



CIBT EDUCATION GROUP INC.

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

FOR THE YEAR ENDED AUGUST 31, 2020

CIBT EDUCATION GROUP INC.
(the “Company” or “CIBT”)
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

The following Management’s Discussion & Analysis (“**MD&A**”) is prepared in accordance with Form 51-102F1, and should be read in conjunction with the consolidated financial statements and related notes for the year ended August 31, 2020 (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. In March 2020, the World Health Organization declared a global pandemic caused by the outbreak of the novel coronavirus, specifically identified as “COVID-19”. The full impact of the COVID-19 outbreak continues to evolve at the date of this report.

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

1. The Company expects the impacts of COVID-19 on education revenues will be most material for the first three quarters or longer if the pandemic continues longer than anticipated: the underlying material factors or assumptions are that domestic students will continue their education despite the COVID-19 outbreak; that new enrolments of domestic students will continue to occur; that international students currently enrolled will likely continue their education with the Company; and that new enrollments of international students will likely start to see an increase over the next several quarters in response to the Canadian government allowing international students to return to attend Canadian approved schools as of late October 2020.
2. Occupancy in the Company’s GEC® branded properties will continue to be impacted due to COVID-19 related travel restrictions but management believes that near full occupancy will be achieved after the border opens and rental space under management is expected to grow back to normal over time: the underlying material factors or assumptions are that COVID-19 will not impact international students already admitted to Canada or already issued a study permit and that the Company’s own education subsidiaries and its partner schools will also provide a supply of students into its student housing projects; that GEC® branded housing projects will remain the preferred choice for local and incoming students; that the number of domestic students arriving from across Canada will increase in most GEC® properties replacing many international student occupants, subject to the re-opening of borders.
3. The building permits for GEC® King Edward II, other than the initial building permit which was issued in October 2020, are expected before December 2020: the underlying material factor or assumption is that the City of Vancouver (“**CoV**”), which has experienced delays in activities such as the issue of building permits due to COVID-19, will be able to make progress working through the backlog of applications.
4. The rezoning process for GEC Education Mega Center® that was expected to be completed in Q4 2020 (but which was delayed due to a requirement to resubmit the rezoning plan which was done in November 2020) is now expected to be completed in 2021: the underlying material factor or assumptions are that the processes such as public hearing, professional report submission, and approval from the City of Surrey without any further changes will, despite the COVID-19 pandemic, continue at a pace which will enable the planned timetable to be achieved.
5. The rezoning process for GEC® Oakridge is expected to be completed in 2021: the underlying material factors or assumptions are that the processes such as public hearing, professional report submission, and approval from the CoV will continue during the COVID-19 pandemic at a pace which will enable the planned timetable to be achieved.

6. Rezoning approval for the revised development plan for the GEC[®] Cyber City project is typically within 12 months from the Council's First Reading according to City of Richmond ("CoR") published guidelines: the underlying material factors or assumptions are that the processes such as public hearing, professional report submission, and approval from the CoR without any further changes will, despite the COVID-19 pandemic, continue at a pace which will enable the planned timetable to be achieved.
7. The construction completion for Global Education City[®] (Richmond) is expected to occur within 36 months after construction started: the underlying material factors or assumptions are that the developer will obtain sufficient financing and that the current availability levels of sub-trades required to complete the construction will be maintained.
8. The conversion of selected units of GEC[®] Marine Gateway, which was acquired on October 27, 2020, from market rental apartments to the higher density "GEC[®] rental", will add to the existing and growing GEC[®] portfolio with an average rent per square foot that is expected to be higher market rental rates and therefore generate higher revenue: the underlying material factors or assumption is that the end of existing tenancies will occur on a timely basis in order to facilitate the conversion of selected units.
9. Development fees are expected to be a recurring source of revenues: the underlying material assumption is that the Company's student housing development business will continue to expand.
10. 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; there are no significant government policy changes, and that these projects can be completed in a reasonable amount of time as determined by the Company and the developers.

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 apply as of the date of this MD&A, and the Company assumes no obligation to update or revise 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" and elsewhere in the Company's annual information form for the financial year ended August 31, 2020 which is available under the Company's profile on SEDAR (www.sedar.com).

All figures are in thousands of Canadian dollars except share and per share data unless otherwise noted.

This MD&A has been prepared as of November 30, 2020. In this MD&A, the following terms have the meanings shown:

"**Annual Financial Statements**" means the Company's consolidated financial statements for Fiscal 2020.

"**Fiscal 2021**" means the fiscal year ending August 31, 2021

"**Fiscal 2020**" means the fiscal year ended August 31, 2020

"**Fiscal 2019**" means the fiscal year ended August 31, 2019

"**Fiscal 2018**" means the fiscal year ended August 31, 2018

"**Q1 2021**" means the three months ending November 30, 2020

"**Q2 2021**" means the three months ending February 28, 2021

"**Q3 2021**" means the three months ending May 31, 2021

"**Q4 2021**" means the three months ending August 31, 2021

"**Q1 2020**" means the three months ended November 30, 2019

"**Q2 2020**" means the three months ended February 29, 2020

"**Q3 2020**" means the three months ended May 31, 2020

"**Q4 2020**" means the three months ended August 31, 2020

"**Q1 2019**" means the three months ended November 30, 2018

"**Q2 2019**" means the three months ended February 28, 2019

"**Q3 2019**" means the three months ended May 31, 2019

"**Q4 2019**" means the three months ended August 31, 2019

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**”); (b) Adjusted EBITDA which is EBITDA adjusted for the gain (loss) on change in fair value of the Company’s investment properties and the gain (loss) on change in fair value of derivative instruments; and (c) Book Value per share. 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 30, 2020

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CIBT EDUCATION GROUP INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR YEAR ENDED AUGUST 31, 2020

NATURE OF BUSINESS

CIBT is an education and student-centric rental apartment and development company focused on the Canadian and global education market since 1994. The Company's common shares are 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 business provides student housing in the Metro Vancouver area, British Columbia. The Company controls and is an investor in limited partnerships that own a network of serviced apartments and one hotel. Certain subsidiaries of the Company act as general partner and manager to these limited partnerships.

The Company's operating entities are as follows:

Legal / Operating Entity	Business Description
Global Education City Holdings Inc. ("GECH")	Investment holding, development and management company with a focus on student housing real estate projects such as serviced apartments and hotels for domestic and international students as well as technology professionals in the Metro Vancouver area of British Columbia.
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") and Vancouver International College ("VIC")	English as a Second Language College, offering accredited programs such as General English (ESL), College Preparation/Pathway, Business English, Medical English, English Language Test Preparation, Vacation English and Online English. Career-training College, offering accredited programs in the following fields: Business Management, Customer Service, TESOL Teacher Training; Interpreting and Translation for Koreans and Online English Teacher Training
Global Education Alliance Inc. ("GEA")	Recruitment of international students and on-ground concierge services for elite kindergarten, primary, secondary school and university students coming to study in North America.
CIBT School of Business & Technology Corp. ("CIBT China")	College program provider offering automotive technical training, English teacher preparation, English as Second Language, and accounting programs in China.
IRIX Design Group Inc. ("IRIX")	Design and advertising company which mainly services the real estate industry.

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

FOURTH QUARTER AND FULL YEAR HIGHLIGHTS

The COVID-19 pandemic continues to evolve and impacted the Company in Q3 and Q4 2020. The length and severity of the COVID-19 outbreak across the globe is unknown and may continue to cause general economic uncertainty in key global markets and a worsening of global economic conditions which may cause continued low levels of economic growth. The pace of recovery following the COVID-19 outbreak cannot be accurately predicted and may be slow. To date, the most material economic impacts of COVID-19 on the Company include lower revenues associated with decreased enrolment of international students and related services associated with travel restrictions as further described in section, *Review of Annual Financial Results - Fiscal 2020 compared to Fiscal 2019 - Educational*. To a lesser extent lower occupancy at the Company's hotel property has resulted in lost revenues. References to COVID-19 are made throughout this MD&A to describe significant changes in financial results.

