2021 SEMI - ANNUAL REPORT

REAL ESTATE & E-COMMERCE SPLIT CORP.

MIDDLEFIELD
TSX-LISTED 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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2021 MID-YEAR REVIEW AND OUTLOOK

Global equities performed exceptionally well during the first half of 2021, with most major indices closing at all-time highs. The S&P 500, TSX Composite and Euro Stoxx 50 generated total returns of 15.2%, 17.3% and 16.6%, respectively. Inflows into global equity funds during the first half of the year totaled $580 billion, the largest on record by a significant margin. It's expected that if the current pace of inflows continues throughout the second half of the year, equity funds will take in more money in 2021 than the previous twenty years combined.

Markets have been supported by the economic reopening, led by cyclical and value sectors. This began in November 2020 when initial positive vaccine data from Pfizer, Moderna and AstraZeneca provided a pathway to ending the pandemic. Vaccine rollouts progressed swiftly once they were approved, allowing restrictions to be lifted at a gradual pace throughout the world. As of July 2021, over 78.5% of Canadians aged 12 years or older had received at least one dose of a COVID-19 vaccine -- the highest adoption rate in the world. We believe economic momentum will continue in North America as second doses are administered and remaining restrictions are lifted, including the reopening of the U.S.-Canada border.

Economic reopening has contributed to rising inflation, with Core CPI, PPI and PCE inflation statistics spiking during the second quarter of 2021. As a result, global central banks, including the Bank of Canada and the Federal Reserve, are now adopting a more hawkish tone when guiding future monetary policy. A certain amount of tightening is now being priced in but this should not have a major impact on equities as long as it happens gradually and is appropriately signaled. This is reflected in equities reaching new highs in conjunction with U.S. 10-Year Treasury yields and Canadian Government 10-Year Bond yields increasing by 55 bps and 71 bps during the first half, respectively.

In the six months ended June 30, 2021, the Mint Income Fund generated a total return of 22.7%. The Fund provides unitholders with stable income in the form of monthly distributions in addition to capital appreciation potential, underpinned by an actively managed portfolio primarily comprised of equity income securities . The positive year-to-date performance builds upon the Fund's longstanding track record of generating attractive risk-adjusted returns to unitholders. Since the Fund's inception in 1997, the Fund has generated an annualized total return of 8.8%, outperforming the S&P/TSX Composite's annualized total return of 7.6% over the same period.

The real estate sector has outperformed this year in both Canada and the US, generating total returns of 21.7% and 23.3%, respectively. Cyclical asset classes that are positively correlated with the economic reopening, such as retail and office, were the biggest contributors to performance. Looking ahead to the second half of 2021, we remain bullish on industrial REITs, which have lagged the sector by more than 4% in Canada. E-Commerce activity increased as a result of the pandemic and continues to drive increasing demand for industrial properties. Availability rates in Vancouver, Toronto and Montreal are at 1.1%, 1.2% and 1.4%, respectively as new supply is unable to keep pace with the rate of absorption, thereby leading to rapid growth in rents. In 2021, more than 26 million square feet of industrial space has been absorbed in Canada relative to a more modest 8.8 million square feet of completions. Demand is also at record highs in the U.S. with net absorption of 85.6 million square feet during the first quarter – the second highest on record.

Middlefield REIT IndexPlus generated a total return of 17.2% during the first half of 2021, adding to its 10+ year track record of generating attractive returns for unitholders. Since inception in April 2011, the Fund has generated an annualized total return of 9.3%, outperforming the S&P/TSX Capped REIT's annualized total return of 8.2% over the same period. Leveraging Middlefield's expertise in managing real estate portfolios, Real Estate & E-Commerce Split Corp. was launched November 19, 2020. Since inception to June 30th, 2021, the corporation's Class A shares generated a total return of 30.7%.

The S&P 500 healthcare sector generated a total return of 11.9% during the first half of the year, trailing the broader market by over 3%. Pharmaceuticals and biotechnology, both large industry weights within the sector, underperformed and were negative contributors to performance. The S&P 500 pharmaceuticals industry ended Q2 trading at a forward price to earnings ratio of just 14.7x compared to the sector multiple of 17.2x and the broader market multiple of 21.6x. We have a positive long-term outlook on the healthcare sector and see potential for increasing returns in the second half of the year given its combination of quality and defense at attractive valuations. Healthcare consumption is normalizing with physician visits returning and restrictions on elective surgeries being lifted. Recent employment data in the U.S. has also been encouraging, which supports a healthy reimbursement environment for healthcare providers.

