

## **TRADING POLICY FOR SECURITIES ISSUED BY BRASCAN RESIDENTIAL PROPERTIES S.A.**

### **I. PURPOSE**

This Manual aims to consolidate the rules and procedures that shall be observed by (i) the Company's Controlling Shareholders and Fiscal Council Members and by any member of a body with technical or advising functions created by statutory provision; (ii) Employees with access to Privileged Information; and also, (iii) any person who, in view of their occupation, function or position at the Parent Company or Subsidiaries is aware of Privileged Information on the Company, in order to guarantee the observance to good conduct practices when trading Securities.

All persons subject to the duties and obligations set forth in this Manual shall base their conduct as to the Company's matters in accordance with honest intentions, loyalty and veracity values, and they shall be aware that transparent, precise and opportune information, uniformly and equally disclosed to the market, constitutes the main instrument available to investors in order to ensure better returns to their investments. The competition among investors shall occur in the quality of analysis and interpretation of the material information, not of privileged access to this information.

### **II. DEFINITIONS**

The following terms and expressions, when included in this Manual, shall have the following meaning:

**"Controlling Shareholder" or "Controller"**: shareholder or group of shareholders bound by a shareholders' agreement or under common control exercising the Company's control, pursuant to Law no. 6,404/76 and subsequent amendments.

**"Managers"**: the Company's officers and Board of Directors' members, both sitting and alternate.

**Market Entities**: set of stock exchanges or over-the-counter market entities in which the securities issued by the Company are or may be accepted for trading, as well as equivalent entities in other countries.

**"Company" or "BRP"**: Brascan Residential Properties S.A.

**"Fiscal Council Members"**: the Company's Fiscal Council Members, both sitting and alternate, when said Council is instated, elected by the Annual General Meeting's resolution.

**"Certified Brokerage Firms"**: the brokerage firms especially certified by the Company for trading its securities by persons liable to the duties and obligations set forth in this policy.

**"CVM"**: the Brazilian Securities and Exchange Commission.

**"Investor Relations Officer"**: the Company's Officer responsible for rendering information to investors, CVM and Market Entities, as well as for updating the Company's publicly-held company registration before CVM.

**"Ex-Managers"**: the Managers who no longer comprise the Company's management.

**"Employees with access to Privileged Information"**: the Company's employees who, due to their occupation, function or position have access to any Privileged Information.

**"Privileged Information"**: all information related to the Company or its Subsidiaries which may significantly influence the pricing of its Securities and which is still undisclosed to investors.

**"Rule CVM 358/02"**: Rule CVM 358, as of January 3, 2002, which provides for the disclosure and use of information on Material Act or Fact related to publicly-held companies, as well as on the trading of securities issued by a publicly-held company on dependency on material fact undisclosed to the market, among other matters, with amendments introduced by Rule CVM 369/02 and other rules which may be disclosed by CVM during the effectiveness of this instrument.

**"Related Parties"**: parties related to the Company's Managers and Fiscal Council Members as follows: (i) the spouse, from whom the party is not judicially separated, (ii) the partner; (iii) any dependent included in the individual's income tax return; and (iv) companies directly or indirectly controlled by the Managers, the Fiscal Council Members or Related Persons.

**"Controlled Companies"**: the companies in which the Company, directly or by means of other companies, holds partner rights and responsibilities entitling them, on a permanent basis, to preponderance on corporate resolutions and to the power to elect the majority of managers.

**"Statement of Adherence"**: statement of adherence to this present Manual, to be executed as per the model included as Exhibit I to this instrument, pursuant to Article 15, Paragraph 1, sub-item I and Article 16, Paragraph 1 of Rule CVM 358/02.

**"Securities"**: shares, debentures, subscription bonuses, subscription rights and receipts, promissory notes, call and put options, indices and derivatives of any type, or also any other bonds or collective investment agreements issued by the Company, or referring to them, which are deemed as securities in accordance with the legal definition.

### **III. COMPANY'S SECURITIES TRADING POLICY**

#### *Trading by means of Certified Brokerage Firms and Trading Impediment Periods*

Aiming at ensuring the trading standards for the Company's Securities set forth in this Manual, all trading operations with Securities by the Company itself and persons committed to observing the terms and conditions of this Manual shall be performed only by means of the intermediation of Certified Brokerage Firms, as per records sent by the Company to CVM, to be updated from time to time.

The Company, the Managers, the Fiscal Council Members, the Employees with access to Privileged Information, the Controlling Shareholders and persons who, in view of their occupation, function or position in the Parent Company or Subsidiaries may have knowledge of Privileged Information on the Company, and who have signed the Statement of Adherence, may trade their Securities in the periods when there is impediment to trading Securities, as determined by the Investor Relations Officer ("Trading Impediment Period").

The Investor Relations Officer is not obliged to inform the reasons for determining the Trading Impediment Period, and the persons mentioned above shall maintain confidentiality about this determination.

