

EXHIBIT A

PALLAS

17 April 2025

TMF Trustee Limited (in its capacity as security agent for the Secured Parties, the “**Security Agent**”)

20 Farringdon Street
London
ECA 4AB

SFS.London@tmf-group.com

By Email

Dear Sir/Madam,

LETTER BEFORE ACTION: NOTICE OF ENFORCEMENT DATED 21 MARCH 2025 – HUNKEMÖLLER INTERNATIONAL BV (THE “COMPANY”) (THE “PURPORTED ENFORCEMENT NOTICE”)

A. OVERVIEW

1. As you are aware, we act for Cheyne European Strategic Value Credit RAIF-Cheyne European Special Situations Fund, Cheyne European Strategic Value Credit RAIF-Cheyne European Strategic Value Credit Fund II, Man Funds VI plc – Man High Yield Opportunities DE, Man GLG Global Credit Opportunities, Man Fixed Interest ICVC – Man High Yield Opportunities Fund, St. James’s Place Diversified Bond Unit Trust, Man Funds VI plc – Man High Yield Opportunities, Man Funds VI plc – Man GLG Senior Secured Opportunities, Man Funds VI plc – Man European High Yield Opportunities, Man Funds XII SPC – Man 1783 II SP, Contrarian Capital Fund I LP, and Contrarian Opportunity Fund III, LP (together, the “**AHG**”). We have previously provided you with proof of holdings. Together, the AHG holds €84,325,000 in aggregate principal amount of Senior Secured Notes.
2. We write to you further to: (a) the Purported Enforcement Notice; (b) our letter dated 31 March 2025 in which we put you on notice of our clients’ significant concerns and sought further information from you (the “**31 March Letter**”); and (c) your response dated 4 April 2025 (the “**Security Agent’s Response**”). Unless otherwise specified herein, we adopt the defined terms in prior correspondence and the intercreditor agreement dated 24 June 2022 (the “**ICA**”).

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Pallas Partners LLP is a limited liability partnership registered in England with registered number OC437491 and is authorised and regulated by the Solicitors Regulation Authority of England and Wales (“SRA”) with SRA number 826251. A list of names of the members is available for inspection at our registered address at 22nd Floor, Salesforce Tower, 110 Bishopsgate, London, EC2N 4AY. The use of the term “partner” denotes a member of the LLP or an employee or consultant with equivalent standing and qualifications.

3. The Security Agent's Response was entirely inadequate. As outlined in the 31 March Letter, the Security Agent has certain obligations¹ with which it ought to have complied in relation to the steps described or alluded to in the Purported Enforcement Notice (the "**Purported Enforcement and Disposal Steps**"). The AHG is deeply concerned as to why you have failed to comply with your contractual obligations and taken such an indifferent stance regarding the improper actions you have taken. It is therefore abundantly clear to the AHG that these issues and concerns need to be addressed in greater detail.
4. Taking as a whole, our clients have been the victim of a series of steps that constitute a highly aggressive and unlawful transaction which appears to have been designed to allow funds and entities controlled by or affiliated with Redwood Capital Management, LLC (collectively, "**Redwood**") to unjustifiably acquire the Company and its affiliated entities (the "**Group**") at a significant undervalue. This was effected outside of the scope of the relevant Debt Documents, and to the detriment and prejudice of non-Redwood creditors, including the AHG. Including for the reasons set out below, the AHG consider they have claims against the Security Agent with respect to its participation, and central role, in the implementation of the Purported Enforcement and Disposal Steps:
 - 4.1 The legal validity and effectiveness of the instructions and votes of the Instructing Group, including on the basis that:
 - a. The purported instructions provided to the Security Agent by the purported Instructing Group (to enforce a share pledge put in place between Hunkemoller Holding S.à r.l. (formerly Travis Investment Solution 45 S.à. r.l.) ("**Luxco 1**") as pledgor, the Security Agent, HKM Holding S.à.r.l. (formerly Travis Investment Solution 46 S.à.r.l.) ("**Luxco 2**") as the company and Vistra Luxembourg S. à.r.l as the custodian (the "**Luxco 2 Share Pledge**")) were invalid and ineffective because, as the Security Agent was aware, the Up-Tiered Notes (as defined below) were not validly issued. Accordingly any instruction purportedly given by any holders of Up-Tiered Notes was equally invalid.
 - b. Additionally, there is no evidence or information to suggest that the 'Holder'² under the Indenture in its capacity as the Senior Secured Notes Creditor provided any instructions to the Security Agent. Neither is there evidence that any beneficial owner had proper authorization from the registered Holder to give nor that such Holder gave, such instructions. In the absence of instructions from the registered Holder, or a beneficial owner acting with proper authorization from the registered Holder, the purported instructions are invalid and ineffective.
 - c. Alternatively (and without prejudice to that position), the purported instructions of the purported Instructing Group were invalid because the

¹ Paragraph 4 (and, in particular, paragraphs 4.1 – 4.5) of the 31 March Letter set out the contractual obligations on the Security Agent to provide this information and documentation.

