

CAPITAL DIRECT I INCOME TRUST

SUBSCRIPTION AGREEMENT

INSTRUCTIONS

All Subscribers:

1. Complete and sign pages 1 and 2 of the Subscription Agreement.
2. Certified cheques or bank drafts are payable in Canadian Funds to “McCullough O’Connor Irwin LLP, in trust”.

British Columbia Subscribers:

1. If you are not an accredited investor and are purchasing units having an aggregate subscription price of less than \$150,000, complete and sign two copies of the **Form 45-106F4 – Appendix I**.
2. If you are an accredited investor and are purchasing units having an aggregate subscription price of less than \$150,000, complete and sign the **Accredited Investor Questionnaire – Appendix III**.
3. All British Columbia subscribers must complete and sign two copies of the **BC Instrument 32-517 Risk Acknowledgement – Appendix IV**.

Alberta Subscribers:

1. If you are not an accredited investor and are purchasing units having an aggregate subscription price greater than \$10,000 and less than \$150,000, complete and sign:
 - (a) two copies of the **Form 45-106F4 – Appendix I**; and
 - (b) one copy of the **Eligible Investor Questionnaire – Appendix II**.
2. If you are an accredited investor and are purchasing units having an aggregate subscription price of less than \$150,000, complete and sign the **Accredited Investor Questionnaire – Appendix III**.

Ontario Subscribers:

1. If you are purchasing units having an aggregate subscription price of less than \$150,000, complete and sign the **Accredited Investor Questionnaire – Appendix III**.

CAPITAL DIRECT I INCOME TRUST

SUBSCRIPTION AGREEMENT

TO: Capital Direct I Income Trust
c/o Capital Direct Management Ltd.
Suite 305, 555 West 8th Avenue
Vancouver, British Columbia, V5Z 1C6

AND TO: Computershare Trust Company of Canada

Re: Subscription for Units

Subscription

The undersigned (the “Subscriber”) hereby tenders this subscription (the “Subscription”) pursuant to the Confidential Offering Memorandum dated April 26, 2012 (the “Offering Memorandum”), as amended and restated from time to time, relating to the Capital Direct I Income Trust (the “Trust”) and subscribes for and agrees to take up and purchase units in the Trust (the “Units”) at a subscription price of \$10.00 per Unit (the “Subscription Price”). The number of Units hereby subscribed for equals the aggregate Subscription Price agreed to be paid, divided by such Subscription Price. The Subscriber shall complete this subscription for Units by delivering to Capital Direct Management Ltd. (the “Manager”):

- (a) a certified cheque or bank draft for the aggregate Subscription Price for the Units subscribed for, payable to “McCullough O’Connor Irwin LLP, in trust”;
- (b) if the Subscriber is resident in British Columbia or Alberta, is not an accredited investor, and is purchasing units having an aggregate subscription price of less than \$150,000, two copies of the **Form 45-106F4 – Appendix I**, and if the Subscriber is resident in Alberta and is purchasing units having an aggregate subscription price of greater than \$10,000, the **Eligible Investor Questionnaire – Appendix II**;
- (c) if the Subscriber is resident in British Columbia, Alberta or Ontario and is an accredited investor as defined in National Instrument 45-106 *Prospectus and Registration Exemptions* (“NI 45-106”), the **Accredited Investor Questionnaire – Appendix III**; and
- (d) if the Subscriber is resident in British Columbia, two copies of the **BC Instrument 32-517 Risk Acknowledgement – Appendix IV**.

The Terms and Conditions attached to this Subscription as Schedule A are incorporated into and form part of this Subscription Agreement. By signing this Subscription and delivering it to Capital Direct Management Ltd., you are acknowledging and agreeing to the Terms and Conditions in Schedule A.

Number of Units: _____ Aggregate Subscription Price: \$ _____
(minimum 500 Units)

DATED at _____, this _____ day of _____, _____.

