

(date)

[●]  
(address)

Attention: [●]

Dear Sirs/Madams,

**CDO Fund**

1. This letter agreement (this "**Agreement**") relates to the recent discussions between [ ] (the "**Fund Manager**") and [ ] (the "**Firm**" and any affiliate of the Firm, a "**Firm Entity**") in connection with the proposed structuring and placement (the "**Proposed Transaction**") of private offerings ("**Offerings**") by one or more special purpose vehicles (individually and collectively, the "**Fund**") to be located in [ ] and which Offerings will include the issuance of one or more classes of [ ] denominated securities or any other instruments agreed between the Firm and the Fund Manager ("**Offered Securities**") as contemplated in the indicative term sheet attached hereto (the "**Term Sheet**"). The Proposed Transaction further contemplates that the Fund will invest primarily in a portfolio ("**Portfolio**") of collateralized debt obligation securities ("**CDO Securities**") purchased from the Warehousing Vehicle described below and subject to the investment guidelines set out in the Term Sheet.
2. Subject to definitive agreements and all internal approvals obtaining by the Firm, the Financing Entity and the Investor, the Firm and the Fund Manager will arrange for a warehousing vehicle (the "**Warehousing Vehicle**") to be set up on or before [ ]. Upon incorporation (the "**Incorporation Date**"), the Warehousing Vehicle will be capitalised up to [ ] (the "**Warehouse Capital**") by (a) each of the Fund Manager and [ ] (the "**Investor**") contributing [ ] (each a "**Capital Contribution**") and (b) [ ] (the "**Financing Entity**") providing additional financing up to [ ] (the "**Financing**"). The Warehousing Vehicle will then start to purchase CDO Securities using the Warehouse Capital. The Firm, one or more Firm Entities and the Fund Manager will start to market the Fund on or before the Incorporation Date up to the initial closing date of the Fund (as set out in the Term Sheet, "**Initial Closing Date**"). The Financing will be secured over the CDO Securities purchased by the Warehousing Vehicle.
3. On the Initial Closing Date, the Fund will issue [ ] of the Offered Securities to the Warehousing Vehicle and assume all liabilities and obligations of the Warehousing Vehicle under the Financing in exchange for all CDO Securities purchased by the Warehousing Vehicle up to the Initial Closing Date and Capital Contribution not used to purchase CDO Securities. Offered Securities issued to the Warehousing Vehicle shall be transferred to the Investor and the Fund Manager to reduce their Capital Contribution to zero and the Warehousing Vehicle will be wound up.
4. The purpose of this Agreement is to evidence the agreements reached between the Fund Manager and the Firm as a result of the above described discussions among the same on the Proposed Transaction.
5. The Firm agrees that:
  - (A) it or a Firm Entity will be engaged as an arranger (the "**Arranger**") to the Fund, and shall use its reasonable efforts to arrange the placement (in such capacity, the "**Placement Agent**") of the Offered Securities issued under the proposed Offerings subject to the Arranger and the Placement Agent having executed and delivered all definitive agreements relevant to such role; and
  - (B) it shall procure the Investor to contribute its Capital Contribution to the Warehousing Vehicle on the Incorporation Date, subject to (i) the Investor's internal approval being obtained, (ii) the contribution of Capital Contribution by the Fund Manager pursuant to 7(B) below, and (iii) the Financing being made.
6. The Fund Managers agrees that:
  - (A) contingent on the funding of the Fund and the issuance of the Offered Securities, the Fund

Manager will act as investment manager (the “**Investment Manager**”) for the Warehousing Vehicle and the Fund and the co-placing agent of an Offering for the Fund in relation to the Proposed Transaction pursuant to definitive agreements; and

- (B) subject to (i) the Fund Manager’s internal approval being obtained, (ii) the issuance of the Offered Securities in the principal amount of not less than [ ], (iii) the Fund Manger’s receipt of an offering memorandum in respect of such proposed Offerings, and (iv) the contents of such offering memorandum being consistent with the terms set out in the Term Sheet, and (v) the contribution of the Capital Contribution by the Investor pursuant to 5(B) above (vi) the making of the Financing, the Fund Manager will contribute its Capital Contribution on the Incorporation Date and receive and hold the Fund Manager’s Holding from the Initial Closing Date.
7. On the Initial Closing Date, each of the Investor and the Fund Manager will receive [ ] of the Offered Securities issued to the Warehousing Vehicle to reduce the Capital Contribution of the Investor and the Fund Manager to zero (the [ ] Offered Securities transferred to the Fund Manager and the Investor shall be the “**Fund Manager’s Holding**” and the “**Investor’s Holding**” respectively).
8. The parties agree that they will use reasonable endeavours to sell or place Offered Securities with third party investors and the principal amount of Investor’s Holding shall be reduced by the principal amount of such Offered Securities sold or placed (whether by a Firm Entity or the Fund Manager) to such third party investors (“**Third Party Placement**”).
10. The parties shall enter into a separate confidentiality agreement in relation to information to be exchanged between the parties in connection to the Proposed Transaction.
11. All startup expenses, legal and other professional advisor fees, printer expenses, road show expenses, custodian fees, trustee fees, issuing and paying agent fees, out-of-pocket expenses incurred in connection with the Warehousing Vehicle, the Fund, the Financing, the Capital Contribution, Proposed Transaction and the Offerings (collectively, “**Transaction Expenses**”) shall be paid by and out of the Fund but, to the extent of any amount not paid out of or otherwise reimbursed by the Fund, whether or not the Initial Closing Date occurs, such unpaid amount shall be borne by the Fund Manager and the Firm equally.
12. This Agreement shall be governed by, and construed in accordance with, the laws of [ ].

Kindly confirm your agreement to the above by countersigning and returning to us a duplicate of this letter.

Your faithfully,

[ ]

Confirmed and agreed to  
as of the date first above written:

[ ]

## Appendix