



CIBT EDUCATION GROUP INC.

MANAGEMENT'S DISCUSSION & ANALYSIS
(EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE STATED)

FOR THE YEAR ENDED AUGUST 31, 2018

CIBT EDUCATION GROUP INC.
(the “Company”)
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2018

The following Management’s Discussion & Analysis (“**MD&A**”) is prepared in accordance with National Instrument 51-102F1, and should be read in conjunction with the consolidated financial statements and related notes for the year ended August 31, 2018 (the “**Annual Financial Statements**”) which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”). The comparatives in this MD&A have been presented in accordance with IFRS. Additional information about the Company and its subsidiaries, including its annual information form, is available under the Company’s profile on SEDAR (www.sedar.com).

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements, which relate to future events or the Company’s future performance that include terms such as “will”, “intend”, “anticipate”, “could”, “should”, “may”, “might”, “expect”, “estimate”, “forecast”, “plan”, “potential”, “project”, “assume”, “contemplate”, “believe”, “shall” and similar terms. These statements involve known and unknown risks, uncertainties and other factors that are beyond the Company’s control, which may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

The forward-looking statements (and their underlying material factors or assumptions) in this MD&A include, without limitation, the following:

1. the student accommodations business is expected to benefit the Company in six ways – development fee, steady stream of rental income, ongoing management fees, fees for supplemental services to student’s daily living such as meal service, excursion and tutoring, fair value increases as well as any capital gain upon exit;
2. that students from the Company’s own education subsidiaries and its partner schools will provide a steady supply of students into its student housing projects: the underlying material factors or assumptions are that the Company will become more vertically integrated in the future and that GEC[®] branded student housing projects will remain the economical choice for domestic and international students;
3. the expectation that Global Education Alliance Inc. will successfully complete its programs and add more partner schools and unique programs designed for domestic and international students: the underlying material factor or assumption is that the demand for domestic and international students by the Company’s partner schools will continue to grow;
4. the Company’s plans for the proposed GEC[®] real estate projects: the underlying material factors or assumptions are that sufficient equity financing is raised from investment partners and that the applicable limited partnerships are able to secure loans to enable the purchase and development of the projects; that the relevant municipalities are receptive to the proposed building plans; that these projects can be built for a price determined reasonable by the Company and its investment partners; and that these projects can be completed in a reasonable amount of time as determined by the Company and the developer; and
5. the Company’s plans for sufficient student centric facilities to be built over a five year period to accommodate up to 10,000 students: the underlying material factors or assumptions are that the Company will be able to continue to arrange the required equity funding from investment partners at the current pace; that the number of future domestic and international students will increase near predicted rates, interest rate, government policy and real estate market volatility will remain low or stable, and that GEC[®] branded housing projects will remain the economical choice for incoming students.

The Company believes the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. These forward-looking statements speak only as of the date of this MD&A, and the Company assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities law.

Reference should also be made to the risks described herein under the heading “Risks Related to the Company’s Business” for a discussion of these and other sources of factors underlying forward-looking statements and those additional risks set forth under the heading “Risk Factors” in the Company’s annual information form for the financial year ended August 31, 2018.

All figures are in Canadian dollars unless otherwise noted. This MD&A has been prepared as of November 29, 2018. In this MD&A, the following terms have the meanings shown:

“**Fiscal 2019**” means the fiscal year ending August 31, 2019

“**Fiscal 2018**” means the fiscal year ended August 31, 2018

“**Fiscal 2017**” means the fiscal year ended August 31, 2017

“**First Quarter of Fiscal 2018**” means the three months ended November 30, 2017

“**Second Quarter of Fiscal 2018**” means the three months ended February 28, 2018

“**Third Quarter of Fiscal 2018**” means the three months ended May 31, 2018

“**Fourth Quarter of Fiscal 2018**” means the three months ended August 31, 2018

“**First Quarter of Fiscal 2017**” means the three months ended November 30, 2016

“**Second Quarter of Fiscal 2017**” means the three months ended February 28, 2017

“**Third Quarter of Fiscal 2017**” means the three months ended May 31, 2017

“**Fourth Quarter of Fiscal 2017**” means the three months ended August 31, 2017

NON-IFRS FINANCIAL MEASUREMENTS

The Company has included certain non-IFRS performance measures throughout this document including: (a) Earnings before Interest, Taxes, Depreciation and Amortization (“**EBITDA**”); and (b) Adjusted EBITDA which is EBITDA adjusted for the gain (loss) on change in fair value of the Company’s investment properties. These non-IFRS financial measurements do not have any standardized meaning as prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Accordingly, these performance measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Management uses EBITDA metrics to measure the profit trends of the business units and segments in the consolidated group since it eliminates the effects of financing decisions. Certain investors, analysts and others utilize these non-IFRS financial metrics in assessing the Company’s financial performance. These non-IFRS financial measurements have not been presented as an alternative to net income (loss) or any other financial measure of performance prescribed by IFRS. Reconciliation of the non-IFRS measures have been provided throughout this MD&A.

Date of Report – November 29, 2018

**CIBT EDUCATION GROUP INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2018**

NATURE OF BUSINESS

The Company is an education and student-housing investment company focused on the global education market since 1994. Listed on the Toronto Stock Exchange (the “TSX”) under the trading symbol “MBA” and quoted on United States OTCQX-International under the trading symbol “MBAIF”. The Company owns and operates a network of business, technical and language colleges in North America and Asia. Its real estate arm is an investor in limited partnerships that own a network of serviced apartments and hotels, operated by the Company acting as General Partner, that provide student housing in the Metro Vancouver area, British Columbia.

The Company’s operating entities are as follows:

Legal / Operating Entity	Business Description
CIBT School of Business & Technology Corp. (“CIBT China”)	Associate Degree provider offering automotive technical training, English teacher preparation, English as Second Language, and accounting programs in China.
Sprott Shaw College Corp. (“SSCC”)	Private career and technical training college offering diplomas and certificates in health care, tourism, hospitality, business, administrative, technical trades, and international studies in Canada.
Sprott Shaw Language College (“SSLC”)	English as a Second Language College, offering accredited programs including General English (ESL), College Preparation/Pathway, Business English, Medical English, English Teacher Training, and Summer Camp programs. SSLC is a wholly owned subsidiary of SSCC.
Vancouver International College (“VIC”)	English as a Second Language College, offering accredited programs including General English (ESL), College Preparation/Pathway, Business English, Medical English and IELTS Test Preparation.
Global Education Alliance Inc. (“GEA”)	International students’ referral and on-ground concierge services for elite kindergarten, primary, secondary school and university students coming to study in North America.
Global Education City Holdings Inc. (“GECH”)	Investment holding and management company with focus on student housing real estate projects in Canada such as serviced apartments and hotels for domestic and international students as well as technology professionals in the Metro Vancouver area in British Columbia.
IRIX Design Group Inc. (“IRIX”)	Design and advertising company which services mainly the real estate industry.

The Company's primary business units consist of three categories with Corporate (head office) as the supporting hub: *Education*: SSCC, SSLC/VIC, GEA, and CIBT China; *Education related real estate*: GECH; and *Media*: IRIX.

FOURTH QUARTER AND FULL YEAR HIGHLIGHTS

Finalization of KGIC Transaction

On March 29, 2017, the Company purchased substantially all the operating assets of KGIC, Inc. (“KGIC”) (“**KGIC Transaction**”) and commenced the integration of those assets with the existing education assets in Canada. During Fiscal 2018 the KGIC Transaction was finalized and adjustments to the previously disclosed provisional amounts and associated balances associated with the business combination were accounted for as if those adjustments had been completed as of the business combination date. The finalization of the purchase price allocation results in the certain comparative information presented in this MD&A changing from previously reported balances as noted throughout this MD&A.

Real Estate Portfolio and Transactions

See *Investment Property Fair Value Gains* section below for explanation of recognition of gains arising from changes in the fair value of investment property, the impact of which is referenced in each section.

Acquisition of GEC® King Edward (“Project 1”)

In October 2017, a subsidiary of the Company entered into an amendment to the February 2016 share purchase agreement with the developer resulting in the take-over of GEC® Project 1 from the Developer by a limited partnership (GEC® LP 1) in which the Company is an investor. Approximately \$13,000,000 was paid to the Developer for the purchase of GEC® Project 1. The \$4,300,000 refundable deposits paid to the Developer at August 31, 2017 were applied to the purchase price. At August 31, 2018, the fair value of the GEC® LP 1 investment property was \$21,400,000, resulting in a gain on change in fair value recognized of \$6,037,057 which is unrealized until exit. Construction of serviced rental apartments is expected to commence by mid 2019 subject to approvals from the City of Vancouver. See *Investment Property Fair Value Gains* below.

Acquisition of GEC® Pearson (“Project 2”)

In the Fourth Quarter of Fiscal 2018, a limited partnership controlled by the Company, GEC® LP 2, purchased an investment property comprised of two six-story buildings for a purchase price of \$42,500,000, pursuant to a May 2014 agreement made with a developer to purchase the completed building and land. The building is expected to be fully leased within approximately six months after purchase. At August 31, 2018, the fair value of the GEC® LP 2 investment property was \$76,000,000, resulting in a gain arising from a change in fair value of the investment property of \$33,204,502, which is unrealized until exit. The substantial gain represents the strength of the Company’s unique serviced apartment proposition and the ability of management to structure value added investment opportunities in the Metro Vancouver real estate market. See *Investment Property Fair Value Gains* below.

