

**MIDDLEFIELD CANADIAN INCOME TRUSTS – GBP PC a cell of
MIDDLEFIELD CANADIAN INCOME TRUSTS INVESTMENT COMPANY PCC**

Preliminary Announcement of Results

For the year ended 31 December 2009

At a meeting of the Board of Directors held on 18 March 2010, the annual accounts for the Fund for the year ended 31 December 2009 were approved, details of which are attached.

The financial information set out in this announcement does not constitute the Fund's statutory accounts for the year ended 31 December 2009, but is derived from those accounts. Statutory accounts for the year ended 31 December 2009 will be delivered to Shareholders in April 2010.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Fund will publish complete financial statements that comply with IFRS in April 2010. This announcement has been prepared using accounting policies consistent with those set out in the Fund's annual report and financial statements for the year ended 31 December 2008.

The full unedited report and financial statements will be available in April 2010 at www.middlefield.co.uk.

**Company Secretary
Kleinwort Benson (Channel Islands) Corporate Services Limited**

Telephone number: 01534 613419
Fax number: 01534 767044

18 March 2010
West's Centre
St Helier
JE4 8PQ
Jersey

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Chairman's Report

It is my pleasure to introduce the 2009 Preliminary announcement of results. Middlefield Canadian Income Trusts Investment Company PCC (the "Company") has established one closed-ended Cell known as Middlefield Canadian Income Trusts – GBP PC (the "Fund"). The Fund provides efficient, currency-hedged economic exposure to the Canadian income trust sector through a swap arrangement (the "Swap").

The recovery in credit markets and the impact of government stimulus programs drove industrial activity and equity prices higher in 2009. While 2010 marks the final year before income trusts become taxable entities, the Board remains positive on the outlook for the Canadian economy and Canada's unique high yielding equity sector.

The Fund generated a total return of 82% for the year driven primarily by the return of its reference asset, CIT Trust, and the improvement in the mark-to-market value of the Cross Currency Margin Differential (the "CCMD Value") both of which will be explained in the full report and financial statements. The Fund's return was to a large extent due to the recovery in oil and gas prices and improvement in credit and equity markets generally in 2009. The Canadian income trust universe outperformed the broader Canadian market on a total return basis by 7 percentage points in 2009 reflecting in large part the upfront returns provided in the form of distributions and continuing investor demand for yield in the low interest rate environment. Recognising the impact of the tax changes that are scheduled to take effect in 2011, Middlefield Capital Corporation, the investment adviser of CIT Trust, continues to focus on issuers that offer the potential to grow their businesses, either organically or by way of acquisition, in order to increase cash flows to support distributions. Based on the attraction of upfront distributions, continuing low interest rates and the aging population, demand for higher yielding equity alternatives will continue to grow. Therefore, we believe that companies offering high levels of sustainable income should continue to receive premium valuations.

The other factor affecting the Fund's net asset value ("NAV") this year has been the CCMD Value, which has improved significantly from year-end 2008. The CCMD Value is the direct result of the Company's decision to eliminate the impact of fluctuations in the spread between Canadian and Sterling interest rates on the Company's revenues by locking in the spread from the outset. The CCMD Value is dependent upon changes in both interest rates and C\$/£ exchange rates and may positively or negatively affect the value of the Swap at any given time. All else being equal, the CCMD Value will reduce to zero as the termination date of 28 June 2013 for the Swap is approached.

I thank you for your continued support.

Raymond Apsey

Chairman

Date: 18 March 2010

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Investment Adviser's Report

On the invitation of the Directors of the Company, this commentary is provided by Middlefield International Limited ("MIL"), which acts as the Investment Adviser to the Fund.

The assets of the Fund primarily comprise: (1) a bond portfolio which is currently invested in 12 bonds issued by international financial institutions rated AA- or better by Standard & Poor's; (2) a swap agreement (the "Swap") which provides efficient currency-hedged economic exposure to Canadian income trusts through its reference asset, CIT Trust, an actively managed portfolio of Canadian income trusts; and (3) a direct investment in units of CIT Trust. The Fund's investment in CIT Trust is a nominal amount valued at £46,381 at 31 December 2009.

The recovery in credit markets and the impact of government stimulus programs drove industrial activity and equity prices higher in 2009. Middlefield Capital Corporation ("MCC"), the investment adviser of CIT Trust and affiliate of MIL, increased positions in issuers which it believed would benefit most from strengthening market fundamentals. This resulted in CIT Trust posting a total return of 50% for the year relative to 42% for the benchmark S&P/TSX Income Trust Index (the "Index") and 35% for the broader S&P/TSX Composite Index.

