

Form 45-106F6

British Columbia Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution in British Columbia.

Issuer/underwriter information

Item 1: Issuer/underwriter name and contact information

Capital Direct I Income Trust (a Trust formed under the laws of Ontario) (the "Issuer")

Manager: Capital Direct Management Ltd. (the "Manager")

Name of Issuer

#305 – 555 West 8th Avenue, Vancouver, British Columbia V5Z 1C6

Address

604-430-1498

Telephone Number

www.capitaldirect.ca

Website Address

Vancouver@capitaldirect.ca

E-mail Address

Item 2: Reporting issuer status

A. State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

The Issuer is not a reporting issuer.

B. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, name the investment fund manager and state the jurisdiction(s) where it is registered.

N/A

Item 3: Issuer's industry

Indicate the industry of the issuer by checking the appropriate box below.

- | | |
|---|--|
| <input type="checkbox"/> Bio-tech | Mining |
| Financial Services | <input type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Industrial | <input checked="" type="checkbox"/> Other (describe) |

Financial Services - mortgage investment entity

Item 4: Insiders and promoters of non-reporting issuers

If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

If the issuer is not a reporting issuer in any jurisdiction of Canada, complete the following table by providing information about each insider and promoter of the issuer. If the insider or promoter is not an individual, complete the table for directors and officers of the insider or promoter.

Information about insiders and promoters			
Full name, municipality and country of principal residence	All positions held (e.g., director, officer, promoter and/or holder of more than 10% of voting securities)	Number and type of securities of the issuer beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution	Total price paid for all securities beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution (Canadian \$) ⁽¹⁾
Richard F.M. Nichols Vancouver, BC Canada	Managing Director and Director of the Manager; a member of the Board of Governors of the Issuer; President and Director of Capital Direct Lending Corp.	9,132.180 Class A Trust Units	\$91,321.80
Derek R. Tripp Calgary, AB Canada	Managing Director and Director of the Manager; a member of the Board of Governors of the Issuer; Vice-President and Director of Capital Direct Lending Corp.	14,042.37 Class A Trust Units	\$140,423.70

Information about insiders and promoters			
Full name, municipality and country of principal residence	All positions held (e.g., director, officer, promoter and/or holder of more than 10% of voting securities)	Number and type of securities of the issuer beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution	Total price paid for all securities beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution (Canadian \$) ⁽¹⁾
Timothy P.J. Wittig Vancouver, BC Canada	Vice President and Director of the Manager; member of the Board of Governors and Credit Committee of the Issuer; Vice President and Director of Capital Direct Lending Corp.	8,502.89 Class A Trust Units	\$85,028.90
David B. Rally Richmond, BC Canada	Member of the Board of Governors, Credit Committee and Audit Committee of the Issuer; Vice-President, Legal Affairs of Capital Direct Lending Corp.	24,566.39 Class A Trust Units	\$245,663.90
Paul G. Wylie Toronto, ON Canada	Member of the Board of Governors and Audit Committee of the Issuer.	None	N/A

- (1) The number of Units reported above includes Units issued pursuant to the Issuer's reinvestment of distributions plan and assumes all such Units are issued at a subscription price of \$10.00 per Unit.

Details of distribution

Item 5: Distribution date

State the distribution date. If this report is being filed for securities distributed on more than one distribution date, state all distribution dates.

June 1, 2016

Item 6: Number and type of securities

(a) Describe the type of security;

Class A, Class C and Class F Trust Units at a price of \$10 per Class A, Class C and Class F Trust Unit.

- (b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and

44,482.544 Class A Trust Units, 107,476.3 Class C Trust Units and 270,251 Class F Trust Units.

- (c) State the exemption(s) relied on:

NI 45-106 section 2.9 – Offering Memorandum and section 2.3 – Accredited Investor.

Item 7: Geographical information about purchasers

Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report. The information provided in this table must reconcile with the information provided in item 8 and Schedules I and II.