Adoption of IFRS 16 – Leases at September 1, 2019

As of September 1, 2019, the Company adopted IFRS 16, *Leases* (“**IFRS 16**”) using a modified retrospective approach. As a result of this method of adoption, comparative information presented for the prior period has not been restated and the cumulative effect of initially applying IFRS 16 has been recognized on September 1, 2019, at the date of initial application. The adoption of IFRS 16 resulted in higher EBITDA and Adjusted EBITDA for year ended August 31, 2020 due to changes in the recognition and classification of lease costs from operating costs (rent expense) to depreciation and amortization and finance costs, but had a minimal impact on net income (loss). The adoption of IFRS 16 had no net cash impact. Refer to section *Adoption of New Accounting Standards* on page 23 of this document for impact.

Real estate portfolio and transactions

Except for GEC® Viva, the Company’s subsidiaries hold equity in and control the limited partnerships that beneficially own the property comprising the Company’s education related real estate projects.

Investment Property Fair Value

Investment properties are measured initially at cost, including transaction costs. 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 recognized 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. 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 gains or losses on disposition 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 properties are purchased to support the student housing business and the strategy is to hold buildings for between three to five years. Therefore, the Company believes that applying the fair value model presents a more accurate reflection of the value of these properties at the end of each reporting period compared to waiting to recognize fair market changes until exit. Historical record shows property values in Metro Vancouver have increased steadily over the past 43 years¹.

The fair value of investment properties at August 31, 2020 was \$246,327 (August 31, 2019 - \$201,450). During the year ended August 31, 2020, the Company capitalized developments costs of \$2,728 and interest costs of \$9,329 associated with properties under development (year ended August 31, 2019 - \$1,326 and \$2,072).

The following table summarizes the total, unrealized and realized fair value gains (losses) on investment properties since the purchase closing date of each of the properties to August 31, 2020. The total gain (loss) 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.

			Total gain (loss)		Unrealized	Realized
Properties sold	Sale date	\$	17,477	\$	-	\$ 17,477
GEC® Viva	August 2018		17,477		-	17,477
Revenue producing properties	Purchase date	\$	44,327	\$	43,039	\$ 1,288
GEC® Pearson ⁽¹⁾	August 2018		37,785		37,785	-
GEC® Burnaby Heights ⁽²⁾	October 2016		6,542		5,254	1,288
Properties under development	Purchase date	\$	25,549	\$	25,549	\$ -
GEC® King Edward ⁽³⁾	October 2017		(559)		(559)	-
GEC® CyberCity – land ⁽⁴⁾	September 2016		10,845		10,845	-
GEC® EMC ⁽⁵⁾	August 2019		11,590		11,590	-
GEC® Oakridge – land ⁽⁶⁾	February 2020		3,673		3,673	-

(1) Fair value loss recognized during Fiscal 2020 of \$2,470 (Fiscal 2019 and prior – gain of \$40,255)

(2) Fair value gain of \$990 recognized during Fiscal 2020. Fair value gain realized on sale of commercial units in Fiscal 2018.

¹ <http://members.rebgv.org/news/REBGV-Stats-Pkg-September-2020.pdf>

- (3) Fair value loss recognized during Fiscal 2020 of \$2,012 (Fiscal 2019 and prior – gain of \$1,453)
- (4) Fair value loss recognized during Fiscal 2020 of \$593 (Fiscal 2019 and prior – gain of \$11,438).
- (5) Fair value loss recognized during Fiscal 2020 of \$3,714 (Fiscal 2019 – gain of \$15,304).
- (6) Fair value gain recognized during Fiscal 2020 of \$3,673.

Note 5(e) of the Annual Financial Statements includes a sensitivity analysis of the impact of changes of unobservable inputs on the fair value of investment properties. During Fiscal 2020, net losses on change in fair value of investment properties were \$5,730 with \$13,991 of net losses recognized in Q4 2020. This amount includes the loss of \$1,604 associated with the right-of-use investment property which is not presented above. While management reviews the fair value of investment properties at the end of each reporting period, external appraisals were completed only at August 31, 2020.

Various factors associated with the economic impacts of COVID-19 have been incorporated in determining these fair values as of August 31, 2020 when the Canadian-U.S. border was closed to all non-essential travel and when international students were not able to travel to Canada. At the date of this report, land travel from the United States was still restricted. The Company expects that occupancy levels for revenue producing properties will return to pre-COVID-19 levels by late Fiscal 2021 which could result in increased fair value. The Company also expects fair value for properties under development will increase when transaction levels and market confidence return to normal levels.

Real Estate Transactions

GEC[®] Oakridge (“Project 10”)

In January 2019, a subsidiary of the Company entered into purchase and sale agreements for the purchase of three parcels of land. The Company completed the purchase of the lands at a total purchase price of approximately \$30 million and assigned them to the applicable limited partnership in Q2 2020. GEC[®] Oakridge is expected to be an 18-level concrete market-rental apartment with capacity for over 400 occupants. The Company currently expects construction to commence in early calendar 2022.

GEC[®] Marine Gateway (“Project 11”)

In June 2020, a subsidiary of the Company entered into an agreement to purchase two fully occupied rental apartment buildings located in Metro Vancouver. The transaction closed on October 27, 2020 for a total purchase price of \$48,500 before closing costs. These two buildings have the capacity to accommodate approximately 250 occupants, expected to be a mix of students and local residents, and the addition of this property to the GEC[®] property portfolio will continue to allow the Company to support the demand for rental properties in Vancouver. Most universities in Metro Vancouver have announced plans to suspend their dormitory style accommodation until late fall 2020 or January 2021, which makes this planned property addition a much-needed increase in the supply to the student housing market.

Borrowings

During Fiscal 2020, limited partnerships controlled by the Company borrowed \$75,500 under new financing arrangements, issued convertible promissory notes totaling \$23,800 and repaid existing loans of \$37,532. Borrowings are predominately used to finance real estate projects and \$46,300 of this amount was associated with Project 10 and Project 11 which were new in Fiscal 2020. In Q1 2021, the Company entered additional financing arrangements including construction loans for GEC[®] King Edward II, loans associated with the purchase of Project 11, and other refinancing.

INDUSTRY GROWTH PROSPECT

Canada was ranked as the #1 best country in the world for study abroad by educations.com Country Rankings 2020¹ and was ranked as the #3 best country for education in the world by U.S. New ranking.² In recent years, Canada has experienced a huge increase in its international student count. The latest federal government data shows that Canada had 642,480 international students at the end of 2019, surpassing the target of 450,000 by 2022 a few years early. This growing population contributes more than \$21.6 billion annually to the Canadian economy and supports over 170,000 Canadian jobs. Canada’s international student population has almost tripled over the past decade. According to the Canadian federal government publication International Education Strategy 2019-2024³, the government has budgeted \$149.7 million to be allocated over five years to growing and sustaining Canada’s international education followed by \$8 million per year of ongoing funding to ensure that Canada will remain among the world’s top destinations for learning.

¹ <https://www.educations.com/top-10-lists/top-10-places-to-study-abroad-global-18096>

² <https://www.usnews.com/news/best-countries/best-education>

³ <https://www.international.gc.ca/education/assets/pdfs/ies-sei/Building-on-Success-International-Education-Strategy-2019-2014.pdf>

Canada offers one of the world's most attractive packages to international students as they are eligible to work part time to support their expenses and gain work experience. Upon completion of their programs, students may choose to apply for post-graduate work permits and are offered various immigration pathways to stay in Canada.¹ The high growth in demand from students in the emerging markets to study in countries like Canada, coupled with the Canadian government's support to attract more international students, presents the Company perfect opportunities to use its infrastructure to further expand its market share. Canada's effective management of the COVID-19 pandemic has added confidence to international students coming to study in Canada.

The Conference Board of Canada reports the surging international population is due to the demand for international education and increased wealth in emerging markets in Asia, Africa, and the Middle East.² While China is the single largest student exporting country in the world, India, South Korea, Japan, Spain, Saudi Arabia, Mexico and many other countries from Asia, Latin America and Middle East regions have also been the feeder source of international students to Canada over the years. Notwithstanding the good fundamentals for Canada to be one of the best countries for education, the COVID-19 pandemic has impacted the postsecondary education industry and triggered a mass experiment in online education³ with many students having returned to their home country due to the physical closure of schools.

