**You should consider very carefully before exercising an Option with an option exercise price which when divided by 0.3669 exceeds the market value of a Northgate Share. This is because unless the Northgate Share price does exceed this amount at the time you sell your Northgate Shares you will receive less than you paid for them. The closing price of a Northgate Share on 6 December 2019 was £3.07. Assuming the price does not change this means that if you exercised an Option with an option exercise price in excess of approximately £1.12 and immediately sold the resulting Northgate Shares you would receive less than you paid for them. You can check the current price of a Northgate Share by visiting <https://www.londonstockexchange.com/exchange/prices-and-markets/stocks/summary/company-summary/GB00B41H7391GBGBXSMM.html>.**

**If you want to exercise your Option(s) at the latest practicable date following the Scheme Sanction Date (approximately six months later), you can do so by completing the SAYE Decision Form and selecting Choice C.**

The latest practicable date is expected to be during Q3 2020. You will be contacted in due course with confirmation of this date.

The difference between Choice B and C is the time at which your Option(s) would be exercised. If you want to exercise at the earliest opportunity, you can select Choice B, and your Option(s) will be exercised on the Scheme Sanction Date using the savings you have made up to that time.

## **5 What happens if I do not accept any of the Choices using the SAYE Decision Form**

If you do not accept any of the Choices in respect of an Option, contributions will continue to be taken from your salary in the normal way. With the exception of the Option granted on 30 September 2016, towards the end of the six month period commencing on the Scheme Sanction Date YBS Share Plans will get in touch to see if you want to exercise your Option. If you elect to exercise your Option(s) you will receive the same treatment as you would have received had you elected Choice C in respect of your Option(s). If you do not exercise your Option(s) they will lapse and become worthless on the expiry of the six month period commencing on the Scheme Sanction Date (which is expected to occur during Q1 2020). The Option granted on 30 September 2016 will lapse earlier (expected 1 May 2020) as it has already matured. In these circumstances, you could either:

- close the savings account and receive the proceeds of such savings account upon such closure; or
- continue contributing to the savings account relating to the Option(s) concerned until the normal maturity date of such savings contract, in which case the proceeds of such savings account will be paid to you, following such maturity date.

If you do not accept any of the Choices in respect of an Option you may choose to exercise your Option(s) at any time during the six month period commencing on the Scheme Sanction Date provided that it has not lapsed (for example because you leave employment) or in the case of the Option granted on 30 September 2016 because it lapses earlier (expected 1 May 2020). Should you wish to exercise your Option during the six month period commencing on the Scheme Sanction Date you will need to complete and return your SAYE Decision Form along with a covering letter explaining the date you wish to close your account(s).

If you exercise your Option in the normal way following the Scheme Sanction Date you can use the money in the savings account relating to the Option concerned at the date on which you exercise such Option to acquire Redde Shares at the option exercise price payable under the Option. Please note that as you will be terminating the savings contract early you will not be able to acquire all of the Redde Shares over which such Option was originally granted.

Any Redde Shares that you acquire on exercise of your Option(s) on or after 6 pm on the Scheme Sanction Date (expected to be during Q1 2020), will be automatically transferred to Northgate for exactly the same number of Northgate Shares as that which would have been allocated per Redde Share pursuant to the Scheme, under a special mechanism proposed to be included in Northgate's articles of association prior to the Scheme Sanction Date. Delaying the exercise of your Option(s) will therefore **not** have any effect on the consideration for which you may sell the resulting Redde Shares.

## **6 What happens if the Court does not sanction the Scheme?**

You should note that the SAYE Decision Form will only take effect if the Court sanctions the Scheme. Accordingly in the event that the Scheme is not sanctioned by the Court, any Choice that you make on the SAYE Decision Form will be of no effect and your Option(s) will continue to subsist in accordance with the rules of the SAYE Plan.

## **7 Frequently asked questions**

Please read the frequently asked questions which are set out in the schedule to this letter. In particular the schedule contains more information on your Choices, tax and what happens if you cease to be employed.

