2023 SEMI-ANNUAL REPORT

REAL ESTATE
SPLIT CORP.

MIDDLEFIELD
SPLIT SHARE FUNDS

MIDDLEFIELD CORPORATE PROFILE

The Middlefield Group was established in 1979 and is a Specialty Investment Manager which creates investment products designed to balance risk and return to meet the demanding requirements of Financial Advisors and their clients. These financial products include Exchange-Traded Funds, Mutual Funds, Private and Public Resource Funds, Split Share Corporations, Venture Capital Assets, TSX Publicly Traded Funds and Real Estate Investment Funds and Partnerships.

Middlefield's investment team comprises portfolio managers, analysts and traders. While all of our investment products are designed and managed by Middlefield professionals, some involve strategic partnerships with other "best-in-class" firms that bring unique value to our product offerings. In 2014, we entered into an exclusive arrangement with SSR, LLC, based in Stamford, Connecticut. They provide specialized research into sectors of the economy such as Healthcare and Innovation Technology. SSR is an independent investment firm whose analysts have been highly ranked and are recognized as leaders in their respective fields. Their fundamental company level research is often non-consensus and provides guidance on overall portfolio construction and security selection.

Looking ahead, Middlefield remains committed to managing and developing new and unique investment products to assist Financial Advisors in helping clients achieve their investment objectives.

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A NOTE ON FORWARD LOOKING STATEMENTS

This document may contain forward looking statements, including statements regarding: the Fund, its strategies, goals and objectives; prospects; future performance or condition; possible future actions to be taken by the Fund; and the performance of investments, securities, issuers or industries in which the Fund may from time to time invest. Forward looking statements include statements that are predictive in nature, that depend upon or refer to future results, events, circumstances, expectations and performance, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and other similar wording. Forward looking statements are not historical facts, but reflect the Fund's current beliefs as of the date of this document regarding future results, events, circumstances, expectations or performance and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors. Forward looking statements are not guarantees of future performance, and actual results, events, circumstances, expectations or performance could differ materially from those expressed or implied in any forward looking statements contained in this document. Factors which could cause actual results, events, circumstances, expectations or performance to differ materially from those expressed or implied in forward looking statements include, but are not limited to: general economic, political, market and business factors and conditions; commodity price fluctuations; interest and foreign exchange rate fluctuations; global equity and capital markets; the financial condition of each issuer in which the Fund invests; the effects of competition in the industries or geographic areas in which the Fund may invest; statutory and regulatory developments; unexpected judicial or regulatory proceedings; and catastrophic events. Readers are cautioned that the foregoing list of factors is not exhaustive and to avoid placing undue reliance on forward looking statements due to the inherent uncertainty of such statements. The Fund does not undertake, and specifically disclaims, any obligation to update or revise any forward looking statements, whether as a result of new information, future developments, or otherwise.

2023 Mid-Year Review and Outlook

Equity market returns were widely dispersed during the first half of 2023 (H1). The sharp recovery in technology stocks has been the biggest driver of relative performance, leading to the best first half of a year for the Nasdaq 100 in history (with data going back to 1985). The hype around artificial intelligence (AI) has fueled this rally and resulted in narrow market leadership. The “magnificent seven” – Apple, Microsoft, Google, Amazon, Meta, Tesla and Nvidia – did most of the heavy lifting, returning ~58% in H1. While market leadership has been narrow, we believe it is well deserved by some of the best companies in the world that will benefit from the AI cycle. Conversely, many core sectors of the market, including energy, utilities, financials and real estate, lagged in H1.

The underlying fundamentals for equities have improved in recent months. The most notable change to the economic landscape has been a significant drop in inflation. In Canada, the year-over-year rate of inflation was 2.8% in June 2023, well below 6.3% at the end of 2022 and its peak of 8.1% a year prior. Falling inflation has contributed to lowered expectations of a recession and boosted consumer confidence. In the US, the University of Michigan’s monthly Consumer Sentiment Index hit 72.6 in July 2023, the highest reading since September 2021 and the biggest one-month gain since 2006. The labour market has also proven to be extremely resilient, with the unemployment rate near all-time lows in both countries. Real hourly earnings are increasing for the first time in two years which further supports consumer demand. Although most economists have been forecasting a recession since 2022, the broad strength of the consumer and the tightness of the labour market may be enough to support a soft landing – an outcome that we believe is becoming increasingly likely.

Despite inflation trending lower in H1, it remains above most central banks’ long-term targets and monetary policy remains in restrictive territory. Services inflation, which is influenced by the rate of unemployment and wages, represents a bigger risk to overall inflation statistics and increases the likelihood of rates staying higher-for-longer. While economic data steadily improved throughout H1, real yields have risen which should temper further multiple expansion on the broad market and growth stocks in particular.

We are bullish on several areas of the Canadian stock market as Canadian equities are attractively valued on a relative basis. As at June 30 2023, the TSX Composite traded at a blended forward price to earnings multiple of 13.2x – more than a six turn discount to the S&P 500 multiple of 19.4x. In addition to attractive valuations, the total payout yield (dividends plus share buybacks) for the TSX is more attractive than the S&P 500, meaning investors are receiving more free cash flow from their investments in Canada. Companies in the TSX paid out a record $170 billion in total shareholder returns over the past twelve months, representing a payout yield of 5.5 per cent. $100 billion of this figure comes from dividend payments, supported by strong earnings and free cash flow growth.

We believe outperformance can be achieved in H2 through exposure to cyclical value sectors such as financials, resources, industrials and real estate. We expect these groups to outperform secular growth industries as the market prices in a soft landing in the economy and market breadth expands. We believe the economy has been going through a rolling recession over the past 18 months, i.e., various sectors are already in a recession while the economy continues to expand as a whole. Looking forward over the next twelve months, our view is that a rolling expansion is likely to take place in sectors that have already experienced earnings declines and share price depreciation.

Real estate had an excellent start to 2023 but was negatively impacted by macro headwinds that surfaced late in Q1. The collapse of several regional banks in the US sparked fears of a credit crunch in commercial real estate, particularly for office assets. We believe the operating environment for office REITs has become more challenging due to ongoing credit issues and uncertain work from home trends. That said, fundamentals across the rest of the sector remain very healthy. REITs continue to act as an effective hedge against inflation as companies can raise rents on expiring leases, particularly in undersupplied asset classes such as industrial, multi-family and retail. REITs have historically outperformed the TSX twelve to twenty-four months after the first Bank of Canada rate hike, which occurred in March 2022. The TSX Capped REIT Index generated a total return of 0.7% in H1, trailing the TSX Composite return of 5.8%. We are optimistic that sentiment is starting to bottom, and the sector is positioned for a catch-up trade in H2. *Middlefield Real Estate ETF* (TSX:MREL) and *Sustainable Real Estate Dividend Fund* (TSX:MSRE.UN) generated total returns of 2.6% and 4.2%, respectively, outperforming the benchmark.

After a year of strong performance in 2022, defensive sectors underperformed in H1 as the market began pricing in a soft landing. Healthcare finished as the third worst performing sector in the S&P 500 and had its worst first half in three decades relative to the broader market. Healthcare equipment companies were a bright spot within the sector, generating a total return of 13.1%. After three years of macro headwinds, including COVID-19 disruptions, supply chain bottlenecks and labour shortages, the operating environment for MedTech companies has improved. Healthcare facilities are now experiencing elevated utilization as patients return to hospitals and outpatient clinics to receive elective procedures that were deferred during the pandemic. We believe these conditions should persist for the remainder of 2023 and into 2024 as the system works through backlogs, especially for orthopedic and cardio procedures. Low unemployment represents an additional tailwind for MedTech companies as more patients are covered by health insurance. *Middlefield Healthcare Dividend ETF* finished H1 with a ~10% overweight weighting to MedTech companies relative to the benchmark.