COVID-19 has impacted the Company's international portion of the education business in Q3 and Q4 2020 while the domestic enrolment experienced steady growth. The Company expects the impact on the international portion will be most material for the first three quarters of Fiscal 2021, or longer if the pandemic continues longer than anticipated. Recent announcements by the U.S. and Canadian health departments estimating that a vaccine for COVID-19 will become available in early calendar 2021 is expected to support the expected economic recovery throughout Fiscal 2021. Despite the decrease in the issuance of international study permits, online education may still be eligible for international students to obtain a Canadian work permit after studies, which means the new mode of delivery makes the Canadian education system a more affordable option.⁴ The Company expects the domestic and international students currently enrolled will continue their education with the Company. In addition, Immigration, Refugees and Citizenship of Canada (IRCC), announced that international students are permitted to enter Canada commencing October 20, 2020⁵ if they will be attending eligible institutions. The revenue related to enrollment of domestic students is expected to increase steadily. The revenue related to new enrollments of international students is expected to remain stagnant in the near-term and then is expected to increase over the next several quarters as international students return to Canada. SSCC, SSLC BC and Ontario and VIC have all been verified as eligible institutions.

In British Columbia, where the majority of the Company's education and real estate assets are located, there are approximately 130,000 foreign students who are contributing over \$3.5 billion annually to the economy (2017).⁶ 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 2029. 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 a limited number of beds available. As of June 2020, the vacancy rate for rental apartments in Vancouver was approximately one percent.⁷

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

The student housing market is an estimated \$1.12 billion market in British Columbia at an estimated average of \$10,000 per student.⁸ 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 to capture the value of this market. The Company is actively working with developers to provide serviced apartments and hotels

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

² <https://www.conferenceboard.ca/commentaries/immigration/default/hot-topics-in-immigration/2018/04/09/why-are-international-students-flocking-to-canada>

³ https://thoughtleadership.rbc.com/the-future-of-post-secondary-education-on-campus-online-and-on-demand/?utm_source=event&utm_medium=vanity&utm_campaign=ent_onlineeducation

⁴ <https://www.cicnews.com/2020/05/want-to-work-in-canada-and-immigrate-0514395.html#gs.hrd8pc>

⁵ <https://www.canada.ca/en/immigration-refugees-citizenship/news/2020/10/government-introduces-new-border-measures-to-protect-canadian-public-health-provides-update-on-travel-restrictions.html>

⁶ https://archive.news.gov.bc.ca/releases/news_releases_2013-2017/2017AVED0018-000393.htm

⁷ <https://goodmanreport.com/market-insights/2020-mid-year-review/>

⁸ <https://www2.gov.bc.ca/assets/gov/education/post-secondary-education/data-research/stp/stp-international-research-results.pdf>

catering to both Canadian and international students and teaching faculty at various locations. As a secondary market, selected properties can also cater to visiting technology workers and working professionals. 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.¹

OUTLOOK FOR FISCAL 2021

Education Business

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 these new ventures provide SSCC students with unique and exciting opportunities.

SSLC specializes in English language training and business career programs designed for international students. SSCC and SSLC including VIC will continue to create synergies that will provide students with more options and choices for their future development.

Student Housing Business

GECH, which operates the student housing business of the Company, expects to continue to expand both its student housing rental revenue and investment portfolio in Fiscal 2021. The students at its partner institutions and its own schools provide a customer source for the Company's student housing business. COVID-19 has negatively impacted the revenue of current operating properties, but it is believed that the return of international students to Vancouver will result in increased occupancy of GEC[®] rental units to level which is acceptable given the current environment. International students with a valid study permit and attending a school which has met the COVID-19 readiness criteria are, as of October 20, 2020, permitted to enter Canada despite other border restrictions remaining in place. The Company's property management business is also able to adapt to market changes as evidenced by the new self-isolation package offered. In addition, the purchase of GEC[®] Marine Gateway which is currently 90% leased to students and local residents, will result in a steady rental income in Fiscal 2021 and upon conversion of selected units from market rental apartments to higher density GEC[®] rental units will add to the existing and growing GEC[®] portfolio with an average rent per square foot that is expected to be higher than market rental rates and therefore generate higher revenue. The Company expects that, as a vaccine against COVID-19 become widely available in Fiscal 2021, borders will begin to reopen and occupancy in GEC[®] rental units will increase in future quarters.

The Company's current projects under development include GEC[®] King Edward II, Global Education City[®] (Richmond), GEC[®] Cyber City, GEC Education Mega Center[®], and GEC[®] Oakridge. The timing of development of these projects is dependent on the approval of the applicable city for authorization of rezoning, development, building and occupancy permits depending on the stage of development for the project. The low interest rate environment provides an opportunity for GECH to continue acquiring under-valued residential assets, and these projects will strategically expand the GEC[®] footprint, as well as contribute to the Company's development fee revenues throughout Fiscal 2021.

In addition, the Company plans to continue to utilize its existing education business student base as tenants for GECH's student housing in Fiscal 2021. Tenants in the student housing that come from diversified educational institutions and countries mitigate specific institution and country risks. In the future, GECH's scalable real estate business is expected to benefit the Company in the following ways: development fee revenues, steady stream of rental revenue, ongoing management fees, and fair value gains on investment property.

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¹ <http://www.theglobeandmail.com/news/british-columbia/bc-tech-sector-growing-so-fast-its-hard-to-measure-size-of-industry/article32953219/>

SELECTED ANNUAL INFORMATION

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

	For the years ended August 31,		
	2020	2019	2018
Total revenues	\$ 62,548	\$ 70,997	\$ 74,900
Cost of operations	\$ 25,639	\$ 30,723	\$ 28,907
Gross margin	\$ 36,909	\$ 40,274	\$ 45,993
Other operating expenses	\$ 32,769	\$ 36,496	\$ 34,468
Finance costs	\$ 8,168	\$ 6,594	\$ 5,636
Loss (gain) on change in fair value of investment properties	\$ (5,730)	\$ 20,116	\$ 43,497
Other income (expense), net	\$ 5,317	\$ (1,213)	\$ 2,968
Income (loss) before income taxes	\$ (4,441)	\$ 16,087	\$ 52,354
Income tax (recovery) expense	\$ 310	\$ 1,155	\$ 6,983
Net income (loss)	\$ (4,751)	\$ 14,932	\$ 45,371
Net income attributable to CIBT shareholders	\$ 1,229	\$ 2,614	\$ 19,942
Income (loss) per share – CIBT shareholders			
Basic	\$ 0.02	\$ 0.03	\$ 0.25
Diluted	\$ (0.01)	\$ 0.03	\$ 0.25
EBITDA [non-IFRS]	\$ 9,119	\$ 26,294	\$ 57,496
Total assets	\$ 452,767	\$ 389,670	\$ 340,835
Total non-current liabilities	\$ 111,273	\$ 113,824	\$ 95,392

Accounting policies under IFRS were consistently applied across all periods except for:

- Adoption of IFRS 16 on September 1, 2019 which had little impact on net income (loss); however, did result in the expenses associated with leases being presented on different line items and higher EBITDA as noted in the section *Fourth Quarter and Full Year Highlights*.
- The change from equity accounting to consolidation accounting for the limited partnership which previously owned the GEC® Granville project (“LP 4”) as of March 15, 2018. The property previously held by LP 4 was consolidated by the Company at August 31, 2018; however, only a share of the net loss of the operation was included up to March 15, 2018 with 100% thereafter.
- The adoption of IFRS 9 and IFRS 15 as at September 1, 2018 which did not have a material impact on results.

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REVIEW OF ANNUAL FINANCIAL RESULTS

The table below describes the financial performance of each main business unit (continuing operations) of the Company for Fiscal 2020 compared to Fiscal 2019. Information by business segment is presented in Note 29 to the Annual Financial Statements. This information should be read in conjunction with the Annual Financial Statements.