² Section 1.01 of the Indenture defines a Holder as the nominee for Euroclear or Clearstream, as applicable, as the registered holder in the Registrar's books.

purported Majority Senior Secured Creditors included holders “controlling” the Issuer, and therefore were disregarded pursuant to Section 12.04 of the indenture agreement dated 31 October 2022, as supplemented (the “**Indenture**”) and Clause 30.5(a)(II) of the ICA.

- d. Further and alternatively (and without prejudice to the three preceding positions), the purported instructions of the so-called Majority Senior Secured Creditors (i.e. Redwood) – and, therefore, a requisite part of the Instructing Group – were invalid and unlawful on the basis that they constituted an exercise of powers by a majority in bad faith, otherwise than for the benefit of the voting class as a whole and resultingly for a collateral purpose, as the Security Agent was aware.

- 4.2 The enforcement of the Luxco 2 Share Pledge and the transfer of certain (unspecified) Liabilities were invalid and unlawful because they failed to comply with the Security Enforcement Principles, including the Security Enforcement Objective, including on the basis that the Security Agent was not entitled to rely on the opinion of Grant Thornton UK LLP (“**Grant Thornton**”) (the “**Flawed FA Opinion**”) for the purposes of such enforcement (at nil value). The Security Agent also failed to comply with its obligation to achieve the best price reasonably obtainable when enforcing the Luxco 2 Share Pledge, in breach of the ICA.
 - 4.3 There is also no rational justification for the transfer of Liabilities at a purported market value of €86,700,000, or evidence that the Security Agent has even sought to consider and/or establish whether this price represented market value or was otherwise justified.
 - 4.4 We refer to the letter from Allen Overy Shearman Sterling US LLP (for the Company) dated 21 March 2025 to Pallas Partners (US) LLP (for our clients) enclosing the Purported Enforcement Notice. We note that letter referred to the acquisition of certain facilities, by funds managed by Redwood, with pricing levels “corroborating” a Financial Advisor’s opinion for valuation supporting the Purported Enforcement and Disposal Steps. In the absence of, the requested, full and complete evidence being provided confirming the Security Agent’s compliance with its obligations under the ICA with respect to the Purported Enforcement and Disposal Steps, including without limitation as to valuation, our clients refute those transactions and related pricing as being a proper or valid basis for that requisite valuation.
 - 4.5 The Security Agent failed to comply with procedural requirements of the ICA, including as set out in Clause 16 of the ICA, as part of a scheme to deprive our clients of value and remove their ability to object, raise concerns or challenge the process or value before the Purported Enforcement and Disposal Steps.
- 5. For the avoidance of doubt, this letter constitutes a letter before action sent in accordance with the Practice Direction on Pre-action conduct and Protocols contained in the Civil Procedure Rules. We make reference, in particular, to paragraphs 13 to 16 of

the Pre-Action PD which contain the Court's powers to impose sanctions for failing to comply with the provisions of the Pre-Action PD. Ignoring this letter may result in the commencement of legal proceedings against you without further notice to you and may increase your liability for costs in any such proceedings.