We believe that infrastructure will be a highly sought-after asset class under a variety of economic backdrops. Revenues from infrastructure assets are typically guaranteed by long-term contracts that provide high cash flow visibility, even under challenging economic conditions. Infrastructure assets are benefiting from a broad range of secular tailwinds, including decarbonization targets, government support packages and shifting demographics. Our infrastructure strategies, which include *Middlefield Sustainable Infrastructure Dividend ETF* (TSX:MINF), *International Clean Power Dividend Fund* (TSX:CLP.UN) and *Global Real Asset Fund* (TSX:RA.UN) invest across multiple different sectors and industries. Regulated utilities, energy infrastructure, renewable power producers and data infrastructure companies represent core exposures within these funds. Notwithstanding higher interest rates, which makes project financing more expensive, we maintain an optimistic long-term view of companies that own, operate or supply infrastructure projects around the world.

Information technology was the top performing sector in the S&P 500 in H1, generating a total return of 42.8%. In our view, tech's impressive performance was justifiable given the two main headwinds that impacted the sector in 2022 – inflation and higher rates – have been easing. Looking forward, we remain optimistic on the tech sector and innovative companies broadly given fundamental growth underpinnings. The outlook for generative AI is promising and should support continued investment in semiconductors and cloud computing. After five consecutive quarters of weak EPS growth, tech earnings are poised to outpace the broader market in H2 and into 2024. *Middlefield Innovation Dividend ETF* generated a total return of 26.1% in H1, outperforming its benchmark, the NASDAQ Technology Dividend Index, which returned 24.3%.

Dividend stocks underperformed the broader market in H1 which was primarily a function of market rotation into growth from value. Despite the short-term underperformance, we remain confident in the long-term potential for dividend growth stocks, which have outperformed the market over the long run. Within the investment universe of dividend stocks, we continue to see plenty of attractive opportunities across key sectors including technology, healthcare, financials and real estate. *Middlefield Sustainable Global Dividend ETF* generated a total return of 10% in H1, outperforming its benchmark, MSCI World Dividend Growers Quality Select Index, which returned 7.5%. The Fund invests in an actively managed portfolio primarily comprised of global equity income securities with an emphasis on companies that are progressing on ESG initiatives and have grown their dividends over time.

Outlook

Our market outlook is sanguine for the second half of 2023. Recession risks are receding and investor sentiment has started to improve. A huge amount of capital that made its way into money market funds during Q4'22/Q1'23 is now starting to flow back into equities. We have noted a growing list of individual stocks that are starting to break out of recent trends, which supports our view that market breadth is poised to improve. Tech stocks have led the market so far this year, but valuations are beginning to look stretched, requiring a more selective approach to security selection going forward. We believe a rotation out of expensive growth stocks into more reasonably priced value names is likely over the coming months, which bodes well for many of our attractively priced dividend-paying core holdings. In sectoral terms, we are bullish on REITs, Financials, Energy and select areas of Healthcare.

Our focus remains on high-quality, dividend paying companies. We believe central banks are likely to maintain hawkish monetary policy for longer than the market is hoping for, which puts a ceiling on how much multiple expansion can take place going forward. As a result, dividend income should represent a larger portion of total returns in H2 and will be highly coveted by investors. We remain cognizant of the lag effects that higher interest rates have on the consumer and are closely watching economic indicators to gauge the overall health of the economy. We do not expect a recession to manifest in H2 and we currently favour cyclical exposure. If recession risks start to rise later in the year, we would tactically shift our funds' asset allocation towards defensive sectors such as healthcare, utilities and consumer staples.

Dean Orrico
President and CEO
Middlefield Capital Corporation

Robert F. Lauzon
Managing Director and Chief Investment Officer
Middlefield Capital Corporation

This interim management report of fund performance contains financial highlights but does not contain the annual financial statements of the investment fund. This report should be read in conjunction with the complete interim financial report of the investment fund that follows this report. The interim financial report has not been reviewed by the investment fund's external auditors.

Shareholders may contact us by calling 1-888-890-1868, by writing to us at Middlefield Group at one of the addresses on the back cover or by visiting our website at www.middlefield.com to request a copy of the investment fund's annual financial statements, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Management's Discussion of Fund Performance

Investment Objectives and Strategies

The investment objectives of Real Estate Split Corp. for the Class A Shares are to provide holders with: (i) non-cumulative monthly cash distributions, and (ii) the opportunity for capital appreciation through exposure to the portfolio. The investment objectives of the Fund for the Preferred Shares are to: (i) provide holders with fixed cumulative preferential quarterly cash distributions, and (ii) return the original issue price of $10.00 to holders upon maturity. The Fund invests in a diversified, actively managed portfolio of dividend-paying securities of issuers operating in the real estate or related sectors, including real estate investment trusts that are well-positioned to benefit from low interest rates, the rapid adoption of e-commerce, the growth of data infrastructure as well as attractive valuations in various areas of the real estate sector.

Results of Operations

Investment Performance

During the first half of 2023, the net assets of the Fund increased from $66.5 million at December 31, 2022 to $73.2 million at June 30, 2023. Net assets on a per Class A share decreased from $12.63 at December 31, 2022 to $11.90 at June 30, 2023. During the first half of 2023, the Fund recorded a net gain of $0.1 million on its investment portfolio or $0.03 per Class A share.

Revenue and Expenses

In the first half of 2023, the Fund recorded a revenue before expenses of $2.6 million. Operating expenses during the period ended June 30, 2023 were $1.0 million. Distributions for the period ended June 30, 2023 amounted to $0.78 per Class A share.

Trends

Real estate had an excellent start to 2023 but was negatively impacted by macro headwinds that surfaced late in Q1. The collapse of several regional banks in the US sparked fears of a credit crunch in commercial real estate, particularly for office assets.

Related Party Transactions

Pursuant to a management agreement, Middlefield Limited (the "Manager") receives a management fee. For further details, please see the "Management Fees" section of this report. Middlefield Capital Corporation ("MCC" or the "Advisor"), the advisor to the Fund and a company under common control with the Manager, receives advisory fees from the Manager out of the management fee. MCC also receives brokerage commissions from the Fund in connection with securities transactions. All brokerage commissions paid by the Fund to MCC were at or below market rates. For further details, please see the notes to the financial statements.

Management Fees

Management fees are calculated at 0.85% per annum of the net asset value of the Fund and are split between the Manager and the Advisor. The Manager receives fees for the general administration of the Fund, including maintaining the accounting records, executing securities trades, monitoring compliance with regulatory requirements, and negotiating contractual agreements, among other things. The Advisor receives fees from the Manager for providing investment advice in respect of the portfolio in accordance with the investment objectives and strategies of the Fund.

Credit Facility

The Fund has a revolving demand credit facility that enables the Fund to borrow up to an amount not exceeding 5% of total assets. At June 30, 2023, the Fund had a loan payable in the amount of $0.5 million representing approximately 0.4% of total assets and 0.7% of net assets. The minimum and maximum amounts borrowed during 2023 were $0.5 million and $0.5 million, respectively. The credit facility provides the lender with a security interest over the assets of the Fund.

Recent Developments

As at June 20, 2023, the Fund terminated the securities lending agreement with RBC Investor Services Trust and exited the securities lending program. There were no securities loaned or collateral held at the time of termination of the agreement.

On July 24, 2023, TSX Trust Company became the transfer agent & registrar for the Fund.

Financial Highlights
Net Assets are calculated in accordance with International Financial Reporting Standards ("IFRS").

"Net Asset Value" is calculated in accordance with section 14.2 of National Instrument 81-106 "Investment Fund Continuous Disclosure" ("NI 81-106") and is used for transactional pricing purposes.

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the indicated periods. Ratios and Supplemental Data are derived from the Fund's Net Asset Value.