	Fiscal 2020	Fiscal 2019	Dollar change	Percentage change
Total revenues	\$ 62,548	\$ 70,997	\$ (8,449)	(12)%
Total revenues net of direct costs – Overall (%)	59%	57%	2%	4%
Educational revenues – SSCC	\$ 37,036	\$ 35,433	\$ 1,603	5%
Educational revenues net of direct costs – SSCC (%)	62%	62%	0%	0%
Educational revenues – SSLC / VIC	\$ 7,173	\$ 13,865	\$ (6,692)	(48)%
Educational revenues net of direct costs – SSLC / VIC (%)	33%	41%	(8)%	(19)%
Educational revenues – CIBT China	\$ 2,666	\$ 2,763	\$ (97)	(4)%
Educational revenues net of direct costs – CIBT China (%)	39%	43%	(4)%	(9)%
Design and advertising revenues – IRIX	\$ 716	\$ 862	\$ (146)	(17)%
Design and advertising revenues net of direct costs – IRIX (%)	78%	78%	0%	0%
Commissions and referral fees – GEA	\$ 401	\$ 692	\$ (291)	(42)%
Commissions and referral fees net of direct costs – GEA (%)	54%	34%	20%	60%
Rental revenues – GECH	\$ 10,016	\$ 13,035	\$ (3,019)	(23)%
Rental revenues net of direct costs – GECH (%)	53%	46%	7%	14%
Development fees – GECH and Corporate	\$ 4,540	\$ 4,347	\$ 193	4%
Other operating expenses	\$ 32,769	\$ 36,496	\$ (3,727)	(10)%
Finance costs	\$ 8,168	\$ 6,594	\$ 1,574	24%
Loss (gain) on change in fair value of investment properties	\$ (5,730)	\$ 20,116	\$ (25,846)	(128)%
Other income (expense), net	\$ 5,317	\$ (1,213)	\$ 6,530	538%
Income (loss) before income taxes	\$ (4,441)	\$ 16,087	\$ (20,528)	(128)%
Net income (loss)	\$ (4,751)	\$ 14,932	\$ (19,683)	(132)%
Net income attributable to CIBT shareholders	\$ 1,229	\$ 2,614	\$ (1,385)	(53)%
Income per share – CIBT shareholders - basic	\$ 0.02	\$ 0.03	\$ (0.01)	(33)%
Income (loss) per share – CIBT shareholders - diluted	\$ (0.01)	\$ 0.03	\$ (0.04)	(133)%
EBITDA [Non-IFRS]	\$ 9,119	\$ 26,294	\$ (17,175)	(65)%

Fiscal 2020 compared to Fiscal 2019**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, 2020 were \$19,954 (August 31, 2019 - \$22,416) which primarily represents revenues which will be recognized as programs are provided by each education business over the next one to two fiscal years depending on the various types of programs. This is lower than deferred revenues at August 31, 2019 which is indicative of the impact on international student enrolment caused by COVID-19 related travel restrictions. Deferred revenues associated with the domestic student market have increased over last year. The overall decreased enrolment resulted in lower revenues and will continue until such time as enrolment recovers.

During Fiscal 2020, the Company's education subsidiaries recognized \$5,181 of other income claimed under the Canadian Emergency Wage Subsidy ("CEWS") program sponsored by the Government of Canada. The Company reports these grants as other income and thus the calculation of margins does not include the impact of the CEWS in order to maintain comparability of margins over time.

- Revenues for SSCC increased in Fiscal 2020 as the Company continued to recruit students and enrolment was higher for domestic courses than in Fiscal 2019. In March 2020, SSCC suspended the majority of classes for only a few days with instruction resuming online thereafter. The revenue stream from most college programs is funded through government student loans; therefore, management believes the impact of COVID-19 will be minimal as student enrolment continues to be strong. International student annual enrolment decreased by 45% in Fiscal 2020 compared to Fiscal 2019 with associated revenues decreasing by \$1,442. Enrolments for SSCC international students who are not already in a program are expected to increase in January 2021 allowing for administrative time for the government to process visa applications. Margins for SSCC remained consistent for Fiscal 2020 and Fiscal 2019 but increased by 7% incorporating the impact of the wage subsidy.
- Revenues for SSLC/VIC decreased in Fiscal 2020 mainly as the result of lower enrolment in SSLC courses including VIC ESL courses. In March 2020, the majority of international students returned home and only a small portion continued study on-line. The majority of students were refunded course tuition. New registrations significantly declined from prior years given travel restrictions. Any significant increases in international student enrolment in language and career programs is not expected to commence until at least January 2021 as explained above. In addition, the Company has been in the process of integrating SSLC and VIC language courses under the SSLC brand and as a result of COVID-19, management has decided that VIC ESL courses will no longer be offered. New registrations will be in either SSLC or VIC career courses. Margins decreased in Fiscal 2020 mainly associated with costs not proportionally decreasing with the reduced revenues. For Fiscal 2020, margins would have been 40% taking into consideration the impact of the wage subsidy on direct costs.
- Revenues for CIBT China decreased in Fiscal 2020 by 4%. Despite the initial outbreak of COVID-19 being located in China, the Company's Chinese operations were not significantly impacted, and classes continued throughout the quarter at Beihai College. Revenues and deferred revenues associated with Beihai College increased due to additional student enrolment and growing demands for western education for students in China who are currently unable to study abroad. Certain teacher training services were suspended due to travel restrictions at CIBT China's other divisions resulting in the overall decrease in revenues. Margins were lower by 4% and are impacted by the mix of services provided as there are different margins by service.

Real estate and student housing

- Rental revenues decreased in Fiscal 2020 mainly due to lower revenues for GEC[®] Granville and GEC[®] Viva, offset by an increase in revenues for GEC[®] Pearson. Lower density resulted from lower occupancy necessitated by social distancing requirements and travel restrictions resulting in lower revenues. These decreases were expected by management as the result of COVID-19 related travel restrictions including the Canada-U.S. border closure which impacted occupancy at the Granville hotel property and to a much lesser extent occupancy at GEC[®] Viva due to fewer international students. For Fiscal 2020, rental revenues were supported by GEC[®] Pearson as the buildings leased up after completion compared to Fiscal 2019.
- Occupancy rates for GEC[®] Granville were abnormally low for March to August 2020 due to the closure of the Canada-U.S. border resulting in lower revenues. GEC[®] Granville occupancy started to rebound to pre-COVID-19 levels in September 2020. Management expects occupancy will return to normal levels by late Fiscal 2021, dependent on the timing of full reopening of the border.
- In Fiscal 2020, direct costs decreased due to: (a) less direct costs associated with the GEC[®] VIVA right-of-use asset treatment under IFRS 16 which resulted in a classification change of certain rent costs from direct to indirect costs; (b) less commissions associated with booking revenue; (c) lower overall expenses as a result of cost reduction measures; offset by (d) increase in insurance costs. While margins increased overall, GEC[®] Granville margins decreased in Fiscal 2020 compared to Fiscal 2019 due to the costs not reducing proportionately with the lower revenues. The Company is working to mitigate the impact of lost bookings from tourists by marketing to long-term stay students and students from universities needing accommodation because of dormitory closures. Management has established cost management measures for all its properties.
- 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. During Fiscal 2020, development fee revenues earned were associated with Global Education City[®] (Richmond) ("GEC Project 9"), GEC[®] Oakridge and GEC[®] Marine Gateway (Fiscal 2019 - GEC Project 9 and GEC[®] Oakridge). All costs associated with earning development fee revenues are included in general and administrative costs. The timing of recognition of development fee revenues are dependent on when qualifying subscribers invest in the real estate investment limited partnerships the timing of which depends on the individual project, with most investments occurring near the beginning of the project, which is driven by the status and magnitude of the real estate projects portfolio. The Company has continued to secure substantial equity investments for its properties under development as required despite COVID-19.

Other revenues representing less than 1% each of the Company's consolidated revenues on an annualized basis

Design and advertising business

Revenues of IRIX decreased in Fiscal 2020 compared to Fiscal 2019. IRIX revenues fluctuate based on the number and type of contracts which is impacted by the strength of the residential real estate market in the area serviced. Starting in March 2020, IRIX's business was impacted as most real estate developers had suspended operations as a result of COVID-19 and thus contract work had been temporarily suspended. In August 2020, the real estate and the consumer sectors re-started marketing efforts and IRIX's revenue increased to approximately 80% of pre-COVID levels. The Company expects IRIX's revenues to increase to normal levels in Fiscal 2021.