## **8 Recommendation**

The Redde Directors, who have been so advised by J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove (“**J.P. Morgan Cazenove**”), as to the financial terms of the proposals contained in this letter, consider the terms of the proposals to be fair and reasonable in the context of the Merger. J.P. Morgan Cazenove is providing independent financial advice to Redde Directors for the purposes of Rule 3 of the Code. In providing its advice, J.P. Morgan Cazenove has taken into account the commercial assessments of the Redde Directors.

The Redde Directors unanimously recommend that you should give careful consideration to the proposals set out in this letter and make the choice in relation to your Option(s) most appropriate to your personal circumstances.

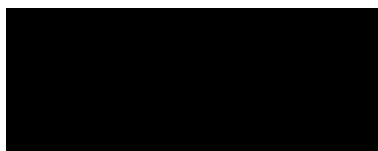
**Please note that no officer or employee of Redde, Northgate or YBS Share Plans will be able to give you legal, financial or tax advice nor advise you personally on the course of action that you should take in relation to your Option(s). If you are in any doubt as to the contents of this letter, the course of action you should take, or your tax position, you should seek your own independent professional advice immediately.**

## **9 Action Required**

If you wish to accept any of the proposals set out in this letter in respect of any of your Option(s), you must complete and return the enclosed SAYE Decision Form in accordance with the instructions set out in it **as soon as possible** and return it to YBS Share Plans in the prepaid reply envelope provided **so as to be received no later than 5pm on 13 January 2020**.

Should you have any questions please contact the dedicated YBS Share Plans helpline on 0345 1 200 300. Lines open Mon-Fri 8.30am – 5.30 pm, Sat 9 am - 1 pm (excluding public holidays in England & Wales). All communications with Yorkshire Building Society may be monitored/recorded to improve the quality of their service and for your protection and security. Calls to 03 numbers are charged at the same standard network rate as 01 or 02 landline numbers, even when calling from a mobile.

Yours faithfully



Martin Ward  
CEO  
**Redde plc**



Avril Palmer-Baunack  
Chairman  
**Northgate plc**

## Notes

1. The Redde Directors, whose names are set out in paragraph 2(A) of Part 7 of the Scheme Document (being John Davies, Martin Ward, Stephen Oakley, Mark Chessman and Mark McCafferty), accept responsibility for the information (including any expressions of opinion) contained in this letter and the accompanying SAYE Decision Form (other than the information for which the Northgate Directors, whose names are set out in paragraph 2(c) of Part 7 of the Scheme Document, accept responsibility in accordance with Note 2 below). To the best of the knowledge and belief of the Redde Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter and the accompanying SAYE Decision Form for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
2. The Northgate Directors, whose names are set out in paragraph 2(a) of Part 7 of the Scheme Document (being Avril Palmer-Baunack, John Pattullo OBE, Philip Vincent, William Spencer, Claire Miles, Mark Butcher and Fernando Cogollos), accept responsibility for the information (including any expressions of opinion) contained in this letter and the accompanying SAYE Decision Form relating to Northgate, the Northgate Group, the Northgate Directors and their respective immediate families and the related trusts of and persons connected with the Northgate Directors, and persons deemed to be acting in concert (as such term is defined in the Code) with Northgate. To the best of the knowledge and belief of the Northgate Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
3. J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**"), is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority. J.P. Morgan Cazenove is acting as financial adviser exclusively for Redde and for no-one else in connection with the Merger and other matters referred to in this letter and the accompanying SAYE Decision Form and will not be responsible to anyone other than Redde for providing the protections afforded to clients of J.P. Morgan Cazenove and its affiliates, nor for providing advice in connection with the Merger or in relation to the matters referred to herein.
4. J.P. Morgan Cazenove has given and has not withdrawn its written consent to the issue of this letter and the accompanying SAYE Decision Form, with the inclusion of the references to its name in the form and context in which they appear.
5. The dates set out in this letter are based on current expectations and may be subject to change. If the expected dates change, Redde will give notice of the change by issuing an announcement to all participants in the SAYE Plan.
6. Nothing in this letter or the Scheme Document serves to vary the rules of the SAYE Plan or to extend the life of any Options which have lapsed or may lapse under the rules of the SAYE Plan. The information relating to taxation given in this document is given by way of guidance only.
7. The accidental omission to despatch this letter, or the accompanying SAYE Decision Form to, or any failure to receive the same by, any person to whom the proposals are made, or should be made, shall not invalidate the proposals in this letter in any way.
8. A copy of this letter will be available to view (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions) on Northgate's website at [www.northgateplc.com](http://www.northgateplc.com) and Redde's website at [www.redde.com](http://www.redde.com).

