

# THIRD QUARTER REPORT 2000

For the period ending September 30, 2000

*Press Release*

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## MINT ANNOUNCES THIRD QUARTER RESULTS

Middlefield High Income Trust ("MINT" or the "Trust") is pleased to announce its unaudited financial results for the nine months ended September 30, 2000, the details of which are attached.

The Trust generated net investment income of \$0.47 per unit for the nine months ended September 30, 2000. On September 20, 2000 MINT announced a distribution of \$0.17 per unit, payable October 30, 2000 to unitholders of record on September 29, 2000. The distribution rate remained unchanged from the previous two quarters and is expected to remain at this rate for the fourth quarter of 2000. On an annualized basis, this represents a yield of approximately 12.1% on the current market price of \$5.60 per unit.

For the third quarter of 2000, MINT posted a total return of 9.7%. The Trust benefited from its holdings of Canadian REITs, which continue to enjoy rental income growth, low vacancy rates and a stable interest rate environment. The group average total return for the third quarter was 5.3%, well ahead of the broader TSE 300 Index total return of 2.0%. As well, continued strength in commodity prices contributed to strong results in MINT's oil and gas royalty trust and pipeline investments. The outlook for the oil and gas and pipeline sectors remains favourable. Strong commodity prices are expected to continue through 2001.

Slowing economic growth has taken the pressure off the Federal Reserve to raise interest rates, although a future increase of 25 basis points is still a possibility to address lingering inflationary concerns. A neutral bias on interest rates by the Federal Reserve would benefit MINT and increase its attractiveness to income-seeking investors.

MINT is a closed-end investment trust that invests primarily in high yield equities, supplemented by high yield debt. This press release contains forward-looking information. Actual future results may differ materially. The risks, uncertainties and other factors that could influence actual results are described in MINT's annual report to unitholders and other documents filed with regulatory authorities.

MINT trades on the Toronto Stock Exchange under the symbol "MID.UN".

For further information visit our website at [www.middlefield.com](http://www.middlefield.com), or contact Nancy Tham or the undersigned at 416-362-0714.

Mr. J. Dennis Dunlop  
Senior Vice President

November 23, 2000

**STATEMENTS OF CHANGES IN NET ASSETS**  
**For the Nine Months ended September 30**

Unaudited	2000	1999
<b>OPERATIONS:</b>		
Net Increase in Net Assets Resulting from Operations	\$ 3,417,313	\$ 4,126,508
<b>DISTRIBUTIONS TO UNITHOLDERS</b>		
	(3,290,008)	(4,300,189)
<b>UNITHOLDER TRANSACTIONS:</b>		
Issue Cost Recoveries	-	161,052
Repurchase of Units	(3,536,295)	(2,059,296)
	(3,536,295)	(1,898,244)
Net Decrease in Net Assets	(3,408,990)	(2,071,925)
<b>NET ASSETS:</b>		
Beginning of Period	43,497,793	51,314,892
End of Period	\$ 40,088,803	\$ 49,242,967
<b>INVESTMENT TRANSACTIONS:</b>		
Proceeds from Sale of Investments	\$ 18,549,595	\$ 12,913,825
Less: Cost of Investments Sold:		
Owned at Beginning of Period	79,765,624	90,140,191
Purchased During Period	14,973,986	9,191,578
Owned at End of Period	(59,449,194)	(84,180,688)
	35,290,416	15,151,081
Net Realized Loss from Investment Transactions	\$ (16,740,821)	\$ (2,237,256)
Distribution per Unit	\$ 0.51	\$ 0.60

**STATEMENTS OF NET ASSETS**  
**As at September 30**

Unaudited	2000	1999
<b>ASSETS:</b>		
Investments at Market Value	\$ 52,814,896	\$ 64,617,482
Cash	1,412,015	1,817,961
Income Receivable	832,989	1,295,368
	<b>55,059,900</b>	<b>67,730,811</b>
<b>LIABILITIES:</b>		
Loan Payable	12,540,723	16,914,494
Accounts Payable and Accrued Liabilities	1,364,608	152,835
Unitholder Distributions	1,065,766	1,420,515
	<b>14,971,097</b>	<b>18,487,844</b>
Net Assets	\$ 40,088,803	\$ 49,242,967
Units Issued and Outstanding	6,261,562	7,090,378
Net Asset Value per Unit	\$ 6.40	\$ 6.95