Each Canadian and foreign jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
British Columbia	49 ⁽¹⁾	\$10.00	\$4,197,098.44 ⁽¹⁾
Quebec	1	\$10.00	\$25,000.00
Total number of Purchasers	50		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$4,222,098.44

- (1) Of these 49 purchasers, two purchasers are portfolio managers acting on behalf of a total of 91 fully managed accounts managed by them, who have subscribed for 169,911 Class F Trust Units for a purchase price of \$1,699,110. All 91 of these purchasers are residents of British Columbia.

Note 1: If securities are issued at different prices, list the highest and lowest price for which the securities were sold.

Item 8: Information about purchasers

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
604278 BC Ltd. 1526 West 16 th Avenue Vancouver, BC V6J 2L6 Attn: Shaohua Lu 604-780-9087	N/A	2,500 Class A Units	\$25,000	Sec. 2.9 of NI 45-106	2016-06-01
Pacific Property Management Ltd. 912 West 23 rd Avenue Vancouver, BC V5Z 2B3 Attn: Allan Landa and Nadine Landa 604-683-8399	N/A	15,000 Class F Units	\$150,000	Sec. 2.9 of NI 45-106	2016-06-01
Alitis Mortgage Plus Pool 101 – 909 Island Highway Campbell River, BC V9W 2C2 Attn: Mitchell Prothman 778-265-1307	N/A	64,000 Class F Units	\$640,000	Sec. 2.3 of NI 45-106	2016-06-01
Leslie Timms Inc. 3258 Crosscreek Court Surrey, BC V3Z 0R7 Attn: Leslie Timms 604-535-7267	N/A	7,000 Class F Units	\$70,000	Sec. 2.9 of NI 45-106	2016-06-01
SUB-TOTAL:		2,500 Class A Units 86,000 Class F Units	\$25,000 \$860,000		
TOTAL:		88,500 Trust Units	\$885,000		

Commissions and finder's fees

Item 9: Commissions and finder's fees

Full name and address of the person being compensated	Indicate if the person being compensated is an insider (I) of the issuer or a registrant (R)	Compensation paid or to be paid (cash and/or securities)				
		Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
			Number and type of securities issued	Price per security (Canadian \$)	Exemption relied on and date of distribution (yyyy-mm-dd)	
HollisWealth Concourse Level 44 King Street West Toronto, ON M5H 1H1	R	(1)	N/A	N/A	N/A	(1)
Questrade Inc. 5650 Yonge Street, Suite 1700 Toronto, ON M2M 4G3	R	(2)	N/A	N/A	N/A	(2)
TOTAL		(1)(2)				(1)(2)

(1) HollisWealth will receive an annual trailer fee in the amount of 1% of the gross proceeds received by the Issuer from the sale of 102,386.3 Class C Trust Units.

(2) Questrade Inc. will receive an annual trailer fee in the amount of 1% of the gross proceeds received by the Issuer from the sale of 5,090 Class C Trust Units.

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: June 1, 2016

Capital Direct I Income Trust

Name of issuer (please print)

Timothy P.J. Wittig, Vice-President and Director of

Capital Direct Management Ltd., manager of

Capital Direct I Income Trust

Phone: 604-430-1498

Print name, title and telephone number of person signing

"Timothy P.J. Wittig"

Signature

Instruction

The person certifying this report must complete the information in the square brackets by deleting the inapplicable word. For electronic filings, substitute a typewritten signature for a manual signature.

Item 10: Contact information

State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

Martha Kane

Chief Compliance Officer

Capital Direct Management Ltd.

Telephone: 604.430.1498

mkane@capitaldirect.ca

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

Notice - Collection and use of personal information

The British Columbia Securities Commission collects and uses the personal information required to be included in this report for the administration and enforcement of the *Securities Act*. If you have any questions about the collection and use of this information, contact the British Columbia Securities Commission at the following address:

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre

701 West Georgia Street

Vancouver, British Columbia V7Y 1L2

Telephone: (604) 899-6500

Toll free across Canada: 1-800-373-6393

Facsimile: (604) 899-6581