Sale and Leaseback of GEC® Viva (“Project 3”)

In the Fourth Quarter of Fiscal 2018, a limited partnership controlled by the Company, GEC® LP 3, sold its previously held investment property for \$55,500,000, excluding selling costs of \$2,188,154 which were expensed. GEC® LP 3 realized a gain on sale of \$17,476,938 which was previously recognized for under the fair value method in the Consolidated Statements of Comprehensive Income. This gain was calculated as the difference between the sale price and the costs incurred on the project. GEC® LP 3 distributed the majority of the proceeds from the sale after August 31, 2018 with the remainder to be paid pending resolution of certain leasehold work. The sale of GEC® Project 3 allowed limited partners to monetize a significant gain on investment. In addition, the Company, through a wholly-owned subsidiary, entered into an agreement with the purchaser to lease back the property for a term of 5 years, which will keep constant the student housing available from this project. See *Investment Property Fair Value Gains* below.

Sale of Commercial Units of GEC® Burnaby Heights (“Project 5”)

In the Fourth Quarter of Fiscal 2018, a limited partnership controlled by the Company, GEC® LP 5, sold the commercial units of the investment property for \$5,600,000, with residential units remaining. GEC® LP 5 realized a loss on sale of \$222,920 which represents selling costs incurred. The carrying value assessed for the commercial units of \$5,600,000 included \$1,288,378 of fair value gains on an as allocated basis to the commercial units. The proceeds from the sale were received in September 2018 resulting in a receivable due of \$5,415,177, the majority of which was applied as partial repayment of the debt held by this limited partnership. See *Investment Property Fair Value Gains* below.

Acquisition of GEC® Granville (“Project 8”)

In a series of transactions closed on March 15, 2018, a subsidiary of the Company acquired control of GEC® LP 4 that owned one of the GEC® branded downtown Vancouver properties (GEC® Project 4). Concurrently, GEC® LP 8 purchased the beneficial interest of GEC® Project 4, which is known as GEC® Granville. These transactions are considered business combinations and the Company realized a gain on re-measurement of the acquisition-date fair value of the previously held equity ownership interest of \$4,714,578. The Company’s purchase price allocation is preliminary pending obtaining additional information regarding estimates of fair values and costs made at the date of purchase. The adjustments to finalize the purchase price allocation which may be made during the measurement period could be significant. At August 31, 2018, the Company held 47% in GEC® LP 8, effectively increasing its share in the GEC® Granville property from 20% to 47%. In addition, GEC® LP 8 is controlled by the Company and was consolidated into operations on March 15, 2018.

GEC® (Richmond) (“Project 9”)

During Fiscal 2018, a new limited partnership (“GEC® LP 9”) was formed, of which a subsidiary of the Company is the general partner. GEC® LP 9 was assigned a formal purchase and development agreement with a Vancouver developer, whereby the developer will construct a complex of which GEC® LP 9 will purchase some portion including office and residential space. The limited partnership is required to pay deposits totaling \$65,000,000 at dates ranging to December 15, 2018, of which \$55,000,000 were paid at the date of this report. These and future deposits will be funded from subscriptions from qualified investors. A total of \$44,452,714 of third-party equity financing capital to be used in the development of Project 9 was subscribed to during Fiscal 2018. During the Fourth Quarter of Fiscal 2018 and full Fiscal 2018, the Company earned development fees of \$1,143,029 and \$9,143,086, respectively, associated with this project.

Construction began in November 2018 and completion is currently expected in the summer of 2022. The Company is considering an alternative project called GEC[®] CyberCity for the land previously purchased at another location in Richmond originally designated as GEC Education Super Center[®] (“Project 6”).

GEC[®] Langara (“Project 10”)

In October 2018, a new limited partnership (“GEC[®] LP 10”) was formed, of which a subsidiary of the Company is the general partner. On November 1, 2018, GEC[®] LP 10 signed a formal purchase and sale agreement for the purchase of two parcels of land, on which it plans to develop a high rise serviced investment property. The closing of the purchase of the land is expected by the end of January 2019 subject to satisfactory completion of due diligence reviews and the removal or satisfaction of other conditions. A total development budget including land, construction, furniture and fixtures and financing costs is estimated at \$60,000,000. A total of \$500,000 of refundable deposits have been paid by GEC[®] LP 10 in conjunction with this agreement. GEC[®] LP 10 anticipates funding the purchase via issuance of limited partnership units, debt financing and a vendor take back mortgage.

GEC[®] Project Updates – Other

GEC Education Mega Center[®] (“Project 7”), received Advisory Design Panel and further reading approvals by Surrey City Council. Additional meetings with the City of Surrey are required and rezoning approval is expected to be granted during the Second Quarter of Fiscal 2019 as four out of five required rezoning approvals have been received. Construction is expected to start in 2019 and completion is expected in summer of 2023.

Investment Property Fair Value Gains

Investment properties are measured initially at cost, including transaction costs except where the investment property is purchased as part of a business combination. Subsequent to initial recognition, a company must choose as its accounting policy either the fair value model or the cost model and apply that policy to all of its investment property. The Company has chosen to apply the fair value model and as such is required to measure all of its investment property at fair value, with any gain or loss arising from a change in the fair value of investment property required to be recognised in net income (loss) in the period of change. For clarity, this means that changes in the fair value of an investment property are recognized in the financial statements of the Company at the end of each reporting period, as applicable. Therefore, when the property is sold, the carrying amount of the investment property includes fair value gains recognized in previous periods and as such in the period of sale only gains or losses above that carrying amount are realized in that period. In addition to obtaining independent appraisals on an annual basis, management also determines the fair value of investment property on a quarterly basis and as such, when the property is sold adjustments to fair value are generally not significant.

Applying the cost model would result in no recognition of increases in the fair value of the property until the property was sold and would also result in depreciation of the buildings and equipment over their useful lives. The Company’s investment property is purchased to support the student housing arm of the business and the strategy is to hold buildings for between three to five years. Therefore, the Company in applying the fair value model presents a more accurate reflection of the value of these properties at the end of each reporting period versus waiting to recognize these gains until exit. Historical record shows property values in Metro Vancouver have increased steadily over the past 41 years¹.

The following table summarizes the total, unrealized and realized fair value gains on investment property since the purchase closing date of each of the properties to August 31, 2018. The total gain is the amount recognized to date in the financial statements, the unrealized amount is denoted as such as the Company still holds the property, and the realized amount is the monetized amount on sale of the property. The fair value of investment properties at August 31, 2018 was \$144,670,000 (August 31, 2017 - \$101,010,000). The properties are beneficially owned by various limited partnerships in which a subsidiary of the Company holds units.

			Total gain	Unrealized	Realized
Revenue producing properties	Closing date	\$	57,293,333	\$ 38,528,017	\$ 18,765,316
GEC [®] Pearson	August 2018		33,204,502	33,204,502	-
GEC [®] Viva ⁽¹⁾	January 2015		17,476,938	-	17,476,938
GEC [®] Burnaby Heights	October 2016		6,611,893	5,323,515	1,288,378
Properties under development	Closing date	\$	14,068,652	\$ 14,068,652	\$ -
GEC [®] King Edward – land	October 2017		6,037,057	6,037,057	-
GEC [®] Project 6 – land	September 2016		8,031,595	8,031,595	-

⁽¹⁾ See Annual Financial Statements Note 7(c).

1 <https://www.rebgv.org/sites/default/files/REBGV-Stats-Pkg-October-2018.pdf%20>

INDUSTRY GROWTH PROSPECT

According to 2018 U.S. News Ranking, Canada has been ranked at #3 best country for education in the world.¹ In recent years, Canada has experienced a huge increase in its international student count. The latest federal government data shows that Canada had just below 500,000 international students at the end of 2017. This growing population contributes more than \$15 billion to the Canada economy annually and supports over 170,000 Canadian jobs. Canada's international student population has almost tripled over the past decade. In 2014, the federal government set a goal of reaching 450,000 international students in the country by 2022. The target has been achieved 5 years early and Canada now ranks fourth in the world behind the United States, United Kingdom and China.

It is said that the surging international population is due to sky-rocketing demand for international education and increased wealth in emerging markets such as those in Asia, Africa and Middle East. The Chinese Ministry of Education reported that 608,400 Chinese students studied abroad in 2017, an 12% annual growth from the 2016 figure.² Although China is the single largest student exporting country in the world, other student exporting countries are India, South Korea, Japan, Spain, Saudi Arabia, Mexico and many other countries from Asia, Latin America and Middle East regions.

Canada offers one of the world's most attractive packages to international students as many are eligible to work here part time to support their expenses and gain work experience. Upon completion of their programs, many go on to pursuit post-graduate work permits and are offered various pathways for immigration to start a new life in Canada.³ The high growth in demand from students in the emerging markets to study in countries like Canada coupled with the Canadian government's support for attracting more international students, present the Company with perfect opportunities to use its infrastructure to further expand its market share.