Commission and referral fees

Revenues of GEA, which are included in the CIBT China operating segment, decreased in Fiscal 2020 compared to Fiscal 2019. Revenues are dependent on successful recruitment of students and the level and timing of other student services provided. While these services have continued in part, they are impacted by COVID-19 and the Company anticipates that revenues will continue to decrease in future quarters as certain programs may not resume. In January 2020, the Company signed an exclusive agreement to recruit international students for City University of Seattle - Vancouver Campus and during February 2020 a full class commenced. The registration for the City University partnership program has grown substantially with two new classes starting since the start of the COVID-19 pandemic and total registration exceeding 100 students at August 31, 2020.

Other operating costs (general and administrative expenses, amortization, and share-based payment expense)

- General and administrative expenses decreased by \$6,078 across all categories aside from a small increase in salaries and benefits. In conjunction with the CEWS program, the overall employee base remained relatively stable and increases were in the form of additional benefits. Management reduced spending in response to lower revenues due to COVID-19 which resulted in lower costs. Rent expense decreased by approximately \$5,172 for Fiscal 2020 as certain costs previously recognized as rent are recognized as amortization of right-of-use assets and interest expense because of the adoption of IFRS 16. Consulting and professional fees fluctuate based on the Company's transaction activity.
- Amortization of property, equipment and intangible assets, which are non-cash expenses, increased in Fiscal 2020 due to the addition of depreciation on right-of-use assets of \$2,940 for Fiscal 2020 associated with the implementation of IFRS 16. The increase was offset by a decrease in depreciation for property and equipment.

Finance costs

- Finance costs include interest expense on borrowings, finance fees (including accretion of deferred finance fees), accretion of lease liabilities and changes in fair value of derivatives. Finance costs slightly increased over the comparative quarter. Associated with IFRS 16, this balance included accretion of the lease liability which did not exist in the comparative period. The Company recorded a gain on the change in fair value of embedded derivatives. These derivatives are remeasured each reporting period end with changes in fair value recorded in finance costs.

Fair value changes on investment property

- As described in the section *Fourth Quarter and Full Year Highlights – Real estate portfolio and transactions - Investment Property Fair Value* above, during Fiscal 2020 the value of investment properties held by the Company were impacted by COVID-19 and while certain properties recognized gains, several properties recognized losses for the first time. In addition, there was a fair value loss of \$1,604 recognized associated with the GEC[®] Viva right-of-use asset classified as an investment property. The fair value of the right-of-use asset, not the entire property, is remeasured each reporting period based on remaining cash flows receivable under the lease at the applicable discount rate. The Company expects that there will be a fair value loss each reporting period until the end of the lease in August 2023 which will reduce the right-of-use asset to zero.

Other income (expense), net

During Fiscal 2020, other income (expense), net, which increased from Fiscal 2019, includes interest and other income, government grants and foreign exchange gains offset by impairment of intangible assets. Given the non-recurring nature of certain items in this financial statement category, fluctuations between comparative years are expected. The majority of the increase in Fiscal 2020 compared to Fiscal 2019 is:

- Interest income and other increased by \$2,431 associated mainly with interest earned starting in August 2020 on a deposit due from the developer of GEC Project 9. Interest income will continue to accrue until the deposit is received.
- Wage subsidies totalling \$5,793 under the CEWS were recognized as other income in Fiscal 2020.

- Non-cash impairment losses on intangible assets and goodwill of \$3,556 were recognized associated with the SSLC/VIC operating segment which were directly associated with the decline in international student enrolment for the language schools. During Fiscal 2019, non-cash impairment losses on intangible assets were \$1,682.

Income Taxes

During Fiscal 2020, income tax expense was \$310 comprised of current tax expense of \$1,319 offset by deferred tax recovery of \$1,009. During Fiscal 2019, income tax expense was \$1,155 comprised of current tax expense recovery of \$4,484 offset by deferred tax expense of \$5,639. During Fiscal 2020, the current tax expense was mainly the result of higher net income of SSCC. The deferred tax recovery was the result of deferred income taxes on operating income of subsidiaries and net fair value losses on investment property.

During Fiscal 2019, the current tax recovery was mainly the result of an operating loss for the corporate head office and the realization of a capital loss on wind-up of a wholly owned limited partnership. The deferred tax expense was the result of deferred income taxes on operating income of subsidiaries and fair value gains of certain investment property. The decrease in income tax expense in Fiscal 2019 was the result of lower operating income, lower fair value gains on investment property and the realization of a capital loss on wind-up of a limited partnership.

QUARTERLY FINANCIAL REVIEW

The Company's selected financial information for the last eight completed fiscal quarters is as follows. Accounting policies under IFRS were consistently applied across all periods except for the adoption of IFRS 16 on September 1, 2019 (Q1 2020) which has no impact on revenue and minimal impact on net income (loss).

	Q4 2020 (\$)	Q3 2020 (\$)	Q2 2020 (\$)	Q1 2020 (\$)
Total revenues – Continuing operations	15,985	13,652	15,803	17,108
Net income (loss)	(10,288)	1,111	4,143	283
Net income (loss) - CIBT shareholders	(4,366)	1,527	4,022	46
Income (loss) per share - CIBT shareholders – basic and diluted	(0.06)	0.02	0.05	0.00

	Q4 2019 (\$)	Q3 2019 (\$)	Q2 2019 (\$)	Q1 2019 (\$)
Total revenues – Continuing operations	22,238	16,138	15,555	17,066
Net income	9,244	294	3,206	2,188
Net income (loss) – CIBT shareholders	535	1,032	(132)	1,179
Income (loss) per share - CIBT shareholders – basic and diluted	0.01	0.01	(0.00)	0.02

Total revenues from operations consist of: (a) educational revenues; (b) rental revenues; (c) development fee revenues; and (d) revenues from other lines of business. The following factors have caused variation over the quarterly periods presented. The Company's education business includes some seasonality as revenues fluctuate with school terms; however, as many programs run throughout the year this is not a significant trend. The Company historically receives spikes in its deferred revenues in September which is the typical starting date for courses for the majority of its domestic students. Given the low vacancy rate in Vancouver, the Company's rental revenues are generally consistent throughout the year with the exception of the hotel property which has its highest revenues from March to September.

Overall, the second half of Fiscal 2020 was impacted by COVID-19 which started to impact the Company in late February 2020. For SSCC, domestic registration has continued to be strong and total revenues have increased for each quarter of Fiscal 2020 aside from a small decrease in Q4 2020. Revenues from SSCC's international student career courses decreased in all quarters in Fiscal 2020 compared to Fiscal 2019 with the largest decreases in Q3 and Q4 2020.

Since February 2020, SSLC/VIC and the language school sector across the Lower Mainland experienced lower enrollment than the previous year due to the travel restrictions on international students and this was reflected in lower revenues for Q3 and Q4 2020 which decreased by 74% compared to Q3 and Q4 2019.

The Company recognized \$4,097 of other income in Q4 2020 and \$1,696 of other income in Q3 2020 associated with wage subsidies available under the CEWS program. These government grants are not subject to repayment and management believes they have properly met the application requirements.

Rental revenues generally increase as more GEC® student housing units become available which occurs when new properties are acquired or when the construction of a real estate project is completed. In the second half of Fiscal 2020, rental revenues from the Company's only hotel property was impacted by fewer travelers as a result of COVID-19 travel restrictions. While the occupancy at other GEC® long-stay properties decreased in the second half of Fiscal 2020, mainly due to social distancing restrictions and fewer international students, rental revenues were not as significantly impacted overall.

Development fees are expected to be a recurring source of revenues as the Company continues to expand its student housing real estate projects. Real estate projects involve development and construction timelines spanning several years and require substantial equity investment with development fees being earned over several quarters. During Fiscal 2020 and Fiscal 2019, the Company earned development fees associated with the Global Education City® (Richmond) and GEC® Oakridge projects. In addition, the Company earned development fee revenues during Q4 2020 associated with the investment structure set up for the pending purchase of the GEC® Marine Gateway project.

