CAPITAL DIRECT I INCOME TRUST

Distribution Reinvestment Plan

INTRODUCTION

This unitholder distribution reinvestment plan (the "Reinvestment Plan") is being offered to holders (the "Participants") of units (the "Eligible Units") of Capital Direct I Income Trust (the "Trust") resident in Canada. The Reinvestment Plan is administered by Computershare Trust Company of Canada (the "Agent").

Purpose

The Reinvestment Plan enables Participants to invest all cash distributions of income on Eligible Units in additional units of the Trust ("Units").

Defined Terms

Where used herein, the following terms shall have the following meanings, respectively:

- "Authorization Form" means the authorization form attached hereto.
- "Distribution Date" means for each of the first three calendar quarters, the 15th day of the month following the Distribution Record Date and for the last calendar quarter, the 31st day of March following the Distribution Record Date for such calendar quarter.
- "Distribution Record Date" means, in relation to a Distribution Date, the date which is the last business day of June (for the second calendar quarter), September (for the third calendar quarter), December (for the fourth calendar quarter) or April 2 (for the first calendar quarter) or such other date as the Manager may determine.
- "Manager" means Capital Direct Management Ltd.
- "Mortgage" or "Mortgages" means a mortgage, a mortgage of a mortgage or a mortgage of a leasehold interest (or other like instrument, including an assignment of or an acknowledgement of an interest in a mortgage), hypothecation, deed of trust, charge or other security interest or in real property used to secure obligations to repay money by a charge upon the underlying real property.
- "Net Asset Value" means, on a Distribution Record Date, the aggregate carry value of the Trust Property plus accrued interest on Mortgages on such Distribution Record Date, less any allowances for impairment losses recorded against investments in Mortgages.
- "Net Asset Value Per Unit" means, on a Distribution Record Date, the quotient obtained by dividing the amount equal to the Net Asset Value on such Distribution Record Date by the total number of Units, including fractions of Units, then outstanding;

"Trust Property" means:

- (a) all monies, securities, property, assets and investments paid or transferred to and accepted by or in any manner acquired by the Trustee and held by the Trustee on the Trust;
- (b) all income which may hereafter me accumulated under the Trust; and
- (c) all monies, securities, property, assets or investments substituted for or representing all or any part of the foregoing,

less any monies securities, property, assets, or investments distributed, expended, sold transferred or otherwise disposed of.

"Trustee" means Computershare Trust Company of Canada.

"Unitholder" means a holder of a Unit of the Trust.

Advantages

Under the Reinvestment Plan, a Participant may purchase additional Units with the cash distributions paid on the Eligible Units which are held by the Participant or held in a Participant's account maintained pursuant to the Reinvestment Plan.

Distributions in respect of whole Units and fractions of Units purchased under the Reinvestment Plan will be held by the Agent for the Participants' account and automatically invested under the Reinvestment Plan in additional Units.

ADMINISTRATION

The Trust shall promptly pay over to the Agent, on behalf of Participants, all cash distributions paid on their Eligible Units. Such funds will be applied to the purchase of Units from the treasury of the Trust at the Net Asset Value per Unit as determined by the Manager.

Accounts under the Reinvestment Plan shall be maintained in the names in which Eligible Units were registered at the time the Participants entered the Reinvestment Plan.

PARTICIPATION

Participation in the Reinvestment Plan

Any Canadian resident holder of Eligible Units may enroll in the Reinvestment Plan at any time by completing an Authorization Form and returning it to the Manager. Once a Participant has enrolled in the Reinvestment Plan, participation shall continue automatically unless terminated in accordance with the terms of the Reinvestment Plan or unless participation becomes unlawful under the laws governing the Trust.

Beneficial owners of Eligible Units whose Units are not registered in their own names may participate in the Reinvestment Plan by either having their Units transferred into their own names or, if the Units are held in a specific segregated registered account such as a numbered account with an investment dealer or other nominee, directing that investment dealer or nominee to enrol such account in the Reinvestment Plan with respect to such Units.

An Authorization Form may be obtained from the Manager at any time upon written request addressed to the Manager. The Authorization Form directs the Trust to forward to the Agent, and the Agent to invest in additional Units, all of the Participant's cash distributions on Eligible Units. The Agent will apply such funds received under the Reinvestment Plan to the purchase of additional Units. When enrolling in the Reinvestment Plan, if a completed Authorization Form is received by the Manager not less than five business days prior to the Distribution Record Date, the immediately following cash distribution will be invested under the Reinvestment Plan.