In Metro Vancouver, where the majority of the Company's education and real estate assets are located, there are approximately 130,053 foreign students who are contributing over \$3.5 billion to the British Columbia economy (2017).⁴ The Company has access to international students studying in Metro Vancouver through GEA's 100+ collaborative arrangements with various public and private schools as well as access to students through its schools in Canada and Asia. The Company plans for sufficient student centric facilities to be built over a 10-year period to accommodate up to 10,000 students, which accounts for approximately 5% of the anticipated total international student population of approximately 200,000 students in Metro Vancouver by 2019. In addition, domestic students can also benefit greatly from the student centric facilities as many schools in Metro Vancouver do not provide housing options for their students, and those that do provide housing services have limited number of beds available. According to information released by the University of British Columbia, the wait-list for on-campus student residence was more than 6,400 as of August 2018.⁵

With the mandate of educating students via SSCC, while recruiting international students to study at SSLC and VIC and other partner schools, the Company continues to aim to provide students with an enhanced learning experience and housing options. SSLC and VIC resonate strategically with the Company's extensive experience in the global education markets as well as the industry growth trend.

Student housing for this market segment is an estimated \$1.12 billion market in British Columbia at an estimated average of \$10,000 per student.⁶ The Company's potential target market is further expanded if domestic students are also accounted for in the number of students requiring housing in the Metro Vancouver area. The Company is striving to become more vertically integrated in order to capture the value of this market. The Company is actively working with developers to provide serviced apartments and hotels catering to both Canadian and international students at various locations. As a secondary market, selected properties can also cater to visiting technology workers. Vancouver's technology sector is growing at a record rate of 14.5%. With 75,000 employees, the sector is now bigger than oil and gas, forestry, and mining-related activity in the region.⁷

¹ <https://www.usnews.com/news/best-countries/education-full-list>

² http://en.moe.gov.cn/News/Top_News/201804/t20180404_332354.html

³ https://www.conferenceboard.ca/press/speech_oped/2018/04/05/huge-surge-in-international-students-coming-to-canada-to-study?AspxAutoDetectCookieSupport=1

⁴ https://archive.news.gov.bc.ca/releases/news_releases_2013-2017/2017AVED0018-000393.htm

⁵ <https://news.ubc.ca/2018/08/22/ubc-student-housing-facts-and-figures/>

⁶ (Calculated value estimate) "Record numbers of international students choose B.C." <https://news.gov.bc.ca/stories/record-numbers-of-international-students-choose-bc>

⁷ <http://www.theglobeandmail.com/news/british-columbia/bc-tech-sector-growing-so-fast-its-hard-to-measure-size-of-industry/article32953219/>

OUTLOOK FOR FISCAL 2019

Education Business

The Company, via SSLC, closed the KGIC Transaction in Third Quarter of Fiscal 2017. The benefit of purchasing the KGIC assets is twofold, adding both to the Company's education assets as well as to the pipeline for its student housing business. SSLC specializes in English language training and business career programs designed for international students. The former KGIC had an established global recruitment network with more than 1,400 agents located in 28 countries, which will benefit the overall education business.¹ SSCC and SSLC including VIC will continue to create synergies that will provide students with more options and choices for their future development.

SSCC continues to launch new programs as demand requires and expects to continue to partner with various educational institutions and enter into partnership cooperation agreements to provide pathways to its students to continue their education. All of these new ventures provide SSCC students with unique and exciting opportunities.

GEA, a subsidiary of the Company, has signed over 100 agreements to recruit international students for public and private schools in the kindergarten, primary, secondary, career colleges and university sectors. While providing services to education institutions, GEA also provides a variety of student services for international students including visa immigration consulting services via its licensed immigration consulting officers, landing service for newly arrived international students, placement service for accommodations, weekend excursions activities, tutoring, and school referral services. GEA is expecting to add more partner schools to widen its coverage to meet the increasing demand for its services and expertise from international students wishing to study in North America.

The addition of education assets, GEA's expansion, together with SSCC's long history (established in 1903) and renewed programs establish a more vertically integrated business model. The students at its partner institutions and its own subsidiaries provide a customer source for the Company's student housing business. Leveraging off the Company's existing agent and school network, GECH provides short-term and long-term housing solutions for students.

Student Housing Arm

GECH, the student housing arm of the Company, expects to scale in Fiscal 2019 both student housing rental revenue and real estate investment. For student housing rental, the acquisition of GEC[®] Pearson was completed by the end of Fiscal 2018 and is expected to be fully leased within approximately six months. This means the addition of 320 beds to the existing and growing GEC[®] portfolio of student housing in the Metro Vancouver Area. As for real estate investment, a limited partnership controlled by the Company entered into a purchase and sales agreement for the tenth GEC[®] project, GEC[®] Langara, at the beginning of Fiscal 2019, which is also located in the Metro Vancouver Area, which, upon completion, is expected to add approximately 220 serviced rental beds. This new project will not only strategically expand the GEC[®] footprint by acquiring attractive assets to generate strong long-term returns, but also contribute to the Company's development fee revenues in Fiscal 2019. The Company currently expects to earn development fees from Projects 7, 9 and 10 during Fiscal 2019.

In addition, the Company plans to continue to utilize its existing student base from the education business and integrate them into GECH's student housing in Fiscal 2019. The Company's aim is for the various limited partnerships in which it is an investor to provide 10,000 beds for students over the next several years. Tenants in the student housing properties will come from a variety of educational institutions and countries to diversify any institution and country specific risks. In the future, GECH's scalable real estate business is expected to benefit the Company in the following ways: development fees, steady stream of rental income, ongoing management fees, fair value gains on investment properties, and capital gains upon exit of projects.

¹ <http://www.newswire.ca/news-releases/cibt-completes-acquisition-of-kgic-education-group-539601871.html>

SELECTED ANNUAL INFORMATION

The following table details selected annual information for the three most recent fiscal years.

	For the years ended August 31,		
	2018	2017 ⁽²⁾	2016 ⁽³⁾
Total revenues	\$ 74,899,921	\$ 53,557,863	\$ 36,114,144
Cost of operations	\$ 28,906,785	\$ 24,142,144	\$ 16,785,812
Gross margin	\$ 45,993,136	\$ 29,415,719	\$ 19,328,332
Other operating expenses	\$ 34,469,298	\$ 26,077,436	\$ 20,726,020
Operating income (expense)	\$ 11,523,838	\$ 3,338,283	\$ (1,397,688)
Other income (expense)	\$ 40,830,002	\$ 6,836,833	\$ 12,068,276
Gain on change in fair value of investment properties ⁽¹⁾	\$ 43,497,343	\$ 10,470,322	\$ 9,779,146
Income before income taxes	\$ 52,353,840	\$ 10,175,116	\$ 10,670,588
Income taxes	\$ (6,982,675)	\$ (1,891,082)	\$ (1,455,174)
Net income	\$ 45,371,165	\$ 8,284,034	\$ 9,215,414
Income per share - CIBT Education Group Inc. shareholders ⁽¹⁾	\$0.25	\$0.03	\$0.06
EBITDA [non-IFRS]	\$ 57,496,544	\$ 13,120,306	\$ 12,306,341
Total assets	\$ 340,836,632	\$ 166,918,288	\$ 102,346,541
Total non-current liabilities	\$ 95,392,438	\$ 30,207,667	\$ 31,067,836

⁽¹⁾ Included as part of other income (expense) in Annual Financial Statements.

⁽²⁾ Basic and diluted.

⁽³⁾ Reflects adjustments for the KGIC Transaction.

⁽⁴⁾ Accounting policies under IFRS were consistently applied across all periods with the exception of: (a) the change from equity accounting to consolidation accounting for GEC[®] LP 4 at March 15, 2018, and (b) change from consolidation to joint venture accounting for CIBT China during fiscal 2016. Until the change in Fiscal 2016, 100% of CIBT China revenues were consolidated and thereafter only 60% were consolidated.

REVIEW OF ANNUAL FINANCIAL RESULTS

The table below describes the financial performance of each main business unit (continuing operations) of the Company, including revenues, revenues net of associated direct costs, and selected expenses for Fiscal 2018 compared to Fiscal 2017.