The Middlefield Healthcare & Life Sciences ETF and the Middlefield Health & Wellness ETF have generated annualized total returns of 9.3% and 10.6% since inception on July 21st, 2017 and October 20th, 2016, respectively. Both Funds invest in diversified portfolios primarily comprised of dividend-paying companies that operate in the global healthcare sector, an area underrepresented in the Canadian market. The two ETFs share select core holdings but offer distinct strategies that have created value over the long term. Middlefield Healthcare & Life Sciences ETF has a sleeve dedicated to the life sciences sector, mostly comprised of biotechnology companies identified in collaboration with our exclusive industry advisor, SSR Health. Middlefield Health & Wellness ETF has an actively managed allocation to health & wellness comprised of high-conviction issuers at the forefront of the global movement focused on healthier lifestyles.

The Middlefield family of exchange-listed funds is currently comprised of 19 funds, 18 of which trade on the Toronto Stock Exchange and one of which is based in Jersey, Channel Islands and trades on the London Stock Exchange. The fund mandates differ by asset mix including both Canadian and International equity securities.

Information Technology demonstrated market leadership in 2020 but lagged during most of 2021 as the economic reopening primarily benefited cyclically-oriented companies. This trend reversed in June with the NASDAQ rising 5.6%, supported by general strength across tech-focused industries. The pandemic has accelerated certain secular trends including E-commerce and working from home, thereby driving demand for data-reliant services such as streaming, cloud storage and virtual communication. As a result, we maintain a very optimistic long-term outlook on the technology sector.

Middlefield Sustainable Innovation & Health Dividend Fund has generated a total return of 10.2% year-to-date. The Fund's actively managed portfolio of leading global innovative technology and healthcare companies is complemented by an allocation to private healthcare royalty investments and utilizes a strategy that incorporates ESG principles to identify sustainable investments. Middlefield Digital Consumer Dividend Fund and Middlefield Global Innovation Dividend Fund provide exposure to the structural growth in technology-enabled trends while delivering stable income in the form of monthly distributions. Launched June 27th, 2019, Middlefield Digital Consumer Dividend Fund has generated an annualized return of 23.5% and Middlefield Global Innovation Dividend Fund has generated an annualized total return of 19.9% since inception on March 23rd, 2018.

The backdrop for sustainable infrastructure, specifically renewables, strengthened during the first half of the year. We are witnessing a seismic shift in the way society consumes and produces energy. In April 2021, the U.S. pledged to slash its greenhouse gas emissions by at least 50% by 2030 and to achieve net-zero emissions by 2050, joining the world's largest economies in setting aggressive long-term climate targets. The private sector generally, and the world's largest companies in particular, are also providing major support for net zero investments. For example, Apple has committed to being 100% carbon neutral from its supply chain and products by 2030 and Microsoft has pledged by 2050 to remove all the carbon it has emitted since it was founded in 1975. An interest rate-driven selloff in renewable focused companies during the first half has led to attractive valuations and compelling entry points with major clean energy supermajors pricing in near-zero value for future growth.

In March 2021, Middlefield completed its initial public offering of Middlefield International Clean Power Fund for gross proceeds of $200 million. We are excited about the long-term outlook for the Fund due to the increasing demand for renewable power stemming from growing political, corporate and societal support for clean green energy as well as continued reductions in costs. We believe these factors will drive ongoing and increasing levels of investor interest in renewable power and related sectors for decades to come. The launch of Middlefield International Clean Power Dividend Fund follows on the successful launch of Middlefield Sustainable Infrastructure Dividend Fund on March 25th, 2020, which has generated an annualized total return of 21.4% since its inception.

Commodity prices increased significantly during the first half. WTI crude oil prices have risen more than 50% this year while North American natural gas prices are at their highest levels in seven years. Against this backdrop, we anticipate significant free cash flow generation from the Canadian energy sector which can be used for strategic investments in renewables, carbon capture and storage, hydrogen infrastructure and other initiatives aligned with ESG principles. Enbridge continues to stand out as an ESG leader among its peers, with the company recently publishing another comprehensive Sustainability Report as well as a framework for issuing sustainability-linked bonds that link corporate costs to ESG performance, further aligning the interests of shareholders and company management.