B. RELEVANT FACTUAL BACKGROUND

6. The Security Agent is well aware of the relevant factual background, and we do not seek to repeat the full background in this letter. However, this is without prejudice to our clients' position that they will rely on the full factual background and matrix in support of their claims in due course. Our clients also reserve all rights to supplement their understanding of the factual background when they receive further information in respect of the Purported Enforcement and Disposal Steps, including as requested by our 31 March Letter. We invite the Security Agent to reconsider its outright refusal to provide the information sought by that 31 March Letter, and reserve all of our clients' claims and rights in the event that there is a continued failure to provide such information.
7. For the purposes of this letter, the AHG notes that:
 - 7.1 The Purported Enforcement and Disposal Steps form part of a wider transaction, including steps taken in and since April 2024 by the Company, for the benefit of Redwood, to begin an improper and invalid transformation of the Group's capital structure (at the expense of the interests of the AHG and others), including:
 - a. The removal of the Indenture's "Payments for Consent" clause (Section 4.18), which barred the Issuer from paying any consideration as an inducement to consent unless offered to all Holders;
 - b. The related issuance of a €50,000,000 new super senior financing transaction (the "**Super Senior Term Loan**") lent by Redwood to the Company; and
 - c. The unlawful exchange (and redemption) of €186,075,000 of Redwood's existing Senior Secured Notes (the "**Up-Tiering**"), for newly issued "**Up-Tiered Notes**" and corresponding amendments to the Indenture granting those Up-Tiered Notes priority rights to payment relative to the remaining Notes.
 - 7.2 The AHG is challenging the validity of the Up-Tiering in proceedings currently pending before the Supreme Court of the State of New York against the Company, Redwood and the Trustee (the "**New York Proceedings**"). The New York Proceedings remain ongoing and may result in a decision that the Up-Tiered Notes were not validly issued under the Indenture.
 - 7.3 On 21 March 2025, the AHG received notice that:
 - a. That day, a purported Instructing Group had supposedly instructed the Security Agent to enforce the Luxco 2 Share Pledge over the shares in Luxco 2.

- b. That same day, the Security Agent had apparently obtained from Grant Thornton “(i) a *Financial Advisor’s Opinion in accordance with Schedule 5 (Security Enforcement Principles) to the Intercreditor Agreement [the Flawed FA Opinion]*; and (ii) a *determination of the market value of the Shares in accordance with the requirements of the Luxco 2 Share Pledge*”³.
- c. Also that same day, and on the basis of a nil valuation of the market value of the shares in the capital of Luxco 2 (the “**Shares**”), the Security Agent entered into a delegation agreement with Purple Iris, LP (“**Bidco**”) to supposedly designate, appoint and authorise Bidco as the entity purportedly entitled to appropriate all of the Shares pursuant to the purported enforcement of the Luxco 2 Share Pledge.
- d. Also on that same day, the Security Agent (and Bidco, as its purported delegate) had executed and delivered an enforcement and appropriation notice purportedly effecting, and giving notice of, the appropriation of the Shares, such that Bidco had become the sole shareholder of Luxco 2.
- e. Also on that same day, the Security Agent accepted an offer from Bidco for the latter to pay to the Security Agent €86,700,000 in cash as consideration (“**Consideration**”) for the transfer by the Security Agent of “certain Liabilities” to Bidco “for market value”, purportedly pursuant to Clause 17.2(d) of the ICA.

7.4 The AHG understands that the Senior Secured Notes have now been delisted.

- 8. As set out in the 31 March Letter, the AHG is concerned that it does not have full information with respect to the Purported Enforcement and Disposal Steps. In particular, and as concerns the Security Agent, the AHG have not yet received:

8.1 Any information relating to the receipt and execution by the Security Agent of any Third Party Security Provider Accession Deed in relation to the Luxco 2 Share Pledge, in circumstances where: (a) the Security Agent was required to give prompt notice of such receipt and execution pursuant to Clause 22.20 of the ICA; and (b) the AHG are particularly concerned as regards the granting of Transaction Security a mere 10 days prior to its enforcement, which looks wholly contrived and raises numerous concerns.

8.2 Any explanation as to why: (a) no notice was given by the Security Agent that Super Majority Super Senior Creditors or Majority Senior Secured Creditors wished to instruct the Security Agent to commence enforcement of the Luxco 2 Share Pledge, as was required by Clause 16.4(a) of the ICA, prior to any such instruction being given.

³ See paragraph 5(a) of the Purported Enforcement Notice.

- 8.3 Any explanation as to why the consultation (following such requisite notice mentioned above) stipulated by Clause 16.4(b) of the ICA was apparently not initiated or conducted.
- 8.4 Notice or details of the purported event of default which arose (including under which credit facility or other indebtedness it arose), and on the basis of which the purported Instructing Group gave the Security Agent purported instructions to enforce the Luxco 2 Share Pledge, where the Security Agent was required to give prompt information about any default pursuant to Clause 20.8(c) of the ICA.
- 8.5 Sufficient information with respect to the valuation information and process undertaken by the Security Agent in accordance with the Security Enforcement Principles and the requirements of Clause 16.3(b), Clause 16.5, Clause 17.2(d) and Clause 17.3(b) of, and Schedule 5 to, the ICA, in circumstances where: (a) no market testing appears to have been carried out; (b) the only external justification for the valuation set out in the Flawed FA Opinion (which has not been made available to the AHG) is acquisitions *by Redwood* (i.e. the very party benefiting from the overall transaction) of participations in the Super Senior RCF Agreement and Senior Secured Bridge Facilities Agreement; and (c) the Security Agent is contractually obliged (by Clause 17.3(b) of the ICA) to take reasonable care to achieve the best price reasonably obtainable having regard to prevailing market conditions.
- 8.6 Proper and appropriate detail of what Liabilities were transferred to Bidco and the valuation and allocation of the Consideration thereto by each sub-category of such Liabilities, which is necessary to verify compliance with ICA requirements including as to valuation information and process.