	Year Ended August 31, 2018	Year Ended August 31, 2017	Absolute Change	Percentage Change
Total revenues	\$ 74,899,921	\$ 53,557,863	\$ 21,342,058	40%
Total revenues net of direct costs – Overall (%)	61%	55%	6%	12%
Educational revenues – SSCC	\$ 34,383,836	\$ 27,953,447	\$ 6,430,389	23%
Educational revenues net of direct costs – SSCC (%)	62%	59%	3%	5%
Educational revenues – SSLC / VIC	\$ 12,984,992	\$ 8,030,989	\$ 4,954,003	62%
Educational revenues net of direct costs – SSLC / VIC (%)	34%	35%	-1%	-2%
Educational revenues – CIBT China	\$ 2,115,193	\$ 1,726,461	\$ 388,732	23%
Educational revenues net of direct costs – CIBT China (%)	47%	46%	2%	4%
Design and advertising revenues – IRIX	\$ 1,096,658	\$ 998,824	\$ 97,834	10%
Design and advertising revenues net of direct costs – IRIX (%)	77%	76%	1%	2%
Commissions and referral fees – GEA	\$ 903,903	\$ 852,172	\$ 51,731	6%
Commissions and referral fees net of direct costs – GEA (%)	25%	42%	-16%	-39%
Rental revenues – GECH	\$ 10,609,929	\$ 8,623,826	\$ 1,986,103	23%
Rental revenues net of direct costs – GECH (%)	50%	33%	17%	52%
Development fees – GECH and Corporate	\$ 12,805,410	\$ 5,372,144	\$ 7,433,266	138%
Other operating expenses	\$ 34,469,298	\$ 26,077,436	\$ 8,391,862	32%
Other income (expense)	\$ 40,830,002	\$ 6,836,833	\$ 33,993,169	497%
Gain on change in fair value of investment properties ⁽¹⁾	\$ 43,497,343	\$ 10,470,322	\$ 33,027,021	315%
Income before income taxes	\$ 52,353,840	\$ 10,175,116	\$ 42,178,724	415%
Net income	\$ 45,371,165	\$ 8,284,034	\$ 37,087,131	448%
Income per share - CIBT Education Group Inc. shareholders ⁽²⁾	\$0.25	\$0.03	\$0.22	733%
EBITDA [Non-IFRS]	\$ 57,496,544	\$ 13,120,306	\$ 44,376,238	338%

(1) Included as part of other income (expense) in Annual Financial Statements.

(2) Basic and diluted

For the year ended August 31, 2018 compared to the year ended August 31, 2017

The increase in revenues was driven by: increased educational revenues of \$11,773,124, increased rental revenues associated with the student housing arm of \$1,986,103 and increased development fees of \$7,433,266. Direct costs associated with revenues increased by \$4,764,641, resulting in a 12% increase in margins. Other operating expenses increased by \$8,391,862 is mainly attributable to increased general and administration expenses of \$7,702,423. Other income increased primarily from: increased fair value gains on investment properties of \$33,027,021, the absence of business combination related costs of \$1,526,034, offset by a \$2,722,196 increase in financing costs.

Educational

Educational revenues predominately consist of tuition fees, sales of textbooks, supplies and related items, and other non-training services, which includes registration and administration fees. Deferred education revenues at August 31, 2018 were \$23,572,827 (2017 - \$18,452,047) which primarily represents revenues which will be recognized as programs are provided over the next two fiscal years.

- SSCC revenues increased as the result of: (a) increased tuition revenues which are based on the varying mix of tuition charged to students for the various programs and additional deferred education revenues earned in the year from increased student base in prior years; (b) increased textbook revenue of 31% as more students opted to purchase directly from SSCC; and (c) substantial increase in non-training services associated with higher registration fees from a larger number of student starts. Margins increased predominately as costs incurred to provide courses decreased due to larger size of cohorts and better control of teaching hours.
- SSLC commenced operations in April 2017 as the result of the KGIC Transaction. SSLC revenues increased by 62% in Fiscal 2018 as operations for a full year were included in Fiscal 2018 and the Company continues to attract more students and integrate and expand the product offerings of this division. For the period from acquisition to August 31, 2017, total revenues were \$5,641,034. VIC revenues represent approximately 36% of SSLC/VIC revenues in Fiscal 2018 and increased by 38% over prior year. Margins were consistent year over year; however, they are expected to increase in future periods further out from the completion of the KGIC Transaction.
- CIBT's Chinas revenues increased in Fiscal 2018 and fluctuate based on the number of programs offered and revenues per student, while the student base decreased nominally. Revenues are earned in RMB and converted to Canadian dollars accounting for small increase in revenues. Margins increased as revenue per student increased and costs associated with providing services decreased.

Real Estate and Student Housing

- Rental revenues increased in Fiscal 2018 as GEC[®] Viva was fully leased after construction concluded in November 2017, and revenues associated with GEC[®] Granville, which were previously included in loss from investment in associates until March 15, 2018, were consolidated after acquisition of the property. Rental revenues increased in the Fourth Quarter of Fiscal 2018 compared the Fourth Quarter of Fiscal 2017 for the same reasons as for Fiscal 2018.

This source of revenue will fluctuate based on occupancy and rental space available, both of are expected to increase as the Company grows the GEC[®] student housing portfolio and increased the number of beds available for rent. Margins on rental revenues increased as direct costs, while increased, decreased in relation to revenues as the Company continues to scale its investment properties. In addition, 80% of rental expense paid to a non-consolidated entity was included as direct costs until March 15, 2018, after which these costs were eliminated on consolidation, resulting in lower direct costs going forward. The Company expects overall margins to improve in Fiscal 2019 from better efficiencies through economies of scale as the number of beds under management grow.

- Development fee revenues are a result of the Company's efforts in identifying, securing, and structuring student centric serviced apartments as well as education centre investments. The timing of recognition of development fees revenues are dependent on when qualified subscribers invest in the real estate investment limited partnership structure that the Company has structured, the timing of which depends on the individual project, with the majority of investments occurring at the beginning of the project. During Fiscal 2018, development fees were earned associated with GEC[®] Project 7, 8 and 9. During Fiscal 2017, development fees were earned associated with GEC[®] Project 5, 6 and 7. All costs associated with earning development fees are included in general and administrative costs.

Design and advertising business

Fiscal 2018 revenues of IRIX increased as the result of the mix of contracts and rates earned to produce marketing materials for the real estate sector. IRIX services customers in Metro Vancouver, the United States and China, and revenues fluctuate based on the number of contracts which is impacted by the strength of the residential real estate market. Margins for contracts are different depending on the nature of the work and vary depending on the type of projects in a given quarter. During the Fourth Quarter of 2018, margins increased slightly associated with mix and number of contracts.

Commissions and referral fees

Fiscal 2018 revenues of GEA increased nominally compared to Fiscal 2017 and decreased in the Fourth Quarter of Fiscal 2018 compared to the prior year. Revenue per student is impacted by various by flow through expenses which vary depending on activity during the year, which also directly with impact costs to fulfill these services. Margins are impacted because more students enrolled into Summer and Winter camps which normally have higher direct cost and lower margin.

Other operating costs

- General and administrative expenses increased associated with additional salaries and benefits, advertising costs to market the Company's business, professional fees such as consultants, lawyers, appraisers, engineers, and architects associated with real estate transactions, operating lease rent expense, and other general office expenses, all resulting from the continued growth of the Company.

- Amortization of property, equipment and intangible asset increased due to the addition of approximately \$2,500,000 of depreciable assets from the KGIC Transaction, the depreciation on the GEC[®] Granville building purchased in March 2018, and other purchases of furniture and leases for the Company's education and real estate business.

Other income (expense)

Other income (expense) includes interest and other income, finance costs and fees associated with debt held by limited partnerships controlled by the Company net of capitalized borrowing costs, costs associated with business combinations, equity investee income (losses), gains or losses on disposal of assets, and gains on fair value changes in investment properties.

- Interest and other income for Fiscal 2018 was \$2,070,874 compared to \$1,781,861 in Fiscal 2017. Interest income is earned on amounts due under interest bearing contracts, and in the Fourth Quarter of Fiscal 2018 the Company earned a non-recurring interest amount of approximately \$1,031,000 on the deposits provided in Fiscal 2015 to the developer of GEC[®] Pearson. A wholly-owned subsidiary of the Company earns management fees as a set percentage of rental revenues; however, the majority of these incomes are eliminated on consolidation against the management fee expense in the associated limited partnerships. The amount recorded on consolidation represents the income earned from the non-controlling interests.
- Finance costs (interest) and finance fees (accretion of deferred finance fees) for Fiscal 2018 were \$5,635,740 compared to \$2,640,046 in Fiscal 2017. Revenue-producing and development property investment properties as well as a newly acquired property, are financed by secured loans at various interest rates and during Fiscal 2018 borrowing increased by approximately \$34,000,000 on a net basis, with the weighted average interest rate increasing to 6.61% from 6.30%. During the Fourth Quarter of Fiscal 2018, finance costs and fees were \$1,947,778 compared to \$752,427 in the prior year due to the timing of borrowings and increase in real estate investment activities, which includes new borrowings in August 2018 associated with GEC[®] LP 2 offset by the repayment of the secured loans for GEC[®] LP 3.
- During Fiscal 2018, the GEC[®] Granville business combination resulted in a gain on step acquisition of \$4,714,578, business acquisition costs of \$85,079, and the deferral of \$799,728 in costs associated with the secured loans. During Fiscal 2017, the KGIC Transaction resulted in \$1,611,113 of costs associated with the settlement of a pre-existing condition, representing costs which were incurred before the purchase in excess of the purchase price, and business acquisition costs.
- Loss on investments in associates represents the Company's share of the net loss in GEC[®] LP 4, prior to the Company obtaining control of GEC[®] LP 4 on March 15, 2018 (See section entitled *Fourth Quarter and Full Year*). The Company has no investments in associates as at August 31, 2018 and there was no equity investee share recorded in the Fourth Quarter of Fiscal 2018 whereas there was \$390,337 of loss included in Fourth Quarter of Fiscal 2017.
- During the Fourth Quarter of Fiscal 2018, the Company recognized a fair value gain of \$33,204,502 as described in *Fourth Quarter and Full Year Highlights – Acquisition of GEC[®] Pearson (“Project 2”)*. In addition, during Fiscal 2018 fair value gains of \$9,430,693 were recorded associated with the increased land values of properties under development. See *Fourth Quarter and Full Year Highlights – Sale and Leaseback of GEC[®] Viva (“Project 3”)*, for information about investment property disposition and realized gain in the year ended August 31, 2018. See also *Investment Property Fair Value Gains*.