Class A shares of E-Split generated a total return of 47.3% during the first half of the year. This compares to the 26.4% total return generated by Enbridge Inc., the Fund's sole underlying asset. E-Splits positive year-to-date performance demonstrates the significant capital gain potential embedded in the Corporation's split share structure. In addition, E-Split shares provide robust levels of income to investors. The Class A shares pay monthly distributions of $0.13125 and the Corporation's Preferred Shares pay quarterly distributions of $0.13. E-Split completed two successful overnight offerings during the first half of the year on March 2nd and April 27th, raising gross proceeds of $82 million in aggregate.

The outlook for equity income remains attractive. Despite the recent increases in longer duration bond yields, interest rates are near historical lows and support current market multiples. While corporate earnings have been very strong in the first half of 2021, we expect this momentum to continue well into 2022. Over the long-term, we believe an actively managed diversified portfolio of dividend paying and dividend growing equities should generate attractive risk-adjusted returns. We remain focused on companies with predictable cash flows and sustainable business models to mitigate volatility.

Dean Orrico
President, CEO and Chief Investment Officer
Middlefield Capital Corporation

Robert F. Lauzon
Managing Director and Deputy 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 & E-Commerce Split Corp. (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 the Advisor believes 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
The Fund commenced operations on November 19, 2020 when it raised $40 million in an initial public offering. As a result, there are no comparative figures for the period ended June 30, 2020. During the first half of 2021, the net assets of the Fund for Class A Shares increased from $21.8 million at December 31, 2020 to $27.4 million at June 30, 2021. Net assets on a per Class A Share basis increased from $13.48 at December 31, 2020 to $16.95 at June 30, 2021. This increase was primarily attributable to the unrealized gain on the investment portfolio. During the first half of 2021, the Fund recorded a net gain of $6.9 million on its investment portfolio or $4.26 per Class A Share.

Revenue and Expenses
In the first half of 2021, the Fund recorded a revenue before expenses of $7.4 million. Operating expenses during the period ended June 30, 2021 were $0.4 million. Distributions for the period ended June 30, 2021 amounted to $0.60 per Class A Share.

Trends
The real estate sector has outperformed this year in both Canada and the US, generating total returns of 21.7% and 23.3%, respectively. Cyclical asset classes that are positively correlated with the economic reopening, such as retail and office, were the biggest contributors to performance. E-Commerce activity increased as a result of the pandemic and continues to drive increasing demand for industrial properties.

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. In addition, MCC received an agency fee from the Fund in respect of units sold in 2020. 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, 2021, the Fund had a loan payable in the amount of $0.5 million representing approximately 1.1% of total assets and 1.8% of net assets. The minimum and maximum amounts borrowed during 2021 were $nil and $0.5 million, respectively. The credit facility provides the lender with a security interest over the assets of 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, 2021(5)	December 31, 2020(4)
Net Assets, Beginning of Period	**$ 13.48**	$ 13.75*
Total Revenue	**0.35**	0.15
Total Expenses	**(0.27)**	(0.09)
Realized Gains for the Period	**0.18**	0.07
Unrealized Gains (Losses) for the Period	**4.08**	(0.19)
Transaction Costs on Purchase and Sale of Investments	**(0.02)**	(0.04)
Preferred Share Distributions	**(0.26)**	(0.06)
TOTAL INCREASE (DECREASE) FROM OPERATIONS(2)	**4.07**	(0.17)
DISTRIBUTIONS:		
From Net Investment Income	**0.08**	0.06
From Capital Gains	**0.17**	0.03
Return of Capital	**0.35**	0.01
TOTAL DISTRIBUTIONS(3)	**0.60**	0.10
Net Assets, End of Period	**$ 16.95**	$ 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 Statement 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, 2021.