The Fund's Net Assets per Class A Share[(1)]

	June 30, 2023[(5)]	December 31, 2022	December 31, 2021	December 31, 2020[(4)]
Net Assets, Beginning of Period	**$ 12.63**	$ 19.26	$ 13.48	$ 13.75*
Total Revenue	**0.44**	0.81	0.70	0.15
Total Expenses	**(0.18)**	(0.34)	(0.46)	(0.09)
Realized Gains (Losses) for the Period	**0.20**	(0.20)	1.05	0.07
Unrealized (Losses) Gains for the Period	**(0.17)**	(4.17)	5.59	(0.19)
Transaction Costs on Purchase and Sale of Investments	**(0.01)**	(0.01)	(0.04)	(0.04)
Preferred Share Distributions	**(0.28)**	(0.57)	(0.57)	(0.06)
TOTAL INCREASE (DECREASE) FROM OPERATIONS[(2)]	**0.05**	(5.07)	7.13	(0.17)
DISTRIBUTIONS:				
From Net Investment Income	**-**	-	0.22	0.06
From Capital Gains	**0.18**	-	0.94	0.03
Return of Capital	**0.60**	1.56	0.19	0.01
TOTAL DISTRIBUTIONS[(3)]	**0.78**	1.56	1.35	0.10
Net Assets, End of Period	**$ 11.90**	$ 12.63	$ 19.26	$ 13.48

(1) This information is derived from the Fund's audited annual financial statements and unaudited interim financial report.
(2) Net Assets per Class A Share are based on the actual number of Class A shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of Class A shares outstanding over the financial period. This schedule is not a reconciliation of Net Asset Value since it does not reflect shareholder transactions as shown on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Class A Shares and accordingly columns may not add.
(3) Distributions were paid in cash/reinvested in additional units of the Fund, or both.
(4) For the period November 19, 2020 (date of commencement of operations) to December 31, 2020.
(5) For the six-month period ended June 30, 2023.

*Initial issue price, net of agents' fees and initial issue costs.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE
FOR THE SIX MONTHS ENDED JUNE 30, 2023

Ratios and Supplemental Data

	June 30, 2023[6]	December 31, 2022	December 31, 2021	December 31, 2020[5]
Total Assets (000s)	**$ 137,038**	$ 121,094	$ 78,558	$ 38,428
Total Net Asset Value (000s) – including Preferred Shares	**$ 134,765**	$ 119,077	$ 77,275	$ 37,902
Number of Class A Shares Outstanding	**6,153,412**	5,262,212	2,640,887	1,613,887
Management Expense Ratio ("MER") – Class A Shares[1]	**8.43%**	11.58%	9.96%	18.25%
MER (excluding Preferred Share distributions, interest expense and issuance costs) – Class A Shares[1]	**2.38%**	2.21%	2.45%	8.56%
Trading Expense Ratio[2]	**0.15%**	0.10%	0.24%	2.61%
Portfolio Turnover Rate[3]	**14.36%**	9.69%	42.15%	20.31%
Net Asset Value per Unit[4]	**$ 22.03**	$ 22.76	$ 29.39	$ 23.54
Net Asset Value per Preferred Share	**$ 10.13**	$ 10.13	$ 10.13	$ 10.06
Net Asset Value per Class A Share	**$ 11.90**	$ 12.63	$ 19.26	$ 13.48

(1) The MER for Class A Shares is based on total expenses (including distributions on Preferred Shares, but excluding distributions on Class A Shares, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average Net Asset Value of the Fund for Class A Shares during the period. The MER for Class A Shares excluding Preferred Share distributions, interest expense and issuance costs has been presented separately as it expresses only the ongoing management and administrative expenses of the Fund as a percentage of average Net Asset Value of the Fund for Class A Shares. Issuance costs are one-time costs incurred at inception, and the inclusion of Preferred Share distributions and interest expense does not consider the additional revenues that have been generated from the investment of the leverage in income-generating assets.

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio investments are managed. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(4) A Unit includes one Class A Share and one Preferred Share. Net Asset Value per Unit is determined by the Net Asset Value of the Fund, for which the Preferred Shares are not treated as liabilities.

(5) For the period November 19, 2020 (date of commencement of operations) to December 31, 2020.

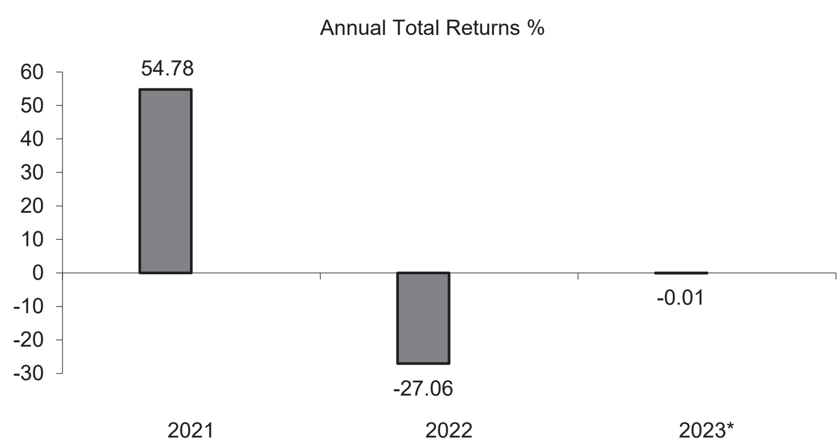
(6) As at June 30, 2023 or for the six-month period ended June 30, 2023, as applicable.

Past Performance

The performance information shown, which is based on Net Asset Value, diluted where applicable, assumes that all distributions paid by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The bar chart shows how the Fund's performance has varied from year to year for each of the year shown. The return for 2020 is not presented since it relates to a partial period. The chart indicates, in percentage terms, how much an investment made the first day of each financial period would have grown or decreased by the last day of the financial period.



*For the six-month period ended June 30, 2023.

Summary of Investment Portfolio

AS AT JUNE 30, 2023
Top Twenty-Five Holdings *

DESCRIPTION		% OF NET ASSET VALUE
1	Dream Industrial Real Estate Investment Trust	8.8
2	Granite Real Estate Investment Trust	8.7
3	Boardwalk Real Estate Investment Trust	8.5
4	Canadian Apartment Properties Real Estate Investment Trust	8.3
5	Killam Apartment Real Estate Investment Trust	6.3
6	Choice Properties Real Estate Investment Trust	6.0
7	RioCan Real Estate Investment Trust	5.7
8	First Capital Real Estate Investment Trust	5.4
9	H&R Real Estate Investment Trust	4.9
10	Crombie Real Estate Investment Trust	4.5
11	SmartCentres Real Estate Investment Trust	4.3
12	CT Real Estate Investment Trust	4.1
13	InterRent Real Estate Investment Trust	3.8
14	SBA Communications Corp.	3.6
15	Allied Properties Real Estate Investment Trust	2.8
16	Primaris Real Estate Investment Trust	2.5
17	Brookfield Asset Management Ltd.	2.4
18	Essex Property Trust Inc	2.3
19	Flagship Communities Real Estate Investment Trust	2.1
20	Chartwell Retirement Residences	1.5
21	BSR Real Estate Investment Trust	1.5

"Top Twenty-Five Holdings" excludes any temporary cash investments.
*The Fund has only 21 holdings.

ASSET CLASS	% OF NET ASSET VALUE
Real Estate	95.6
Financials	2.4
Cash and Short-Term Investments	2.7
Net Liabilities	(0.7)
	100.0

TOTAL NET ASSET VALUE(1)	$ 134,764,866
TOTAL ASSETS (1)	$ 137,038,404

(1) Net Asset Value and Total Assets of the Fund include the value of the Preferred Shares.
The Summary of Investment Portfolio may change over time due to ongoing portfolio transactions.
Please visit www.middlefield.com for the most recent quarter-end Summary of Investment Portfolio.

INTERIM FINANCIAL REPORT

NOTICE

The accompanying unaudited financial statements of Real Estate Split Corp. for the period ended June 30, 2023 have been prepared by management and have not been reviewed by the external auditors of the Fund.