During Fiscal 2017, fair value gains were recorded on one revenue-producing property and one property under development, of which \$4,728,977 was recognized in the Fourth Quarter of Fiscal 2017.

Income Taxes

During the year ended August 31, 2018, income tax expense was \$6,982,675 (2017 - \$1,891,082). The increase in income taxes is a result of income taxes arising the increase in operating income, on the sale of certain investment properties and the increment of the fair value of certain investment properties during Fiscal 2018 and did not occur in Fiscal 2017. For both Fiscal 2018 and Fiscal 2017, all income tax expense was recorded in the Fourth Quarter.

QUARTERLY FINANCIAL REVIEW

The following table summarizes selected Company financial information for the last eight completed fiscal quarters:

	Quarter Ended August 31, 2018 (Fourth Quarter) (\$)	Quarter Ended May 31, 2018 (Third Quarter) (\$)	Quarter Ended February 28, 2018 (Second Quarter) (\$)	Quarter Ended November 30, 2017 (First Quarter) (\$)
Total revenues – Continuing operations ⁽¹⁾	20,204,686	22,834,707	17,656,658	14,203,870
Net income	28,725,397	7,958,031	1,883,862	6,803,875
Net income - CIBT Education Group Inc. shareholders	8,172,885	8,499,570	2,545,788	724,013
Income per share - CIBT Education Group Inc. shareholders – basic and diluted	0.10	0.11	0.03	0.01

	Quarter Ended August 31, 2017 (Fourth Quarter) (\$)	Quarter Ended May 31, 2017 (Third Quarter) (\$)	Quarter Ended February 28, 2017 (Second Quarter) (\$)	Quarter Ended November 30, 2016 (First Quarter) (\$)
Total revenues – Continuing operations ⁽¹⁾	16,724,888	12,360,578	10,492,521	13,979,876
Net income (loss)	(134,424)	877,976	1,879,499	5,660,983
Net income (loss) - CIBT Education Group Inc. shareholders – basic and diluted	(2,934,514)	21,547	89,449	5,210,614
Income (loss) per share - CIBT Education Group Inc. shareholders – basic and diluted	(0.04)	0.00	0.00	0.07

⁽¹⁾ No discontinued operations in the quarterly information presented.

Total revenues from continuing operations are predominately driven by: (a) educational revenues; (b) rental revenues; (c) development fees; and (d) revenues from other lines of business. Education revenues have increased since the acquisition of certain KGIC assets in the Third Quarter of Fiscal 2017. Education revenues are generally increase in the month of September but overall revenues are not seasonal as programs run across the entire calendar year.

Rental revenues generally increase as more units become available which occur when new real estate projects are acquired or when the construction of a project is finished. The GEC[®] Granville property rental revenue was consolidated as of March 15, 2018 and was previously included in other income.

Development fee revenues were \$12,805,410 for Fiscal 2018 (Fiscal 2017 – \$5,372,144), the recognition of which depends on the timing of investment by third parties into real estate investment limited partnerships which is driven by the status and magnitude of the real estate projects portfolio. Development fees are a recurring source of revenues as the Company continues to expand its business. Projects such as GEC[®] (Richmond) and GEC Education Mega Center[®] involve development and construction timelines spanning several years and require substantial investor subscriptions which are earned over several quarters generally in concurrent years.

Quarterly results also fluctuate due to the timing of recognition of fair value gains on investment properties, which depend on the real estate market and also the timing of purchase of a Project. Each quarter, the value of the investment properties is assessed and may result in fair value changes which the Company expects increases in the form of fair market value gains. Annually, the Company engages appraisers to evaluate the property value of each of the investment properties. Fair value changes on investment properties were \$43,497,343 for Fiscal 2018 (Fiscal 2017 - \$10,470,322), with the most significant increases realized in the Fourth Quarter of Fiscal 2018 associated with the GEC[®] Pearson investment property, with additional increases in First Quarter of Fiscal 2018, First and Second Quarters of Fiscal 2017.

Net income (loss) fluctuates based on changes in margins across all segments, and the timing of recognition of fair value gains on investment properties and development fees, which vary depending on activity in the quarter. Development fees and fair market value gains result in higher net income as associated costs of earning such income is lower than other types of revenue. Net income (loss) attributable to the Company's shareholders varies depending on the net income (loss) in the quarter and the non-controlling interest.

Fourth Quarter of Fiscal 2018 compared to Fourth Quarter of Fiscal 2017

The table below describes the financial performance of each main business unit (continuing operations) of the Company, including revenues, revenues net of associated direct costs, and selected expenses for the Fourth Quarter of Fiscal 2018 compared to Fourth Quarter of Fiscal 2017.

	Quarter Ended August 31, 2018	Quarter Ended August 31, 2017	Absolute Change	Percentage Change
Total revenues	\$ 20,204,686	\$ 16,724,888	\$ 3,479,798	21%
Total revenues net of direct costs – Overall (%)	59%	46%	13%	28%
Educational revenues – SSCC	\$ 8,419,478	\$ 6,618,924	\$ 1,800,554	27%
Educational revenues net of direct costs – SSCC (%)	64%	62%	2%	4%
Educational revenues – SSLC / VIC	\$ 5,780,050	\$ 6,081,199	\$ (301,149)	-5%
Educational revenues net of direct costs – SSLC / VIC (%)	38%	32%	6%	19%
Educational revenues – CIBT China	\$ 323,626	\$ 298,380	\$ 25,246	8%
Educational revenues net of direct costs – CIBT China (%)	43%	28%	15%	53%
Design and advertising revenues – IRIX	\$ 256,879	\$ 273,838	\$ (16,959)	-6%
Design and advertising revenues net of direct costs – IRIX (%)	84%	82%	2%	3%
Commissions and referral fees – GEA	\$ 224,077	\$ 310,384	\$ (86,307)	-28%
Commissions and referral fees net of direct costs – GEA (%)	26%	54%	-28%	-52%
Rental revenues – GECH	\$ 4,057,548	\$ 3,365,258	\$ 692,290	21%
Rental revenues net of direct costs - GECH (%)	68%	42%	27%	64%
Development fees – GECH and Corporate	\$ 1,143,028	\$ (223,095)	\$ 1,366,123	612%
Other operating expenses	\$ 9,946,810	\$ 8,108,235	\$ 1,838,575	23%
Other income (expense)	\$ 33,756,172	\$ 2,197,099	\$ 31,559,073	1436%
Gain on change in fair value of investment properties ⁽¹⁾	\$ 34,862,731	\$ 4,728,978	\$ 30,133,753	637%
Income before income taxes	\$ 35,708,072	\$ 1,756,658	\$ 33,951,414	1933%
Net income (loss)	\$ 28,725,397	\$ (134,424)	\$ 28,859,821	nm
EBITDA [non-IFRS]	\$ 36,788,298	\$ 2,685,007	\$ 34,103,291	1270%

⁽¹⁾ Included as part of other income in Annual Financial Statements

Net income was \$28,725,397 for the Fourth Quarter of Fiscal 2018 compared to a net loss of \$134,424 for the Fourth Quarter of Fiscal 2017. The increase in net revenues was driven by increases in: educational revenues of \$1,524,651, rental revenues of \$692,290, and development fees of \$1,366,123. Direct costs decreased by \$751,118. As described under *Review of Annual Results*, there were substantial gains arising from changes in the fair value of investment property, with \$34,862,731 of gain recorded in the Fourth Quarter of 2018 compared to \$4,728,978 of gain in the Fourth Quarter of 2017. General and administrative expenses increased by \$1,788,524 in the Fourth Quarter of Fiscal 2018 compared to the prior year. Income tax expense increased by \$5,091,593 in the Fourth Quarter of Fiscal 2018 versus the comparative year.

Other income (expense)

Given the non-recurring nature of certain of the recognized amounts in this financial statement category, fluctuations between comparative years are expected. Events which occurred in the Fourth Quarter of Fiscal 2018 as explained in the *Fourth Quarter and Full Year Highlights* section include, the recognition of fair value gains and on new and existing investment properties, additional financing costs associated with borrowings relate the property acquisitions, costs associated with the sales of property.