C. THE AHG'S CLAIMS AGAINST THE SECURITY AGENT

- 9. The Purported Enforcement and Disposal Steps appear to have been designed to allow unjustified harm to be caused to our clients, as a furtherance of the unlawful scheme first perpetrated through the purported Up-Tiering that is subject to our clients' challenge in the New York Proceedings.
- 10. In parallel with the New York Proceedings, our clients are entitled to, and intend to, commence proceedings before the English Courts against the Security Agent, seeking declarations, and related relief, to the effect that the Purported Enforcement and Disposal Steps were contrary to and/or in breach of the terms of the ICA, and are therefore invalid, unlawful and ineffective. The effect of those declarations, and related relief, will be to unwind the Purported Enforcement and Disposal Steps. Further, our clients intend to seek damages from the Security Agent.
- 11. The declarations that our clients intend to seek from the English Courts as against the Security Agent include:
 - 11.1 A declaration that the purported instructions given by the purported Instructing Group on 21 March 2025 were invalid, and therefore the Security Agent was not

entitled to rely on those purported instructions to enforce the Luxco 2 Share Pledge and dispose of Liabilities.

- 11.2 A declaration that all of the Purported Enforcement and Disposal Steps taken pursuant to those purported instructions are, therefore, invalid, unlawful and ineffective.
- 11.3 A declaration that the enforcement by the Security Agent of the Luxco 2 Share Pledge was not consistent with the Security Enforcement Principles, and therefore invalid, unlawful and ineffective.
- 11.4 A declaration that the Security Agent failed to comply with Clause 17.3(b) of the ICA to take reasonable care to obtain the best price reasonably obtainable for the Shares, having regard to prevailing market conditions.
- 11.5 A declaration that the Security Agent failed to comply with its notice and consultation obligations under Clause 16.4 of the ICA.
- 11.6 A declaration that the disposal of the relevant Liabilities was not consistent with the Security Enforcement Principles, and therefore invalid, unlawful and ineffective.
- 11.7 Such other declaration and/or ancillary relief as are reasonably necessary to give effect to an unwind of the Purported Enforcement and Disposal Steps, and to restore our clients' Senior Secured Notes to their proper position in the properly constituted Group capital structure, as existed prior to the unlawful Purported Enforcement and Disposal Steps taken by the Security Agent.

Invalidity of instructions, inability for Security Agent to rely on such instructions

- 12. As previewed above, the Security Agent was not in receipt of valid instructions to permit it to validly, lawfully and effectively take the actions which constituted or resulted in the Purported Enforcement and Disposal Steps; accordingly, such actions are without any legitimate basis and invalid, unlawful and ineffective.
- 13. The rights, obligations and duties of the Security Agent with respect to the enforcement of Transaction Security, and its relationship with the receipt of valid instructions to so enforce, is set out at Clause 16 of the ICA. In particular:
 - 13.1 Clause 16.3(e) provides that the Security Agent is entitled to rely on, and comply with, any instructions given to the Security Agent to enforce Transaction Security where such instructions comply with that Clause 16.3.
 - 13.2 Clause 16.3(a)(i) and Clause 16.3(b)(i) empower the Security Agent to act on instructions by the 'Instructing Group' (prior to the Senior Secured Debt Discharge Date, where Transaction Security has become enforceable).
 - 13.3 Clause 1.1 defines 'Instructing Group' as, relevantly, the 'Super Majority Super Senior Creditors' and the 'Majority Senior Secured Creditors'. Clause 1.1 also defines the 'Super Majority Super Senior Creditors' as Super Senior Creditors

holding more than 66 2/3% of Super Senior Credit Participations and defines 'Majority Senior Secured Creditors' as Senior Secured Creditors holding more than 50% of Senior Secured Credit Participations.