Jeremy Brasseur
Director
Middlefield Limited

Craig Rogers
Director
Middlefield Limited

August 21, 2023

Statements of Financial Position

AS AT (In Canadian Dollars)		June 30, 2023		December 31, 2022
ASSETS				
Current Assets				
Investments at Fair Value through Profit or Loss	**$**	**132,789,233**	$	115,247,451
Cash		**3,716,540**		5,363,477
Income and Interest Receivable		**509,729**		466,339
Accounts Receivable		**19,069**		15,642
Prepaid Interest		**3,833**		937
Total Assets		**137,038,404**		121,093,846
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities		**165,959**		141,726
Distributions Payable to Redeemable Shareholders (Note 13)		**1,607,579**		1,374,753
Loan Payable (Note 10)		**500,000**		500,000
Preferred Shares (Note 7)		**61,532,149**		52,622,120
Total Liabilities (Excluding Net Assets Attributable to Holders of Redeemable Class A Shares)		**63,805,687**		54,638,599
Net Assets Attributable to Holders of Redeemable Class A Shares	**$**	**73,232,717**	$	66,455,247
Redeemable Shares Outstanding (Note 7)				
Preferred Shares		**6,153,412**		5,262,212
Class A Shares		**6,153,412**		5,262,212
Net Assets Attributable to Holders of Redeemable Shares per Share				
Preferred Shares	**$**	**10.13**	$	10.13
Class A Shares	**$**	**11.90**	$	12.63

The accompanying notes to financial statements are an integral part of these financial statements.

Approved by the Board of Directors:

Director: Dean Orrico

Director: Craig Rogers

INTERIM FINANCIAL REPORT
UNAUDITED

Statements of Comprehensive Income

FOR THE SIX MONTHS ENDED JUNE 30

(In Canadian Dollars)		2023		2022
REVENUE (LOSS)				
Income from Investments	**$**	**2,359,933**	$	1,210,464
Interest Income for Distribution Purposes		**88,898**		5,474
Foreign Exchange Gain on Cash		**4,639**		3,408
Other Changes in Fair Value of Financial Assets and Financial Liabilities at Fair Value through Profit or Loss				
Net Realized Gain from Investment Transactions excluding Derivatives		**1,076,834**		442,398
Net Realized Gain from Derivatives Transactions		**-**		-
Change in Net Unrealized Loss on Investments excluding Derivatives		**(937,498)**		(16,660,753)
Change in Net Unrealized Gain on Investments excluding Derivatives		**-**		-
Change in Net Unrealized Gain on Foreign Currency Transactions		**95**		44
Total Revenue (Loss)		**2,592,901**		(14,998,965)
OPERATING EXPENSES (Note 8)				
Audit Fees		**28,192**		31,814
Custodial Fees		**4,673**		3,710
Fund Administration Costs		**110,037**		84,466
Independent Review Committee Fees and Expenses		**47,967**		-
Legal Fees		**75,784**		17,524
Management Fee		**596,848**		403,226
Transaction Costs (Note 8)		**54,009**		30,775
Securityholder Reporting Costs		**59,206**		38,602
Total Operating Expenses		**976,716**		610,117
Net Investment Profit (Loss) before Distributions on Preferred Shares		**1,616,185**		(15,609,082)
Distributions on Preferred Shares (Note 13)		**1,549,580**		960,753
Finance Costs (Note 10)		**14,255**		4,868
Net Investment Loss before Tax		**52,350**		(16,574,703)
Withholding Taxes		**59,034**		(348)
Decrease in Net Assets Attributable to Holders of Redeemable Class A Shares	**$**	**(6,684)**	$	(16,574,355)
Decrease in Net Assets Attributable to Holders of Redeemable Class A Shares per Share (Note 7)	**$**	**-**	$	(5.14)

The accompanying notes to financial statements are an integral part of these financial statements.

Statements of Changes in Net Assets Attributable to Holders of Redeemable Class A Shares

FOR THE SIX MONTHS ENDED JUNE 30

(In Canadian Dollars)	**2023**	2022
Net Assets Attributable to Holders of Redeemable Class A Shares at Beginning of Period	**$ 66,455,247**	$ 50,866,381
OPERATIONS:		
Decrease in Net Assets Attributable to Holders of Redeemable Class A Shares	**(6,684)**	(16,574,355)
DISTRIBUTIONS TO HOLDERS OF REDEEMABLE SHARES:		
Distributions to Redeemable Class A Shareholders (Note 13)	**(4,394,724)**	(2,609,678)
REDEEMABLE CLASS A SHARE TRANSACTIONS:		
Proceeds from Issue of Redeemable Class A Shares (Note 7)	**12,435,050**	26,716,687
Payment of Agents' Fee	**(782,742)**	(1,642,532)
Payment of Issue Costs	**(473,430)**	(255,000)
Net Increase from Redeemable Class A Share Transactions	**11,178,878**	5,635,122
Net Assets Attributable to Holders of Redeemable Class A Shares at End of Period	**$ 73,232,717**	$ 56,501,503

The accompanying notes to financial statements are an integral part of these financial statements.

INTERIM FINANCIAL REPORT
UNAUDITED

Statements of Cash Flows

FOR THE PERIODS ENDED JUNE 30 (In Canadian Dollars)	2023	2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Decrease in Net Assets Attributable to Holders of Redeemable Class A Shares	**$ (6,684)**	$ (16,574,355)
Adjustments:		
Purchases of Investments	**(35,204,558)**	(30,794,083)
Proceeds from Sale of Investments	**17,802,112**	2,791,038
Foreign Exchange Gain on Cash	**(4,734)**	(3,452)
Net Realized Gain from Investment Transactions	**(1,076,834)**	(442,398)
Change in Net Unrealized Loss on Investments	**937,498**	16,660,753
	(17,553,200)	(28,362,497)
Increase in Distributions Payable to Preferred Shareholders	**115,856**	190,116
Net Change in Non-Cash Working Capital	**(8,328)**	106,417
Net Cash used in Operating Activities	**(17,445,672)**	(28,065,964)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from Issue of Redeemable Class A Shares	**12,435,050**	26,716,687
Proceeds from Issue of Redeemable Preferred Shares	**8,910,029**	14,878,250
Payment of Agents' Fees	**(782,742)**	(1,642,532)
Proceeds from Loans	**2,482,848**	994,831
Repayment of Loans	**(2,500,000)**	(1,000,000)
Distributions paid to Redeemable Class A Shareholders	**(4,277,754)**	(2,411,100)
Payment of Issue Costs	**(473,430)**	(255,000)
Net Cash from Financing Activities	**15,794,001**	37,281,136
Net (Decrease) Increase in Cash	**(1,651,671)**	9,215,172
Foreign Exchange Gain on Cash	**4,734**	3,452
Cash at Beginning of Period	**5,363,477**	3,710,358
Cash at End of Period	**$ 3,716,540**	$ 12,928,982

The accompanying notes to financial statements are an integral part of these financial statements.

Schedule of Investment Portfolio

AS AT JUNE 30, 2023
(In Canadian Dollars)

Description	No. of Securities	Average Cost	Fair Value
Allied Properties Real Estate Investment Trust	175,000	$ 6,690,475	$ 3,801,000
Boardwalk Real Estate Investment Trust	185,000	9,189,176	11,505,150
BSR Real Estate Investment Trust	120,000	2,797,797	2,046,790
Canadian Apartment Properties Real Estate Investment Trust	220,000	10,382,103	11,189,200
Chartwell Retirement Residences	220,000	2,041,545	2,083,400
Choice Properties Real Estate Investment Trust	600,000	8,707,667	8,142,000
Crombie Real Estate Investment Trust	450,000	6,964,587	6,156,000
CT Real Estate Investment Trust	370,000	5,805,577	5,583,300
Dream Industrial Real Estate Investment Trust	850,000	10,774,039	11,993,500
Essex Property Trust Inc	10,000	3,017,992	3,100,355
First Capital Real Estate Investment Trust	500,000	8,159,045	7,310,000
Flagship Communities Real Estate Investment Trust	130,000	3,006,409	2,795,347
Granite Real Estate Investment Trust	150,000	12,155,398	11,757,000
H&R Real Estate Investment Trust	650,000	7,945,713	6,662,500
InterRent Real Estate Investment Trust	400,000	5,286,558	5,128,000
Killam Apartment Real Estate Investment Trust	480,000	8,712,750	8,476,800
Primaris Real Estate Investment Trust	250,000	3,895,019	3,367,500
RioCan Real Estate Investment Trust	400,000	7,957,116	7,712,000
SBA Communications Corp.	16,000	6,296,356	4,906,791
SmartCentres Real Estate Investment Trust	240,000	6,352,786	5,829,600
REAL ESTATE: 94.9%		136,138,108	129,546,233
Brookfield Asset Management Ltd.	75,000	3,210,585	3,243,000
FINANCIALS: 2.4%		3,210,585	3,243,000
TRANSACTION COSTS (Note 8)		(167,308)	-
TOTAL INVESTMENTS: 97.3%		139,181,385	132,789,233
CASH: 2.7%		3,716,540	3,716,540
Total Investment Portfolio, Including Cash		$ 142,897,925	$ 136,505,773