**STATEMENTS OF OPERATIONS**  
**For the Nine Months ended September 30**

Unaudited	2000	1999
<b>INVESTMENT INCOME:</b>		
Income from Investment Trust Units	\$ 3,140,188	\$ 4,008,496
Interest	1,123,823	1,607,002
	<b>4,264,011</b>	<b>5,615,498</b>
<b>EXPENSES:</b>		
Interest and Bank Charges	676,304	783,416
Management Fee	308,664	407,353
Audit and Legal	89,197	25,257
Marketing	51,465	34,658
Custodian and Trustee Fee	32,842	36,913
Network Fee	10,733	27,006
Transfer Agent Fee	9,630	6,019
Other	14,597	11,685
	<b>1,193,432</b>	<b>1,332,307</b>
Net Investment Income	<b>3,070,579</b>	<b>4,283,191</b>
<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:</b>		
Net Realized Loss from Investment Transactions	(16,740,821)	(2,237,256)
Change in Net Unrealized Appreciation of Investments	17,087,555	2,080,573
Net Gain (Loss) on Investments	346,734	(156,683)
Net Increase in Net Assets Resulting from Operations	\$ 3,417,313	\$ 4,126,508
Net Investment Income per Unit	\$ 0.47	\$ 0.59

## STATEMENT OF INVESTMENT PORTFOLIO

As at September 30, 2000

Unaudited

Description	No. of Shares/Units or Face Value	Average Cost	Market Value
<b>HIGH YIELD EQUITY: 77.6%</b>			
Alberta Energy Company Ltd.	104,309	\$ 6,649,699	\$ 6,514,097
RioCan Real Estate Investment Trust	507,210	4,919,937	4,564,890
ARC Energy Trust	400,000	4,348,730	4,520,000
H&R Real Estate Investment Trust	334,800	3,617,060	3,766,500
ACS Freezers Income Trust	382,900	3,829,000	3,120,635
Paperboard Industries International Inc.	113,683	2,415,764	2,898,917
Canadian Oil Sands Trust	90,000	2,727,005	2,817,000
Northland Power Income Fund	289,000	2,890,000	2,413,150
Morguard Real Estate Investment Trust	200,000	2,000,000	1,750,000
Summit Real Estate Investment Trust	136,884	1,519,412	1,546,789
Koch Pipelines Canada, L.P.	260,000	2,600,000	1,430,000
Legacy Hotels Real Estate Investment Trust	145,000	1,241,500	1,254,250
Canadian Imperial Bank of Commerce	20,000	870,750	990,000
NAL Oil & Gas Trust	100,000	890,000	850,000
Pembina Pipeline Income Fund	100,000	1,000,000	770,000
Superior Propane Income Fund	50,000	700,935	730,000
KMS Power Income Fund	88,700	887,000	709,600
CPL Long Term Care Real Estate Investment Trust	25,000	500,500	350,000
		43,607,292	40,995,828
<b>HIGH YIELD DEBT: 22.4%</b>			
Ainsworth Lumber Co. Ltd. 12.5% due July 15, 2007	2,000,000	2,674,045	2,856,650
Millar Western Forest Products Ltd. 9.875% due May 15, 2008	1,750,000	2,541,350	2,539,035
Finlay Enterprises, Inc. 9% due May 1, 2008	1,500,000	2,164,680	2,063,553
Anchor Lamina Inc. 9.875% due February 1, 2008	2,000,000	2,876,270	1,428,325
Derlan Industries Limited 10% due January 15, 2007	850,000	1,220,925	1,252,416
Scott Paper Limited 10% due June 6, 2007	1,181,610	1,156,261	1,022,093
Intrawest Corporation 10.5% due February 1, 2010	420,000	650,246	656,729
Greenstone Resources Ltd. 9% due February 28, 2002	2,670,000	2,558,125	267
		15,841,902	11,819,068
Total Investment Portfolio		\$ 59,449,194	\$ 52,814,896

## TRUST PROFILE

MINT raised \$98 million in March of 1997 through an initial public offering. The primary objectives of the Trust are to produce a high level of sustainable income and to minimize the risk of investing in high yield securities on a cost effective basis. MINT is comprised of four asset classes: income funds, high income debt, real estate investment trusts and royalty trusts. Unitholders can acquire additional units by participating in the Distribution Reinvestment Plan. The Plan enables unitholders to reinvest their quarterly distributions in additional units of MINT thereby achieving the benefit of compounding returns. MINT is fully RRSP eligible.

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### Directors and Officers of the Manager

Murray J. Brasseur, Director  
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W. Garth Jestley, Director  
James S. Parsons, President and Director  
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