



10 October 2013

Middlefield Canadian Income PCC, in respect of its cell, Middlefield Canadian Income – GBP PC (together the “Company”)

Amendment to investment policy, formalisation of investment management arrangements and closure of placing programme

Following consultation with a number of the Company’s largest shareholders, the Company will shortly be posting a circular to shareholders seeking approval at an EGM for an amendment to its investment policy. This amendment will increase the percentage of the value of portfolio assets which may be invested in securities listed on a recognised stock exchange outside of Canada, from 10 per cent. to 20 per cent. The Company, as advised by Middlefield Capital Corporation (“MCC”) and Middlefield International Limited (“MIL”), believes such flexibility will be primarily used to invest in the US and will enhance its opportunities for providing a favourable total return to shareholders. The amendment requires the approval of shareholders by way of an ordinary resolution. A further announcement will be made once the circular has been posted.

Since the restructuring of the Company in October 2011 which involved the termination of the swap arrangements through which the Company had gained exposure to the Canadian income trust market and the change of its tax residency to the United Kingdom, MCC, the Canadian affiliate of MIL, has acted as the discretionary investment manager of the Company as a delegate of MIL and MIL has provided investment advisory services to the Company.

For the purposes of the Alternative Investment Fund Managers Directive which was implemented into UK law with effect from 22 July 2013, if MCC was appointed directly as sole discretionary investment manager of the Company, the Company would be classified as a non-EU Alternative Investment Fund, managed by a non-EU Alternative Investment Fund Manager. As such, the Company would not be subject to the full scope of the Directive and it would not incur the additional costs, such as those incurred in having to appoint a depository, that would have been applicable had it been deemed to be managed by an EU Alternative Investment Fund Manager.

The Company therefore now wishes to formalise such an arrangement, by entering into a new investment management and advisory services agreement under which MCC acts as the Company’s discretionary investment manager and MIL continues to provide investment advisory services. This agreement will be subject to JFSC approval. There will be no change in the fees payable by the Company (0.70 per cent of NAV) or the circumstances, including the notice period (90 days), in which the agreement can be terminated by the parties.

The Company further announces that its placing programme, which was due to expire on 18 October 2013 one year after its introduction, has been closed. The Company retains the ability to issue shares representing up to 10 per cent. of its issued share capital in the event of investor demand which cannot be met through the market. Such issues would only be conducted at price equal to or above the prevailing net asset value.

For further information, please contact:

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