Value Capital Trust
(A Capital Pool Company)
Condensed Interim Financial Statements
For the three months ended July 31, 2021
(expressed in Canadian dollars)

Value Capital Trust
Condensed Interim Statements of Financial Position
As at:

		July 31, 2021 (Unaudited)		April 30, 2021 (Audited)
Assets				
Current				
Cash *(Note 4)*	**$**	**184,904**	$	231,022
Promissory note *(Note 9)*		**229,500**		225,000
Total assets	**$**	**414,404**	$	438,022
Liabilities				
Current				
Accounts payable and accruals	**$**	**11,212**	$	30,239
Unitholders' Equity				
Unitholder capital *(Note 5)*	**$**	**589,073**	$	589,073
Contributed surplus		**109,000**		109,000
Deficit		**(294,881)**		(290,290)
Total unitholders' equity	**$**	**403,192**	$	407,783
Total liabilities and unitholders' equity	**$**	**414,404**	$	438,022

Incorporation and operations *(Note 1)*
Qualifying transaction *(Note 9)*

Approved on behalf of the Trustees of the Trust

Signed "Nathan Smith"
Trustee

Signed "Dave Beckow"
Trustee

The accompanying notes are an integral part of these condensed interim financial statements

Value Capital Trust
Condensed Interim Statements of Loss and Comprehensive Loss
For the three months ended July 31,
(Unaudited)

		2021		2020
Expenses				
Professional fees	**$**	**5,475**	$	2,279
General and administrative		**3,616**		446
Other revenue and expenses				
Interest revenue		**4,500**		-
Net loss and comprehensive loss	**$**	**(4,591)**	$	(2,725)
Net loss per unit				
Basic and diluted	**$**	**(0.00)**	$	(0.00)
Weighted average number of units *(Note 5)*		**5,000,000**		5,000,000

The accompanying notes are an integral part of these condensed interim financial statements

Value Capital Trust
Condensed Interim Statements of Changes in Unitholders' Equity
As at:

	Unitholder Capital	Contributed Surplus	Deficit	Unitholders' Equity
	($)	**($)**	**($)**	**($)**
As at April 30, 2020	589,073	109,000	(214,438)	483,635
Net loss and comprehensive loss	-	-	(2,725)	(2,725)
As at July 31, 2020	589,073	109,000	(217,163)	(480,910)
As at April 30, 2021	589,073	109,000	(290,290)	407,783
Net loss and comprehensive loss	-	-	(4,591)	(4,591)
As at July 31, 2021	**589,073**	**109,000**	**(294,881)**	**403,192**

The accompanying notes are an integral part of these condensed interim financial statements

Value Capital Trust
Condensed Interim Statements of Cash Flows
For the three months ended July 31,
(Unaudited)

		2021		2020
Cash provided by the following activities:				
Operating activities				
Change in non-cash working capital:				
Net loss for the period	**$**	**(4,591)**	$	(2,725)
Change in accounts payables and accruals		**(19,027)**		(8,193)
Accrued interest from promissory note		**(4,500)**		-
Cash flows used in operating activities		**(28,118)**		(10,918)
Decrease in cash		**(28,118)**		(10,918)
Cash, beginning of period		**213,022**		500,035
Cash, end of period	**$**	**184,904**	$	489,117

The accompanying notes are an integral part of these condensed interim financial statements

1. Incorporation and operations

Value Capital Trust (the "Trust") was formed by the Declaration of Trust on March 16, 2017. The Trust is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal undertaking of the Trust is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

The head and registered office of the Trust is located at 1900, 520 – 3rd Avenue SW, Calgary, Alberta.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Trust to fund its potential future operations and commitments is dependent upon the ability of the Trust to obtain additional financing.

There is no assurance that the Trust will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Trust's units from trading.

During the year ended April 30, 2018, the Trust issued 6,600,000 Trust Units ("Seed Units") for an amount of $330,000 and on June 16, 2017 the Trust's prospectus for an Initial Public Offering ("IPO") of the Trust's Units was receipted by the regulatory authorities. The IPO closed on July 11, 2017 with 5,000,000 Trust Units being issued at a price of $0.10 per Trust Unit. The Trust's units commenced trading on July 11, 2017 under the symbol VLU.P.