The Company recognized \$654 of impairment losses in Q4 2020 and \$1,469 of impairment losses in Q3 2020 on intangible assets and goodwill balances as a result of impairment tests completed. In addition, during Q2 2020, impairment losses of \$1,433 were also recognized based on management's assessment that certain intangible assets and goodwill were impaired. The majority of the impairment losses recognized in Fiscal 2020 are directly associated with decreased revenues at the language schools as travel restrictions and border closures significantly restricted enrolments. During Q4 2019, \$1,682 of impairment losses resulted from the annual impairment tests. All impairment losses are non-cash items. At August 31, 2020, the remaining intangible assets and goodwill associated with SSLC/VIC after these adjustments is \$317 which represents the maximum impairment loss possible in future periods.

Quarterly results also fluctuate due to the timing of recognition of fair value gains on investment property, which depend on the operating performance, real estate market, and also the original purchase cost. While fair value gains were recognized in Q2 and Q3 2020, net fair value losses were recognized in Q4 2020 as described in the section *Fourth Quarter and Full Year Highlights – Real estate portfolio and transactions - Investment Property Fair Value* above. Fair value gains were recognized in Q1, Q2 and Q4 2019.

Net income (loss) fluctuates based on changes in margins across all operating segments, the timing of recognition of fair value gains on investment property and the timing of recognition of development fee revenues. Development fee revenues and net fair market value gains result in higher net income as associated costs of earning such revenues are less 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 portion attributable to the Company's non-controlling interests.

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REVIEW OF QUARTERLY FINANCIAL RESULTS**Q4 2020 compared to Q4 2019**

The table below describes the financial performance of each main business unit of the Company. Unless otherwise noted below, the explanation for the changes in the Company's results for Fiscal 2020 were similar for Q4 2020.

	Q4 2020	Q4 2019	Dollar change	Percentage change
Total revenues	\$ 15,985	\$ 22,238	\$ (6,253)	(28)%
Total revenues net of direct costs – Overall (%)	64%	60%	4%	7%
Educational revenues – SSCC	\$ 9,155	\$ 9,630	\$ (475)	(5)%
Educational revenues net of direct costs – SSCC (%)	59%	62%	(3)%	(4)%
Educational revenues – SSLC / VIC	\$ 769	\$ 5,176	\$ (4,407)	(85)%
Educational revenues net of direct costs – SSLC / VIC (%)	18%	44%	(26)%	(59)%
Educational revenues – CIBT China	\$ 453	\$ 442	\$ 11	2%
Educational revenues net of direct costs – CIBT China (%)	19%	40%	(21)%	(53)%
Design and advertising revenues – IRIX	\$ 105	\$ 165	\$ (60)	(36)%
Design and advertising revenues net of direct costs – IRIX (%)	79%	71%	8%	11%
Commissions and referral fees – GEA	\$ 39	\$ 122	\$ (83)	(68)%
Commissions and referral fees net of direct costs – GEA (%)	(105)%	(25)%	(80)%	318%
Rental revenues – GECH	\$ 1,863	\$ 4,509	\$ (2,646)	(59)%
Rental revenues net of direct costs – GECH (%)	50%	58%	(8)%	(14)%
Development fees – GECH and Corporate	\$ 3,601	\$ 2,194	\$ 1,407	64%
Other operating expenses	\$ 8,601	\$ 10,598	\$ (1,997)	(19)%
Finance costs	\$ 2,684	\$ 1,664	\$ 1,020	61%
Loss (gain) on change in fair value of investment properties	\$ (13,991)	\$ 12,016	\$ (26,007)	(216)%
Other income (expense), net	\$ 4,657	\$ (1,949)	\$ 6,606	339%
Income (loss) before income taxes	\$ (10,387)	\$ 11,125	\$ (21,512)	(193)%
Net income (loss)	\$ (10,288)	\$ 9,244	\$ (19,532)	(211)%
Net income (loss) attributable to CIBT shareholders	\$ (4,366)	\$ 535	\$ (4,901)	(916)%
Income (loss) per share – CIBT shareholders – basic	(\$ 0.06)	\$ 0.01	(\$ 0.07)	(700)%
Income (loss) per share – CIBT shareholders - diluted	(\$ 0.06)	\$ 0.01	(\$ 0.07)	(700)%
EBITDA [Non-IFRS]	\$ (5,256)	\$ 13,218	\$ (18,474)	(140)%

Revenue and direct costs

Net loss was \$10,288 for Q4 2020 compared to net income of \$9,244 for Q4 2019. The Q4 2020 operations were impacted by COVID-19 related factors including decreased enrolment mainly from international students restricted from travelling to Canada, decreased occupancy at the GEC® rental properties and changes in fair value of investment properties which resulted in net losses. Approximately 74% of the decrease in total revenues in Fiscal 2020 were attributable to Q4 2020. The largest impacts were to SSLC/VIC, IRIX and rental operations. Direct costs were lower in Q4 2020 compared to all other Fiscal 2020 quarters and margins increased which is indicative of the Company's efforts to reduce costs.

Other factors impacting Q4 2020 compared to Q4 2019 are as follows:

- General and administrative expenses decreased by \$2,746 mainly due to decreases in consulting and management fees, rent expense and credit loss allowance. Rent expense decreased by \$1,307 due to the implementation of IFRS 16 which results in the recording of amortization and interest expense instead of rent expense.

- Other operating expenses increased by \$749 mainly associated with amortization of right-of-use assets mentioned previously.
- Finance costs increased due to additional interest incurred and not eligible for capitalization on project borrowings and the addition of interest expense associated with lease liabilities under IFRS 16.
- As described under *Review of Annual Financial Results*, there were net total losses of \$13,991 from changes in the fair value of investment property recorded in Q4 2020 compared to \$12,016 of fair value gains in Q4 2019.
- During Q4 2020, wage subsidies of \$4,097 were included in other income resulting from claims under the CEWS program. Interest income associated with a deposit due from the developer of GEC Project 9 was also earned. Non-cash impairment losses decreased by \$1,028 in Q4 2020 compared to Q4 2019.

FINANCIAL CONDITION

The following table compares selected financial position information as at August 31, 2020 and August 31, 2019:

	August 31, 2020	August 31, 2019	Dollar change	Percentage change
Cash and cash equivalents	\$ 23,030	\$ 15,213	\$ 7,817	51%
Trade and other receivables	\$ 26,179	\$ 21,319	\$ 4,860	23%
Total current assets	\$ 54,789	\$ 50,524	\$ 4,265	8%
Investment properties	\$ 246,327	\$ 201,450	\$ 44,877	22%
Property and equipment	\$ 59,126	\$ 61,416	\$ (2,290)	(4)%
Right-of-use assets	\$ 11,908	\$ -	\$ 11,908	100%
Development assets	\$ 64,498	\$ 56,600	\$ 7,898	14%
Other non-current assets	\$ 16,119	\$ 19,680	\$ (3,561)	(18)%
Total assets	\$ 452,767	\$ 389,670	\$ 63,097	16%
Trade and other payables	\$ 16,438	\$ 16,248	\$ 190	1%
Deferred revenues	\$ 20,405	\$ 23,177	\$ (2,772)	(12)%
Total current liabilities	\$ 160,915	\$ 81,692	\$ 79,223	97%
Total non-current liabilities	\$ 111,273	\$ 113,824	\$ (2,551)	(2)%
Total liabilities	\$ 272,188	\$ 195,516	\$ 76,672	39%
Equity – CIBT shareholders	\$ 51,269	\$ 51,448	\$ (179)	0%
Non-controlling interests	\$ 129,310	\$ 142,706	\$ (13,396)	(9)%
Total equity	\$ 180,579	\$ 194,154	\$ (13,575)	(7)%
Working capital (deficit) – see below	\$ (106,126)	\$ (31,168)	\$ (74,958)	240%
Net debt	\$ 181,885	\$ 128,938	\$ 52,947	41%

Total assets increased mainly as the result of: (a) right-of-use assets of \$11,908; (b) changes to investment properties which include: right-of-use asset of \$5,317 classified as investment property, new property under development for the GEC® Oakridge project of \$37,900, and capitalized borrowing costs on investment properties; (c) increase in cash and cash equivalents of \$7,817; and (d) working capital items. These increases were offset by decreases in: (a) income tax receivable of \$3,542; (b) impairment losses on intangibles and goodwill included in other non-current assets of \$3,556; and (c) depreciation and amortization of \$7,927. Total liabilities at August 31, 2020 increased by \$76,672 from August 31, 2019 due to: (a) new lease liability recognized under IFRS 16; (b) increased borrowings for real estate projects; (c) increased income taxes and deferred income taxes payable estimates; (d) offset by a decrease in deferred revenues.