If Subscriber is an Individual or Joint Subscriber:

Name of Subscriber (please print)

Signature of Subscriber

Social Insurance Number

Name of Co-Subscriber for Joint Accounts (please print)

Signature of Co-Subscriber

Social Insurance Number

For All Subscribers:

(Address of Subscriber)

(City)

(Postal Code)

(Telephone Number)

(Fax Number)

(Business Telephone Number)

(Email Address)

If Subscriber is a Corporation:

Name of Subscriber (please print)

By: _____

Signature of Authorized Person

Name of Authorized Person

Business Number

Details of Beneficial Purchaser, if not the same as Subscriber:

(Name of Beneficial Purchaser)

(Disclosed Principal's Residential Address)

The Subscriber hereby directs the Trust to enter its name (or the name of its nominee) on the register of Subscribers and deliver confirmation of Units as follows:

REGISTRATION INSTRUCTIONS:	DELIVERY INSTRUCTIONS:
_____	_____
Name to appear on the register	Name and account reference, if applicable
_____	_____
Account reference, if applicable	Contact Name
_____	_____
Address	Address
_____	_____
	Telephone Number

This Subscription is accepted by Capital Direct Management Ltd. on behalf of the Trust this _____ day of _____, _____.

CAPITAL DIRECT MANAGEMENT LTD.

Per:

Authorized Signatory

Complete Two Copies Of This Form If You Are:

- **A Subscriber in British Columbia or Alberta;**
 - **Not An Accredited Investor; and**
- **Purchasing Units For Less Than \$150,000**

APPENDIX I

FORM 45-106F4

RISK ACKNOWLEDGEMENT

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me and is prohibited from telling me whether this investment is suitable for me.
- The person selling me these securities does not act for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- The securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

I am investing \$ _____ [total consideration] in total; this includes any amount I am obliged to pay in the future. If applicable, Capital Direct I Income Trust will pay \$ _____ [amount of fee or commission] of this to _____ [name of person or company selling the securities] as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You have 2 business days to cancel your purchase

To do so, send a notice to Capital Direct I Income Trust stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to Capital Direct I Income Trust at its business address. Keep a copy of the notice for your records.

Issuer Name and Address:

Capital Direct I Income Trust
c/o Capital Direct Management Ltd.
Suite 305, 555 West 8th Avenue
Vancouver, British Columbia, V5Z 1C6
Fax: 604-430-3287 Website: www.capitaldirect.ca

You are buying *Exempt Market Securities*

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections); and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an offering memorandum

Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer. In Alberta, to qualify as an eligible investor, you may be required to obtain that advice. Contact the Investment Industry Regulatory Association of Canada (website at www.iiroc.ca) for a list of registered investment dealers in your area.

The securities you are buying are not listed

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The Issuer of your securities is a non-reporting issuer

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You will not receive ongoing information about the issuer.

For more information on the *exempt market*, call your local securities regulatory authority or regulator.

British Columbia Securities Commission
Main Phone: (604) 899-6854
Website: <http://www.bcsc.bc.ca/>

Alberta Securities Commission
Main Phone: (403) 297-6454
Website: <http://www.albertasecurities.com/>

The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.

Complete Two Copies Of This Form If You Are:

- **A Subscriber in British Columbia or Alberta;**
 - **Not An Accredited Investor; and**
- **Purchasing Units For Less Than \$150,000**

APPENDIX I

FORM 45-106F4

RISK ACKNOWLEDGEMENT

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me and is prohibited from telling me whether this investment is suitable for me.
- The person selling me these securities does not act for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- The securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

I am investing \$ _____ [total consideration] in total; this includes any amount I am obliged to pay in the future. If applicable, Capital Direct I Income Trust will pay \$ _____ [amount of fee or commission] of this to _____ [name of person or company selling the securities] as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You have 2 business days to cancel your purchase

To do so, send a notice to Capital Direct I Income Trust stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to Capital Direct I Income Trust at its business address. Keep a copy of the notice for your records.

Issuer Name and Address:

Capital Direct I Income Trust
c/o Capital Direct Management Ltd.
Suite 305, 555 West 8th Avenue
Vancouver, British Columbia, V5Z 1C6
Fax: 604-430-3287 Website: www.capitaldirect.ca

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They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections); and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an offering memorandum

Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer. In Alberta, to qualify as an eligible investor, you may be required to obtain that advice. Contact the Investment Industry Regulatory Association of Canada (website at www.iiroc.ca) for a list of registered investment dealers in your area.

The securities you are buying are not listed

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The Issuer of your securities is a non-reporting issuer

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You will not receive ongoing information about the issuer.

