

## CRYSTAL RIVER CAPITAL, INC.

### CODE OF BUSINESS CONDUCT AND ETHICS

#### Introduction

Set forth herein is the Code of Business Conduct and Ethics (the “Code”) adopted by Crystal River Capital, Inc. (the “Company”). This Code summarizes basic guiding principles and standards of conduct to guide all employees, directors and officers of the Company, Hyperion Brookfield Asset Management Inc. (“Hyperion Brookfield”), the parent of Hyperion Brookfield Crystal River Capital Advisors, LLC (or any successor manager, the “Manager”, the Company’s external manager pursuant to a management agreement by and between the Company and the Manager), and its affiliates who are involved in the business and affairs of the Company, the Manager and the Company’s subsidiaries and controlled affiliates in meeting our goal to achieve the highest business and personal ethical standards as well as compliance with the laws and regulations that apply to our business. This Code covers a wide range of business practices and procedures, but it does not address every applicable law or respond to every ethical question or concern that may arise. All of the directors and officers of the Company and the employees of the Manager or its affiliates who are involved in the business and affairs of the Company (referred to as “covered directors, officers and employees”) must conduct themselves accordingly in every aspect of our business and seek to avoid even the appearance of wrongdoing or improper behavior. Our standard has been, and will continue to be, to advance the highest standards of ethical conduct. We expect the Company’s agents, consultants, contractors, suppliers and representatives to be guided by the principles and standards set forth in this Code.

If you have questions regarding any of the goals, principles, or standards discussed or policies or procedures referred to in this Code or are in doubt about the best course of action to take in a particular situation, you should contact the Company’s Chief Executive Officer (the “Company’s CEO”), or follow the guidelines set forth in Section 16 of this Code.

Every covered director, officer and employee has a duty to adhere to this Code and those who violate the standards in this Code will be subject to disciplinary action which may include suspension or dismissal and/or the reporting of violative conduct to appropriate regulatory and criminal authorities. If you are involved in a situation which you believe may violate or lead to a violation of this Code, follow the guidelines described in Section 16 of this Code.

We are committed to continuously reviewing and updating our policies and procedures. Therefore, this Code is subject to modification. This Code supercedes all other such codes, policies, procedures, instructions, practices, rules or written or verbal representations concerning the subject matter of this Code to the extent they are inconsistent.

Please sign the acknowledgment form attached hereto as Exhibit A, indicating that you have received, read, understand and agree to comply with this Code, and return the form as instructed. The signed acknowledgment form will be located in your personnel file. Each year, as part of the annual review process, persons covered by this Code will be asked to sign an

acknowledgment indicating their continued understanding of and compliance with this Code. In addition, periodically, you may be asked to participate in seminars, training meetings and similar activities related to reinforcing your understanding of this Code and its applicability to the Company's business.

## **1. Compliance with Laws, Rules and Regulations**

Obeying the law, both in letter and in spirit, is the foundation on which this Company's ethical standards are built. All covered directors, officers and employees must respect and obey the laws of the cities, states and countries in which we operate and the rules and regulations applicable to the Company's business. Although not all such covered persons are expected to know the details of these laws, rules and regulations, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel who should consult with the Company's CEO or General Counsel of the Manager as necessary or appropriate. Compliance with the law does not obviate the need to act with the highest honest and ethical standards.

To promote compliance with laws, rules, regulations and the policies of the Company, including insider trading rules, other securities laws, and anti-discrimination and anti-harassment laws and policies, the Company has established various compliance policies and procedures and, where appropriate, may conduct information and training sessions.

## **2. Conflicts of Interest**

A "conflict of interest" exists when a person's personal private interest interferes in any way—or even appears to interfere in any way—with the interests of the Company. A conflict situation can arise when a covered director, officer or employee takes actions or has interests in connection with or as a result of a material transaction or relationship that may make it difficult for him or her or others to perform work or make decisions objectively and effectively in the Company's interest. Conflicts of interest may also arise when a covered person, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company. Conflicts of interest, unless approved in accordance with this Code, as applicable, are prohibited as a matter of Company policy. Examples include the following:

### **(a) Outside Activities**

The management agreement permits the Manager and its affiliates and the officers and employees of the Manager and its affiliates to engage in outside activities that may include rendering services to other persons, including investment in, or advisory services to others investing in, any type of real estate, real estate-related investments or non-real estate-related investments, including investments which meet the principal investment objectives of the Company, but as required by the Investment Advisors Act of 1940, the Manager and persons associated with Hyperion Brookfield, are subject to Hyperion Brookfield's conflict of interest policy with respect to services the Manager provides to the Company.