In the first quarter of 2009, MCC determined that oil and gas equities were not reflecting the anticipated recovery in energy prices predicted by MCC's Special Adviser, Groppe, Long and Littell ("GLL"), a Houston, Texas based consultant specialising in the energy sector. Based upon underlying supply and demand fundamentals, GLL correctly forecasted an increase in oil and natural gas prices to approximately US\$80 per barrel and US\$5 per million British Thermal Units ("btu"), respectively, by the end of 2009. As a result, the S&P/TSX Capped Energy Trust Index posted a total return of 44% for the year. MCC significantly increased its weighting in energy issuers and this strategy was one of the primary drivers behind CIT Trust's outperformance in 2009.

MCC remains positive on the long-term outlook for the oil and gas sector and continues to be of the view that North American natural gas and global oil production have peaked. With respect to oil, GLL estimates that global production is decreasing from approximately 80 million barrels per day currently to approximately 70 million barrels per day by 2020. As a result, annual average crude oil prices are expected to increase from approximately US\$75 per barrel to approximately US\$100 per barrel over the next 10 years due to fundamental forces but with considerable volatility as the result of low spare capacity. Notwithstanding the recent exploration success for natural gas in various shale formations throughout North America, natural gas production is also expected to decrease over the next 10 years. Based upon normal conditions, natural gas prices are expected to increase from approximately US\$7 per million btu in 2010 to approximately US\$10 per million btu in 2020.

Business trusts comprise a broad range of businesses including infrastructure products, agricultural products and manufacturing. In light of MCC's view that business trusts would underperform other sectors of the income trust market in 2009, CIT Trust reduced its weighting in this sector during the year from 23.4% as at 31 December 2008 to 17.7% as at 31 December 2009. Business trusts returned 38% on a total return basis in 2009 according to the Scotia Capital Business Trust Index. MCC continues to focus on business trusts with proven management teams, low debt and stable cash flows as these firms will be best positioned to continue to pay out high levels of income.

On a relative basis, REITs outperformed in 2009 as the S&P/TSX Capped REIT Index produced a total return of 42%. The relative strength of the Canadian economy and improvement in credit markets were the primary factors behind the strength in the Canadian real estate sector. CIT Trust's REIT position accounted for 4.2% of the portfolio at the end of 2009, a reduction from 12.7% at the end of 2008 as MCC reallocated funds from real estate into energy to take advantage of the anticipated recovery in energy equities.

At 12.8% at the 2009 year end, the portfolio weighting of power and pipeline trusts was lower by 2 percentage points compared to the prior year end. MCC continued to overweight this defensive sector relative to the Index as the portfolio weight for the utilities group was 9 percentage points higher than that of the Index.

Positions in common equities and other fixed income securities at the end of 2009 accounted for approximately 8.2% of the portfolio compared to 4.2% at the end of 2008 and were included to provide potential growth in net asset value. The remaining 1.9% of the portfolio as of the end of the year was held in cash.

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Investment Adviser's Report (continued)

The year 2010 is the final year before income trusts become taxable entities. As a result, we anticipate most will convert into corporations over the next several months and many will reduce distributions to fund corporate taxes. However, in addition to REITs, which are generally exempt from corporate tax, a number of income trusts are expected to remain high-yielding equities and anticipate maintaining current levels of distributions and these are the issuers on which the adviser will focus. Moreover, MCC believes that the ongoing demand for income from investors will remain strong and high-yielding equities will receive a scarcity premium. In addition, as credit markets continue to improve, a number of income trusts will become acquisition targets of private equity and pension fund investors seeking assets which generate stable levels of cash flow. Most of the issuers in which CIT Trust invests continue to show good prospects to grow their businesses and the portfolio will continue to be biased towards high quality companies with low debt and stable distributions.

The Cross Currency Margin Differential (the "CCMD Value") is one of the drivers affecting the value of the Swap. The CCMD Value is dependent upon changes in both Sterling/Canadian dollar exchange rates and cross-currency interest rates over time. At inception of the Fund, the CCMD was fixed at -0.05% for the duration of the Swap with a CCMD Value of zero. In October 2006, the CCMD was fixed at -0.572% in respect of new funds raised pursuant to the tap issue of 5.49 million shares, resulting in an adjusted CCMD of -0.098% for the duration of the Swap. Finally, in April 2007, the CCMD was fixed at -0.938% in respect of new funds raised pursuant to the issue of 19.8 million shares, resulting in an adjusted CCMD of -0.286% for the duration of the Swap. As at 31 December 2009, the CCMD Value was 1.03 pence per share.

With respect to the managed money market portfolio, for the period from 01 January 2009 to 31 December 2009, the Fund generated interest income of approximately £0.7 million from investments in short-term near cash instruments. Additionally, the Fund received Swap payments of approximately £3.9 million in 2009. Swap payments reflect the distributions received on a notional investment in CIT Trust and are net of Swap costs. Swap costs incurred by the Fund include a LIBOR payment, which is adjusted to account for the CCMD, and fees payable to the Canadian Imperial Bank of Commerce, the counterparty to the Swap.