14. However, the Security Agent has not received instructions from the Instructing Group. The purported instructions given to the Security Agent on 21 March 2025 were not instructions from an Instructing Group, as the Security Agent was aware.

15. *First:*

15.1 The AHG holds 97.6% in aggregate principal amount of the Senior Secured Notes, their holdings being €84,325,000 out of a total €86,425,000 of Senior Secured Notes in issuance. The AHG's holdings constitute 54.8% of all senior secured debt, which also includes €67,500,000 outstanding on a Bridge Term Loan Facility, for a total of €153,925,000 outstanding senior secured debt.

15.2 For the reasons set out in the New York Proceedings, the Up-Tiered Notes are not valid, and therefore are not valid Senior Secured Notes, including for the purposes of instructing, and calculating instructions given by the Majority Senior Secured Creditors.

15.3 The "old" Senior Secured Notes held by Redwood (prior to the Up-Tiering Transaction) were not in existence at the time of the instruction by the Instructing Group, having been cancelled, presumably at the direction of, or at least with the consent of, Redwood. Accordingly, they cannot be used by Redwood for these purposes, i.e. for instructing, and calculating instructions given by Senior Secured Creditors.

15.4 Accordingly, the Security Agent cannot in fact have received instructions from the Majority Senior Secured Creditors, in circumstances where our clients did not instruct the Security Agent to enforce the Luxco 2 Share Pledge, as they hold 54.8% of the Senior Secured Credit Participations.

16. *Second:*

16.1 No evidence or proof has been provided (either in the Purported Enforcement Notice or otherwise) that any purported instructions, on behalf of (the Senior Secured Noteholders as) the Majority Senior Secured Creditors within the purported Instructing Group, were given by, or with due authorization from, the Holder thereof as required by the Indenture⁴ and the ICA⁵. In the absence of those requisite instructions by the Holder, or by beneficial owners with due

⁴ Section 2(b) of Exhibit A to the Indenture (incorporated into the terms by Section 2.02 thereof) provides: "*Members of, or participants in, Euroclear or Clearstream ("Agent Members") shall have no rights under the Indenture with respect to any Global Note held on their behalf by the Depositary or by the Notes Custodian or under such Global Note, and the Depositary or its nominee may be treated by the Issuer, the Trustee and any agent of the Issuer or the Trustee as the absolute owner of such Global Note for all purposes whatsoever.*"

⁵ The definitions in Section 1.1 of the ICA of "Majority Senior Secured Creditors" refers to "Senior Credit Participations" and "Senior Secured Creditors" with the latter including "Senior Secured Notes Creditors" which in turn refers to "Senior Secured Noteholders" which for holders of Senior Secured Notes refers only to the Holder as defined in the Indenture as mentioned above.

authorization from the Holder, the purported instructions from the purported Majority Senior Secured Creditors and consequently the instructions of any Instructing Group acting via such purported Majority Senior Secured Creditors are invalid and ineffective.

17. *Third:*

- 17.1 Section 12.04 of the Indenture provides that Notes owned by any person “*directly or indirectly controlling ... the Issuer will be disregarded and deemed not to be outstanding*”. Clause 30.5(a)(II) of the ICA gives effect to this provision for the purposes of the ICA.
- 17.2 Since at least the date of the Up-Tiering Transaction, our clients understand that Redwood has been controlling the Company and its related entities, in that it has been able to dictate an unjustified transaction (via the Purported Enforcement and Disposal Steps) to improperly acquire the value in the Group for itself to the detriment of minority creditors including the AHG.
- 17.3 Accordingly (and without prejudice to our clients’ primary position as set out above), any Senior Secured Notes held by Redwood must, per the express requirements of the Indenture, be disregarded for the purposes of instructions as part of the Instructing Group.
- 17.4 As a result, on this basis, the Security Agent cannot have received instructions from the Majority Senior Secured Creditors, given that our clients hold 54.8% of the Senior Secured Credit Participations that sit outside of the control of Redwood.