FINANCIAL POSITION AND LIQUIDITY

The following table compares selected financial position information as at August 31, 2018 and August 31, 2017:

	August 31, 2018	August 31, 2017	Dollar Change	Percentage Change
Cash and cash equivalents	\$ 33,246,248	\$ 6,880,384	\$ 26,365,864	383%
Trade and other receivables	\$ 18,327,693	\$ 9,271,204	\$ 9,056,489	98%
Total current assets	\$ 55,167,944	\$ 19,201,512	\$ 35,966,432	187%
Investment properties	\$ 144,670,000	\$ 101,010,000	\$ 43,660,000	43%
Property and equipment	\$ 62,277,524	\$ 4,142,299	\$ 58,135,225	1403%
Other non-current assets	\$ 78,721,164	\$ 42,564,477	\$ 36,156,687	85%
Total assets	\$ 340,836,632	\$ 166,918,288	\$ 173,918,344	104%
Trades and other payables	\$ 16,596,566	\$ 7,454,305	\$ 9,142,261	123%
Deferred educational revenues	\$ 23,572,827	\$ 18,452,047	\$ 5,120,780	28%
Total current liabilities	\$ 73,792,013	\$ 59,735,861	\$ 14,056,152	24%
Working capital surplus (deficit) – see below	\$ (18,624,069)	\$ (40,534,349)	\$ (21,910,280)	-54%
Total non-current liabilities	\$ 95,392,438	\$ 30,207,667	\$ 65,184,771	216%
Equity – CIBT Education Group Inc. shareholders	\$ 49,441,219	\$ 29,693,797	\$ 19,747,422	67%
Total equity	\$ 171,652,181	\$ 76,974,760	\$ 94,677,421	123%

As described in the *Fourth Quarter and Full Year Highlights* summary, total assets increased as a result of a number of items as presented above. Other non-current assets increased predominately associated with refundable deposits paid on properties under development. Total liabilities increased mainly as the result of increased: accounts payables, income taxes payable, deferred educational revenues, and additional borrowings associated with purchasing assets. At August 31, 2018, the cash balance included approximately \$16,000,000 associated with the disposal proceeds of GEC® Viva, the majority of which have been distributed to the limited partners after the reporting period. The trade and other receivables balance included \$5,415,177 of funds associated with the GEC® Burnaby Heights commercial unit sale which were received in September 2018 and used to repay a portion of the secured loans.

Negative working capital is predominately driven by substantial borrowings that when classified as current do not match the non-current classification of the Company's real estate property interests. The majority of secured loans have terms of 24 months or less and thus borrowings may be classified as current depending on the maturity of a particular loan. During the Fourth Quarter of Fiscal 2018, associated with the GEC® Viva property sale, amounts previously classified as current were repaid. Subsequent to August 31, 2018, certain loans totaling \$26,233,861 which were classified as current at August 31, 2018 were either renewed or replaced according to agreements executed before the date of filing, some of which will be classified as non-current at date of new agreement. The Company has demonstrated that they are able to secure financing on reasonable terms.

In addition, the large amount of deferred education revenues represents a liability to provide services in order to recognize revenues which will be earned in future periods as educational services are provided and reflects strong and consistent enrolment for the Company's educational business. There is no offsetting asset associated with this liability.

The following table summarizes the Company's cash flow activity. The Company's operations have been financed primarily through internal cash flow, debt financing and equity financing in the form of private placements.

	Year Ended August 31, 2018	Year Ended August 31, 2017	Dollar Change	% Change
Cash flows provided by operating activities	\$ 19,868,920	\$ 10,997,662	\$ 8,871,258	81%
Cash flows (used in) investing activities	\$ (61,405,620)	\$ (45,999,262)	\$ (15,406,358)	33%
Cash flows provided by financing activities	\$ 67,901,169	\$ 37,528,528	\$ 30,372,641	81%
Effects of exchange rate changes on cash and cash equivalents	\$ 1,395	\$ 11,486	\$ (10,091)	-88%
Increase in cash and cash equivalents	\$ 26,365,864	\$ 2,538,414	\$ 23,827,450	939%
Cash and cash equivalents, beginning of period	\$ 6,880,384	\$ 4,341,970	\$ 2,538,414	58%
Cash and cash equivalents, end of period	\$ 33,246,248	\$ 6,880,384	\$ 26,365,864	383%

Cash flow provided by operating activities increased in Fiscal 2018 compared to Fiscal 2017 mainly due to cash provided by higher net income of \$37,087,131 and increases in net non-cash working capital items mainly including increases in income taxes payable, and deferred education revenues, and offset by the increase in accounts receivable, decrease in accounts payable and accrued liabilities, and interest reserves.

Cash used in investing activities for Fiscal 2018 was associated mainly with: the deposits made on real estate properties; and purchase of an investment property including associated property and equipment, intangible assets and items associated with the investment properties. For Fiscal 2017, cash used in investing activities for Fiscal 2017 was mainly the result of: cash paid to purchase the KGIC assets, the acquisition of an apartment building and a piece of land for a future project, and related property and equipment during the year.

Cash provided by financing activities increased in Fiscal 2018 compared to Fiscal 2017, mainly as the result of: non-controlling interest capital contributions (net of distribution) of \$49,349,137 and borrowing advances under secured loans of increased \$47,329,938. These increases were mainly offset by borrowing repayment of debt increase \$41,721,456, decrease in advances from related parties of \$8,916,049, capitalized borrowing cost increased \$581,961, and increase in deferred cost of \$737,166. During Fiscal 2017, cash provided by investing activities was mainly from: completion of two private placements, issuing 6,935,332 units for gross proceeds of \$4,258,339 associated with the KGIC transaction; additional borrowings for new and existing investment properties; a non-revolving demand loan for \$2,500,000; cash provided on exercise of stock options; and non-controlling interest capital contributions. These increases were offset by cash used in the repurchase of treasury shares and the repayment of certain advances from related parties.

CAPITAL MANAGEMENT

The Company's objectives in managing capital are to safeguard the Company's normal operating requirements on an ongoing basis and to ensure sufficient liquidity to conduct its strategy of organic growth in conjunction with strategic acquisitions, and to utilize capital to provide an appropriate return on investment to its shareholders. The Company's overall capitals strategy remains unchanged from the prior years. The capital of the Company consists of: (a) net debt calculated as total borrowings less cash and cash equivalents of \$82,358,358 (2017 - \$52,723,425), and (b) shareholders' equity excluding non-controlling interests of \$49,441,219 for Fiscal 2018 (Fiscal 2017- \$29,693,797). To maintain or adjust the capital structure, the Company, from time to time, may issue new shares, issue new debt, repay debt or dispose of non-core assets. The Company monitors its capital using various financial ratios and non-financial performance indicators. The Company's primary uses of capital are to finance working capital requirements, capital expenditures and acquisitions. The Company expects current capital resources will be sufficient to carry out the expansion plans and support operations through the current operating period.

Outstanding Share Data

The authorized capital consists of an unlimited number of common shares without par value. As at November 29, 2018, the following common shares, stock options, share purchase warrants and convertible debenture conversion options were outstanding:

	Number of shares	Exercise Price	Remaining Life (Years)
Common shares	78,285,040	-	-
Stock options	1,792,500	\$0.37 - \$0.86	0.61 – 4.29
Share purchase warrants	1,962,196	\$0.75	0.23 – 0.27
Convertible debentures	1,119,782	\$0.79	3.52
Fully diluted	83,159,518		

RISK MANAGEMENT

The Company's risks related to financial instruments, including liquidity risk, credit risk, interest rate risk and currency risk, and the Company's strategy to manage risks, are described below. This is not intended to be a comprehensive discussion of all risks.

Liquidity risk

The Company is exposed to liquidity risk which is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due in the normal course of business. The Company manages its liquidity risk by monitoring its operating requirements. Cash and cash equivalents as at August 31, 2018 were \$33,246,248 (August 31, 2017 - \$6,880,384). At August 31, 2018, the cash balance included approximately \$16,000,000 associated with the disposal proceeds of GEC[®] Viva, the majority of which have been distributed to limited partnership after the reporting period. In addition, the Company has a non-revolving demand loan facility of \$2,500,000 and a demand operating credit facility of \$2,500,000. The Company anticipates capital financing could be raised if required which has it successfully raised in the past. However, there is no assurance that such financing will be available on favourable terms. Management prepares budgets and cash forecasts to ensure that the Company has sufficient funds to fulfill its financial obligations. The changes in the cash operating, investing and financing cash flows are detailed under section FINANCIAL POSITION AND LIQUIDITY above.

Commitments

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial liabilities and operating and capital commitments at August 31, 2018, shown in contractual undiscounted cash flows:

	Less than one year	2 to 3 years	4 to 5 years	Later than 5 years	Total
<i>Financial Liabilities</i>					
Trade and other payables ⁽¹⁾	\$ 16,596,566	\$ -	\$ -	\$ -	\$ 16,596,566
Income taxes payable	5,069,250	-	-	-	5,069,250
Secured loans ⁽²⁾	33,135,177	90,317,414	396,804	-	123,849,395
Finance lease payments	218,931	343,889	197,037	-	759,857
Convertible debentures	246,873	484,440	194,461	-	925,774
Total Financial Liabilities	55,266,797	91,145,743	788,302	-	147,200,842
<i>Other Commitments</i>					
Minimum rental and lease payments ⁽³⁾	4,824,946	8,155,666	6,042,689	1,680,968	20,704,269
Other ⁽⁴⁾	-	-	-	-	-
Total Other Commitments	4,824,946	8,155,666	6,042,689	1,680,968	20,704,269
Total Financial Liabilities and Commitments	\$ 60,091,743	\$ 99,301,409	\$ 6,830,991	\$ 1,680,968	\$ 167,905,111

⁽¹⁾ Includes accrued interest and interest payable on borrowings.