For more information on the *exempt market*, call your local securities regulatory authority or regulator.

British Columbia Securities Commission
Main Phone: (604) 899-6854
Website: <http://www.bcsc.bc.ca/>

Alberta Securities Commission
Main Phone: (403) 297-6454
Website: <http://www.albertasecurities.com/>

The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.

Complete This Form If You Are:

- **A Subscriber In Alberta;**
- **Not An Accredited Investor; and**
- **Purchasing Units For Greater Than \$10,000 And Less Than \$150,000**

APPENDIX II

ELIGIBLE INVESTOR QUESTIONNAIRE

The undersigned, as a purchaser of Units (the “Units”) of Capital Direct I Income Trust (the “Trust”), has represented to the Trust and Capital Direct Management Ltd. (the “Manager”) that the undersigned is an “eligible investor” as defined in section 1.1 of National Instrument 45-106 *Prospectus and Registration Exemptions*. The undersigned has indicated below the categories which it, he or she satisfies to qualify as an “eligible investor”.

The undersigned understands that each of the Trust and the Manager is relying on this information in determining to sell securities to the undersigned in a manner exempt from the prospectus requirements of applicable securities laws.

ELIGIBLE INVESTOR STATUS

The undersigned represents and warrants that it, he or she is **[check each applicable item]**:

- (a) a person or company whose:
 - (i) net assets, alone or with a spouse, in the case of an individual, exceed \$400,000;
 - (ii) net income before taxes exceeded \$75,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year; or
 - (iii) net income before taxes, alone or with a spouse, in the case of an individual, exceeded \$125,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year;
- (b) a person or company of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors;
- (c) a general partnership of which all of the partners are eligible investors;
- (d) a limited partnership of which the majority of the general partners are eligible investors;
- (e) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors;
- (f) an accredited investor;
- (g) a director, executive officer or control person of the Manager, or a spouse, parent, grandparent, brother, sister, child or grandchild of a director, executive officer or control person of the Manager or of a spouse of a director, executive officer or control person of the Manager, or a close personal friend or close business associate of a director, executive officer or control person of the Manager; or
- (h) a person or company that has obtained advice regarding the suitability of the investment and, if the person or company is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser.

As used in this questionnaire, the following term has the following meaning:

“eligibility adviser” means:

- (a) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed; and
- (b) in Saskatchewan or Manitoba, also means a lawyer who is a practising member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or management accountants in a jurisdiction of Canada provided that the lawyer or public accountant:
 - (i) does not have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders or control persons, and
 - (ii) has not acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person or company that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months.

IN WITNESS WHEREOF, the undersigned has executed this Questionnaire as of the _____ day of _____, 20_____.

If a Corporation, Partnership or Other Entity:

If an Individual:

Name of Entity

Signature

Type of Entity

Print or Type Name

Signature of Person Signing

Print or Type Name and Title of Person Signing

- Complete This Form If You Are:**
- ***A British Columbia, Alberta or Ontario Subscriber; and***
 - ***An Accredited Investor***

APPENDIX III

ACCREDITED INVESTOR QUESTIONNAIRE

The undersigned, as a purchaser of units (the “Units”) of Capital Direct I Income Trust (the “Trust”), has represented to the Trust and Capital Direct Management Ltd. (the “Manager”) that the undersigned is an accredited investor, as defined in section 1.1 of National Instrument 45-106, *Prospectus and Registration Exemptions* (“NI 45-106”), of the Canadian Securities Administrators. The undersigned has indicated below the categories which it, he or she satisfies to qualify as an accredited investor.

The undersigned understands that each of the Trust and the Manager is relying on this information in determining to sell securities to the undersigned in a manner exempt from the prospectus requirements of applicable securities laws and in a manner exempt from the registration requirements of applicable securities laws in the Province of British Columbia.