## Schedule Frequently Asked Questions

### 1 CHOICE A: ROLLOVER

#### 1.1 What is Rollover?

Rollover allows you to exchange your Option(s) for option(s) over Northgate Shares. **If you wish to Rollover your Option(s) you need to complete the SAYE Decision Form and select Choice A in respect of the relevant Option(s).**

If you choose to Rollover, your Option(s) will be exchanged for replacement option(s) ("**New Option(s)**") over an equivalent value of Northgate Shares. This means that, going forward, you would hold New Option(s) over Northgate Shares.

The New Option(s) will continue on equivalent terms to your current Option(s). This means you will continue to make the same monthly savings, and your New Option(s) will (subject to the rules of the SAYE Plan) become exercisable at the same time as your Option(s) would have done.

#### 1.2 Will I be able to exercise my New Option(s) in full?

Yes. If you choose to Rollover you will be able to continue to make the full number of monthly savings under your savings contract (i.e. your savings will continue). That means that on maturity of your savings contract you will be able to exercise your New Option(s) in full and buy Northgate Shares with all your savings. This is subject to the rules of the SAYE Plan that apply if you leave employment. You will be contacted with details on how to exercise your New Option(s) prior to their maturity date.

When you reach the maturity date you do not have to exercise the New Option(s). Instead you could choose to receive repayment of the monthly savings you have made.

#### 1.3 How many Northgate Shares will I be able to buy with my New Option(s)?

Subject to the agreement of HM Revenue & Customs, the number of Northgate Shares subject to your New Option(s) will be calculated by reference to what Redde Shareholders will receive under the Merger.

The value of the Northgate Shares under the New Option(s) will be calculated to be substantially the same as the value of the Redde Shares under your current Option(s). The total exercise price that you have to pay will also remain the same.

Therefore, the number of shares subject to your Option(s) will change as each Redde Share currently subject to your Option(s) will be exchanged for 0.3669 Northgate Shares. As you cannot hold a fraction of a Northgate Share, the number of Northgate Shares you are entitled to receive will be rounded down to the nearest whole share in respect of each Option you hold.

The exercise price per Northgate Share of your New Option(s) will also change, in order to ensure that the total exercise price payable will remain substantially the same as before.

For example, if you hold an Option granted on 3 October 2018 over 1,000 Redde Shares with an exercise price £1.47 per share, your New Option will be over the number of Northgate Shares equivalent to 1,000 Redde Shares.

The number of Northgate Shares that your New Option will be over will be calculated as follows:

$$1000 \times 0.3669 = 366.9$$

This would be rounded down to 366 Northgate Shares.

The new exercise price per share is calculated as follows:

$$£1.47 \div 0.3669 = £4.0065$$

Therefore, the exercise price of your New Option(s) would be £4.0065 per Northgate Share.



#### **1.4 What about tax?**

If you Rollover your Option(s), you will not have to pay any income tax on the Rollover. The tax treatment of your New Option(s) is expected to be the same as it would have been for your original Option(s). This means if your New Option(s) are exercised after the normal maturity of the Option(s) then no income tax will be payable on exercise.

#### **1.5 Will any other terms of my Option(s) change?**

No. The rules of the SAYE Plan will continue to apply to your New Option(s) in the same way as they do to your current Option(s).

#### **1.6 Can I decide to Rollover later?**

No. If you wish to rollover your Option(s) you must do so by completing and returning the SAYE Decision Form by 13 January 2020.

#### **1.7 What happens if I leave?**

Please see paragraph 3 below for what happens if you leave before the Merger goes ahead.

If you leave after your Option(s) have been Rolled-Over, then your New Option(s) will be treated in accordance with the rules of the SAYE Plan. This means:

- If you are considered a "good leaver", your New Option(s) will mature on the date your employment ceases and you will have six months to exercise your Option(s). The exercise of your New Option(s) at that time would benefit from the full tax advantages (so no tax would arise on exercise).