⁽²⁾ See Borrowings below.

⁽³⁾ Contractual operating leases for office space, campus premises, and equipment.

⁽⁴⁾ See Real Estate Projects below for commitments of limited partnerships associated with projects not yet completed.

Borrowings

The Company controls and is an investor in certain limited partnerships associated with its student housing business. These limited partnerships obtain financing to purchase the applicable real estate projects in addition to investor contributions. As the Company continues to grow its business, additional financing has been secured increasing liquidity risk. A detailed discussion of the borrowing held under secured loans is included in Note 17 to the Annual Financial Statements and the contractual obligations under these loans are summarized above in the *Commitments* table under secured loans.

The Company issued convertible debentures in the aggregate principal sum of \$1,267,800 maturing June 2022. The debentures bear interest at the rate of 4% per annum and the principal sum will be paid in monthly instalments of principal and accrued interest. The terms of the Debentures are further described in Note 17 to the Annual Financial Statements.

Real Estate Projects

The Company and certain of its subsidiaries and investment limited partnerships have entered into agreements in connection with the development of the Company's student housing arm (See Note 8 of the Annual Financial Statements). The following table provides commitments made by the Company or the limited partnerships to which the Company is an investor as at August 31, 2018.

	Less than one year	Between one and five years	Later than 5 years	Total
<u>Other Commitments</u>				
Global Education Mega Center®	\$ 65,500,000	\$ 164,400,000	\$ -	\$ 229,900,000
GEC® Richmond	15,000,000	153,287,000	-	168,287,000
Total other commitments	\$ 80,500,000	\$ 317,687,000	\$ -	\$ 398,187,000

The above amounts exclude refundable deposits made to August 31, 2018. Amounts due in less than one year represent additional deposits due under the relevant agreement during construction, with amounts due between one- and five-years representing amounts due when the constructed property is completed and purchased by the respective limited partnership. Both projects are expected to complete in the year ending August 31, 2022. These capital commitments do not include costs for renovation, furnishings, closing costs or taxes which are not committed expenditures. These commitments will be funded by: (a) subscriptions to limited partnership units in the specific real estate limited partnerships; and (b) debt financing, and to such extent do not represent a net cash outflow for the Company from current resources.

Capital Outflow Restrictions in China

Capital control exists in China. China still has many restrictions on the movement of money in and out of the country for anything except payments associated with exports and imports. Currently, a company can repatriate up to 90% of profits from their China-based operations. A portion (at least 10% for wholly owned foreign entities), must be placed in a reserve account. This reserve is capped at 50% of a company's registered capital. To distribute the remainder, a company must obtain a board resolution authorizing distribution and file an application with China's State Administration of Taxation ("SAT") that includes an annual audit, tax receipts and other documents as required. SAT will then issue a Foreign Enterprise Income Tax Payment Certificate which will enable the bank to exchange Chinese RMB into the desired currency for remission of funds. As of August 31, 2018, the amount in the statutory reserve in China is \$Nil (2017 - \$Nil).

Credit Risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial contract. Credit risk is primarily associated with trade receivables; however, it also arises on cash and cash equivalents and other receivables. Cash and cash equivalents are on deposit at major financial institutions. Management is of the opinion that credit risk with respect to accounts receivable is limited due to the ongoing evaluations of its debts and the monitoring of their financial condition to ensure collections and to minimize losses. The Company generates revenues from multiple sources and from a broad customer/client base and accordingly is not exposed to significant credit concentration risk. Accounts receivable as at August 31, 2018 is reported net of allowance for bad debts of \$1,448,856 (August 31, 2017 - \$803,072).

Credit Risk (cont'd)

The maximum exposure to credit risk is as follows:

	August 31, 2018		August 31, 2017	
Cash and cash equivalents	\$	33,246,248	\$	6,880,384
Restricted cash		249,550		249,508
Trade and other receivables		18,327,693		9,271,204
Promissory note		862,746		930,149
Refundable deposits		52,500,000		13,300,000
	\$	105,186,237	\$	30,631,245

Market Risk

This is the risk that the fair values of financial instruments will fluctuate owing to changes in market prices. The Company is exposed to currency risk and interest rate risk.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair values and future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily on its outstanding borrowings subject to floating rates of interest including the demand loan and certain mortgages held by limited partnerships in which the Company is an investor and its cash and cash equivalents. The Company monitors its exposure to interest rates and is comfortable with its exposures given its mix of fixed-and floating rate debt, with floating debt tied to the Canadian prime rate. During the year ended August 31, 2018, there was an increase in interest rate risk associated with additional borrowings. As the borrowings are recorded at amortized cost, a change in interest rates would not impact the fair value of the instruments. The weighted-average interest rate paid by the Company during the year ended August 31, 2018 on its borrowings was 6.61% (2017 – 6.33%). A 1% increase in the floating interest rate would result in a decrease in the Company's net income of approximately \$642,000 for the year ended August 31, 2018 (2017 - \$164,000).

(b) Currency Risk

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency rates. The Company conducts business in Canada, the United States, China and Hong Kong giving rise to exposure to market risks from changes in foreign currency rates. The financial risk is the risk to the Company's operations that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments or other measures to reduce its exposure to foreign currency risk. In addition, the Company is exposed to Chinese currency fluctuations and restrictions on Chinese currency exchange, which may affect the Company's ability to repatriate profits from China. The Company also holds a minor amount of cash in US dollars, the exchange rate fluctuation between Canadian dollar and US dollar will not have a material impact on net income.

Foreign currency denominated financial assets and financial liabilities which expose the Company to currency risk are as follows (shown in Chinese renminbi ("RMB") with the Canadian dollar equivalent):

	August 31, 2018		August 31, 2017	
	RMB	Canadian \$	RMB	Canadian \$
Financial assets	15,074,175	\$ 2,876,489	13,963,478	\$ 2,653,063
Financial liabilities	1,710,210	326,346	1,650,099	313,519
Exposure	13,363,965	\$ 2,550,143	12,313,379	\$ 2,339,544

An appreciation or depreciation of the RMB against the Canadian dollar of 1% results in nominal differences in both years. The 1% represents the possible exposure based on fluctuations of foreign exchanges rates during the year ended August 31, 2018.

Capital control exists in China. China still has many restrictions on the movement of money in and out of the country for anything except payments associated with exports and imports. At present, a company can repatriate up to 90% of profits from their China-based operations. A portion (at least 10 percent for wholly owned foreign entities), must be placed in a reserve account. This reserve is capped at 50% of a company's registered capital. To distribute the remainder, a company

must obtain a board resolution authorizing distribution and file an application with China's State Administration of Taxation ("SAT") that includes an annual audit, tax receipts and other documents as required. SAT will then issue a Foreign Enterprise Income Tax Payment Certificate which will enable the bank to exchange Chinese RMB into the desired currency for remission of funds. As of August 31, 2018, the amount in the statutory reserve in China is \$Nil (2017 - \$Nil).

Fair value measurement risk on investment properties

Note 7(e) to the Annual Financial Statements for the year ended August 31, 2018 provides information on the valuation and sensitivity analysis associated with investment properties. The investment properties are valued annually dependent on the highest and best use for the specific property, which does not differ from their actual use. The fair value of each investment property was determined by external independent qualified appraisers with recent experience in the location and category of the investment property being valued. At the end of each period, the Company records its investment properties taking into consideration such valuations and other market conditions. The valuation of investment properties is a level 3 fair value measurement as it involves a significant unobservable input and fluctuations in the inputs could significantly alter the fair value. There were no changes to the valuation techniques of level 3 fair value measurements in the year ended August 31, 2018 from the prior reporting period.

TRANSACTIONS WITH RELATED PARTIES AND INVESTMENT PARTNERS

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. During its normal course of operation, the Company enters into transactions with its related parties for goods and services. Transactions with related parties are in the normal course of operations and are measured at the fair value. References to "GEC® Projects" below are references to the project held by the GEC® branded limited partnership associated with the student housing arm of the business.

(a) Amounts due from officers, employees, directors and non-arm's length investors:

	August 31, 2018	August 31, 2017
Due from investor of GEC LP 2 ⁽¹⁾	\$ -	\$ 635,000
Due from GEC LP 4 ⁽²⁾	-	1,961,922
Due from Beihai College ⁽³⁾	204,126	179,398
	<u>\$ 204,126</u>	<u>\$ 2,776,320</u>

⁽¹⁾ Amount previously due from an investor in GEC Project 2, which was non-interest bearing with no set terms of payment, was repaid with the final limited partnership contribution requirements during the year ended August 31, 2018.