ACCREDITED INVESTOR STATUS

The undersigned represents and warrants that it, he or she is **[check each applicable item]**:

- (a) a Canadian financial institution (as defined under NI 45-106), or an authorized foreign bank listed in Schedule III of the *Bank Act* (Canada);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
- (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than a person registered solely as a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- (e) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
- (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
- (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l’île de Montréal or an intermunicipal management board in Québec;
- (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada;

- (j) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000;
- (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;
- (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000;
- (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements and that has not been created or used solely to purchase or hold securities as an accredited investor as defined in this paragraph (m);
- (n) an investment fund that distributes or has distributed its securities only to:
 - (i) a person that is or was an accredited investor at the time of the distribution,
 - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 or 2.19 of NI 45-106, or
 - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of NI 45-106;
- (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator, or in Québec, the securities regulatory authority, has issued a receipt;
- (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;
- (q) a person acting on behalf of a fully managed account managed by that person, if that person:
 - (i) is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction, and
 - (ii) in Ontario, is purchasing a security that is not a security of an investment fund;
- (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;
- (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) through (d) or paragraph (i) in form and function;
- (t) a person in respect of which all of the owners of interests, direct, indirect, or beneficial, except the voting securities required by law to be owned by directors, are persons that are Accredited Investors;
- (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or
- (v) a person that is recognized or designated by the securities regulatory authority or, except in

Ontario and Québec, the regulator as:

- (i) an accredited investor, or
- (ii) an exempt purchaser in Alberta or British Columbia.

For the purposes hereof, the following definitions are included for convenience:

“affiliate” means an issuer connected with another issuer because

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same person or corporation;

“beneficial ownership” includes

- (a) for the purposes of British Columbia law, a person beneficially owns securities that are beneficially owned by
 - (i) an issuer controlled by that person, or
 - (ii) an affiliate of that person or an affiliate of an issuer controlled by that person;
- (b) for the purposes of Alberta law, a person beneficially owns securities that are beneficially owned by
 - (i) a corporation controlled by that person or an affiliate of that corporation,
 - (ii) an affiliate of that person, or
 - (iii) through a trustee, legal representative, agent or other intermediary of that person;
- (c) for the purposes of Ontario law, a person beneficially owns securities that are beneficially owned by
 - (ii) a company controlled by the person or by an affiliate of such company, or
 - (iii) securities beneficially owned by its affiliates;

“Canadian financial institution” means

- (a) an association governed by the *Cooperative Credit Association Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
- (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

“control” means a person (first person) is considered to control another person (second person) if

- (a) the first person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation,

- (b) the second person is a partnership, other than an limited partnership, and the first person holds more than 50% of the interests of the partnership, or
- (c) the second person is a limited partnership and the general partner of the limited partnership is the first person;

“director” means

- (a) a member of the board of directors of a company or an individual who performs similar functions for a company,
- (b) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

“financial assets” means cash, securities or a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

“foreign jurisdiction” means a country other than Canada or a political subdivision of a country other than Canada;

“jurisdiction” means a province or territory of Canada except when used in the term foreign jurisdiction;

“local jurisdiction” means the jurisdiction in which the applicable securities regulatory authority is situate;

“mutual fund” includes an issuer of securities that entitles the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in a part of the net assets, including a separate fund or trust account, of the issuer of the securities;

“person” includes

- (a) an individual,
- (b) a corporation,
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
- (d) for an individual or other person in that person’s capacity as a trustee, executor, administrator or personal other legal representative;

“regulator” means

- (a) the Executive Director, as defined under section 1 of the *Securities Act* (Alberta),
- (b) the Executive Director, as defined under section 1 of the *Securities Act* (British Columbia),
- (c) the Director, as defined under section 1 of the *Securities Act* (Ontario), and
- (d) such other person as is referred to in Appendix D of National Instrument 14-101 – Definitions;

“related liabilities” means

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, and
- (b) liabilities that are secured by financial assets;

“securities legislation” means securities legislation as such term is defined in National Instrument 14-101 – Definitions;

“securities regulatory authority” means

- (a) the British Columbia Securities Commission,
- (b) the Alberta Securities Commission,
- (c) the Ontario Securities Commission,
- (d) in respect of any local jurisdiction other than Alberta, British Columbia or Ontario, means the securities commission or other regulatory authority listed in Appendix C of National Instrument 14-101 – Definitions;

“subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary;

“voting security” means any security which

- (a) is not a debt security, and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing; and

“\$” means Canadian Dollars.

The foregoing representation, warranty and certificate is true and accurate as of the date of this certificate and will be true and accurate as of Closing. If any such representation, warranty or certificate shall not be true and accurate prior to Closing, the undersigned shall give immediate written notice of such fact to the Manager.

