

To: Redde plc
Pinesgate
Lower Bristol Road
Bath BA2 3DP

21 October 2019

Dear Sir/Madam

Project Gear

Project Gear

In connection with the parties' mutual consideration of a potential merger or combination of Northgate plc (*Northgate*) and Redde plc (*Redde*) (the *Potential Merger*), the parties are prepared to make certain confidential information available to each other on the terms of this letter.

In consideration of the mutual disclosure of certain Confidential Information, each of the parties agrees and undertakes to the other in relation to the other's Confidential Information in the terms of this letter. The undertakings in this letter are given to each of the parties in its own favour and in favour of each of its Connected Persons.

Definitions

1. In this letter:

Authorised Recipients means each of the parties' Connected Persons who strictly need access to Confidential Information for the purposes of evaluating, negotiating, advising upon or implementing the Potential Merger;

Code means the City Code on Takeovers and Mergers;

Confidential Information means:

- (a) all information (in whatever form) relating to a disclosing party's Group which might fairly be considered to be of a confidential nature supplied by or on behalf of the disclosing party or any of its Connected Persons to the other party or any of its Connected Persons, whether before, on or after the date of

this letter, in connection with the Potential Merger, together with any analyses, reports or documents which contain or reflect, or are derived or generated from, any such information; and

- (b) the fact that the parties are considering the Potential Merger, the existence, status or progress of any negotiations or discussions relating to the Potential Merger or the possible terms of any such Potential Merger and the existence and contents of this letter;

Connected Persons means:

- (a) in relation to a party, each of its group undertakings; and
- (b) in relation to a party, its and each of its group undertakings' directors, officers, employees and advisers who are advising such party in respect of the Potential Merger (and any directors, officers, employees and partners of any such advisers);

Group means in relation to a party, the party and its group undertakings;

group undertakings shall be construed in accordance with section 1161 of the Companies Act 2006;

MAR means the Market Abuse Regulation (EU) 596/2014; and

parties means Redde and Northgate and **party** shall be construed as any one of these.

Duty of confidentiality

2. Unless expressly consented to in writing by the other, each of the parties will, and will procure that each of its Connected Persons will:

- (a) hold the Confidential Information in strict confidence;
- (b) use the Confidential Information only for the purpose of evaluating, negotiating, advising upon or implementing the Potential Merger; and
- (c) not disclose or distribute any of the Confidential Information (or allow any other person to do the same) except as permitted by the terms of this letter.

3. The undertakings in clause 2 above will not apply to information which:

- (a) at the time of supply is in the public domain;
- (b) subsequently comes into the public domain otherwise than as a result of a breach of this letter;
- (c) the receiving party can establish to the other's reasonable satisfaction was at the time of supply already in its lawful possession or that of any of its Connected Persons and free from any obligation of secrecy or confidence; or

- (d) the receiving party can establish to the other's reasonable satisfaction subsequently comes lawfully into the receiving party's possession or that of any of its Connected Persons from a source other than the other party or any of its Connected Persons and which source does not owe the other party or any of its Connected Persons any obligation of confidentiality in relation to it.

Permitted disclosure

4. Each party may disclose Confidential Information to any of its Authorised Recipients, provided that:

- (a) that party making the disclosure informs the Connected Person concerned that the Confidential Information is confidential and of the existence and terms of this letter;
- (b) that party procures that any such Connected Person complies with the terms of this letter as if it were a party to it;
- (c) that party maintains a list (or ensures that lists are maintained) of the names of all Connected Persons who have received or have access to any Confidential Information (and that party promptly upon written request in writing from the other party supplies a copy of such list (or lists) to the other party); and
- (d) that party notifies the other party as soon as reasonably practicable if it becomes aware of any breach of this letter.

5. Each of the parties, or any of its Authorised Recipients, may further disclose Confidential Information to the extent such person is required to do so by applicable law or regulation (including the Code and MAR), any order of a court of competent jurisdiction or any competent governmental, judicial or regulatory authority or body (including The Panel on Takeovers and Mergers and any relevant stock exchange on which such person's securities are admitted to trading), provided that before disclosing any such information the relevant party or the relevant Authorised Recipient will (to the extent permitted by law or applicable regulation) use best endeavours to:

- (a) inform the other party of the basis on which disclosure is required;
- (b) take such steps as the other party may reasonably require to resist or minimise such disclosure (except where such steps would result in significant adverse consequences for the party or the Authorised Recipient concerned); and
- (c) consult in good faith with the other party with a view to agreeing with the other party the form, content and timing of the disclosure.