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

Ratios and Supplemental Data

		June 30, 2021[6]		December 31, 2020[5]
Total Assets (000s)	**$**	**44,448**	$	38,428
Total Net Asset Value (000s) – including Preferred Shares	**$**	**43,701**	$	38,001
Number of Class A Shares Outstanding		**1,613,887**		1,613,887
Management Expense Ratio ("MER") – Class A Shares[1]		**6.42%**		18.25%
MER – Class A Shares (excluding Preferred Share distributions, interest expense and issuance costs)[1]		**2.92%**		8.56%
Trading Expense Ratio[2]		**0.20%**		2.61%
Portfolio Turnover Rate[3]		**23.67%**		20.31%
Net Asset Value per Unit[4]	**$**	**27.08**	$	23.54
Net Asset Value per Preferred Share	**$**	**10.13**	$	10.06
Net Asset Value per Class A Share	**$**	**16.95**	$	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, 2021 or for the six-month period ended June 30, 2021, as applicable.

Past Performance

The Fund has not presented its historical performance because it commenced operations on November 19, 2020 and accordingly has been in existence for less than one year.

Summary of Investment Portfolio

AS AT JUNE 30, 2021
Top Twenty-Five Holdings *

DESCRIPTION		% OF NET ASSET VALUE
1	Crombie Real Estate Investment Trust	9.1
2	Dream Industrial Real Estate Investment Trust	8.7
3	RioCan Real Estate Investment Trust	8.6
4	Chartwell Retirement Residences	7.6
5	CT Real Estate Investment Trust	7.5
6	WPT Industrial Real Estate Investment Trust	7.4
7	Granite Real Estate Investment Trust	7.2
8	SmartCentres Real Estate Investment Trust	6.7
9	Summit Industrial Income Real Estate Investment Trust	6.5
10	Canadian Apartment Properties Real Estate Investment Trust	6.0
11	Killam Apartment Real Estate Investment Trust	5.8
12	Allied Properties Real Estate Investment Trust	5.2
13	Cyrusone Inc.	4.7
14	First Capital Real Estate Investment Trust	4.0
15	NorthWest Healthcare Properties Real Estate Investment Trust	3.6

"Top Twenty-Five Holdings" excludes any temporary cash investments."
*The Fund has only 15 holdings.

ASSET CLASS	% OF NET ASSET VALUE
Real Estate	98.7
Cash and Short-Term Investments	2.6
Other Net Liabilities	(1.3)
	100.0
TOTAL NET ASSET VALUE(1)	$ 43,700,783
TOTAL ASSETS	$ 44,447,811

(1) Net Asset Value of the Fund includes 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 & E-Commerce Split Corp. for the period ended June 30, 2021 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 23, 2021

Statements of Financial Position

AS AT (In Canadian Dollars)	June 30, 2021	December 31, 2020
ASSETS		
Current Assets		
Investments at Fair Value through Profit or Loss	**$ 43,113,191**	$ 35,783,165
Cash	**1,148,510**	2,461,864
Accounts Receivable	**25,554**	45,534
Income and Interest Receivable	**159,035**	137,881
Prepaid Interest	**1,521**	-
Total Assets	**44,447,811**	38,428,444
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	**85,639**	266,020
Distributions Payable to Redeemable Shareholders (Note 12)	**373,211**	260,401
Loan Payable (Note 9)	**500,000**	-
Preferred Shares (Note 10)	**16,138,870**	16,138,870
Total Liabilities (Excluding Net Assets Attributable to Holders of Redeemable Class A Shares)	**17,097,720**	16,665,291
Net Assets Attributable to Holders of Redeemable Class A Shares	**$ 27,350,091**	$ 21,763,153
Redeemable Shares Outstanding (Note 10)		
Preferred Shares	**1,613,887**	1,613,887
Class A Shares	**1,613,887**	1,613,887
Net Assets Attributable to Holders of Redeemable Shares per Share		
Preferred Shares	**$ 10.13**	$ 10.06
Class A Shares	**$ 16.95**	$ 13.48

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

Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED JUNE 30

(In Canadian Dollars)		2021
REVENUE (LOSS)		
Income from Investments	$	567,105
Interest Income for Distribution Purposes		2,362
Foreign Exchange Loss on Cash		(40,495)
Other Changes in Fair Value of Financial Assets and Financial Liabilities at Fair Value through Profit or Loss		
Net Realized Gain from Investment Transactions		335,094
Change in Net Unrealized Gain on Investments		6,579,380
Change in Net Unrealized Gain on Foreign Currency Transactions		4,223
Total Revenue		7,447,669
OPERATING EXPENSES (Note 8)		
Audit Fees		18,088
Custodial Fees		2,127
Fund Administration Costs		83,582
Legal Fees		62,152
Management Fee		190,043
Transaction Costs (Note 11)		24,638
Securityholder Reporting Costs		29,866
Total Operating Expenses		410,496
Net Investment Profit before Distributions on Preferred Shares		7,037,173
Distributions on Preferred Shares (Note 12)		423,645
Finance Costs (Note 9)		128
Net Investment Profit before Tax		6,613,400
Withholding Taxes		53,046
Increase in Net Assets Attributable to Holders of Redeemable Class A Shares	$	6,560,354
Increase in Net Assets Attributable to Holders of Redeemable Class A Shares per Share (Note 10)	$	4.06