LIQUIDITY AND CAPITAL RESOURCES

The principal liquidity needs of the Company are for working capital requirements, debt servicing and repayment obligations, and costs associated with expanding the real estate business. 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, reducing costs where possible given the status of the COVID-19 pandemic, and applying for any available government funding to support its business. Management prepares budgets and cash forecasts to ensure that the Company has sufficient funds to fulfill its financial obligations and continues to do so incorporating the expected economic impact of COVID-19 on each business segment. The Company has an undrawn demand operating credit facility of \$1,802 at the date of this report in addition to cash and cash equivalents of \$23,030 at August 31, 2020.

The Company was in a negative working capital position throughout Fiscal 2020 and Fiscal 2019, and it is expected that this will continue given CIBT's business model. However, the Company has continued to meet its obligations as they become due and management believes this will continue to be the case. Negative working capital is predominately driven by the following factors and given the nature of the business; management does not view negative working capital as an indication of increased liquidity risk.

- Borrowings that when classified as current liabilities do not match the non-current classification of the Company's real estate property interests that are included in investment properties and property and equipment. At the end of each reporting period, secured loans are classified as current or non-current depending on date of maturity. The total amount of borrowings in each classification fluctuate as a function of timing of funding, repayment dates and the type of loans held by the Company. The current portion of borrowings associated with secured loans increased by \$47,329 at August 31, 2020 compared to August 31, 2019, with \$14,856 of this increase related to a loan with a stated maturity date of February 2022 that is classified as current because it is due on demand. As the Company grows its portfolio of real estate assets it expects that the current borrowing liabilities will continue to fluctuate but given that the Company has previously demonstrated the ability to secure replacement financing on reasonable terms, often at lower interest rates, the Company does not believe there is increased liquidity risk.
- During Fiscal 2020, two limited partnerships controlled by the Company issued convertible promissory notes totalling \$21,960 with the entire amount being classified as current at August 31, 2020.
- Deferred revenues of \$20,405 represent an obligation to provide services to students at future dates at which time revenues will be recognized.
- Current lease liability of \$3,970 which does not match the non-current classification of the associated right-of-use assets.
- Deposit due from a developer of \$23,044 classified as non-current which is secured against purchase of Project 9.

As a result of the ongoing economic impacts of COVID-19, the Company expects there may be a temporary decline in cash balances and operating cash flows; however, the full impact on the Company and each business segment cannot be determined at this time. The Company has considered the following in assessing liquidity risk:

- For SSCC, the Government of British Columbia funds most domestic students' college and diploma tuition and continues to pay on schedule, tuition for international students attending SSCC diploma courses is prepaid by the students. The Company expects the most significant impact to cash flow will be associated with decreased enrolment in the SSLC/VIC language school programs. While SSLC/VIC continues to host on-line courses, management expects enrolment will not increase to normal levels until such time as international students resume in-person classes. Delays in receipt of certain receivables are expected but the Company does expect these receivables to be collectible given the nature of its contracts.
- Aside from its hotel operation, occupancy at the Company's rental properties decreased at the outset of the pandemic and resulting initial lockdown in Metro Vancouver but has seen a healthy recovery across its portfolio and the Company has not experienced cash flow issues associated with receipt of monthly rents. See above section, *Review of Annual Financial Results – Fiscal 2020 compared to Fiscal 2019 - Real estate and student housing*.
- The Company has a history of successfully raising capital financing and anticipates it could do so in the future; however, there is no assurance that such financing will be available on favourable terms or at all. The Company expects it may be eligible for lower interest rates as new debt is financed given the decrease in prime rates. During Fiscal 2020, the Company made all interest and principal payments on its borrowings and interest payments to its debenture holders. The Company expects current capital resources will be sufficient to carry out the expansion plans and support operations through Fiscal 2021.
- The Company uses cash resources at its discretion to purchase treasury shares when the Company has sufficient cash resources and determines that the repurchase of shares will increase shareholder value.

LIQUIDITY AND CAPITAL RESOURCES (continued)

The Company has received the following cash flows from September 1, 2020 until the date of this report:

- Monies under the CEWS program of \$1,183 representing the amount recorded as receivable at August 31, 2020 and monies of \$652 received for claims made after that date.
- Borrowing as detailed in (b) below.
- Development fee revenues of \$1,979 earned from investment limited partnerships which will be invested into respective limited partnerships controlled by the Company.
- Other loans receivable of approximately \$3,200.

(a) Commitments

In the normal course of business, the Company enters contracts that give rise to commitments for future minimum payments. The following table summarizes the Company's remaining contractual undiscounted cash flows associated with the Company's financial liabilities and operating and capital commitments at August 31, 2020:

	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⁾	\$ 16,438	\$ -	\$ -	\$ -	\$ 16,438
Secured loans ⁽²⁾	98,004	88,012	-	-	186,016
Convertible debentures ⁽³⁾	1,134	10,370	-	-	11,504
Convertible promissory notes ⁽⁴⁾	25,704	-	-	-	25,704
Lease liability payments ⁽⁵⁾	7,554	11,995	4,101	6,379	30,029
Total Financial Liabilities	148,834	110,377	4,101	6,379	269,691
<i>Other Commitments</i>					
Income taxes payable	1,501	-	-	-	1,501
Other ⁽⁶⁾	2,071	71,487	-	7,487	81,045
Total Other Commitments	3,572	71,487	-	7,487	82,546
Total Financial Liabilities and Commitments	\$ 152,406	\$ 181,864	\$ 4,101	\$ 13,866	\$ 352,237

⁽¹⁾ Includes accrued but unpaid interest on borrowings.

⁽²⁾ See (b) *Borrowings* below for nature of balances and commitments rising after August 31, 2020. The impact of the majority of these changes in borrowings will be to move repayment from less than one year to later categories. Interest reserves previously paid totalling \$3,380 will cover certain future interest payments.

⁽³⁾ Assumes extension option will be exercised delaying maturity for another year and debentures will not be converted.

⁽⁴⁾ Assumes promissory notes will not be converted.

⁽⁵⁾ Contractual lease payments for office space, campus premises, and equipment including variable lease payments.

⁽⁶⁾ See (c) *Real Estate Projects* below.

(b) 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 real estate projects in conjunction with funding from investor contributions. As the Company continues to grow its business, additional financing has been secured increasing liquidity risk. Details of borrowings are included in Note 13 and Note 27 to the Annual Financial Statements. During Fiscal 2020, borrowings had a weighted-average interest rate of 7.11% compared to 6.93% for Fiscal 2019. The increase is the result of a higher proportion of fixed rate debt at a higher rate. In addition, existing loans were subject to minimum interest rates when the prime rate decreased and as such the Company will not see the benefit of the prime rate decrease until loans are renegotiated. Borrowings are secured by first and second mortgages on the underlying property and are guaranteed by the Company and/or its subsidiaries.

After August 31, 2020, the Company:

- Modified certain existing loans to extend the maturities in anticipation of new loans associated with the start of construction for the GEC[®] King Edward II project. The existing loans were extinguished in November 2020 and a portion of the new construction loans were financed with additional draws to occur as required. An additional \$22,250 in principal is available to the Company with principal repayable in the year ending August 31, 2023.

- Entered into a new loan to finance the purchase of GEC[®] Marine Gateway of secured third-party \$34,130 and a vendor take back mortgage of \$3,015. Total commitments are expected to increase by approximately \$43,479. The secured third-party debt bears interest at a rate of 1.88 % over the term of ten years. The other debt matures in fiscal 2023.
- Changed the amounts and maturities of debt associated with certain operating properties which were set to mature. Additional principal and interest payments of approximately \$3,926 are expected (before any modification charge) with maturities in fiscal 2023.
- Refinanced the debt held by GEC[®] CyberCity. The previous loan was extinguished, and the new loan will result in additional commitments of approximately \$4,162 over Fiscal 2021 and 2022.
- Issued convertible promissory notes totalling \$7,727 with maturities of one year after the date of issuance unless the lender exercises its option to convert into a fixed number of units of the associated limited partnerships controlled by the Company.