6. If a party or any of its Authorised Recipients is not able to inform the other party before any Confidential Information is disclosed under clause 5, that party shall only be entitled to disclose Confidential Information to the extent required and will (to the extent permitted by law or applicable regulation) inform the other party as soon as

practicable after the disclosure is made of the circumstances of the disclosure and the information that has been disclosed.

7. Nothing in this letter will prevent either party from making a public announcement in relation to any of the matters referred to in paragraph (b) of the definition of Confidential Information or from making any public announcement as required or permitted by the Code (including, without limitation, any public announcement referred to in Rule 2.3(d) of the Code).

Obligation to procure compliance

8. Each party will procure that any of its Connected Persons that receives Confidential Information is aware of the terms of this letter and complies with it as if it were a party to it. The undertakings in this letter are given by each party on its own behalf and as agent for each of its Connected Persons.

Return or destruction of Confidential Information

9. If either party so requests the other party in writing at any time before completion of the Potential Merger, the other party and its Authorised Recipients will immediately return to that party or (at the relevant person's election or in respect of any analyses, reports or documents which contain or reflect, or are derived or generated from, any such information) destroy all Confidential Information provided that:

- (a) the other party may retain any Confidential Information contained in any board papers or minutes;
- (b) the other party and its Connected Persons shall only be required to take all reasonable steps to expunge or erase Confidential Information from any computer or other electronic device;
- (c) this obligation shall not apply to any computer records held in archive or back-up systems by the other party or any of its Authorised Recipients and which cannot be returned or destroyed without incurring unreasonable effort; and
- (d) the other party and its Connected Persons will each be permitted to retain any Confidential Information which is required to be retained by law or to satisfy the rules or regulations of any regulatory body or stock exchange or which it is customary or required to retain in accordance with the rules or recommendations of any relevant professional body,

(provided, in each case, that the provisions of this letter shall continue to apply to any Confidential Information retained in accordance with this clause 9).

10. Each party will, if the other party so requests in writing, confirm in writing to the other party that clause 9 has been complied with.

No representation or warranty

11. Each party will be responsible for making its own decision on the Confidential Information. Each party understands that the Confidential Information does not purport to be all inclusive and that no representation or warranty is made by or on behalf of the other party or any of its Connected Persons (or shall be implied):

- (a) as to the accuracy, reliability, completeness or reasonableness of the Confidential Information; and
- (b) that the Confidential Information will remain unchanged after its disclosure.

12. Accordingly, each party agrees with the other party on its own behalf and on behalf of each of its Connected Persons that neither party nor any of its Connected Persons will:

- (a) have any liability to the other party or any other person resulting from the use of Confidential Information by the other party or any of its Connected Persons or any other person; or
- (b) be under any obligation to provide further information, to update the Confidential Information or to correct any inaccuracies, or to enter into or continue discussions or negotiations in respect of the Potential Merger.

The terms of this clause 12 may not be varied or terminated without the prior written consent of each party's Connected Persons. This clause 12 does not exclude or limit any liability for, or remedy in respect of, fraudulent misrepresentation.

13. Each party acknowledges and agrees that neither party nor any of its Connected Persons owes any duty of care to the other party, the other party's Connected Persons or any other person, and that no person other than Redde or Northgate has any authority to make or give any statement, warranty, representation or undertaking on behalf of Redde or Northgate or any of their respective Connected Persons (as the case may be) in connection with the Potential Merger.

Authorised contact

14. All communications with Northgate in relation to the Potential Merger should be addressed to or with Avril Palmer-Baunack. All communications with Redde in relation to the Potential Merger should be addressed to or with Martin Ward. In particular, neither party nor any of its Connected Persons shall contact or communicate with any of the other party's or its group undertakings' directors, officers, employees, customers, suppliers or current debt finance providers (except to the extent any debt finance provider is also a debt finance provider of the contacting party) in connection with the Potential Merger without the prior written consent of the other party.

Non-solicitation of customers and employees

15. Each of the parties will not, and will procure that none of its group undertakings will, directly or indirectly, for a period of 12 months from the date of this letter, without the prior written consent of the other party, employ or offer to employ, or solicit for employment or endeavour to entice away, any individual who is employed as an officer of, or an employee holding an executive or management position with, the other party or any of its group undertakings, provided that the placing of an advertisement of a post available to members of the public generally and the employment of any persons pursuant to any such advertisement shall not amount to a breach of this clause 15.

