

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. 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

/s/ Martin Ward

Martin Ward
CEO
Redde plc

/s/ Avril Palmer-Baunack

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 and Redde's website at www.redde.com.

REDDE PLC PERFORMANCE SHARE PLAN 2016 ("PSP") PSP EXERCISE FORM

Name	
Home Address (including postcode)	
Telephone number	

Please insert/amend your details above, including a telephone number, should we need to contact you regarding your PSP Exercise Form.

THIS DOCUMENT IS IMPORTANT AND REQUIRES 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 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.

This PSP Exercise Form should be read in conjunction with the accompanying letter from Redde plc ("**Redde**") and Northgate plc ("**Northgate**") dated 12 December 2019 in relation to the PSP (the "**PSP Letter**") and the Scheme Document. Terms and expressions used in this PSP Exercise Form shall have the same meaning as in the PSP Letter and the Scheme Document, unless otherwise defined herein.

If you wish to accept the proposal under the PSP Letter in respect of your Option(s) using this PSP Exercise Form you must complete, sign and date this PSP Exercise Form in the presence of a witness and return it to Nick Tilley at Pinesgate, Lower Bristol Road, Bath, BA2 3DP.

IN ORDER FOR THIS PSP EXERCISE FORM TO BE EFFECTIVE IT MUST BE RETURNED SO AS TO BE RECEIVED BY NO LATER THAN 5 PM ON 13 January 2020.

If this PSP Exercise Form is being signed under a power of attorney, the original or certified copy of the original power of attorney must be enclosed with this PSP Exercise Form. If the Participant has died and this PSP Exercise Form is being signed by the executor or legal personal representative of the Participant's estate, an office copy of the probate or letters of administration relating to the Participant's estate must accompany this PSP Exercise Form.

SECTION 1 – EXERCISE OF OPTION(S)

IF YOU WOULD LIKE TO EXERCISE YOUR OPTION(S) UNDER THE PSP TO THE FULLEST EXTENT POSSIBLE WITH EFFECT ON THE SCHEME SANCTION DATE, PLEASE TICK THE BOX BELOW

I elect to exercise my Option(s) to the fullest extent possible
on the terms set out in this PSP Exercise Form and the PSP Letter.

☐

SECTION 2 – DECLARATION AND SIGNATURE OF PARTICIPANT

Please complete the following in the presence of an independent witness (a person who is aged 18 or more and who is not your spouse or civil partner, or a member of your immediate family).

I confirm that by signing this PSP Exercise Form:

1. I have read and understood the PSP Letter and understand and irrevocably agree to the Terms & Conditions set out in Section 3 below;
2. I irrevocably appoint any director of Redde and/or Northgate and any person nominated by them as my attorney and authorise such attorney to execute, complete, sign and submit any documents and deliver any document (including deeds) and do any act or thing which the attorney in his absolute and unfettered discretion, considers necessary or desirable on my behalf in order to give effect to my instructions in this PSP Exercise Form, including the sale of my Redde Shares to Northgate, or otherwise in connection with the Scheme;
3. I agree that all powers of attorney and authorities on the terms conferred by this PSP Exercise Form are given by way of security for the performance of my obligations and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971 and undertake to confirm and ratify any action properly or lawfully taken on my behalf by any attorney appointed by or pursuant to this PSP Exercise Form.

SIGNED AND DELIVERED AS A DEED BY:

Your Full Name (in block capitals):	
Your Signature:	
Date:	
Daytime contact telephone number:	
In the presence of:	
Witness' Name:	
Witness' Address:	
Witness' Signature:	

SECTION 3 – TERMS AND CONDITIONS

By completing, signing and returning this PSP Exercise Form duly executed in respect of my Option(s), I:

- (a) confirm that I have received the PSP Letter and this PSP Exercise Form and have had an opportunity to read both of these documents and have understood them;
- (b) confirm that I have had an opportunity to read the Scheme Document and have understood it;
- (c) confirm that I have had an opportunity to obtain independent advice in relation to the decisions set out in this PSP Exercise Form;
- (d) confirm that I am entitled to exercise the Option(s) in accordance with the rules of the PSP, subject to the sanction of the Scheme by the Court;
- (e) confirm that each of the Option(s) that I hold is valid and has not lapsed and is free from all liens, mortgages and third party interests of any nature whatsoever, and I acknowledge that any option certificate in respect of each of my Option(s) shall become void once the Option concerned has been exercised;
- (f) understand that exercise of my Option(s) is conditional upon Court sanction and that if the Scheme is not sanctioned by the Court, this PSP Exercise Form shall have no effect and my Option(s) will remain in existence and continue to be governed by the rules of the PSP, even if I have completed and submitted this PSP Exercise Form prior to the time that the Scheme was expected to be sanctioned by the Court;
- (g) understand that if my any of my Option(s) have lapsed or lapse (or have been exercised or are exercised) before exercise takes effect pursuant to this PSP Exercise Form, completion of this PSP Exercise Form will be of no effect in relation to such Option(s);
- (h) confirm that all decisions made in this PSP Exercise Form are irrevocable and cannot be withdrawn or altered save as otherwise agreed by Redde in its absolute discretion;
- (i) acknowledge that neither Redde nor Northgate will be responsible for any consequential loss if this PSP Exercise Form is incorrectly completed or where it has not been possible to obtain clarification of my instructions;
- (j) acknowledge that if I take no action in respect of my Option(s) they will lapse and become worthless on the expiry of the period of six months commencing on the date that the Court sanctions the Scheme (or such earlier date as the Option(s) lapse under the terms of the PSP);
- (k) confirm that if I submit this PSP Exercise Form and have not ticked the box, then this PSP Exercise Form shall constitute me having given my instruction to exercise my Option(s);
- (l) agree that the exercise of my Option(s) shall be effective on the Scheme Sanction Date (conditional on Court sanction occurring) and that my Option(s) shall be exercised to the fullest extent possible;
- (m) agree that I will be responsible for reporting and paying any capital gains tax liability that arises in connection with my Option(s) and/or the disposal of any Redde Shares or Northgate Shares acquired in connection therewith;
- (n) accept that this PSP Exercise Form will be of no effect unless it is received by the stated deadline;
- (o) accept that documents or payments sent by, to or from me in connection with my Option(s) will be sent at my own risk, and that Redde will rely on any account or address details they have on record;

- (p) agree that Redde will determine all questions as to the validity, including the timing of receipt, of this PSP Exercise Form in its absolute discretion and may, if it so determines, accept this PSP Exercise Form where it is not valid or complete in all respects. Neither Redde nor Northgate or any other person will be under any duty to give notice of any defect or irregularity in any election to exercise or incur any liability for failure to give any such notification;
- (q) confirm that no officer or employee of any of Redde or Northgate has given me any investment or personal tax advice in connection with the PSP Letter;
- (r) agree that this PSP Exercise Form may be relied upon by Redde and Northgate and shall be governed by the laws of England and Wales and any disputes in respect of this PSP Exercise Form shall be subject to the jurisdiction of the English courts; and
- (s) agree that in the event of any differences between the PSP Letter and the rules of the PSP or applicable legislation, the rules of the PSP or applicable legislation (as appropriate) will prevail.