IN WITNESS WHEREOF, the undersigned has executed this Questionnaire as of the ____ day of _____, _____.

If a Corporation, Partnership or Other Entity:

If an Individual:

Name of Entity

Signature

Type of Entity

Print or Type Name

Signature of Person Signing

Print or Type Name and Title of Person Signing

Complete This Form If You Are A British Columbia Subscriber

APPENDIX IV

RISK ACKNOWLEDGEMENT UNDER BC INSTRUMENT 32-517

*Exemption From Dealer Registration Requirement
for Trades in Securities of Mortgage Investment Entities*

Name of Issuer: **Capital Direct I Income Trust**

Name of Seller: _____

I acknowledge that

- the person selling me these securities is not registered with a securities regulatory authority and is prohibited from telling me that this investment is suitable for me;
- the person selling me these securities does not act for me;
- this is a risky investment and I could lose all of my money;
- I am investing entirely at my own risk.

Date

Signature of Purchaser

Print Name of Purchaser

Name of salesperson
acting on behalf of the seller

Sign two copies of this document. Keep one for your records.

National Instrument 45-106 *Prospectus and Registration Exemptions* may require you to sign an additional risk acknowledgement form.

If you want advice about the merits of this investment and whether these securities are a suitable investment for you, contact a registered adviser or dealer.

Complete This Form If You Are A British Columbia Subscriber

APPENDIX IV

RISK ACKNOWLEDGEMENT UNDER BC INSTRUMENT 32-517

*Exemption From Dealer Registration Requirement
for Trades in Securities of Mortgage Investment Entities*

Name of Issuer: **Capital Direct I Income Trust**

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Date

Signature of Purchaser

Print Name of Purchaser

Name of salesperson
acting on behalf of the seller

Sign two copies of this document. Keep one for your records.

National Instrument 45-106 *Prospectus and Registration Exemptions* may require you to sign an additional risk acknowledgement form.

If you want advice about the merits of this investment and whether these securities are a suitable investment for you, contact a registered adviser or dealer.

SCHEDULE A TERMS AND CONDITIONS

1. Conditions, Acceptance and Delivery

The Subscriber acknowledges and agrees that the issuance by the Trust to the Subscriber of the Units is subject to prior sale and to:

- (a) the acceptance of this Subscription, in whole or in part, by the Manager on behalf of the Trust in its sole and absolute discretion; and
- (b) the availability to the Trust and the Manager of exemptions (“Exemptions”) under all applicable securities laws, rules and regulations which, in the opinion of counsel to the Trust and the Manager, may be relied upon by the Trust in order to permit it to offer and sell the Units to the Subscriber without the necessity of filing and having approved a prospectus pursuant to such securities laws, rules and regulations.

The Trust intends to issue the Units in reliance on the Exemptions set out in the applicable securities legislation of the jurisdiction in which the Subscriber is resident or to which the Subscriber is subject.

The Subscriber agrees to provide the Trust and the Manager with such information and to execute and deliver to the Trust and the Manager such securities forms as they may require, and such other undertakings, questionnaires and other documents as the Trust and the Manager may request in order to enable them to determine the availability to them of Exemptions. Such information, forms, undertakings, questionnaires and other documents form part of and are incorporated into this Subscription with the same effect as if each constitutes a representation and warranty of the Subscriber set forth in section 3 hereof. The Subscriber consents to the filing of such forms, undertakings, questionnaires and other documents with any securities regulatory authority in connection with the transactions contemplated hereby.

The Subscriber will comply with all applicable securities laws concerning the purchase and holding of the Units and any resale of the Units.

2. Receipt of Offering Memorandum

The Subscriber acknowledges the receipt of a copy of the Offering Memorandum.