16. Each of the parties will not, and will procure that none of its group undertakings will, directly or indirectly, for a period of 12 months from the date of this letter, without the prior written consent of the other party, use any Confidential Information to deal with or seek or agree to deal with, or seek the custom of, any supplier to or customer of the other party or any of its group undertakings which is or has been such a supplier or customer at any time in the 12 months from the date of this letter or the 12 months before the date of this letter. Nothing in clause 14 or this clause 16 will prevent either party or any of its group undertakings from dealing with or seeking or agreeing to deal with, or seeking the custom of, the other's customers and suppliers in the ordinary course of business, provided that the party or any of its group undertakings do not use any Confidential Information (including the fact that that person is a customer or supplier of the other party) or refer in any way to the Potential Merger or any Confidential Information.

Restrictions on share dealings

17. Each of the parties recognises and accepts, and will advise its Authorised Recipients, that the Confidential Information is given and any negotiations are taking place in confidence, and that the Potential Merger and some or all of the Confidential Information may be inside information for the purposes of the Criminal Justice Act 1993 (the *CJA*) and/or MAR and neither party nor any of its Authorised Recipients should:

- (a) deal in securities that are price-affected securities (as defined in the *CJA*) on the basis of any inside information, encourage another person to deal in price-affected securities or disclose any inside information except as permitted by the *CJA* before the inside information is made public;
- (b) engage or attempt to engage in insider dealing (as defined in MAR), recommend that another person engage in insider dealing or induce another person to engage in insider dealing on the basis of any inside information;
- (c) unlawfully disclose any inside information (as defined in MAR); or
- (d) engage or attempt to engage in behaviour based on any inside information which would amount to market manipulation (as defined in MAR).

General

18. Without affecting any other rights or remedies that each of the parties may have, each of the parties acknowledges that a person with rights under this letter may be irreparably harmed by any breach of its terms and that damages alone may not necessarily be an adequate remedy. Accordingly, a person bringing a claim under this letter will be entitled to the remedies of injunction, specific performance and other equitable relief, or any combination of these remedies, for any threatened or actual breach of its terms.

19. Each of the parties acknowledges and agrees that, save as specifically provided, the undertakings set out in this letter will terminate and be of no further force or effect upon the earlier to occur of two years from the date of this letter and the Potential Merger becoming unconditional in all respects.

20. If any provision of this letter is held to be invalid or unenforceable, that provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this letter, but without invalidating any of the remaining provisions.

21. Each of the parties' respective Connected Persons shall have the right under the Contracts (Rights of Third Parties) Act 1999 to enforce the terms of this letter, subject to and in accordance with:

- (a) the terms of clause 26 (Governing law and jurisdiction); and
- (b) save as provided in clause 12, the term that the parties to this letter may by agreement terminate or rescind or vary it in any way without the consent of any Connected Persons.

22. Save as provided in clause 21, a person who is not a party to this letter shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

23. The agreement constituted by this letter is the entire agreement between the parties, and replaces all previous agreements and understandings between them, relating to its subject matter.

24. Communications under this letter shall be in writing and delivered by hand or sent by recorded delivery post or by email to the relevant party at its address or email address as set out in this letter and for the attention of the individual set out below. Without evidence of earlier receipt, communications are deemed received:

- a) if delivered by hand, at the time of delivery;
- b) if sent by recorded delivery, at 9.00am on the second Business Day after posting; or
- c) if sent by email, at the earlier of:

- i. the time a return receipt is generated automatically by the recipient's email server;
- ii. the time the recipient acknowledges receipt; and
- iii. 24 hours after transmission (unless in each case the sender receives notification that the email has not been successfully delivered),

and in the case of post it shall be sufficient to prove that the communication was properly addressed and posted and in the case of email that the email was sent to the appropriate email address and dispatch of transmission from the sender's external gateway was confirmed. Communications to Redde shall be addressed to Martin Ward (MWard-e@redde.com) and communications to Northgate shall be addressed to Avril Palmer-Baunack (apb@bca.com).

25. This letter may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of an executed counterpart signature page of this letter by e-mail attachment (PDF) shall be as effective as delivery of a manually executed counterpart of this letter.

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

Please confirm your agreement by signing and returning to us a copy of this letter.

Yours faithfully

/s/ Katie Tasker-Wood

By Katie Tasker-Wood
for and on behalf of
Northgate plc

AGREED AND ACCEPTED

/s/ Nicholas P Tilley

By
for and on behalf of
Redde plc

Dated.....21/10..... 2019