NOTES TO FINANCIAL STATEMENTS

1. Real Estate Split Corp.

Real Estate E-Split Corp. (the “Fund”) is a mutual fund corporation established under the laws of the Province of Ontario on October 7, 2020. Middlefield Limited, a company incorporated in Alberta, is the manager of the Fund (the “Manager”). Middlefield Capital Corporation (“MCC” or the “Advisor”), a company under common control with the Manager, is the advisor to the Fund. The Fund was listed on the Toronto Stock Exchange and effectively commenced operations on November 19, 2020, when it first issued shares through an initial public offering. The address of the Fund’s registered office is The Well, 8 Spadina Ave., Suite 3100, Toronto, Ontario. These financial statements, expressed in Canadian Dollars, were authorized for issuance by the board of directors of the Fund on August 21, 2023.

2. Investment Objectives and Strategy

The investment objectives of the Fund for the Class A Shares are to provide holders with: (i) non-cumulative monthly cash distributions; and (ii) the opportunity for capital appreciation through exposure to the portfolio. The investment objectives of the Fund for the Preferred Shares are to: (i) provide holders with fixed cumulative preferential quarterly cash distributions; and (ii) return the original issue price of $10.00 to holders upon maturity. The Fund invests in a diversified, actively managed portfolio of dividend-paying securities of issuers operating in the real estate or related sectors, including real estate investment trusts that are well-positioned to benefit from low interest rates, the rapid adoption of e-commerce, the growth of data infrastructure as well as attractive valuations in various areas of the real estate sector.

3. Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as published by the International Accounting Standards Board (“IASB”) and as required by Canadian securities legislation and the Canadian Accounting Standards Board.

4. Summary of Significant Accounting Policies

A. Basis of Accounting

IFRS 9 Financial Instruments (“IFRS 9”)

The Fund classifies and measures financial instruments in accordance with IFRS 9 which requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit and loss or other comprehensive income, based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The Fund’s financial assets and liabilities are classified at fair value through profit or loss (“FVTPL”) and amortized cost.

Classification, Measurement, Impairment and Hedge Accounting

The Fund classifies its investments in debt and equity securities based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. Further, an option to irrevocably designate any equity securities at fair value through other comprehensive income (“FVOCI”) was chosen upon adoption. Consequently, these financial assets are mandatorily measured at FVTPL.

Financial assets or financial liabilities held for trading are those acquired principally for the purpose of selling or repurchasing in the near future or on initial recognition they are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short term profit taking. All derivatives and short positions are included in this category and mandatorily measured at FVTPL. The financial assets and liabilities measured at amortized cost include cash collateral posted on derivative positions, accrued income, due to and from brokers and other short term receivables and payables.

IFRS 9 uses the credit loss model (“ECL”), as the new impairment model for financial assets carried at amortized cost. The Fund’s financial assets measured at amortized cost consist of trade receivables with no financing component and which have maturities of less than 12 months, as such, it has chosen to apply the simplified ECL approach, whereby any loss allowance is recognized based on the lifetime of ECLs. Due to the high quality and short-term nature of the trade receivables, there are no expected credit losses associated with them and they are not considered impaired at the reporting dates.

The Fund does not apply general hedge accounting to any of its derivatives positions.

4. Summary of Significant Accounting Policies (continued)

B. Financial Instruments

The Fund's financial instruments may include: short-term investments, fixed income, equities, structured products including investment funds managed by the Manager, derivatives (collectively referred to as "investments"), cash, accounts receivable – portfolio securities sold, income and interest receivable, accounts receivable, subscriptions receivable, prepaid interest, prepaid expenses, loan payable, accounts payable – portfolio securities purchased, accounts payable and accrued liabilities, redemptions payable and distributions payable. The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments and derivative assets and liabilities are measured at fair value. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value ("NAV") for transactions with security holders.

The Fund only offsets financial assets and financial liabilities if the Fund has a legally enforceable right to offset recognized amounts and either intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

C. Fair Value Measurement

The Fund's own credit risk and the credit risk of the counterparty are taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. Investments and futures contracts are valued at fair value using the policies described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

D. Classification of Redeemable Shares by the Fund

As required under International Accounting Standard ("IAS") 32, Financial Instruments: Presentation, shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset must be classified as financial liabilities. Under IFRS, the Fund's Preferred Shares remain as liabilities as they are not the most subordinate class of shares. The Fund's Class A Shares do not meet the criteria in IAS 32 for classification as equity. The Class A Shares contain multiple redemption features and, therefore, have been reclassified as financial liabilities.

E. Derivative Transactions

The Fund may use derivatives, such as forward currency contracts to hedge against losses caused by changes in exchange rates. The value of forward currency contracts is the gain or loss that would be realized, if on the valuation date, the positions were to be closed out. The change in value of forward currency contracts is included in the Statements of Comprehensive Income. Realized gains and losses from derivative instruments that are specific economic hedges are accounted for in the same manner as the underlying investments being hedged and are included in the Statements of Comprehensive Income.

4. Summary of Significant Accounting Policies (continued)

F. Investment Transactions and Income Recognition

Investment transactions are accounted for as of the trade date and any realized gains or losses from such transactions are calculated on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds. The change in the difference between fair value and average cost of the investments is recorded as unrealized gain (loss) on investments. Income from investments is recognized on the ex-dividend or ex-distribution date. Interest income for distribution purposes shown on the Statements of Comprehensive Income represents the interest from bank deposits received by the Fund and, if the Fund holds fixed income investments, coupon interest accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. The interest income for distribution purposes is the tax basis of calculating the interest received and which is subject to tax. Income distributions received are treated consistently with dividends and interest and recorded in income in the Statements of Comprehensive Income.

G. Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Class A Shares per Share

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Class A Shares per Share in the Statements of Comprehensive Income represents the increase (decrease) in net assets divided by the average shares outstanding during the period.

H. Taxation

The Fund qualifies as a mutual fund corporation and a financial intermediary corporation under the provisions of the *Income Tax Act* (Canada) (the “Act”) and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to tax of 38 1/3% under Part IV of the Act on taxable dividends received from Canadian corporations in the period. This tax is fully refundable upon payment of sufficient dividends.

The Fund may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown separately in the Statements of Comprehensive Income.

Distributions received from investment trust units that are treated as a return of capital for tax purposes are used to reduce the average cost of the underlying investments on the Schedule of Investment Portfolio.

I. Foreign Currency Translation

Foreign currency amounts are translated into Canadian dollars as follows: fair value of investments, forward currency contracts and other assets and liabilities, at the closing rate of exchange on each business day; income and expenses, and purchases, sales and settlements of investments, at the rate of exchange prevailing on the respective dates of such transactions.

J. Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Determination of Functional Currency

‘Functional currency’ is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Fund’s transactions are denominated in Canadian dollars. Investor subscriptions and redemptions are also received and paid in Canadian dollars. Accordingly, management has determined that the functional currency of the Fund is Canadian dollars.

Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability as appropriate.

4. Summary of Significant Accounting Policies (continued)

J. Critical Accounting Estimates and Judgments (continued)

Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market (continued)

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 5 for further information about the fair value measurement of the Fund's financial instruments.

K. Securities Lending

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and is included in the Statements of Comprehensive Income.

5. Fair Value Disclosure

The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The fair value of the Fund's financial instruments is classified into levels using the following fair value hierarchy:

Level 1	Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
Level 3	Inputs that are unobservable and where there is little, if any, market activity. Inputs into the determination of fair value require significant management judgment or estimation.