### **(b) Outside Directorships**

Conflicts of interest can arise from service as a director of any company that competes with the Company. Directors of the Company are required to review with the Company's Board of Directors and the Company's Secretary other proposed directorships to confirm that accepting such directorship does not present unmanageable conflicts of interest.

**(c) Business Interests**

If you are considering investing in a client, credit source, supplier or competitor of the Company, great care must be taken to ensure that these investments do not compromise your responsibilities to the Company. Many factors should be considered in determining whether a conflict exists, including the size and nature of the investment; your ability to influence the Company's decisions; your access to confidential information of the Company or of the other company; and the nature of the relationship between the Company and the other company. The Audit Committee of the Company's Board of Directors must approve in advance any such investment (other than purchases of \$50,000 or less of stock of a publicly-traded company).

**(d) Related Parties**

As a general rule, you should avoid conducting business or engaging in a transaction on behalf of the Company with a family member or significant other, or with a company or firm with which you, a family member or a significant other is a significant owner, associated or employed in a significant role or position. "Family members" include any person related by blood, adoption or marriage, including grandparents, aunts, uncles, nieces, nephews, cousins, stepchildren, stepparents and in-laws. "Significant others" include co-habitants, domestic partners, and persons with whom an employee has (or reasonably expects to have) a consensual romantic, sexual, intimate or dating relationship.

The Audit Committee must review and approve in advance all material related party transactions or business or professional relationships. All instances involving such potential related party transactions or business or professional relationships must be reported to the General Counsel of the Manager or the Company's CEO who will assess the materiality of the transaction or relationship and elevate the matter to the Audit Committee as appropriate. You must not enter into, develop or continue any such material transaction or relationship without obtaining such prior Audit Committee approval. The Company must report all material related party transactions and business or professional relationships under applicable accounting rules and the Securities and Exchange Commission's (the "SEC") rules and regulations. Any dealings with a related party must be conducted in such a way as to avoid preferential treatment and assure that the terms obtained by the Company are no less favorable than could be obtained from unrelated parties on an arm's-length basis.

Conflicts of interest or the material nature of a transaction or relationship may not always be clear-cut; if questions arise, you should consult with the General Counsel of the Manager before entering into, developing or continuing a transaction that could reasonably be expected to give rise to a conflict of interest.

**(e) Other Situations**

Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. Any covered director, officer or employee who becomes aware of a conflict of interest or a potential conflict of interest should bring it to the attention of a supervisor, manager or other appropriate personnel or consult the guidelines described in Section 16 of this Code.

**3. Insider Trading**

Covered directors, officers and employees who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about the Company should be considered confidential information. To use non-public information about the Company or any other company for personal financial benefit or to “tip” others who might make an investment decision on the basis of this information is not only unethical but also illegal. Please refer to the Company’s Insider Trading Policy. The purpose of such policy is to inform you of your legal responsibilities and to make clear to you that the misuse of sensitive information is contrary to Company policies and to set forth procedures with respect to trading in the Company’s securities.

**4. Public Disclosure**

The Company is committed to providing full, fair, accurate, timely and understandable disclosure in the periodic reports and other information it files with or submits to the SEC and in other public communications, such as press releases, earnings conference calls and industry conferences, made by the Company. In meeting such standards for disclosure, the Company’s executive officers and directors shall at all times strive to comply with the Company’s disclosure obligations and, as necessary, appropriately consider and balance the need or desirability for confidentiality with respect to non-public negotiations or other business developments. The Company’s CEO and Chief Financial Officer (the “Company’s CFO”) are responsible for establishing effective disclosure controls and procedures and internal controls over financial reporting within the meaning of applicable SEC rules and regulations. The Company expects the Company’s CEO and the Company’s CFO to take a leadership role in implementing such controls and procedures and to position the Company to comply with its disclosure obligations and otherwise meet the foregoing standards for public disclosure.

No covered director, officer or employee should interfere with, hinder or obstruct the Company’s efforts to meet the standards for public disclosure set forth above.

**5. Corporate Opportunities**

Covered directors, officers and employees are prohibited from exploiting for their own personal gain opportunities that are discovered through the use of corporate property, information or position unless the opportunity is fully disclosed to the Board and the Board

declines to pursue such opportunity. No such covered person may use corporate property, information or position for improper personal gain. Covered directors, officers and employees owe a duty to the Company to advance the Company's legitimate interest when the opportunity to do so arises.

## **6. Competition and Fair Dealing**

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each covered director, officer and employee should endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, consultants and competitors. No covered director, officer and employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair-dealing practice.