A "good leaver" is defined in the SAYE Plan, and includes anyone who leaves due to injury, disability, redundancy, retirement or death (although special rules apply on death).

- If you leave and are not considered a "good leaver" then your New Option(s) would lapse on the date your employment ends. In that case your New Option(s) could not be exercised.

## **2 CHOICE B AND CHOICE C: EXERCISE**

### **2.1 If I choose to exercise do I have to pay anything?**

If you choose to exercise your Option(s) then the exercise price that is payable will be paid using the monthly savings that you have made up until the date of exercise under your current savings contract. However, please note that if you want to exercise an Option granted on 30 September 2016 and you have already closed your related savings account you will need to contact YBS Share Plans to make arrangements to pay directly the total option exercise price (as you will have already received the proceeds from the relevant savings contract).

### **2.2 What happens if I exercise my Option(s)?**

If you exercise your Option(s), you will receive Redde Shares. These Redde Shares will then be acquired by Northgate and you will receive 0.3669 Northgate Shares for each Redde Share.

### **2.3 Will I be able to exercise my Option(s) in full?**

With the exception of the Option granted on 27 March 2017, which is expected to mature on 1 May 2020, you will not be able exercise your Option(s) in full, but instead can exercise your Option(s) in part. This is because you can only exercise your Option(s) using the monthly savings you have made up until the date of exercise. Therefore, if you choose to exercise, whether at the Scheme Sanction Date or up to the latest practicable date, you can only do so using the monthly savings that you have made up until the time of exercise, and so you will not be able to get the maximum number of Redde Shares which you would have been entitled to had your Option(s) reached maturity.

## **2.4 Is there any tax?**

If you elect to exercise an Option(s) prior to the third anniversary of its date of grant, then income tax will arise on any "gain" you make. A "gain" is the difference between the value of a Redde Share at the time you exercise your Option(s) and the "option exercise price" that is paid.

You will have to account for this income tax liability through a self-assessment tax return. It will be your responsibility to ensure that you therefore request and submit a self-assessment tax return, and pay the income tax to HM Revenue & Customs by the required deadline.

Further tax liabilities (such as capital gains tax) may arise when you eventually dispose of the Northgate Shares that you have acquired under the Scheme.

***If you are in any doubt about your tax position you are advised to seek advice from a suitably authorised tax adviser.***

The above assumes you were resident and domiciled in the UK at all relevant times. Please remember that tax law can and often does change, and you should not necessarily assume the current tax position will continue.

## **2.5 What happens if I leave?**

Please see paragraph 3 below for what happens if you leave before the Merger goes ahead.

If you elect to exercise your Option(s) using Choice B, that exercise is effective as of the Scheme Sanction Date and so would be unaffected if you were to cease employment thereafter.

If you elect to exercise using Choice C, your Option(s) will be exercised approximately six months after the Scheme Sanction Date. If you leave employment before your Option(s) are exercised then:

- If you are considered a "good leaver" your Option(s) would, provided you have not missed the maximum number of monthly contributions permitted as set out in your savings contract by the time of exercise, continue and be exercised in accordance with your Choice C as described in this letter. The exercise of your Option(s) would benefit from the full tax advantages (so no tax would arise on exercise).

A "good leaver" is defined in the SAYE Plan and includes anyone who leaves due to injury, disability, redundancy, retirement or death (although special rules apply on death).

- If you leave and are not considered a "good leaver" then your Option(s) would lapse on the date your employment ends. In that case your Option(s) would not be exercised.

## **3 Leaving Redde before the Merger**

If you cease employment with Redde before the Scheme Sanction Date, the leaver provisions under the SAYE Plan will apply in the normal way. This means:

- If you are considered a "good leaver", your Option(s) will mature on the date your employment ceases and you will have six months to exercise your Option(s). The exercise of your Option(s) would benefit from the full tax advantages (so no tax would arise on exercise).

A "good leaver" is defined in the SAYE Plan, and includes anyone who leaves due to injury, disability, redundancy, retirement or death (although special rules apply on death).

- If you leave and are not considered a "good leaver" then your Option(s) would lapse on the date your employment ends. In that case your Option(s) would not be exercised. If you have returned an SAYE Decision Form it would cease to be valid.