### *Restrictions to Trading on Pending Disclosure of Material Act or Fact*

The trading of Securities is prohibited (a) by the Company; (b) the Controlling Shareholders, Managers, Fiscal Council Members and Employees with access to Privileged Information, and also (c) by any persons who, in view of their occupation, function or position in the Parent Company or Subsidiaries, who have signed the Statement of Adherence, may have knowledge of Privileged Information on the Company, until it is disclosed to the market as a Material Act or Fact, in the following situations:

- (i) when any Material Act or Fact occurs in the Company's businesses;
- (ii) (a) when acquisition or sale of Securities by the Company itself, its Subsidiaries or other companies under common control is in course, (b) or when the option or mandate for this purpose has been ratified, exclusively on dates when the Company itself trades or informs the Certified Brokerage Firms that it will trade with Securities of its own issuance; and
- (iii) when there is intention to promote the Company's merger, full or partial spin-off, transformation or corporate restructuring.

### *Exceptions to General Restrictions to Trading Securities*

The restrictions to trading set forth herein do not apply to the Company itself, the Controlling Shareholders, the Managers, the Fiscal Council Members and the Employees with access to Privileged Information, as of the date of signature of the Statement of Adherence, when performing operations within the scope of the Trading Policy set forth in this present Manual.

The trading of persons referred to above which constitute long-term investment will be comprised by the scope of the Trading Policy, having at least one of the following characteristics:

- (i) accomplishment, by the Company, of purchases purpose of cancellation or maintenance in treasury; and
- (ii) application of variable compensation, received as employee profit sharing, in the acquisition of Securities.

### *Restrictions to Trading after the Disclosure of a Material Act or Fact*

In the events set forth above, even after the disclosure of a Material Act or Fact, the prohibition to trading shall prevail, in case it can interfere with the business conditions with Securities, so as to result in damage to the Company itself or to its shareholders, and this additional restriction shall be informed by the Investor Relations Officer.

### *Prohibition to Trading in Period Prior to the Disclosure of Quarterly and Annual Information and Financial Statements*

The Company, the Managers, the Controlling Shareholders, the Fiscal Council Members, the Employees with access to Privileged Information and also the persons who, in view of their occupation, function or position in the Parent Company or Subsidiaries may have knowledge of Privileged Information on the Company, and who have signed the Statement of Adherence, cannot trade Securities during the fifteen(15)-day period prior to the disclosure or publication, when the case may be, of:

- (i) the Company's quarterly information (ITR);
- (ii) the Company's annual information (DFP and IAN); and
- (iii) the Company's financial statements.

The Certified Brokerage Firms (a) shall not record purchase or sale operations of Securities performed by the aforementioned persons, if performed during the fifteen(15)-day period prior to the disclosure or publication of this quarterly information or financial statements of the Company, and (b) notify the Company about the occurrence of these operations.

*Prohibition to the Resolution Related to the Acquisition or Disposal of Shares Issued by the Company Itself*

The Board of Directors may not approve the acquisition or disposal of Securities issued by the Company itself while information related to the following items is not disclosed to the public by means of a Material Act or Fact:

- (i) execution of any agreement or contract aimed at the transfer of the Company's share control; or
- (ii) granting of option or mandate for the closure of transfer of the Company's share control; or
- (iii) existence of intention to promote the Company's merger, total or partial spin-off, transformation or corporate restructuring involving the Company.

In the event a fact comprised by any of the three situations above occurs after the approval of the buyback program, the Company shall immediately interrupt the operations with Securities issued by the Company itself up to the disclosure of the respective Material Act or Fact.

*Prohibition to Trading Applicable to Ex-Managers*

The Ex-Managers who no longer performs activities in the Company's management before the public disclosure of a Material Act or Fact related to business or fact started during their management term of office may not trade Securities:

- (i) for a six(6)-month period after their removal from office; or
- (ii) before six (six) months completed before their removal from office, up to the disclosure, by the Company, of the Material Act or Fact to the market;

In the event of item (ii) above, in case the trading with Securities after the disclosure of a Material Act or Fact may interfere with the conditions of said businesses, at the expense of the Company or its shareholders, the Ex-Managers may not trade securities for the period mentioned in item (i) above.

*Prohibitions to Indirect Trading*

The prohibitions to trading described in this Manual also apply to trading performed directly or indirectly by the Managers, the Controlling Shareholders, the Fiscal Council Members, the

Employees with access to Privileged Information and also by the persons who, in view of their occupation, position or function at the Parent Company or Subsidiaries have or may have knowledge of Privileged Information on the Company, and who have signed the Statement of Adherence, in events when these trading operations occur by means of:

- (i) a company they control; or
- (ii) third-parties with whom they have executed agreement of securities portfolio management or trust.

Trading performed by means of investment funds of which the persons mentioned in the item above are quotaholders shall not be considered indirect trading since:

- (i) the investment funds are not exclusive; and
- (ii) the trading decisions of the investment fund manager are not influenced by respective quotaholders by any means.

#### **IV. AMENDMENT TO THE DISCLOSURE POLICY**

By means of the board of directors' resolution, the Trading Policy for Securities Issued by the Company may be amended in the following events:

- (i) when there is an express determination in this regard by CVM;
- (ii) amendment to applicable legal and ruling standards, so as to implement the necessary adjustments;
- (iii) when assessing the efficacy of procedures adopted, the Board of Directors verifies the need for amendments.