⁽²⁾ GEC LP 4 was an associate of the Company until March 15, 2018. The August 31, 2017 balance represented the non-eliminating portion of the intercompany account resulting from equity accounting. In addition, on January 31, 2018, one of the Company's wholly owned subsidiaries accepted a \$12,000,573 promissory note as lender associated with GEC Project 4. The promissory note was settled on March 15, 2018.

⁽³⁾ The amount due from Beihai College is non-interest bearing with no set terms of repayment the represents the non-eliminating portion of the intercompany account resulting from joint venture accounting.

(b) Amounts due to officers, employees, directors and non-arm's length investors:

	August 31, 2018	August 31, 2017
Due to officers and directors of the Company ⁽¹⁾	\$ 1,335,717	\$ 67,548
Due to the President of IRIX ⁽²⁾	126,486	145,218
Due to investors of GEC® Viva ⁽³⁾	721,871	789,681
	<u>\$ 2,184,074</u>	<u>\$ 1,002,447</u>

1. Amounts due are non-interest bearing and have no fixed terms of repayment. Transactions include amounts paid or accrued as management fees or salaries.

2. Non-interest-bearing payable has no fixed terms of repayment resulting from short-term advances and repayments.

3. Amount due to investors associated with short-term advances attract interest at 5% per annum. Subsequent to August 31, 2018, the full balance of principal and accrued interest was paid.

(c) **Amounts due to Weifang University on behalf of Beihai College:**

	August 31, 2018	August 31, 2017
Accounts receivable – Weifang University	\$ 3,741,149	\$ 2,871,054
Accounts payable – Weifang University	1,649,176	915,031
	<u>\$ 2,091,973</u>	<u>\$ 1,956,023</u>

Beihai College has a joint arrangement with Weifang University. Beihai College tuition fees received in RMB are remitted directly to the Chinese Government and retained in RMB with the Chinese Government under the account of Weifang. Weifang requests funds from this account as required to fund operations, with the net amount presented above representing the amount available to fund operations converted to Canadian dollars. The amounts due represents the Company's share and balances are non-interest bearing and have no specific terms of repayment.

(d) **Remuneration of directors and other members of key management personnel:**

	Year Ended August 31, 2018	Year Ended August 31, 2017
Management fees and salaries	\$ 2,608,412	\$ 1,137,170
Share-based payments	55,987	59,959
	<u>\$ 2,664,399</u>	<u>\$ 1,197,129</u>

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NON-GAAP FINANCIAL PERFORMANCE MEASURES

The non-IFRS financial measures do not have the standardized meanings prescribed by IFRS and are therefore unlikely to directly be directly comparable to similar measurements presented by other issuers. These performance measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-IFRS measures should be read in conjunction with the Annual Financial Statements.

Additional non-IFRS measures are line items, headings or subtotals that are relevant the understanding of the financial statements but are not mandated by IFRS.

The Company uses: (a) Earnings before Interest, Taxes, Depreciation and Amortization (“**EBITDA**”); and (b) Adjusted EBITDA which is EBITDA adjusted for the gain (loss) on change in fair value of the Company’s investment properties. Certain investors, analysts and others utilize these non-IFRS financial metrics in assessing the Company’s financial performance. These non-IFRS financial measurements have not been presented as an alternative to net income (loss) or any other financial measure of performance measure prescribed by IFRS. The following provides a reconciliation of the non-IFRS measures.

EBITDA and Adjusted EBITDA

Management uses EBITDA metrics to measure the profit trends of the business units and segments in the consolidated group since it eliminates the effects of financing decisions. Management has presented Adjusted EBITDA which subtracts the gain recognized on fair value changes on investment properties under the fair value model. These amounts represent the appreciation in value of investment properties as determined by external independent qualified appraisers with recent experience in the location and category of the investment property being valued. At the end of each period, the Company records the fair value of its investment properties taking into consideration such valuations and other market conditions. Recognized gains are not realized until the investment property is sold; however, these amounts do represent real changes in the value of the Company’s real estate portfolio.

	3 Months Ended August 31, 2018	3 Months Ended August 31, 2017	Year Ended August 31, 2018	Year Ended August 31, 2017
	(\$)	(\$)	(\$)	(\$)
Income (loss) – Continuing operations	28,725,397	(134,424)	45,371,165	8,284,034
Deduct: interest income ⁽¹⁾	(1,116,345)	(24,705)	(1,264,686)	(118,918)
Add: interest on borrowings	1,617,490	538,877	4,595,975	1,873,779
Add: income tax provision	6,982,675	1,891,082	6,982,675	1,891,082
Add: depreciation and amortization	579,081	414,177	1,811,415	1,190,329
EBITDA [non-IFRS]	36,788,298	2,685,007	57,496,544	13,120,306
Deduct: gain on changes in fair value of investment properties	(34,862,731)	(4,728,978)	(43,497,343)	(10,470,322)
Adjusted EBITDA [non-IFRS]	1,925,567	(2,043,971)	13,999,201	2,649,984

⁽¹⁾ Interest income not associated with operations. During the Fourth Quarter of Fiscal 2018 and full year Fiscal 2018, the Company earned \$1,030,145 of interest associated with deposits held related to GEC[®] Project 2 which is included in this balance.

Additional GAAP financial measures - gross margin from operations

Gross margin from operations for each business unit reported is the difference between revenue and cost of sales, divided by revenue, expressed as a percentage.

Additional GAAP financial measures - operating income

Operating income represents the revenues from operations less related direct costs and operating costs, such as general and administrative expenses, amortization of property and equipment and intangible assets, and share-based payment expense. This measure excludes other income and costs.

ACCOUNTING MATTERS

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The Company's Annual Financial Statements have been prepared in accordance with IFRS as issued by the IASB. IFRS comprises IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs") and the former Standing Interpretations Committee ("SICs"). Note 29 of the Company's Annual Financial Statements for the year ended August 31, 2018, provides details of the significant accounting policies.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the amounts reported and disclosed in the consolidated statements and related notes. Critical accounting estimates represent estimates that are uncertain and for which changes in those estimates could materially impact the consolidated financial statements. Areas of judgement and key sources of estimation uncertainty that have the most significant effect are disclosed in Note 3 to the Annual Financial Statements.

ACCOUNTING STANDARDS DEVELOPMENT

The impact of future accounting changes is disclosed in Note 4 to the Annual Financial Statements including those accounting policies which are applicable to the Company for the next fiscal year starting September 1, 2018 in Note 4(b) and the standards which are issued but not yet effective until a future date in Note 4(c). The listing includes those standards and interpretations issued that the Company reasonably expects to be applicable to the Company at a future date. The Company intends to adopt these standards when they become effective. The Company has not early adopted any other amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

OFF-BALANCE SHEET ARRANGEMENTS

Various forms of security, in addition to a mortgage over lands, have been granted by the relevant limited partnership and by the Company and certain of its subsidiaries in favour of arm's length lenders in connection with the student housing projects. The security granted gives the lenders a comprehensive level of protection against a default by the borrower in the performance of its obligations including the repayment of the indebtedness and interest thereon.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are those controls and procedures that are designed to ensure that the information required to be disclosed in the filings under Canadian Securities Administrators NI 52-109 is recorded, processed, summarized and reported within the time periods specified. The Company carried out, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on their evaluation, the Company's CEO and CFO concluded that, as of August 31, 2018, and the date of this Management's Discussion & Analysis, the disclosure controls and procedures were effective.

(b) Report of Management on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. With the participation of the Company's CEO and CFO, management conducted an evaluation of the effectiveness of our internal control over financial reporting as of August 31, 2018, based on the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will occur and not be detected by management before the financial statements are published. Controls can potentially be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any system of controls also is based on part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

In its assessment of the effectiveness in internal control over financial reporting as of August 31, 2018, the Company determined that there were no material deficiencies in the Company's internal controls over financial reporting for Fiscal 2018.

Changes in Internal Control over Financial Reporting

There have been no changes during the year ended August 31, 2018 to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

RISKS RELATED TO THE COMPANY'S BUSINESS

The Company's business, financial condition, operating results and prospects are subject to a number of risks and uncertainties which include but are not limited to the following:

- fluctuation of real estate prices
- risks related to real estate project developments generally such as interest rates and construction delays due to factors including permit issuance, construction costs and construction labour market shortages
- slow-down of international students entering into Canada
- increased competition in the sectors in which the Company has investments
- need for additional capital to complete acquisitions and expand operations
- dependence on key personnel, the Company's facility providers and educational service providers
- ability to compete effectively with competitors that have greater financial, marketing and other resources
- ability to manage planned growth and integrate new business opportunities into existing operations
- risks involving the Chinese legal system, tax system, and foreign currency limitation
- risks related to government regulations and obtaining required approvals
- the possibility that personal information that the Company collects may be vulnerable to breach, theft or loss, which could subject the Company to liability or adversely affect its reputation and operations

A more detailed description of the above risks and uncertainties, and others, can be found under the heading "Risk Factors" in the Company's annual information form for Fiscal 2018 filed under the Company's profile on SEDAR at www.sedar.com. See also above under "Forward-Looking Information".