The Fund's investments at fair value as at June 30, 2023 and December 31, 2022 trade in active markets and are therefore classified as Level 1.

All fair value measurements are recurring. The carrying values of cash, income and interest receivable, subscriptions receivable, accounts receivable, prepaid interest, accounts receivable – portfolio securities sold, loan payable, distributions payable, and accounts payable and accrued liabilities, approximate their fair values due to their short-term nature. Fair values of Fund's investments in common shares are classified as Level 1 when the related security is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

No transfers between levels have occurred during the period ended June 30, 2023 and the year ended December 31, 2022.

6. Financial Risk Management

In the normal course of business, the Fund is exposed to a variety of financial risks: price risk, interest rate risk, liquidity risk, foreign exchange rate risk, credit risk and concentration risk. The Fund's primary risk management objective is to protect earnings and cash flow and, ultimately, securityholder value. Risk management strategies, as discussed below, are designed and implemented to ensure the Fund's risks and related exposures are consistent with its objectives and risk tolerance.

Most of the Fund's risks are derived from its investments. The value of the investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, commodity prices, the market and company news related to specific securities held by the Fund. The investments are made in accordance with the Fund's risk management policies. The policies establish investment objectives, strategies, criteria and restrictions. The objectives of these policies are to identify and mitigate investment risk through a disciplined investment process and the appropriate structuring of each transaction.

6. Financial Risk Management (continued)

A. Price Risk

Price risk is the risk that changes in the prices of the Fund's investments will affect the Fund's income or the value of its financial instruments. The Fund's price risk is driven primarily by volatility in commodity and equity prices. Rising commodity and equity prices may increase the price of an investment while declining commodity and equity prices may have the opposite effect. The Fund mitigates price risk by making investing decisions based upon various factors, including comprehensive fundamental analysis prepared by industry experts to forecast future commodity and equity price movements. The Fund's market positions are monitored on a daily basis by the portfolio manager and regular financial reviews of publicly available information related to the Fund's investments are performed to ensure that any risks are within established levels of risk tolerance. The Fund is exposed to price risk through the following financial instrument:

	June 30, 2023	December 31, 2022
Investments at FVTPL	$ 132,789,233	$ 115,247,451

Based on the above exposure at June 30, 2023, a 10% increase or decrease in the prices of the Fund's investments would result in a $13,278,923 (December 31, 2022 - $11,524,745) increase or decrease in net assets of the Fund, with all other factors held constant.

B. Interest Rate Risk

Interest rate risk describes the Fund's exposure to changes in the general level of interest rates. Interest rate risk arises when the Fund invests in interest-bearing financial assets such as cash and utilizes financial liabilities such as loan payable. In respect of cash balances and loan payable, the Fund's interest income and expense are positively correlated to interest rates in that rising interest rates increase both interest income and expense while the reverse is true in a declining interest rate environment. The Fund has not hedged its exposure to interest rate movements. The Fund seeks to mitigate this risk through active management, which involves analysis of economic indicators to forecast Canadian and global interest rates. The Fund is exposed to interest rate risk through the following financial instruments:

	June 30, 2023	December 31, 2022
Cash	$ 3,716,540	$ 5,363,477
Loan Payable	(500,000)	(500,000)
Net Exposure	$ 3,216,540	$ 4,863,477

Based on the above exposure at June 30, 2023, a 1% per annum increase or decrease in interest rates would result in a $32,165 (December 31, 2022- $48,635) increase or decrease in net assets of the Fund, with all other factors held constant.

C. Liquidity Risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations when due. The Fund is exposed to liquidity risk through its annual and monthly retractions of Class A Shares and Preferred Shares. The Fund receives 20 business days notice prior to the retraction date and has up until the last business day of the month after the retraction date to settle the retraction. This enables the Manager to sell securities held by the Fund to generate cash to settle the retraction, if necessary. The Fund's obligations are due within one year. On May 4, 2021, the Fund entered into a revolving demand credit facility with a maximum principal amount of $10 million which is secured by a general security agreement. Borrowed amounts under the credit facility are usually due within 30 to 60 days. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily sold and by borrowing under its credit facility. The Fund retains sufficient cash to maintain liquidity and comply with liquidity requirements as outlined by securities legislation and its investment policies.

The Fund may invest in securities that are not traded on public stock exchange or that may be illiquid. As a result, the Fund may not be able to dispose of these investments in a timely manner. The Fund mitigates this risk through detailed analysis of such entities to ensure they are financially sound and would be attractive to potential investors if a sale is necessary. The Fund's investment policies and securities legislation limit the amount invested in illiquid securities and these limits are monitored. At June 30, 2023 and December 31, 2022, the Fund did not hold any illiquid securities.

6. Financial Risk Management (continued)

C. Liquidity Risk (continued)

The tables below present the Fund's financial liabilities based on the remaining period to the contractual maturity date. The amounts in the tables reflect the contractual undiscounted cash flows.

As at June 30, 2023

Financial Liabilities		Less than 1 Month		1 to 3 Months		3 Months to 1 Year		Total
Distributions Payable to Redeemable Shareholders	$	1,607,579	$	-	$	-	$	1,607,579
Accounts Payable and Accrued Liabilities		165,959		-		-		165,959
Loan Payable		-		500,000		-		500,000
Total	$	1,773,538	$	500,000	$	-	$	2,273,538

As at December 31, 2022

Financial Liabilities		Less than 1 Month		1 to 3 Months		3 Months to 1 Year		Total
Distributions Payable to Redeemable Shareholders	$	1,374,753	$	-	$	-	$	1,374,753
Accounts Payable and Accrued Liabilities		141,726		-		-		141,726
Loan Payable		500,000		-		-		500,000
Total	$	2,016,479	$	-	$	-	$	2,016,479

The Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash outflows, as holders of these instruments, specifically Loan Payable, typically retain them for a longer period.

D. Foreign Exchange Rate Risk

Foreign exchange rate risk describes the impact on the underlying value of financial instruments due to foreign exchange rate movements. The Canadian dollar is the Fund's functional and reporting currency. Foreign investments, commodities, cash, receivables and payables denominated in foreign currencies are affected by changes in the value of the Canadian dollar compared to foreign currencies. As a result, financial assets may depreciate/appreciate in the short-term due to the strengthening/weakening of the Canadian dollar against other currencies, and the reverse would be true for financial liabilities. The Fund's exposure to foreign exchange rate risk relates primarily to its investment in securities, which are denominated in U.S. dollars. The Fund has not hedged its exposure to currency fluctuations; however, it closely monitors relevant foreign exchange currency movements.

As at June 30, 2023

Currency		Investments at FVTPL		Cash		Income and Interest Receivable		Total Exposure
U.S. Dollar	$	12,849,283	$	5,378	$	40,908	$	12,895,569

As at December 31, 2022

Currency		Investments at FVTPL		Cash		Income and Interest Receivable		Total Exposure
U.S. Dollar	$	9,734,401	$	15,196	$	23,783	$	9,773,380

Based on the above exposure at June 30, 2023, a 10% increase or decrease in the Canadian dollar against the respective foreign currencies would result in a $1,289,557 (December 31, 2022 - $977,338) decrease or increase in net assets of the Fund, with all other factors held constant.

E. Credit Risk

Credit risk represents the financial loss that the Fund would experience if a counterparty to a financial instrument failed to meet its obligations to the Fund. The Fund is exposed to credit risk on its debt instruments, derivative assets, cash and cash equivalents and other short term trade receivables. The Fund measures credit risk and lifetime ECLs related to the trade receivables using historical analysis and forward looking information in determining the ECL. The carrying amounts of financial assets represent the maximum credit exposure. All transactions executed by the Fund in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase only once the broker has received the securities. The trade will fail if either party fails to meet its obligations. There is no significant credit risk related to the Fund's receivables.

6. Financial Risk Management (continued)
E. Credit Risk (continued)

The Fund has established various internal controls to help mitigate credit risk, including prior approval of all investments by the Advisor whose mandate includes conducting financial and other assessments of these investments on a regular basis. The Fund has also implemented policies which ensure that investments can only be made with counterparties that have a minimum acceptable credit rating.