The amendment to the Trading Policy for Securities Issued by the Company shall be notified to CVM and the Market Entities by the Investor Relations Officer, pursuant to the applicable rules, as well as to the persons included in the records referred to in item 6.1.3.

#### **V. INFRACTIONS AND SANCTIONS**

Without prejudice to applicable sanctions pursuant to the prevailing legislation, to be applied by the proper authorities, in case of violation to the terms and procedures set forth in the Trading Policy for Securities Issued by the Company, it shall be incumbent upon the board of directors to take the applicable disciplinary measures within the Company's scope, including the removal from office or dismissal of the violator in cases of serious infractions.

In the event the applicable measure is comprised by legal or general meeting's statutory competence, the board of directors shall call the meeting to resolve on the matter.

#### **VI. FINAL PROVISIONS**

6.1 The Company shall send a copy of this Trading Policy for Securities Issued by the Company, by means of registered mail, to the controlling shareholder, officers, members of the board of directors and the fiscal council, when instated, requesting them to return the statement of

adherence to the Company, duly signed as per Exhibit II to this present document, which shall be filed at the Company's headquarters.

6.1.1 The new managers shall sign the instrument included in Exhibit I upon the signature of the investiture instrument, becoming aware of this Trading Policy for Securities Issued by the Company.

6.1.2 The announcement of the Trading Policy for Securities Issued by the Company, as well as the requirement of signature of the instrument included in Exhibit I, to persons referred to in **item 10.1**, shall be made before said person trades with Securities issued by the Company.

6.1.3 The Company shall maintain at its headquarters, at CVM's disposal, the records of persons considered in this **item 10.1** and respective qualifications, indicating position or function, address and Corporate Taxpayer's ID or Individual Taxpayer's Registry number, immediately updating them whenever there are changes.

6.2 This Trading Policy for Securities Issued by the Company shall be observed as of the date it is approved.

## EXHIBIT I

### STATEMENT OF ADHERENCE TO THE POLICY FOR THE DISCLOSURE OF MATERIAL ACT OR FACT OF BRASCAN RESIDENTIAL PROPERTIES S.A.

By means of this present instrument, [INSERT NAME OR CORPORATE NAME], [INSERT IDENTIFICATION – NATIONALITY, MARITAL STATUS, PROFESSION, IDENTITY CARD (RG/RNE) IN CASE OF INDIVIDUALS; IDENTIFY CORPORATE TYPE IN CASE OF CORPORATE ENTITIES], with address at [INSERT ADDRESS], [CPF/MF – Individual Taxpayer’s Registry / CNPJ/MF – Corporate Taxpayer’s ID] no. [INSERT NUMBER], qualified as [INDICATE POSITION OR “CONTROLLING SHHAREHOLDER”] of **Brscan Residential Properties S.A.**, a joint-stock company headquartered in the City and State of Rio de Janeiro, at Dulcídio Cardoso, 4225, Loja A, parte, Barra da Tijuca, Corporate Taxpayer’s ID (CNPJ) no. 07.700.577/0001-84, hereinafter referred to as **Company**, declares by means of this Statement of Adherence to have become aware of the Trading Policy for Securities Issued by the Company, approved by the Board of Directors on [●] [●], 2006, pursuant to Rule CVM 358, as of January 3, 2002, as amended by Rule CVM 369, as of June 11, 2002, and to undertake the commitment to observe the rules and procedures set forth in this document and base its actions as to the Company always in compliance with such provisions.

[INSERT PLACE AND DATE OF SIGNATURE]

**EXHIBIT II**

<b>Trading negotiations with Securities of Publicly-Held Companies controlled by the Company and/or Parent Company:</b>	
<b>Period: [month/year]</b>	
<b>Name of the Purchaser/Seller</b>	
<b>Identification</b>	<b>CNPJ/CPF</b>
<b>Trading Date</b>	
<b>Issuing Company</b>	
<b>Type of Business</b>	
<b>Type of Security</b>	
<b>Total amount</b>	
<b>Amount per Type and Class</b>	
<b>Price</b>	
<b>Brokerage Firm Used</b>	
<b>Other Material Information</b>	

**EXHIBIT III**

<b>Acquisition or Sale of Material Ownership Interest</b>	
<b>Period: [month/year]</b>	
<b>Name of the Purchaser/Seller</b>	
<b>Identification</b>	<b>CNPJ/CPF</b>
<b>Trading Date</b>	
<b>Issuing Company</b>	
<b>Type of Business</b>	
<b>Type of Security</b>	
<b>Amount Sought</b>	
<b>Amount per Type and Class</b>	
<b>Price</b>	
<b>Brokerage Firm Used</b>	
<b>Ownership Interest Purpose</b>	
<b>Number of convertible debentures held directly or indirectly</b>	
<b>Amount of shares object of the conversion of debentures, by type and class, should that be the case</b>	

<b>Amount of other securities held directly or indirectly</b>	
<b>Indication of any agreement or contract regulating the exercise of voting rights or purchase and sale rights of securities issued by the Company</b>	
<b>Other Material Information</b>	