Middlefield International Limited

Date: 18 March 2010

**Middlefield Canadian Income Trusts – GBP PC a cell of
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Balance Sheet

As at 31 December 2009 with comparatives as at 31 December 2008

	2009 GBP	2008 GBP
Current assets		
Securities (at fair value through profit or loss)	76,668,168	77,134,239
Cash and cash equivalents	244,545	110,627
Accrued bond interest	72,815	247,337
Accrued dividend income	605	934
Interest receivable on Swap	1,189,599	844,864
Prepayments	11,566	12,376
	<u>78,187,298</u>	<u>78,350,377</u>
Current Liabilities		
Derivative financial instruments (at fair value through profit or loss)	(17,077,273)	(41,207,684)
Other payables and accruals	(126,435)	(104,886)
	<u>(17,203,708)</u>	<u>(41,312,570)</u>
Net assets	<u>60,983,590</u>	<u>37,037,807</u>
Equity attributable to equity holders		
Share capital	-	-
Stated capital account	22,628,627	22,628,627
Other reserve	54,037,500	54,037,500
Retained deficit	(15,682,537)	(39,628,320)
Total Shareholders' equity	<u>60,983,590</u>	<u>37,037,807</u>
Net asset value per redeemable participating preference share	<u>75.93p</u>	<u>46.11p</u>

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Income Statement

For the year ended 31 December 2009 with comparatives for the year ended 31 December 2008

	2009	2008
	GBP	GBP
Revenue		
Dividend and interest income	742,066	3,909,843
Net movement in the fair value of derivative financial instruments	28,011,469	(31,725,466)
Net movement in the fair value of securities (at fair value through profit or loss)	(42,871)	42,776
Total revenue	<u>28,710,664</u>	<u>(27,772,847)</u>
Expenditure		
Management fees	44,864	62,764
Custodian fees	15,531	18,829
Sponsor's fees	89,728	91,424
Directors' fees and expenses	82,477	94,489
Investment advisory fees	44,864	62,764
Audit fees	30,600	23,100
Registrar's fees	21,631	15,612
General expenses	19,408	41,867
Total expenditure	<u>349,103</u>	<u>410,849</u>
Net gain/(loss)	<u>28,361,561</u>	<u>(28,183,696)</u>
Gain/(loss) per redeemable participating preference share- basic and diluted	<u>35.31p</u>	<u>(35.09)p</u>

The company has no other items of income or expense for the current and prior year and accordingly the net gain for the current year and the loss of the prior year represent total comprehensive income/loss.

There are zero earnings attributable to the management shares.

All activities derive from continuing operations.

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**Statement of Changes in Redeemable Participating Preference Shareholders' Equity
For the year ended 31 December 2009 with comparatives for the year ended 31 December 2008**

	Share Capital GBP	Stated Capital Account GBP	Other Reserve GBP	Retained deficit GBP	Total GBP
At 1 January 2008	-	22,628,627	54,037,500	(5,828,549)	70,837,578
Loss for the year	-	-	-	(28,183,696)	(28,183,696)
Dividends paid	-	-	-	(5,616,075)	(5,616,075)
At 31 December 2008	-	22,628,627	54,037,500	(39,628,320)	37,037,807
Gain for the year	-	-	-	28,361,561	28,361,561
Dividends paid	-	-	-	(4,415,778)	(4,415,778)
At 31 December 2009	-	22,628,627	54,037,500	(15,682,537)	60,983,590

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Cash Flow Statement

For the year ended 31 December 2009 with comparatives for the year ended 31 December 2008

	2009 GBP	2008 GBP
Cash flows from operating activities		
Net gain/(loss)	28,361,561	(28,183,696)
Adjustments for:		
Net movement in the fair value of securities (at fair value through profit or loss)	42,871	(42,776)
Net movement in derivative financial instruments	(24,130,411)	33,913,308
Operating cash flows before movements in working capital	<u>4,274,021</u>	<u>5,686,836</u>
(Increase)/decrease in trade and other receivables	(169,074)	404,194
Increase/(decrease) in trade and other payables	21,549	(21,755)
Net cash from operating activities	<u>4,126,496</u>	<u>6,069,275</u>
Cash flows from/(used in) investing activities		
Payment for purchases of securities	(311,126,096)	(397,015,150)
Proceeds from sale of securities	311,549,296	396,191,950
Net cash flow from/(used in) investing activities	<u>423,200</u>	<u>(823,200)</u>
Cash flows used in financing activities		
Dividends paid	(4,415,778)	(5,616,075)
Net cash flow used in financing activities	<u>(4,415,778)</u>	<u>(5,616,075)</u>
Net increase/(decrease) in cash and cash equivalents	133,918	(370,000)
Cash and cash equivalents at the beginning of the year	110,627	480,627
Cash and cash equivalents at the end of the year	<u>244,545</u>	<u>110,627</u>
Cash and cash equivalents made up of:		
Cash at bank	<u>244,545</u>	<u>110,627</u>