Distributions paid on Units held by the Agent for the account of a Participant under the Reinvestment Plan will be automatically reinvested in additional Units on each Distribution Date.

No interest will be paid to Participants on any funds held for investment under the Reinvestment Plan.

Transfer of Participation Rights

The right to participate in the Reinvestment Plan may not be transferred by a Participant.

Termination of Participation

Participation in the Reinvestment Plan may be terminated by a Participant at any time except during the time between a Distribution Record Date and the corresponding Distribution Date, inclusive, by giving written notice to the Manager five business days prior to the Distribution Record Date. Any request received following such time shall be processed effective for the next Distribution Date.

The Trust reserves the right to terminate the right of a Participant to continue in the Reinvestment Plan where such Participant has failed to comply with the terms of the Reinvestment Plan or, in the reasonable opinion of the Trust, abused the Reinvestment Plan to the detriment of the Trust or its Unitholders.

After termination of participation in the Reinvestment Plan, all subsequent distributions will be paid to the former Participant in cash in the usual manner.

Participation in the Reinvestment Plan will be terminated automatically upon receipt by the Manager of a written notice of the death of a Participant. Thereafter, all distributions paid in respect of the deceased's Eligible Units will be paid in cash.

Amendment, Suspension or Termination of the Plans

The Trust reserves the right to amend, suspend or terminate the Reinvestment Plan at any time, but such action shall have no retroactive effect that would prejudice the interest of the Participants except as otherwise required by law. All Participants will be sent written notice of any such amendment, suspension or termination.

In the event of suspension of the Reinvestment Plan by the Trust, no investment will be made by the Agent on the Distribution Date(s) following the effective date of such suspension. Any Unit distribution subject to the Reinvestment Plan and paid after the effective date of any such suspension will be remitted by the Trust to the Participants in cash only.

Rules and Regulations

The Trust, or the Manager on behalf of the Trust, in conjunction with the Agent, may from time to time adopt rules and regulations to facilitate the administration of the Reinvestment Plan. The Trust, or the Manager on behalf of the Trust, also reserves the right to regulate and interpret the Reinvestment Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Reinvestment Plan.

Unit Splits and Unit Distributions

If Units of the Trust are distributed pursuant to a Unit split or Unit distribution on Eligible Units, such Units received by the Agent for Participants under the Reinvestment Plan will be retained by the Agent and credited proportionately to the accounts of the Participants in the Reinvestment Plan.

Unitholder Voting

Whole Units held for a Participant's account under the Reinvestment Plan on the record date for a vote of Unitholders will be voted in the same manner as such Participant's Eligible Units are voted.

PRICE OF UNITS

Price of Additional Units

Upon the Trust paying over to the Agent, on behalf of the Participants, all cash distributions paid on their Eligible Units, the Agent will apply such funds to the purchase of Units from the treasury of the Trust at a price equal to the Net Asset Value per Unit. The Trust or the Manager on behalf of the Trust will advise the Agent of the Net Asset Value per Unit for such additional Units. The Agent will remit such portion of the cash distributions to the Trust concurrently with the purchase of additional Units from treasury on behalf of the Participants. Each Participant's account will be credited with that number of Units purchased for the Participant which is equal to the amount to be invested for the Participant divided by the average price per Unit purchased by the Agent under the Reinvestment Plan.

RECORDING AND CERTIFICATES

Reports to Participants

An account will be maintained by the Agent for each Participant in the Reinvestment Plan. Each Participant will receive from the Agent confirmation of the number of Units issued to him and the Net Asset Value per Unit for such Units. These statements should be the Participant's continuing record of purchases made and the Units issued and should be retained for income tax

purposes. In addition, each Participant will be sent annually the appropriate information for tax reporting purposes.

No Certificates for Units

No certificates representing the Units issued pursuant to the Reinvestment Plan will be provided to Participants.

RESPONSIBILITIES OF THE TRUST AND THE AGENT

The Trust, the Manager on behalf of the Trust and the Agent shall not be liable for any act or any omission to act in connection with the operation of the Reinvestment Plan including, without limitation, any claims for liability:

- (a) arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death;
- (b) relating to the calculation of the Net Asset Value per Unit; or
- (c) arising in connection with income taxes (together with any applicable interest and/or penalties) payable by the Participants in connection with participation in the Reinvestment Plan.