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given, provided or accepted by any covered director, officer and employee, family member of the foregoing or agent of any of the foregoing unless it:

- is not a cash gift;
- is consistent with customary business practices;
- is not excessive in value;
- cannot be construed as a bribe or payoff and does not create an appearance of impropriety; and
- is in compliance with the Company's policy on gifts and gratuities and does not violate any laws or rules or regulations.

Please discuss with the General Counsel of the Manager or the Company's CEO any gifts or proposed gifts which you are not certain are appropriate.

## **7. Discrimination and Harassment**

The Company expects the Manager and its affiliates to respect diversity in the workplace. The Company expects the Manager and its affiliates to have policies that provide for equal employment opportunity for all applicants and employees and that prohibit unlawful discrimination on the basis of race, color, religion, sex (including pregnancy, childbirth or related medical conditions), sexual orientation, national origin, age, disability, marital status, veteran status or any other basis prohibited under federal, state or local law. The Company expects the Manager and its affiliates to be committed to providing a workplace free of unlawful harassment of any kind and to have policies that communicate that they will not tolerate harassment of

employees by managers, supervisors, co-workers or non-employees associated with organizations with whom they have a business, service or professional relationship.

## **8. Health and Safety**

The Company expects the Manager and its affiliates to have policies that provide each of their employees with a safe and healthful work environment and prohibit violent or threatening conduct and the use of illegal drugs in the workplace.

## **9. Record-Keeping**

The purpose of this policy is to set forth and convey the Company's requirements in managing records, including all recorded information regardless of medium or characteristics. Records include paper documents, CDs, DVDs, computer hard disks, email, floppy disks, microfiche, microfilm or all other media. The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions.

The Company's responsibilities to its shareholders and the investing public require that all of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls and generally accepted accounting practices and principles. No one should rationalize or even consider misrepresenting facts or falsifying records. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. No record or document shall be destroyed which is the subject of a subpoena or other legal process or if there is a reasonable belief that litigation proceedings or government investigative proceedings are likely to occur and it is anticipated that such record or document is relevant to such proceedings. All covered directors, officers and employees are expected to comply with all federal, state and industry-specific record retention rules and requirements as well as the Company's record retention policies.

## **10. Confidentiality**

All covered directors, officers and employees must maintain the confidentiality of confidential information entrusted to them by the Company or its customers, except when disclosure is authorized by the Company's CEO or the Company's CFO or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us. The obligation to preserve confidential information continues even after employment ends.

The Company, covered directors, officers and employees and agents, consultants and contractors must cooperate with appropriate government inquiries and investigations. In this

context, however, it is important to protect the legal rights of the Company with respect to its confidential information. All government inquiries and requests for information, documents or investigative interviews (whether in person, by phone, email or written correspondence) must be referred to the General Counsel of the Manager or the Company's CEO, who will be responsible for coordinating a response. No financial information may be disclosed without the prior approval of the Company's CEO or the Company's CFO.

## **11. Protection and Proper Use of Company Assets**

All covered directors, officers and employees should endeavor to protect the Company's property, electronic communications systems, information resources, facilities and equipment and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation pursuant to Section 16 of this Code. Company assets should not be used for non-Company business, although we recognize that incidental personal use may be permitted without adversely affecting the interests of the Company. Personal use of Company assets must always be in accordance with Company policy. You should consult the General Counsel of the Manager or the Company's CEO for appropriate guidance and permission.

The obligation of covered directors, officers and employees to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

Unauthorized duplication of copyrighted documents or computer software violates the law. You must neither engage in nor tolerate the making or using of unauthorized documents or software copies and must comply with all license and purchase terms regulating the use of any document or software. The Company will provide all documents and software needed to meet legitimate needs.

## **12. Payments to Government Personnel**

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, there are a number of federal and state laws and regulations regarding business gratuities which may be accepted by U.S. or state government personnel. The promise, offer or delivery to an official or employee of the U.S. government or a state government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. Local governments, as well as foreign governments, may have similar rules. You must consult with the General Counsel of the Manager or the Company's CEO prior to making any such gifts.

### **13. Waivers of the Code of Business Conduct and Ethics**

Any waiver of any provision of this Code for executive officers or directors must be approved by the Audit Committee and will be promptly disclosed as required by applicable securities law or stock exchange regulation. With regard to covered employees who are not executive officers of the Company, waivers must be approved by the Company's CEO and the General Counsel of the Manager.