3. Subscriber’s Representations, Warranties and Acknowledgements

The Subscriber represents, warrants and acknowledges to the Trust and the Manager as representations, warranties and acknowledgements that are true as of the date of this Subscription and will be true as of the date of acceptance that:

- (a) if the Subscriber is a corporation, the Subscriber is a valid and subsisting corporation, has the necessary corporate capacity and authority to execute and deliver this Subscription and to observe and perform its covenants and obligations hereunder and has taken all necessary corporate action in respect thereof, or, if the Subscriber is a partnership, syndicate or other form of unincorporated organization, the Subscriber has the necessary legal capacity and authority to execute and deliver this Subscription and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof, and, in either case, upon acceptance by the Manager, this Subscription will constitute a legal, valid and binding contract of the Subscriber enforceable against the Subscriber in accordance with its terms;
- (b) the Subscriber is a resident of only the jurisdiction referred to under “Address of Subscriber” on the second page of this Agreement, which address is the residence or place of business of the

Subscriber and was not created or used solely for the purpose of acquiring Units and the Subscriber was solicited in that jurisdiction;

- (c) the Subscriber is purchasing the Units as principal, for its own account, and not for the benefit of any other person, for investment only and not with a view to resale or distribution thereof, or is deemed to be purchasing as principal under all applicable securities laws, and is one of the following:
 - (i) resident in or otherwise subject to the applicable securities legislation of the Provinces of British Columbia, Alberta or Ontario:
 - (A) is purchasing as principal sufficient Units such that the aggregate acquisition cost of the Subscriber's Units is not less than \$150,000 paid in cash at the time of the trade, and the Subscriber is:
 - 1. an individual; or
 - 2. if not an individual: (1) it was not formed, created, established or incorporated for the purpose of permitting the purchase of the Units without a prospectus, or (2) the aggregate acquisition cost of the Units for each member, partner, beneficiary or shareholder of the partnership, syndicate, unincorporated organization, trust or corporation, as applicable, is not less than \$150,000; and
 - (B) if resident in or otherwise subject to the applicable securities legislation of the Province of British Columbia, has duly completed and delivered to the Trust a BC Instrument 32-517 Risk Acknowledgement in the form attached at Appendix IV; or
 - (ii) resident in or otherwise subject to the applicable securities legislation of the Province of British Columbia and either:
 - (A) has received a copy of the Offering Memorandum and has duly completed and delivered to the Trust a Form 45-106F4 Risk Acknowledgement in the form attached as Appendix I and a BC Instrument 32-517 Risk Acknowledgement in the form attached as Appendix IV; or
 - (B) is an accredited investor as defined in NI 45-106, has confirmed such status to the Trust and the Manager pursuant to a completed and signed Accredited Investor Questionnaire in the form attached as Appendix III and has duly completed and delivered to the Trust a BC Instrument 32-517 Risk Acknowledgement in the form attached as Appendix IV; or
 - (iii) resident in or otherwise subject to the applicable securities legislation of the Province of Alberta and either:
 - (A) has received a copy of the Offering Memorandum and has duly completed and delivered to the Trust a Form 45-106F4 Risk Acknowledgement in the form attached as Appendix I, and if purchasing Units having an aggregate acquisition cost of greater than \$10,000 is an "eligible investor" as defined in NI 45-106 and has confirmed such status to the Trust and the Manager pursuant to a completed and signed Eligible Investor Questionnaire in the form attached as Appendix II; or