18. *Fourth:*

- 18.1 Further and alternatively (and without prejudice to our clients’ other claims), any instructions provided by Redwood (as Senior Secured Creditor) are invalid and ineffective on the basis that they were not exercised *bona fide* and in the best interests of the class of Senior Secured Noteholders as a whole,⁶ but rather were exercised in bad faith and for a collateral purpose, namely to improperly acquire the value in the Group for the benefit of Redwood alone and to the detriment and harm of other creditors of the Group.
- 18.2 This is because:
 - a. Our clients are concerned that the combination of the following events has resulted in an unjustified and improper transfer of the value of the Group for an undervalue for the benefit of Redwood and to the detriment of our clients and other non-Redwood clients. Those events are: (i) the failure to properly adhere to the Security Enforcement Principles for both the enforcement of the Luxco 2 Share Pledge and the transfer of Liabilities (for the reasons set out below), (ii) the execution of the strategy whilst the

⁶ See *Assenagon Asset Management SA v Irish Bank Resolution Corporation Ltd* [2012] EWHC 2090

New York Proceedings are ongoing; and (iii) the failure to adopt proper process, including giving notice and permitting consultation with our clients (and others).

b. The reasons for that include:

- i. It appears to our clients that the Purported Enforcement and Disposal Steps were enabled by prior steps being taken in breach of directors' duties. These steps include the insertion of a new double Luxco structure above the Restricted Group (presumably to avoid any Court scrutiny of enforcement steps by facilitating enforcement in a jurisdiction where Court involvement is not required, in contrast to, for example, the Netherlands where enforcement of share pledges frequently requires the involvement of the Dutch Courts). They also include the granting and enforcement of a share pledge only 10 days apart, in each case for no apparent corporate benefit (which is particularly concerning given the precarious financial position of the company at the time, which would have warranted engagement by the Group with all of its creditors in an effort to agree and implement a solution to the Group's financial difficulties).
- ii. The Purported Enforcement and Disposal Steps were taken on the basis of the purported instruction of Majority Senior Secured Creditors in circumstances where there is a pending dispute (the New York Proceedings) as to the validity of the holdings of those Majority Senior Secured Creditors.
- iii. The valuation of the Shares at nil, as purportedly justified by the Flawed FA Opinion, with the effect that Redwood benefited from a transaction of a transfer at an undervalue to the detriment of our clients, appears to be wrong and self-serving to allow Redwood to complete its aggressive loan-to-own strategy.
- iv. Our clients have been provided with no justification, and are not aware of any realistic justification, for the transfer of (unspecified) Liabilities to Bidco for €86,700,000 (i.e. the Consideration). Our clients have been given no confirmation or details (whether by or with the Purported Enforcement Notice or otherwise) of what valuation was obtained and process conducted, and data obtained therefrom, to establish this Consideration as being a true and fair reflection of market value. This is particularly concerning in circumstances where that amount is said to reflect market value.
- v. The relevant parties appear to have expressly avoided testing the valuations of the Shares and the Liabilities through the most

obvious route: engaging with our clients, who had repeatedly indicated an interest in discussing refinancing, restructuring steps or potential alternative transactions with the Group, but had been stonewalled and omitted from any process or discussions. This can only suggest that the relevant parties actively did not want to understand our clients' views on valuation, because that would contradict the low-ball and unjustified 'valuations' being relied on for the purposes of the enforcement of the Luxco 2 Share Pledge and the transfer of Liabilities. It also suggests a broader scheme to deliberately exclude and deprive our clients of their rights, interests and value.

- vi. The process leading up to and including the Purported Enforcement and Disposal Steps was implemented in a very truncated timescale, without any apparent objective justification relating to the Group itself, and where such a compressed process (including as to valuation) would inevitably result in a breach (or a material risk of a breach) of the Security Enforcement Principles and Clauses 16.5, 17.2(d) and 17.3(b) of the ICA.
- vii. The process leading up to and resulting in the Purported Enforcement and Disposal Steps was non-compliant with contractual protections and obviously designed to exclude our clients from the information flow and to prevent them from being aware of the Purported Enforcement and Disposal Steps until after they had been effected. This was presumably to avoid our clients being able to obtain Court relief to – quite properly – stop the Purported Enforcement and Disposal Steps and therefore prevent the undervalue expropriation of the value in the Group, to our clients' detriment.
- viii. This obfuscation has continued post-transaction, where all of the Company, Redwood and – by the Security Agent's Response - the Security Agent have refused to provide our clients with information in respect of the Purported Enforcement and Disposal Steps.

Failure to comply with Security Enforcement Principles

- 19. We have set out above that the AHG have not been provided with full information as to any valuation process(es) and outcomes undertaken on 21 March 2025. In particular, our clients do not have: (a) the Flawed FA Opinion; (b) the instructions given to Grant Thornton which resulted in the Flawed FA Opinion; (c) how the Security Agent established, determined, and then applied, the market value of the Shares or the Consideration for the connected transfer of certain Liabilities to Purple Iris; and (d) how the Security Agent established and determined that it was taking reasonable care to obtain the best price reasonably obtainable having regard to prevailing market conditions for the Shares.