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

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

FOR THE SIX MONTHS ENDED JUNE 30 (In Canadian Dollars)		2021
Net Assets Attributable to Holders of Redeemable Class A Shares at Beginning of Period	$	**21,763,153**
OPERATIONS:		
Increase in Net Assets Attributable to Holders of Redeemable Class A Shares		**6,560,354**
DISTRIBUTIONS TO HOLDERS OF REDEEMABLE SHARES:		
Distributions to Redeemable Class A Shareholders (Note 12)		**(968,332)**
REDEEMABLE CLASS A SHARE TRANSACTIONS:		
Payment of Issue Costs		**(5,084)**
Net Increase from Redeemable Class A Share Transactions		**5,586,938**
Net Assets Attributable to Holders of Redeemable Class A Shares at End of Period	$	**27,350,091**

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

Statement of Cash Flows

FOR THE YEARS ENDED DECEMBER 31 (In Canadian Dollars)	2021
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Class A Shares	**$ 6,560,354**
Adjustments:	
Purchases of Investments	**(9,759,903)**
Proceeds from Sale of Investments	**9,344,351**
Foreign Exchange Loss	**36,272**
Net Realized Gain from Investment Transactions	**(335,094)**
Change in Net Unrealized Gain on Investments	**(6,579,380)**
	(733,400)
Increase in Distributions Payable to Preferred Shareholders	**112,811**
Net Change in Non-Cash Working Capital	**(181,427)**
Net Cash used in Operating Activities	**(802,016)**
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	
Proceeds from Loans	**498,350**
Distributions paid to Redeemable Class A Shareholders	**(968,332)**
Payment of Issue Costs	**(5,084)**
Net Cash used in Financing Activities	**(475,066)**
Net Decrease in Cash	**(1,277,082)**
Foreign Exchange Loss	**(36,272)**
Cash at Beginning of Period	**2,461,864**
Cash at End of Period	**$ 1,148,510**

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

Schedule of Investment Portfolio

AS AT JUNE 30, 2021
(In Canadian Dollars)

Description	No. of Securities		Cost		Fair Value
Allied Properties Real Estate Investment Trust	50,000	$	2,038,058	$	2,252,500
Canadian Apartment Properties Real Estate Investment Trust	45,000		2,283,730		2,615,400
Chartwell Retirement Residences	250,000		2,904,818		3,312,500
Crombie Real Estate Investment Trust	225,000		3,398,394		3,991,500
CT Real Estate Investment Trust	200,000		2,946,756		3,276,000
Cyrusone Inc.	23,000		2,071,725		2,036,951
Dream Industrial Real Estate Investment Trust	250,000		3,204,276		3,820,000
First Capital Real Estate Investment Trust	100,000		1,401,218		1,760,000
Granite Real Estate Investment Trust	38,000		2,842,715		3,134,240
Killam Apartment Real Estate Investment Trust	125,000		2,176,623		2,533,750
NorthWest Healthcare Properties Real Estate Investment Trust	125,000		1,636,287		1,591,250
RioCan Real Estate Investment Trust	170,000		2,963,002		3,753,600
SmartCentres Real Estate Investment Trust	100,000		2,425,443		2,937,000
Summit Industrial Income Real Estate Investment Trust	160,000		2,085,873		2,843,200
WPT Industrial Real Estate Investment Trust	145,000		2,526,423		3,255,300
REAL ESTATE: 97.4%			36,905,341		43,113,191
TRANSACTION COSTS (Note 11)			(68,985)		-
TOTAL INVESTMENTS: 97.4%			36,836,356		43,113,191
CASH: 2.6%			1,148,510		1,148,510
Total Investment Portfolio, including Cash		$	37,984,866	$	44,261,701

NOTES TO FINANCIAL STATEMENTS

1. Real Estate & E-Commerce 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 1 First Canadian Place, 100 King St. West, 58th Floor, Toronto, Ontario. These financial statements, expressed in Canadian Dollars, were authorized for issuance by the board of directors of the Fund on August 23, 2021.

