PRESS RELEASE

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Update on Income Trust Tax Proposal

On 31 October 2006, the Minister of Finance in Canada unexpectedly announced his intention to change the tax rules governing publicly traded income trusts. The primary change is a tax on distributions paid by income trusts, with the exception of Real Estate Investment Trusts (REITs). The tax will become effective in four years. The Canadian trust market has been very volatile since the announcement as investors digest these changes. The investment adviser of Middlefield Canadian Income Trusts – GBP PC (the "Fund") anticipates that the changes will be enacted into legislation substantially as proposed by the government over the next several months although several parties are lobbying the government to consider changes to the proposed rules.

It is important to note that existing income trusts have a four-year grace period to make appropriate changes to their business plans and will remain a viable vehicle for income-oriented investors. During this period, the government proposal permits income trusts to increase their existing market capitalisation by 100% to pursue growth initiatives, merge with other trusts and issue new equity to repay debt. Moreover, any conversion of a trust to a corporate entity will be allowed to take place on a tax free rollover basis.

Middlefield Canadian Income Trusts Investment Company (the "Company") is a Jersey incorporated, protected cell company. The Fund is the Company's initial cell and trades on the London Stock Exchange under the symbol MCT.L. The objectives of Middlefield Canadian Income Trusts – GBP PC are to produce a high income return while also seeking to preserve shareholder capital. Dividends are paid on a quarterly basis. The Fund provides investors with exposure to a broadly diversified portfolio of Canadian income trusts through a swap agreement whose reference is CIT Trust, a Canadian unit trust.

Middlefield International Limited is the investment adviser to the Fund and Middlefield Capital Corporation ("MCC") is the investment adviser to CIT Trust.

CIT Trust's portfolio is comprised of a diversified group of strong businesses that will continue to grow. The Investment Adviser believes CIT Trust is well positioned due to the current allocation to REITs of approximately 25%, which is roughly twice the market weight in the S&P/TSX Capped Income Trust Index. CIT Trust is also able to invest in common stocks, which currently represent approximately 10% of the portfolio.

MCC has confirmed that it will continue to follow its prudent and disciplined investment process, focusing on high quality, well-capitalized businesses with low-payout ratios that can sustain high levels of distributions and long-term growth regardless of the tax environment. In addition, many issuers within CIT Trust's portfolio have the prospect of growing distributable income to mitigate the impact of the proposed tax changes when they take effect in four years time. Distributions from issuers held within CIT Trust's portfolio for the month of November are largely unchanged from the previous month. As a result, consistent with previous guidance, it is expected that the Fund will pay dividends totalling not less than 7.0 pence per Share in the period from inception to 31 July 2007.

For additional information, please contact any of the undersigned:

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