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the effectiveness of interventions by governments and central banks as well as the impact of the Trust and its ability to raise equity to complete a Qualifying Transaction.

2. Basis of preparation

Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and comply with IAS 34. These condensed interim financial statements do not include all of the information required of full audited financial statements and it is therefore recommended that these condensed interim financial statements be read in conjunction with the annual financial statements for the year ended April 30, 2021.

These condensed interim financial statements were authorized for issue in accordance with a resolution of the Trustees of the Trust on September 29, 2021.

Basis of measurement

These financial statements were prepared on a going concern basis, under the historical cost convention.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Trust's functional currency.

2. Basis of preparation *(continued from previous page)*

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. These condensed interim financial statements have been prepared using the same judgments, estimates and assumptions as reported in the Trust's April 30, 2021 audited annual financial statements.

3. Significant accounting policies

These condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as the financial statements for the year ended April 30, 2021 and should be read in conjunction with those annual financial statements and the notes thereto.

4. Cash

The proceeds raised from the issuance of units may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds and $210,000 may be used to cover prescribed costs of issuing units or administrative and general expenses of the Trust. These restrictions may apply until completion of a Qualifying Transaction by the Trust as defined under the policies of the Exchange.

5. Unitholder capital

Authorized

Unlimited number of Class A Units ("Trust Units")
Unlimited number of Preferred Units issuable in series

Issued: Trust Units	Units	
	Number	**$**
As at April 30, 2021 and July 31, 2021	**11,600,000**	**589,073**

Escrow

The Trust has issued 6,600,000 Trust Units subject to an escrow agreement whereby 10% of the Trust Units will be released upon completion and approval of the Trust's qualifying transaction. An additional 15% of the escrowed Trust Units will be released on each six-month anniversary thereafter unless otherwise permitted by the Exchange. Trust Units issued upon the exercise of options held by officers and trustees are subject to the same escrow conditions. Trust Units issued upon the exercise of the Agent's options are restricted such that only 50% of the issued units on exercise of such options may be sold prior to the Trust completing a qualifying transaction.

5. Unitholder Capital *(continued)*

Loss per unit

The 6,600,000 Trust Units, which are considered contingently issuable until the Trust completes a Qualifying Transaction, are not considered to be outstanding for the purpose of loss per unit calculation.

6. Capital disclosures

The Trust's capital consists of unitholder capital. The Trust's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Trust sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Trust's objectives when managing capital are:

i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,

ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Trust is not subject to any externally or internally imposed capital requirements at period-end.

7. Financial instruments

The Trust, as part of its operations, carries financial instruments consisting of cash, promissory note and accounts payable and accruals. It is management's opinion that the Trust is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Trust classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash, promissory note, and account payable and accruals approximates its fair value due to the short-term maturities of these items.

7. Financial instruments *(continued)*

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Trust believes it has no significant credit risk as its cash is held in a lawyer's trust account with a reputable Canadian law firm. The promissory note is due from an arm's length party from which management believes the risk of loss to be minimal due to ongoing discussion of completion of the qualifying transaction (Note 9).

Liquidity Risk

The Trust's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2021, the Trust had a cash balance of $184,904 (April 30, 2021 - $213,022) to settle liabilities of $11,212 (April 30, 2021 - $30,239).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Trust has no market risks.

8. Related party transactions

Key management personnel consist of officers and directors of the Trust. No compensation was paid to key management personnel during the current period.

Transactions with related parties are incurred in the normal course of business and initially recorded at fair value.

9. Qualifying transaction

The Trust and AIP Yield Fund, LP (the "Partnership") entered into a non-binding letter of intent dated December 18, 2020 ("LOI") that outlines the terms and conditions pursuant to which the Trust and the Partnership will complete a transaction that will result in a reverse take-over of the Trust by the Partnership (the "Proposed Transaction"). As part of this amalgamation, the Partnership intends to purchase, and AIP Eagle Court, LLC ("AIPEC") intends to sell, all assets of AIPEC, a company related to the Partnership through common shareholders. The proposed transaction is subject to the Trust and the Partnership entering into a definitive agreement on or before August 31, 2021. Completion of the Proposed Transaction is also subject to a number of other conditions, including obtaining all necessary board, unitholder and regulatory approvals, including TSXV approval. The terms and conditions of the Proposed Transaction may change based on the Trust's due diligence and the receipt of tax, corporate and securities law advice for both the Trust and the Partnership.