F. Concentration Risk

The Fund is exposed to the possible risk inherent in the concentration of the investment portfolio in a small number of industries or investment sectors. The Manager moderates this risk through careful selection of securities in several investment sectors. At June 30, 2023 and December 31, 2022, the percentages of the Fund's net assets invested in each investment sector were as follows:

	As a % of Net Assets	
Sector	June 30, 2023	December 31, 2022
Real Estate	95.6	96.2
Financials	2.4	-
Total	98.0	96.2

7. Redeemable Shares

Units

A unit means a notional unit consisting of one Preferred Share and one Class A Share. Net Asset Value per unit is determined by (i) the aggregate value of the assets of the Fund, less (ii) the aggregate value of the liabilities of the Fund (the Preferred shares will not be treated as liabilities), including any distributions declared and not paid that are payable to shareholders.

Redeemable Class A Shares

Authorized

The Fund is authorized to issue an unlimited number of Class A Shares. The Fund pays non-cumulative monthly distributions to the holders of Class A Shares. No distributions will be paid on Class A Shares if (i) distributions payable on Preferred Shares are in arrears, or (ii) in respect of a cash distribution by the Fund, the Net Asset Value per unit would be less than $15 after the payment of such distributions.

The Class A Shares rank subsequent to the Preferred Shares with respect to the payment of distributions and the repayment of capital out of the portfolio on the dissolution, liquidation or winding up of the Fund.

All Class A Shares outstanding on December 31, 2025 are scheduled to be redeemed by the Fund on that date, subject to extension for successive terms of up to five years as determined by the Board of Directors. The redemption price payable by the Fund for a Class A Share on that date will be equal to the greater of (i) the Net Asset Value per unit on that date minus the sum of $10.00 and any accrued and unpaid distributions on a Preferred Share, and (ii) nil.

Class A Shares may be retracted at the option of the shareholders by tendering Class A Shares of the Fund at least 20 business days prior to the second last business day of a month ("Retraction Date"). Holders of Class A Shares whose Class A Shares are tendered for retraction will be entitled to receive a retraction price per Class A Share equal to 96% of the difference between (i) the Net Asset Value per unit determined as of the Retraction Date, and (ii) the cost to the Fund of the purchase of a Preferred Share for cancellation. The cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commission and other costs, if any, related to the liquidation of any portion of the portfolio required to fund such purchase. If the Net Asset Value per unit is less than $10, plus any accrued and unpaid distributions on a Preferred Share, the retraction price of a Class A Share will be nil.

A holder of a Class A Share may concurrently retract an equal number of Class A and Preferred Shares on the second last business day of November of each year, commencing in 2022 (the "Annual Retraction Date'), at a retraction price per unit equal to the Net Asset Value per unit on that date, less any costs associated with the retraction, including commissions and any other such costs related to the liquidation of any portion of the portfolio required to fund such retraction. The Class A Shares and the Preferred Shares must both be surrendered for retraction at least 20 business days prior to the Annual Retraction Date.

The Fund's Class A Shares are classified as financial liabilities on the Statements of Financial Position.

Commencing February 28, 2021, the shareholders of the Fund can acquire additional Class A shares by participating in the Distribution Reinvestment Plan (the "Plan"). The Plan enables shareholders to reinvest their monthly distributions in additional shares of the Fund thereby achieving the benefit of compounding returns. The Plan also allows participants to purchase additional Class A shares for cash.

7. Redeemable Shares (continued)

On November 19, 2020, the Fund issued 1,613,887 Class A shares at $15.00 per share for proceeds, net of agents fees and issue costs, of $22.2 million. On August 30, 2021, the Fund issued 1,027,000 Class A Shares at $20.50 per share for proceeds, net of agents' fees and issue costs, of $19.6 million. On February 9, 2022, the Fund issued 550,425 Class A Shares at $19.10 per share for proceeds, net of agents' fees and issue costs, of $10.1 million; on May 12, 2022, the Fund issued 539,600 Class A Shares at $18.00 per share for proceeds, net of agents' fees and issue costs, of $9.0 million; on June 29, 2022, the Fund issued 397,800 Class A Shares at $15.30 per share for proceeds, net of agents' fees and issue costs, of $5.6 million; on October 12, 2022, the Fund issued 489,950 Class A Shares at $14.40 per share for proceeds, net of agents' fees and issue costs, of $6.4 million and on November 15, 2022, the Fund issued 644,400 Class A Shares at $13.90 per share for proceeds, net of agents' fees and issue costs, of $7.9 million. On March 30, 2023, the Fund issued 340,500 Class A Shares at $14.60 per share for proceeds, net of agents' fees and issue costs, of $4.4 million and on June 29, 2023, the Fund issued 393,700 Class A Shares at $14.25 per share for proceeds, net of agents' fees and issue costs, of $4.7 million. During the period ended June 30, 2023, pursuant to the at-the-market equity program ("ATM program"), the Fund issued 157,000 Class A Shares (June 30, 2022 – nil) for gross proceeds of $2,313,075. Agents' fees and issuance costs amounted to $358,590. For the period ended June 30, 2023, 15,328 shares (June 30, 2022 – 5,535) were distributed under the Plan.

The average number of Class A Shares outstanding during the period ended June 30, 2023 was 5,509,108 (June 30, 2022 – 3,226,168). This number was used to calculate the Net Assets Attributable to Holders of Redeemable Class A Shares per share.

Redeemable Preferred Shares

Authorized

The Fund is authorized to issue an unlimited number of Preferred Shares. Holders of Preferred Shares are entitled to receive fixed, cumulative preferential quarterly cash distributions of $0.13125 per share. The Preferred Shares rank in priority to the Class A Shares with respect to the payment of distributions and the repayment of capital out of the portfolio on the dissolution, liquidation or winding up of the Fund.

All Preferred Shares outstanding on December 31, 2025 are scheduled to be redeemed by the Fund on that date, subject to extension for successive terms of up to five years as determined by the Board of Directors. The redemption price payable by the Fund for a Preferred Share on that date will be equal to the lesser of (i) $10.00 plus any accrued and unpaid distributions thereon, and (ii) the Net Asset Value of the Fund on that date divided by the number of Preferred Shares then outstanding.

Preferred Shares may be retracted at the option of the shareholders by tendering Preferred Shares of the Fund at least 20 business days prior to the second last business day of a month ("Retraction Date"). Shareholders whose Preferred Shares are retracted will be entitled to receive a retraction price per share equal to 96% of the lesser of (i) the Net Asset Value per unit determined as of the relevant Retraction Date, less the cost to the Fund of the purchase of a Class A Share for cancellation, and (ii) $10. The cost of the purchase of a Class A Share will include the purchase price of the Class A Share, commission and other costs, if any, related to the liquidation of any portion of the portfolio required to fund such purchase.

A holder of a Preferred Share may concurrently retract an equal number of Class A and Preferred Shares on the Annual Retraction Date at a retraction price per unit equal to the Net Asset Value per unit on that date, less any costs associated with the retraction, including commissions and any other such costs related to the liquidation of any portion of the portfolio required to fund such retraction. The Preferred Shares and Class A Shares must both be surrendered for retraction at least 20 business days prior to the Annual Retraction Date.

On November 19, 2020, the Fund issued 1,613,887 Preferred Shares at $10.00 per share for proceeds of $16.1 million. On August 30, 2021, the Fund issued 1,027,000 Preferred Shares at $10.00 per share for proceeds of $10.3 million. On February 9, 2022, the Fund issued 550,425 Preferred Shares at $10.55 per share for proceeds of $5.8 million; on May 12, 2022, the Fund issued 539,600 Preferred Shares at $10.10 per share for proceeds of $5.4 million; on June 29, 2022, the Fund issued 397,800 Preferred Shares at $10.12 per share for proceeds of $4.0 million; on October 12, 2022, the Fund issued 489,950 Preferred Shares at $9.80 per share for proceeds of $4.8 million and on November 15, 2022, the Fund issued 644,400 Preferred Shares at $9.45 per share for proceeds of $6.1 million. On March 30, 2023, the Fund issued 383,500 Preferred Shares at $9.65 per share for proceeds of $3.7 million and on June 29, 2023, the Fund issued 500,500 Preferred Shares at $9.35 per share for proceeds of $4.7 million. During the period ended June 30, 2023, pursuant to the ATM program, the Fund issued 7,200 Class A Shares (June 30, 2022 – nil) for gross proceeds of $70,029.