### **14. Reporting any Illegal or Unethical Behavior; No Retaliation**

It is your obligation and ethical responsibility to help enforce this Code, and to that end, you should promptly report violations of this Code in accordance with the guidelines set forth in Section 16 of this Code. Covered directors, officers and employees are encouraged to report to supervisors, managers or the General Counsel of the Manager or the Company's CEO about observed or suspected illegal, improper or unethical behavior and, when in doubt, about the best course of action in a particular situation. You should know that reprisal, threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is both a violation of Company policy and is prohibited by a variety of state and federal civil and criminal laws including the Sarbanes-Oxley Act of 2002. Accordingly, it is the policy of the Company not to allow retaliation for reports of wrongdoing or misconduct by others made in good faith. Covered directors, officers and employees are expected to cooperate in internal investigations of wrongdoing or misconduct.

### **15. Accounting Complaints**

The Company's policy is to comply with all applicable financial reporting and accounting regulations. If any covered director, officer or employee has unresolved concerns or complaints regarding questionable accounting, internal control or auditing matters of the Company, then he or she is encouraged to submit those concerns or complaints in accordance with the Company's Complaint Procedures for Accounting and Auditing Matters.

### **16. Compliance Procedures**

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know right from wrong. Because we cannot anticipate every situation that will arise, you should keep in mind the following steps as you consider a particular problem or concern.

**(a)** Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.

**(b)** Ask yourself: What specifically am I being asked to do or ignore? Does it seem illegal, unethical or improper? This will enable you to focus on the specific question you are faced with and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it may very well be.

(c) Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss your concerns.

(d) You should report violations of this Code to or otherwise discuss your concerns in this regard with your supervisor or the General Counsel of the Manager or the Company's CEO. In many cases, your supervisor will be more knowledgeable about the question or concern, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems. Supervisors are obligated to report violations of this Code to the General Counsel of the Manager or the Company's CEO.

(e) In the case where it may not be appropriate to report a violation to or discuss your concerns with your supervisor, or where you do not feel comfortable approaching your supervisor to report a violation or discuss your concerns, you may report the violation or discuss your concerns with the General Counsel of the Manager. If you prefer to report violations or your concerns in writing on an anonymous basis, please address your concerns to the General Counsel of the Manager at the following address: Hyperion Brookfield Asset Management, Inc., Three World Financial Center, 200 Vesey Street, 10th Floor, New York, New York 10281, Attention: Daniel S. Kim, Esq. You can also call the Crystal River Capital, Inc. Ethics Hotline at (800) 665-0831 (in North America). The Company's ethics hotline is managed by an independent third party called the Network and provides a toll-free number, available 24 hours a day, seven days a week, that any covered director, officer and employee can call anonymously to report suspected unethical, illegal or unsafe behavior.

(f) Reports of violations of this Code or other complaints made to the persons referenced above will be reviewed by the Company's CEO and the General Counsel of the Manager or his designee, who shall either (i) conduct an investigation of the facts and circumstances as he deems appropriate and report his conclusions and remedial actions taken, if any, to the Audit Committee or (ii) report the alleged violation or other complaint to the Audit Committee for further direction.

(g) Your communications of violations or concerns will be kept confidential to the extent feasible and appropriate and except as required by law.

(h) All reports of violations of the Code will be promptly investigated and addressed. If you are not satisfied with the response, you may contact the Audit Committee directly.

(i) Always ask first, act later: if you are unsure of what to do in any situation, seek guidance before you act.

## **17. Compliance Required**

The matters covered in this Code are of the utmost importance to the Company, its shareholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. We expect all covered directors, officers and

employees, agents, contractors, consultants and representatives to adhere to these rules in carrying out their duties for the Company.

Any individual whose actions are found to violate these policies or any other policies of the Company will be subject to disciplinary action, up to and including immediate termination of employment or business relationship. Where the Company has suffered a loss, it may pursue its legal remedies against the individuals or entities responsible.

## **18. Administration**

No code, including this one, can cover all situations. Similarly, exceptional circumstances may occur which do not fit neatly within the guidelines of this Code or where strict application of this Code may not produce a fair result. Overall administration of this Code including its interpretation and amendment is under the authority of the Audit Committee of the Board.

**ACKNOWLEDGMENT OF RECEIPT OF CODE  
OF BUSINESS CONDUCT AND ETHICS**

I have received and read the Company's Code of Business Conduct and Ethics (the "Code"). I understand the standards and policies contained in the Code and understand that there may be additional policies or laws specific to my position as an employee, officer or director of the Company. I further agree to comply with the Code.

If I have questions concerning the meaning or application of the Code, any Company policies, or the legal and regulatory requirements applicable to my position, I know I can consult my supervisor, the General Counsel of the Manager or the Company's CEO, knowing that my questions or reports to these sources will be maintained in confidence to the extent feasible and appropriate.

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Name

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Signature

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Date

Please sign and return this form to the Company's Corporate Secretary.