- (B) is an accredited investor as defined in section 1.1 of NI 45-106 and has confirmed such status to the Trust and the Manager pursuant to a completed and signed Accredited Investor Questionnaire in the form attached hereto as Appendix III; or
 - (iv) resident in or otherwise subject to the applicable securities legislation of the Province of Ontario and is an accredited investor as defined in section 1.1 of NI 45-106 and has confirmed such status to the Trust and the Manager pursuant to a completed and signed Accredited Investor Questionnaire in the form attached hereto as Appendix III;
- (d) the Subscriber was outside the United States at the time of execution and delivery of this Subscription Agreement; no offers to sell the Units were made by any person to the Subscriber while the Subscriber was in the United States; the Subscriber acknowledges that the Units have not been registered under the United States Securities Act of 1933 (the "U.S. Securities Act") and may not be offered or sold in the United States unless an exemption from such registration requirements is available; the Subscriber understands that the Trust has no obligation or present intention of filing a registration statement under the U.S. Securities Act in respect of the Units; and the Subscriber is purchasing the Units for its own account, for the account of a beneficial purchaser for whom it is exercising sole investment discretion, or for the account of a beneficial purchaser that was outside the United States at the time of making its decision to invest in the Units and no offer to sell the Units was made by any person to such beneficial purchaser while the beneficial purchaser was in the United States;
- (e) the Subscriber is aware of the risks and other characteristics of the Units and of the fact that the Subscriber may not transfer the Units and that the Units have limited retraction rights;
- (f) the Subscriber has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the investment in the Units and is able to bear the economic risk of loss of such investment;
- (g) the Subscriber has read the Offering Memorandum and has had the opportunity to ask questions of, and receive answers from, the Manager, or a person authorized to act on behalf of either the Trust or the Manager, concerning the business and affairs of the Trust and the attributes of the Units which the Subscriber deems necessary and appropriate;
- (h) in investing in the Units, the Subscriber is relying solely on the representations and warranties contained in the Offering Memorandum;
- (i) the Subscriber has sought no advice in relation to the investment in the Units from the Manager or any of its affiliates, associates, agents, employees or representatives and neither the Manager nor any of its affiliates, associates, agents, employees or representatives has provided any advice to the Subscriber in relation to such purchase, and the Subscriber has been advised to consult with its own advisers with respect to an investment in the Units;
- (j) none of the funds being used to purchase the Units are to the Subscriber's knowledge proceeds obtained or derived directly or indirectly as a result of illegal activities. The funds being used to purchase the Subscriber's Units which will be advanced by the Subscriber to the Manager hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLA") and the Subscriber acknowledges that the Manager may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of its knowledge (a) none of the funds to be provided by the Subscriber are being tendered on behalf of a person or entity who has not been identified to the Subscriber, and (b) it shall promptly notify the Manager if it discovers that any of such representations ceases to be true, and to provide the Manager with appropriate information in connection therewith;

- (k) the Subscriber hereby acknowledges that there is no market for the Units, the Units are not transferable and the Units to be issued pursuant to this Agreement will be subject to resale restrictions imposed under applicable securities laws and the rules of regulatory bodies having jurisdiction and that the Trust is not a reporting issuer in any of the Provinces of Canada and does not presently intend to become a reporting issuer in any Province of Canada, the Units will be subject to an indefinite hold period and the Subscriber hereby agrees to be bound by and comply with such restrictions;
- (l) the Subscriber acknowledges that no certificates representing the Units will be issued but the Manager will deliver a written confirmation to the Subscriber indicating details of the transaction and containing such legend regarding resale as required under applicable securities law;
- (m) the Subscriber acknowledges that it has been advised to consult its own legal advisors with respect to applicable resale restrictions and that it is solely responsible for complying with such restrictions and neither the Trust nor the Manager are in any manner responsible for ensuring compliance by the Subscriber with the applicable resale restrictions; and
- (n) if the Subscriber is resident in the Province of Alberta or Ontario, the Subscriber acknowledges that it has purchased the Units subscribed for pursuant to this Subscription Agreement through a securities dealer registered in the Province of Alberta or Ontario or an exempt market dealer registered in the Province of Alberta or Ontario.

The foregoing representations, warranties and acknowledgements are made by the Subscriber with the intent that each may be relied upon by the Trust and the Manager without further enquiry for purposes of determining the suitability of the Subscriber as a holder of the Units and of determining the availability to the Trust and the Manager of the prospectus exemptions set out in section 3.

4. Revocation

The Subscriber agrees that this Subscription is given for valuable consideration and, subject to the two day cancellation right and, as applicable, the statutory or contractual rights of action provided for in the Offering Memorandum, and subject to applicable securities laws, may not be withdrawn, cancelled, terminated or revoked by the Subscriber. The acceptance of this Subscription will be effective upon endorsement of acceptance by the Manager on behalf of the Trust.

5. Indemnity

The Subscriber agrees to indemnify and hold harmless the Trust, the Manager and their directors, officers, employees, agents and shareholders from and against any and all loss, liability, claim, damage and expense whatsoever arising out of or based upon any representation or warranty of the Subscriber contained herein or in any document furnished by the Subscriber to the Trust or the Manager in connection with this Subscription being untrue in any material respect or any breach or failure by the Subscriber to comply with any covenant or agreement made by the Subscriber herein or in any document furnished by the Subscriber to the Trust or the Manager in connection herewith.