8. Related Party Transactions

A. Management Fee

The Manager provides investment and administrative services to the Fund. In consideration for such services, the Manager receives a management fee equal to 0.85% per annum of the NAV, calculated and paid monthly in arrears based on the average NAV of the preceding month. The Net Asset Value of the Fund is generally determined by taking the total assets of the Fund and deducting the Fund's liabilities. For the purposes of calculating the management fee, the Preferred Shares are not considered a liability of the Fund. For the period ended June 30, 2023, management fees before the absorption of expenses amounted to $0.5 million (June 30, 2022 - $0.4 million).

B. Transaction Costs

Brokerage commissions and other transaction costs paid in connection with securities transactions during the period ended June 30, 2023 amounted to $54,009 (June 30, 2022 - $30,775). Included in this amount is $17,109 (June 30, 2022 - $12,104) in brokerage commissions that were paid to MCC. All brokerage commissions paid by the Fund to MCC were at or below market rates. Brokerage commissions and other transaction costs are expensed and recorded in the Statements of Comprehensive Income. Agency fees paid to MCC amounted to $1,765 in 2023 (June 30, 2022 - $7,673).

C. Other Expenses

The Fund is responsible for the payment of all expenses relating to the operation of the Fund and the carrying on of its business, including, among other things, audit and legal fees and expenses, custodian and transfer agency fees, and costs relating to securityholder reporting. Certain services in the normal course of business may be provided by the Manager or an affiliate of the Manager in accordance with National Instrument 81-107 – *Independent Review Committee for Investment Funds*. Examples of these services include the preparation and filing of tax returns, the preparation and filing of financial statements and related reports, acting as transfer agent and registrar for the funds, and maintaining and updating the Fund's website. In aggregate, these fees amounted $53,750 throughout the period. In addition, the Fund would be responsible for reimbursing the Manager for any reasonable out of pocket expenses incurred on the Fund's behalf.

9. Securities Lending

The Fund had entered into a securities lending program with its custodian, RBC Investor Services Trust, in order to earn additional revenue. The aggregate market value of all securities loaned by the Fund will not exceed 50% of the fair value of the assets of the Fund. The Fund will receive collateral of at least 105% of the fair value of the securities on loan. Collateral held is generally comprised of cash and securities of, or guaranteed by, the Government of Canada or a province thereof. Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian, RBC Investor Services Trust, is entitled to receive.

As at June 20, 2023, the Fund terminated the securities lending agreement with RBC Investor Services Trust and exited the program. There were no securities loaned or collateral held at the time of termination and as at December 31, 2022.

During the period ended June 30, 2023 and the year ended December 31, 2022, the Fund did not earn any securities lending income.

10. Loan Payable

On May 4. 2021, the Fund entered into a revolving demand credit facility with a maximum principal amount of $10 million which is secured by a general security agreement. As at June 30, 2023, loans outstanding included bankers' acceptances with a face value of $500,000 (December 31, 2022 – $500,000). The minimum and maximum loans outstanding during the period ended June 30, 2022 were $500,000 and $500,000 (December 31, 2022 - $500,000 and $500,000), respectively. Finance costs primarily relate to loan interest expenses.

11. Capital Management

The Fund's capital is its net assets attributable to holders of redeemable Class A Shares. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for securityholders, maximize securityholder value and maintain financial strength. The Fund manages and adjusts its capital in response to general economic conditions, the risk characteristics of the underlying assets and working capital requirements. Generally speaking, the Fund will reduce leverage when investments are likely to decrease in value and will increase leverage when investment appreciation is anticipated. In order to maintain or adjust its capital structure, the Fund may borrow or repay debt under its credit facility or undertake other activities deemed appropriate under the specific circumstances. The Fund is not subject to externally imposed capital requirements.

The Fund is not subject to externally imposed capital requirements. However, the Fund is subject to bank covenants in respect of leverage and is in compliance with those covenants in both 2023 and 2022. The Fund's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2022.

12. Loss Carryforwards

At December 31, 2022, the Fund had capital losses of $402,693 (2021 - $nil) and had non-capital losses of $nil (2021 - $nil) available for carry forward for tax purposes. The capital losses can be carried forward indefinitely.

13. Distributions

Distributions are to be declared by the Manager on a quarterly basis on the Preferred Shares and on a monthly basis on the Class A Shares. At the discretion of the Class A Shareholders, monthly distributions may be reinvested in additional shares of the Fund under the Distribution Reinvestment Plan. For the period ended June 30, 2023, distributions amounted to $0.78 per Class A Share (June 30, 2022 - $0.78) and $0.26 per Preferred Share (June 30, 2022 - $0.26).

MIDDLEFIELD FUNDS FAMILY |

EXCHANGE - TRADED FUNDS (ETFs)	TSX Stock Symbol
• Middlefield Healthcare Dividend ETF	MHCD
• Middlefield Innovation Dividend ETF	MINN
• Middlefield Sustainable Global Dividend ETF	MDIV
• Middlefield Sustainable Infrastructure Dividend ETF	MINF
• Middlefield Real Estate Dividend ETF	MREL
• Middlefield U.S. Equity Dividend ETF	MUSA

TSX-LISTED FUNDS	
• E Split Corp.	ENS | ENS.PR.A
• International Clean Power Dividend Fund	CLP.UN
• Middlefield Global Real Asset Fund	RA.UN
• MINT Income Fund	MID.UN
• Real Estate Split Corp.	RS | RS.PR.A
• Sustainable Innovation & Health Dividend Fund	SIH.UN
• Sustainable Real Estate Dividend Fund	MSRE.UN

MIDDLEFIELD MUTUAL FUNDS TRUST FUNDS Series A Units	Fund Code FE/LL/DSC
• Middlefield Healthcare Dividend Fund	MID 325/327/330
• INDEXPLUS Income Fund	MID 435/437/440
• Middlefield Global Infrastructure Fund	MID 510/519/520

Series F Units	
• Middlefield Healthcare Dividend Fund	MID 326
• INDEXPLUS Income Fund	MID 436
• Middlefield Global Infrastructure Fund	MID 501

MIDDLEFIELD MUTUAL FUNDS CORPORATE CLASS FUNDS Series A Shares	Fund Code FE/LL/DSC
• Middlefield Canadian Dividend Growers Class	MID 148/449/450
• Middlefield Global Agriculture Class	MID 161/163/166
• Middlefield Global Dividend Growers Class	MID 181/183/186
• Middlefield Real Estate Dividend Class	MID 600/649/650
• Middlefield Global Energy Transition Class	MID 265
• Middlefield Innovation Dividend Class	MID 925
• Middlefield High Interest Income Class	MID 400/424/425
• Middlefield Income Plus Class	MID 800/849/850
• Middlefield U.S. Equity Dividend Class	MID 710/719/720

Series F Shares	
• Middlefield Canadian Dividend Growers Class	MID 149
• Middlefield Global Agriculture Class	MID 162
• Middlefield Global Dividend Growers Class	MID 182
• Middlefield Real Estate Dividend Class	MID 601
• Middlefield Global Energy Transition Class	MID 266
• Middlefield Innovation Dividend Class	MID 926
• Middlefield Income Plus Class	MID 801
• Middlefield U.S. Equity Dividend Class	MID 701

RESOURCE FUNDS

- Discovery 2022 Short Duration LP
- MRF 2022 Resource Limited Partnership
- MRF 2023 Resource Limited Partnership (commenced February 23, 2023)

INTERNATIONAL FUNDS	
• Middlefield Canadian Income PCC	London UK Stock Exchange (LSE) Symbol:MCT

MIDDLEFIELD

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