20. The Security Agent therefore failed to comply with the Security Enforcement Principles when taking steps to enforce the Luxco 2 Share Pledge and transfer Liabilities, failed to achieve market value for the Shares or the Liabilities, and failed to achieve the best price reasonably obtainable for the Shares. This is in breach of:
- 20.1 Clause 16.3 of the ICA which requires the Security Agent to only act on instructions to enforce Transaction Security where that is consistent with the Security Enforcement Principles.
 - 20.2 Clause 16.5 of the ICA which requires the Security Agent to enforce Transaction Security and take other action as to Enforcement as instructed, but only where it is consistent with the Security Enforcement Principles.
 - 20.3 Clause 17.3(b) of the ICA which requires the Security Agent to effect a Distressed Disposal (which would include the disposal of the pledged shares in Luxco 2) in a manner that takes reasonable care to obtain the best price reasonably obtainable having regard to the prevailing market conditions.
 - 20.4 Clause 17.2(d) of the ICA which requires the Security Agent to dispose of Liabilities on a share sale in accordance with the Security Enforcement Principles.
21. Based on the information presently available, the AHG consider that the Security Agent has failed to comply with the Security Enforcement Principles and has not achieved market or appropriate value in respect of any aspect of the enforcement because:
- 21.1 With respect to both the enforcement of the Luxco 2 Share Pledge and the disposal of Liabilities, the Security Agent has failed to achieve the 'Security Enforcement Objective'. Paragraphs 1 and 4 of Schedule 5 to the ICA require the Security Agent to achieve the Security Enforcement Objective. The 'Security Enforcement Objective' means "*maximising, so far as is consistent with the prompt and expeditious realisation of value from Enforcement of Transaction Security, the recovery by the Super Senior Creditors, the Senior Secured Notes Creditors and the Future Pari Passu Creditors*".
 - 21.2 Realisation of value does not appear to have been maximised by the Purported Enforcement and Disposal Steps because of the unjustifiably truncated and expedited valuation and enforcement processes.
 - 21.3 No details or information have been given to our clients indicating that any proper process was conducted in terms of the requisite consideration and determination of the following, to achieve the Security Enforcement Objective in compliance with the Security Enforcement Principles and other the ICA requirements stated in this letter: (a) different available marketing and valuation processes; (b) selection of the optimal method for the same, (c) determination and selection of participants and potential bidders, other than Redwood (including our clients and/or parties proposed by our clients), and (d) determination and selection of the optimal transaction structure and terms for the selected transaction party.

- 21.4 In fact, the most obvious option available to the Security Agent (and other parties) to test compliance with the Security Enforcement Principles and seek market value – being engagement with our clients on these matters, prior to enforcement – was expressly ignored and rebuffed. This suggests a deliberate tactic of refusal to engage, because such engagement with our clients would only have demonstrated the insufficiency and undervaluation of the Security Agent’s approach.
- 21.5 The Flawed FA Opinion is not a valid basis for the Security Agent (or the Court) to conclude that the Security Enforcement Objective was met, notwithstanding paragraph 7 of Schedule 5 to the ICA, because:
- a. No market testing was undertaken to arrive at the valuation obtained, which ought to have occurred especially in circumstances where the disposal in question involved a connected party.
 - b. None of the AHG or, as far as our clients are aware, other appropriate potential transaction parties were approached to bid or to advise on potential bidders. There was no attempt to establish whether a prospective buyer would be willing to pay more than the valuation obtained.
 - c. It is unclear when the valuation was conducted (particularly noting the timeline of a single day for the Security Agent to receive the purported instructions, obtain and consider the Flawed FA Opinion, and then execute the Purported Enforcement and Disposal Steps) which can only suggest that no scrutiny was applied and no care was given as to the accuracy of the Flawed FA Opinion. Whilst our clients have not been provided with sufficient detail to understand in reality how long this process took, their experience is that a valuation process generally takes around (at least) six weeks. On that basis, the process would have been in progress before the insertion of the ‘double Luxco’ structure and whilst our clients’ attempts to engage were being rebuffed.
 - d. During February and up to 21 March 2025 the AHG, through its advisers Moelis & Company, attempted to get engagement with the Company, through its advisers Allen Overy Shearman Sterling LLP, but the Company failed to do so. We note this period includes 11 March 2025 being the date the Luxcos were inserted⁷ above the Company in its holding structure and of the Luxco 2 Share Pledge and it is reasonable to infer that it coincided with other preparatory steps for the enforcement. The only stated justification for the nil value of the Shares as provided for in the Flawed FA Opinion is clearly deeply flawed. It is nonsensical to suggest that market

⁷ Luxembourg Trade and Companies Register.

purchases by Redwood are an appropriate test of a valuation opinion in the context of a transaction being implemented to benefit Redwood.