6. Notices

Any notice or communication which the Trust or the Subscriber is required or may desire to give or to make upon the other hereunder will be effective and valid only if in writing, signed by or on behalf of the party giving the notice or making the communication, and delivered personally to the other party or sent by courier, delivery service or by registered or certified mail, addressed to their respective addresses set forth on pages 1 and 2 hereof (or, in either case, to such other address or person of which either party has given notice or made communication to the other in accordance with the foregoing).

7. Use of Personal Information

The Subscriber (on its own behalf and, if applicable, on behalf of any person for whose benefit the Subscriber is subscribing) acknowledges and consents to the fact the Trust and the Manager are collecting the Subscriber's (and any beneficial purchaser's) personal information for the purpose of completing the Subscriber's subscription. The Subscriber (on its own behalf and, if applicable, on behalf of any person for whose benefit the Subscriber is subscribing) acknowledges and consents to the Trust and the Manager retaining the personal information for as long as permitted or required by applicable law or business practices. The Subscriber (on its own behalf and, if applicable, on behalf of any person for whose benefit the Subscriber is subscribing) further acknowledges and consents to the fact that the Trust or the Manager may be required by applicable securities laws, stock exchange or other rules to provide regulatory authorities any personal information provided by the Subscriber respecting itself (and any beneficial purchaser). The Subscriber represents and warrants that it has the authority to provide the consents and acknowledgements set out in this paragraph on behalf of all beneficial purchasers.

8. Miscellaneous

The agreement resulting from the acceptance of this Subscription by the Manager on behalf of the Trust contains the whole agreement between the Trust and the Subscriber in respect of the subject matters hereof and there are no representations, warranties, terms, conditions or collateral agreements, express, implied or statutory, other than as expressly set forth herein and in the Offering Memorandum and all amendments thereto. All representations, warranties, agreements and covenants made by the Subscriber herein will survive the execution, delivery and acceptance of this Subscription. Neither this Subscription nor any of the rights arising hereunder will be capable of assignment or transfer by the Subscriber in any manner except with the written consent of the Trust. This Subscription will enure to the benefit of and be binding upon the Trust, the Manager and the Subscriber and their respective successors and permitted assigns and heirs, administrators, executors and other legal representatives. This Subscription and the rights and obligations of the parties hereunder will be governed by and construed in accordance with the laws of the Province of Ontario and any legal action or proceeding with respect therein or hereto will be brought in the courts of the Province of Ontario.

The Subscriber hereby authorizes the Manager to correct any minor errors in, or complete any minor information missing from, the Form 45-106F4 (Appendix I), the Eligible Investor Questionnaire (Appendix II), the Accredited Investor Questionnaire (Appendix III) or the BC Instrument 32-517 Risk Acknowledgement (Appendix IV) which has been executed by the Subscriber and delivered to the Manager. The Subscriber consents to the filing of such documents and any other documents as may be required to be filed with any securities regulatory authority in connection with the offering of the Units.

9. Income Tax Legislation

Since the provisions of the *Income Tax Act* (Canada) and any other legislation imposing taxation consequences on the Subscriber are complex and since the general effect of the aforesaid legislation (including their effect in the event of the death of the Subscriber or the sale of a Unit by or to the Subscriber) depends on the particular circumstances of each party, **the Subscriber does hereby expressly acknowledge that it has been advised to seek independent professional advice on the taxation and investment aspects of the Trust** and that neither the Manager nor the Trust make representations with respect to matters of taxation and shall not be responsible for any taxation consequences or, without restricting the generality of the foregoing and notwithstanding the terms hereof and of the Offering Memorandum, for the deductibility or reasonableness of any expenses, or for any loss, costs, charges or expenses in respect thereof.

10. Rights of Action

Effective at the date of acceptance of this Subscription, the Trust hereby grants the applicable statutory or contractual right of action for rescission or damages to the Subscriber for the applicable province of residence of the Subscriber, as set forth in the Offering Memorandum, as if such rights were fully set forth in this Subscription and such rights are incorporated by reference into this Subscription.

11. Defined Terms

Capitalized terms herein shall, unless otherwise defined herein, have the meanings ascribed to them in the Offering Memorandum.

12. Language

The parties hereto confirm their express wish that this Agreement and all documents and agreements directly or indirectly relating thereto be drawn up in the English language. Les parties reconnaissent leur volonté express que la présente ainsi que tous les documents et contrats s'y rattachant directement ou indirectement soient rédigés en anglais.