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 that Advisor believes 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 Statement of Comprehensive Income – Net Unrealized Gain (Loss) on Investments. 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 Statement of Comprehensive Income – Net Realized Gain (Loss) from Investment Transactions.

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 Statement 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 Statement 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 Statement 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 Statement 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 Statement 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, 2021 and December 31, 2020 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, 2021 and December 31, 2020.

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, 2021	December 31, 2020
Investments at FVTPL	$ 43,113,191	$ 35,783,165

Based on the above exposure at June 30, 2021, a 10% increase or decrease in the prices of the Fund's investments would result in a $4,311,319 (December 31, 2020 - $3,578,317) 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, 2021	December 31, 2020
Cash	$ 1,148,510	$ 2,461,864
Loan Payable	(500,000)	-
Net Exposure	$ 648,510	$ 2,461,864

Based on the above exposure at June 30, 2021, a 1% per annum increase or decrease in interest rates would result in a $6,485 (December 31, 2020- $24,619) 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 90 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, 2021 and December 31, 2020, the Fund did not hold any illiquid securities.

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.

6. Financial Risk Management (continued)

C. Liquidity Risk (continued)

As at June 30, 2021

Financial Liabilities	Less than 1 Month	1 to 3 Months	3 Months to 1 Year	Total
Distributions Payable to Redeemable Shareholders	$ 373,211	$ -	$ -	$ 373,211
Accounts Payable and Accrued Liabilities	85,639	-	-	85,639
Loan Payable	-	500,000	-	500,000
Total	$ 458,850	$ 500,000	$ -	$ 958,850

As at December 31, 2020

Financial Liabilities	Less than 1 Month	1 to 3 Months	3 Months to 1 Year	Total
Distributions Payable to Redeemable Shareholders	$ 260,401	$ -	$ -	$ 260,401
Accounts Payable and Accrued Liabilities	266,020	-	-	266,020
Total	$ 526,421	$ -	$ -	$ 526,421

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 has not hedged its exposure to currency fluctuations; however, it closely monitors relevant foreign exchange currency movements.

As at June 30, 2021

Currency	Investments at FVTPL	Cash	Income and Interest Receivable	Total Exposure
U.S. Dollar	$ 5,292,251	$ -	$ 23,712	$ 5,315,963

As at December 31, 2020

Currency	Investments at FVTPL	Cash	Income and Interest Receivable	Total Exposure
U.S. Dollar	$ 9,453,411	$ 322,754	$ 30,016	$ 9,806,181

Based on the above exposure at June 30, 2021, a 10% increase or decrease in the Canadian dollar against the respective foreign currencies would result in a $531,596 (December 31, 2020 - $980,618) 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.

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.

6. Financial Risk Management (continued)

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, 2021 and December 31, 2020, the percentages of the Fund's net assets invested in each investment sector were as follows:

	As a % of Net Assets	
Sector	June 30, 2021	December 31, 2020
Real Estate	98.7	94.2

7. 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.

8. Management Fee and Operating Expenses

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. The Manager is reimbursed for reasonable costs related to maintaining the Fund and preparation and distribution of financial statements and other documents to securityholders. The Fund is responsible for the payment of all expenses relating to the operation of the Fund and the carrying on of its business.

9. 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, 2021, loans outstanding included bankers' acceptances with a face value of $0.5 million (December 31, 2020 – $nil). The minimum and maximum loans outstanding during the period ended June 30, 2021 were $nil and $0.5 million (December 31, 2020 - $nil and $nil), respectively. Finance costs primarily relate to loan interest expenses.

10. Redeemable Shares

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.

10. Redeemable Shares (continued)
Redeemable Class A Shares (continued)
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.

On November 19, 2020, the Fund issued 1,613,887 Class A Shares at $15 per share for proceeds, net of agents fees and issue costs, of $22.2 million

The average number of Class A Shares outstanding during the period ended June 30, 2021 was 1,613,887. 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 million Preferred Shares at $10.00 per share for proceeds of $16.1 million.