- 21.6 Our clients are not aware of any justification for the price agreed for the transfer of Liabilities.
22. For similar reasons, it is inconceivable that the Security Agent has complied with its obligations under Clause 17.3(b) of the ICA to take reasonable care to obtain the best price reasonably obtainable for the Shares, having regard to the prevailing market conditions.

Failure to comply with notice and consultation rights, to avoid AHG involvement and to allow unlawful expropriation of minority creditor interests.

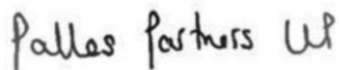
23. The ICA sets out various notice and consultation provisions designed to protect minority creditors. In further evidence of the bad faith motivating the Purported Enforcement and Disposal Steps, the Security Agent failed to comply with these notice and consultation provisions, thereby depriving the AHG of any ability to challenge the Purported Enforcement and Disposal Steps prior to the steps being taken.
24. Without limitation:
- 24.1 Clause 16.4(a) and (b) of the ICA provides that upon receipt of instructions with respect to the Enforcement of Transaction Security, the Security Agent will promptly notify the relevant addressees who will then consult with a view to coordinating the instruction to be given with respect to the enforcement strategy. The AHG have not received any such notice and, pending provision of any such notice, must assume that the Security Agent failed to give such notice.
- 24.2 Clause 16.4(c)(ii) of the ICA stipulates that a consultation does not need to be held where the Super Majority Super Senior Creditors or the Majority Senior Secured Creditors determine *in good faith* and give notice that to enter into such consultations and thereby delay the commencement of enforcement of the Transaction Security could reasonably be expected to reduce the amount likely to be realised to a level such that (following application in accordance with Clause 18.1 of the ICA) the Super Senior Liabilities would not be discharged in full. However, the AHG have not received any such notice and, pending provision of any such notice, must assume that the Security Agent did not receive such notice. Additionally, it is apparent that the consideration received by the Security Agent in exchange for the transfer of certain Liabilities to Bidco, and in connection with the transfer of the Shares, would be insufficient to discharge all of the Super Senior Liabilities in any event, so it is unclear on what basis the aforementioned derogation from the consultation requirement could be relied upon in any event.
- 24.3 Paragraph 9 of Schedule 5 to the ICA provides that the Security Agent is entitled to assume that Enforcement of the Transaction Security is in accordance with the Security Enforcement Objective where it has not received notice from a Creditor(s) outside of an Instructing Group objecting to that Enforcement. This

would require Creditor(s) to receive notice of such Enforcement, with sufficient details to understand the valuation and purpose of Enforcement, prior to such Enforcement (as required by Clause 16.4(a) of the ICA). However, the AHG have not received any such notice (and sufficient details) and must assume that the Security Agent has not provided any such notice.

D. NEXT STEPS

25. For the reasons set out above, the AHG considers it has claims against the Security Agent arising under the ICA. As the ICA is subject to an exclusive jurisdiction clause in favour of the English Courts, the appropriate forum for those proceedings is the English Courts. Subject to any response to this letter before action, our clients intend to now take preparatory steps to bring such proceedings against the Security Agent, and then cause such proceedings to be brought.
26. We recognise that the Security Agent should be given the opportunity to substantively respond to our clients' concerns, and to set out its own position in respect of those concerns where relevant. Accordingly, please provide a substantive response within four weeks of the date of this letter. In the event that such response is not satisfactory, our clients reserve all rights to commence proceedings before the English Courts without further notice to you.
27. For the avoidance of doubt, our clients in parallel are corresponding with the Trustee to comply with any conditions applicable under the Indenture (without making any concession that such conditions are applicable to the contemplated proceedings). Including for those purposes, the Trustee's lawyers are copied to this letter.
28. Our letter of 31 March 2025 contained a request that the Security Agent implement a litigation hold. We trust that you have taken such steps, under proper advisement, including to avoid being in breach of your obligations under the English Civil Procedure Rules.
29. Our clients' rights are generally reserved.

Yours faithfully



Pallas Partners LLP

With a copy to: Morgan, Lewis & Bockius LLP

Attn: Michael Kraut

michael.kraut@morganlewis.com