The Proposed Transaction is not a Non-Arm's Length Qualifying Transaction and, if completed, will constitute the Trust's "Qualifying Transaction" ("QT").

The Proposed Transaction is expected to be structured whereby the Trust will acquire the limited partnership units of the Partnership and the shares of AIP Yield Fund GP, Inc. ("AIPGP"), the general partner of the Partnership.

AIPGP will amalgamate with a wholly owned subsidiary of the Trust (the "Amalgamation") to form a newly amalgamated company as the general partner of the Partnership ("Amalco"). The result of the Amalgamation will be that the Trust will be the sole limited partner of the Partnership, and a subsidiary of the Trust will be the general partner of the Partnership. The business of the Partnership will continue to be undertaken by the Partnership, and the business of the Trust will be the ownership of the limited partnership units of the Partnership. Pursuant to the Proposed Transaction, holders of the Partnership's units (the "AIPYF Units") will receive one post-Consolidation (as defined below) unit of the the Trust (each, a "Trust Unit") for each AIPYF Unit held. In addition, the Trust will acquire all of the assets of AIPEC for a purchase price of US$5,200,000, payable in a combination of cash and assumption of AIPEC's permanent mortgage of US3,300,000.

9. Qualifying transaction *(continued)*

It is anticipated that the issuer resulting from the Proposed Transaction (the "Resulting Issuer") will be listed as a Tier 1 Real Estate Issuer on the TSXV and the Trust will consolidate its units on the basis of one post-consolidation Trust Unit for every 30 existing Trust Units (the "Consolidation").

On completion of the Proposed Transaction (including the maximum number of AIPYF Units to be issued in the Offering) and assuming completion of the Consolidation, it is anticipated that there will be an aggregate of approximately 5,192,549 Trust Units issued and outstanding and additional securities convertible into or exercisable to acquire 44,039 Trust Units. On completion of the Proposed Transaction the former unitholders of the Trust will hold 8% of the outstanding Trust Units and former unitholders of the Partnership will hold Trust Units, representing 2% of the outstanding Trust Units (on a non-diluted basis).

In conjunction with, or prior to the completion of the Proposed Transaction, the Partnership will undertake a brokered private placement of Units for aggregate gross proceeds of up to US$20,000,000 (the "Offering"). The proceeds of the Offering will be released to the Partnership immediately on closing and will be used for the acquisition and development of new facilities, acquisition of the assets of AIPEC, working capital and general corporate purposes, including costs associated with completing the Proposed Transaction. In connection with the Offering, the Agent will receive a cash commission equal to 8% of the aggregate gross proceeds of the Offing and broker warrants to acquire such number of Units as is equal to 8% of the Units sold in the Offering.

Promissory note

In accordance with the terms of the LOI, the Trust received TSXV approval in accordance with Policy 2.4 in respect of a bridge loan and on February 18, 2021, Trust funded a $225,000 bridge loan ("Principal Amount") to the Partnership.

The Principal Amount shall be due and payable in full if the Qualifying Transaction between the Partnership and the Trust has not been completed by December 31, 2021. In the event that the Qualifying Transaction has not occurred, and the Principal Amount remains outstanding beyond April 30, 2021, the promissory note shall bear interest from May 1, 2021 to December 31, 2021 at an annual interest rate of 8%, payable at the end of the term. In the event that the Qualifying Transaction has not occurred, and the promissory note is not repaid on or before December 31, 2021, then (i) interest shall accrue from December 31, 2021 at 13% until such time as the Principal Amount and the interest are paid in full.

Broken deal fee

The LOI required that in the event that the Proposed Transaction is not completed, the Partnership will pay the Trust the amount of $50,000 as a broken deal fee (the "Broken Deal Fee"). The Partnership signed a $50,000 promissory note ("BDF Note") with the Trust on February 18, 2021 in relation to the Broken Deal Fee but there were no funds provided by the Trust. Upon the completion of the Qualifying Transaction with the Partnership, the BDF Note will be cancelled.

As a result of the contingent structure of the Broken Deal Fee, the Trust did not record the promissory note on the issue date of February 18, 2021.