11. Transaction Costs
Brokerage commissions and other transaction costs paid in connection with securities transactions during the period ended June 30, 2021 amounted to $24,638. Included in this amount is $10,670 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 Statement of Comprehensive Income. Agency fees paid to MCC amounted to $4,608 in 2021.

12. 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, 2021, distributions amounted to $0.60 per Class A Share and $0.26 per Preferred Share.

13. Securities Lending

The Fund has 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, or the United States government or its agencies. Securities lending income reported in the Statement of Comprehensive Income is net of a securities lending charge which the Fund's custodian, RBC Investor Services Trust, is entitled to receive.

For the period ended June 30, 2021, the Fund did not earn any securities lending income.

As at June 30, 2021 and December 31, 2020, the Fund had no outstanding securities loaned and hence no collateral held.

14. Loss Carryforwards

At December 31, 2020, the Fund did not have any capital losses or non-capital losses available for carry forward for tax purposes.

15. Comparative Financial Statements

The Fund commenced operations on November 19, 2020. Accordingly, there are no comparative financial statements for the period ended June 30, 2020.

16. The outbreak of the novel coronavirus (COVID-19) has led to governments around the world enacting emergency measures that resulted in business disruptions, volatility in markets and a global economic slowdown. The Manager uses judgment in assessing the impact from such events on assumptions and estimates applied in reporting the assets and liabilities in the Fund's financial statements at June 30, 2021. The duration and full extent of impact of the COVID-19 pandemic are unknown at the reporting date and it is therefore not possible to reliably estimate the entire impact on the financial results and position of the Fund in future periods.

EXCHANGE - TRADED FUNDS (ETFs)	TSX Stock Symbol
• Middlefield American Core Dividend ETF	ACZ
• Middlefield Healthcare & Life Sciences ETF	LS
• Middlefield Health & Wellness ETF	HWF
• Middlefield REIT INDEXPLUS ETF	IDR

TSX-LISTED FUNDS	
• Digital Consumer Dividend Fund	MDC.UN
• E Split Corp.	ENS | ENS.PR.A
• Global Dividend Growers Income Fund	GDG.UN
• Global Innovation Dividend Fund	BL.UN
• Global Real Estate & E-Commerce Dividend Fund	GEC.UN
• International Clean Power Dividend Fund	CLP.UN
• MBN Corporation	MBN
• Middlefield Can-Global REIT Income Fund	RCO.UN
• Middlefield Global Real Asset Fund	RA.UN
• MINT Income Fund	MID.UN
• Real Estate & E-Commerce Split Corp.	RS | RS.PR.A
• Sustainable Agriculture & Wellness Dividend Fund (commenced June 22, 2021)	AGR.UN
• Sustainable Infrastructure Dividend Fund	INF.UN
• Sustainable Innovation & Health Dividend Fund	SIH.UN

MIDDLEFIELD MUTUAL FUNDS TRUST FUNDS Series A Units	Fund Code FE/LL/DSC
• Global 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	
• Global 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 Global Real Estate Class	MID 600/649/650
• Middlefield Global Sustainable Energy Class	MID 125/127/130
• Middlefield High Interest Income Class	MID 400/424/425
• Middlefield Income Plus Class	MID 800/849/850
• Middlefield U.S. Dividend Growers 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 Global Real Estate Class	MID 601
• Middlefield Global Sustainable Energy Class	MID 126
• Middlefield Income Plus Class	MID 801
• Middlefield U.S. Dividend Growers Class	MID 701

RESOURCE FUNDS	
• MRF 2021 Resource Limited Partnership	

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

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President and
Chief Executive Officer
Middlefield Capital Corporation

Jeremy T. Brasseur
President and
Chief Executive Officer
Middlefield Group Limited

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

Dennis da Silva
Managing Director
Resource Group
Middlefield Capital Corporation

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Former Vice-Chairman
RBC Dominion Securities Limited

H. Roger Garland, CPA, CA
Former Vice-Chairman
Four Seasons Hotels Inc.

Bernard I. Ghert (Chairman)
Former Chairman
Mount Sinai Hospital

Edward V. Jackson
Former Managing Director
RBC Capital Markets

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Canadian Imperial Bank of Commerce
Royal Bank of Canada
The Bank of Nova Scotia
The Toronto-Dominion Bank

Custodian

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