Participants should recognize that none of the Trust, the Manager on behalf of the Trust or the Agent can assure a profit or protection against a loss on the Units purchased under the Reinvestment Plan. In addition, Participants are urged to consult their tax advisors as to their particular tax position.

PERSONAL LIABILITY

The obligations of the Trust hereunder are not personally binding upon any Trustee of the Trust, any registered or beneficial holder of Units or any annuitant under a plan of which a registered or beneficial holder of Units acts as Trustee or carrier, and resort shall not be had to, nor shall recourse or satisfaction be sought from, any of the foregoing, but the property of the Trust only shall be bound by such obligations. Any obligation of the Trust set out herein shall to the extent necessary to give effect to such obligation be deemed to constitute, subject to the provisions of the previous sentence, an obligation of the Trustees of the Trust in their capacity as Trustees of the Trust.

THE TRUST'S RELATIONSHIP WITH THE AGENT

Indemnity

The Trust agrees to indemnify the Agent for and hold it harmless against any loss, costs, claims, actions, demands or disbursements, including, but not limited to judgements, fines, penalties incurred without negligence, bad faith or wilful misconduct on the part of the Agent for any acts or omissions by the Agent in connection with the administration of the Reinvestment Plan.

Trust's Obligation

The Trust shall take all necessary actions to ensure that the terms of the Reinvestment Plan do not violate any legislation or policies or any regulatory authority as may apply from time to time.

The Agent shall have no duty to disburse or expend its own funds or assets.

The Agent may retain legal counsel, accountants or such other advisors as it may require to carry out or determine its duties hereunder and may not act and rely on advice received. The Agent shall not be liable for any negligence errors or misconduct on the part of any such advisor. Any pre-approved remuneration paid by the Agent shall be reimbursed by the Trust.

Tax

The Trust shall direct the Agent as to the appropriate tax filing requirements.

Termination

The relationship may be terminated by either the Trust or the Agent upon 60 days notice in writing being given to the other.

INFORMATION AND EFFECTIVE DATE

All requests for information regarding the Reinvestment Plan should be directed to the Manager of the Trust at Suite 305 – 555 West 8th Avenue, Vancouver, British Columbia V5Z 1C6 or to the Agent at Computershare Trust Company of Canada, Suite 710, 530 – 8th Avenue S.W., Calgary, Alberta, T2P 3S8.

CAPITAL DIRECT I INCOME TRUST DISTRIBUTION REINVESTMENT PLAN AUTHORIZATION FORM

This is not a proxy. All distributions will be paid in cash and no additional units will be issued to you unless, and except to the extent that, you duly elect to participate in the Unitholder Distribution Reinvestment Plan, which you may do so at any time using this form. Do not return this form if and so long as you wish to continue to receive cash distributions on all units of the Trust held by you or if you have already returned a form.

The Unitholder Distribution Reinvestment Plan gives each Unitholder resident in Canada the right to direct Capital Direct I Income Trust (the "**Trust**") to invest all of such Unitholder's cash distributions on units of the Trust in additional units of the Trust for the benefit of such Unitholder. A Unitholder wishing to exercise such rights to direct the Trust to invest its cash distributions in additional units of the Trust should complete this Authorization Form. A Unitholder who fails to complete this Authorization Form will receive payment in cash of all distributions that may become payable on the units of the Trust held by such Unitholder.

I wish to participate in the Unitholder Distribution Reinvestment Plan (the "**Reinvestment Plan**") of the Trust by having the distributions on my Units reinvested in additional Units in accordance with the terms of the Reinvestment Plan.

I hereby direct the Trust to forward to Computershare Trust Company of Canada (the "Agent"), and hereby direct the Agent to invest, all of the cash distributions payable on the Units of the Trust now held by me (and held on my behalf under the Reinvestment Plan) in the purchase of additional units of the Trust commencing with the next distribution paid by the Trust after this completed form has been received and recorded as provided under such Reinvestment Plan.

By signing this Authorization Form, I acknowledge and agree that I have read and understand the Reinvestment Plan document and that I shall be bound by the My participation in such Plan is subject to the terms and conditions of the Reinvestment Plan.

Unitholder's Name, Address and Postal Code (please print)					
Telephone 1	Number:				
Signature: _					
Dated this _	day of	, 20			

If the units are jointly held, each Unitholder must sign. If the Unitholder is a corporation, this authorization must be signed under seal or by an officer or attorney authorized in writing.