(c) Real Estate Projects

The Company and certain of its subsidiaries and investment limited partnerships have entered into agreements in connection with the development of investment properties as described in Note 5 to the Annual Financial Statements. The following table provides commitments made by the Company or the limited partnerships which the Company controls as at August 31, 2020 which are not recognized as liabilities. The amounts presented below do not include the commitment of \$48,000 associated with the purchase of an investment property which closed in October 2020 but for which conditions precedent to the purchase had not yet been satisfied as at August 31, 2020.

	Less than one year	2 to 3 years	5 years or later	Total
<u>Other Commitments</u>				
Global Education Mega Center [®] ⁽¹⁾	\$ 2,071	\$ 2,072	\$ 7,487	\$ 11,630
Global Education City [®] (Richmond) ⁽²⁾	-	69,415	-	69,415
Total other commitments	\$ 2,071	\$ 71,487	\$ 7,487	\$ 81,045

⁽¹⁾ Investment property development and construction, net of deposits, which represent contingent liabilities which may be paid if certain milestones are met.

⁽²⁾ Purchase price of investment property at closing. The outstanding deposit and interest from this developer of \$23,102 at August 31, 2020 is expected to be repaid after Fiscal 2021 but may also be applied against the purchase price on closing.

These capital commitments do not include costs for contracts not yet in place, including construction, renovation, furnishings, closing costs or taxes which are not committed expenditures. The total commitment is subject to change from the prior year depending on new agreements or amendments to agreements executed during the current year. These commitments will be funded by: (a) subscriptions to limited partnership units in the specific real estate limited partnerships; and (b) debt financing, and therefore do not represent a net cash outflow for the Company from current resources.

In October 2020, the GEC[®] King Edward limited partnership entered a construction management contract for the construction of this project at an approximate cost of \$16,000 plus taxes, subject to change orders and other possible expenditures. Demolition started in November 2020 and these costs will be incurred as work is completed over the duration of construction which is expected to be completed in late 2022. Costs will be funded by draws on the construction loan.

Analysis of cash flows

The following table summarizes cash inflows and outflows for the following periods, The Company's operations have been financed primarily through internal cash flow, third-party secured loans and other financing and contributions from non-controlling interests in limited partnerships controlled by the Company.

	Fiscal 2020	Fiscal 2019	Dollar Change	% Change
Cash flows provided by (used in) operating activities	\$ 7,594	\$ (9,762)	\$ 17,356	178%
Cash flows (used in) investing activities	\$ (36,112)	\$ (14,421)	\$ (21,691)	150%
Cash flows provided by financing activities	\$ 36,295	\$ 6,207	\$ 30,088	485%
Increase (decrease) in cash and cash equivalents	\$ 7,817	\$ (18,033)	\$ 25,850	143%

Cash flows from operating activities can vary significantly from period to period as a result of the Company's working capital requirements associated with its real estate projects and timing of receipt of development fee revenues. The total cash flows of the Company will not change as a result of implementing IFRS 16; however, compared to IAS 17, cash from operating activities is expected to increase under IFRS 16 as cash outflows related to operating leases will no longer be included within cash from operating activities. The increase in cash from operating activities will be offset by a decrease in cash from financing activities as cash outflows related to principal repayments and interest on lease liabilities will be recognized in cash provided by (used in) financing activities.

Cash flows used in investing activities can vary depending on the nature of transactions occurring during a period. During Fiscal 2020 most of the cash used in investing activities was associated with the purchase of GEC® Oakridge and cash used for development costs on other properties under development. Cash used in investing activities for Fiscal 2019 was associated mainly with refundable property deposits paid, the payment of development costs, the purchase of the GEC Education Mega Center® property in August 2019, offset by the receipt of sale proceeds from one of the Company's investment properties.

Cash provided by financing activities for Fiscal 2020 was mainly the result of cash flows associated with the financing of various GEC® projects offset by the payment of certain debt balances, interest costs, lease liabilities, distributions to limited partnerships controlled by the Company and the repurchase of treasury shares. Note 27(c) of the Annual Financial Statements provides additional detail of the change in borrowings including cash and non-cash related items for the current and comparative periods. Cash provided by financing activities for Fiscal 2019 was mainly the result of \$8,758 of net non-controlling interest capital contributions, the cash flows associated with new debt financings and the issuance of the 2019 Debentures offset by interest costs and the repurchase of treasury shares.

Outstanding share data

The authorized capital consists of 150,000,000 common shares without par value. As at November 30, 2020, the following common shares, stock options, and convertible debenture conversion options were outstanding:

	Number of shares	Exercise price	Remaining life (Years)
Common shares	74,548,540	-	-
Stock options	3,485,000	\$0.37 - \$0.86	0.65 – 4.34
2017 convertible debentures	494,787	\$0.79	1.59
Convertible debentures ⁽¹⁾	11,467,123	\$0.78 to \$0.84	0.54
Fully diluted	89,995,450		

⁽¹⁾ Convertible debentures issued in May 2019 and February 2020. Exercise prices denominated in HKD have been converted into Canadian dollars.

Treasury shares

Pursuant to an amended normal course issuer bid (“NCIB”), effective August 30, 2019, the TSX approved the repurchase of 3,910,000 common shares at a maximum aggregate acquisition cost of \$3,000. At the end of November 2019, the Company suspended the NCIB and on December 13, 2019 this NCIB expired.

In March 2020, the Company received approval by the TSX to commence a new NCIB to purchase up to 3,000,000 of the Company's common shares, subject to daily limits, anytime during the period beginning on March 12, 2020 and ending March 11, 2021, to a maximum aggregate acquisition cost of \$3,000. From March 1, 2020 to the date of this report, the Company repurchased 2,334,800 treasury shares and cancelled 2,122,200 common shares leaving 212,600 common shares held in treasury.

Financial Instruments and Financial Risk Management

A description of the Company's financial instruments and financial risks that the Company is exposed to and management of these risks can be found in Notes 21 and 22, respectively, of the Company's Annual Financial Statements. In addition, information on the valuation and sensitivity analysis associated with investment properties is described in Note 5(e) to the Annual Financial Statements.

TRANSACTIONS BETWEEN RELATED PARTIES

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Amounts paid to related parties were incurred in the normal course of operations and measured at fair value.

At August 31, 2020, key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole, which includes its President and Chief Executive Officer and Chief Financial Officer. In addition, fees paid to the Company's directors are also presented below.

	Year Ended August 31, 2020	Year Ended August 31, 2019
Management fees and salaries and director's fees	\$ 1,103	\$ 1,927
Share-based compensation	175	62
Total remuneration	\$ 1,278	\$ 1,989

At August 31, 2020, amounts owing to directors and officers of the Company for management fees and bonuses amounted to \$641 (August 31, 2019 - \$1,186). At August 31, 2020 amounts owing to the president of IRIX for previous advances amounted to \$140 (August 31, 2019 - \$126) which have no fixed terms of repayment and bear interest at 6% per annum.

Beihai College has a joint arrangement with Weifang University and tuition fee revenues from Beihai College are received in RMB and remitted directly to the Chinese Government in the name of Weifang. At August 31, 2020, the Company has an amount due from Weifang University of \$2,559 (August 31, 2019 - \$2,207) which represents the Company's sixty percent interest in net receivables due as further described in Note 16(d) to the Annual Financial Statements. The amount is due from a government owned entity, has no fixed repayment terms and does not earn interest.

NON-GAAP FINANCIAL PERFORMANCE MEASURES

The non-IFRS financial measures do not have standardized meanings prescribed by IFRS and are therefore unlikely to 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.

The Company uses: (a) EBITDA; (b) Adjusted EBITDA which is EBITDA adjusted for the gain (loss) on change in fair value of the Company's investment property and the gain (loss) on change in derivative liabilities, net, and (c) Book Value per Share ("BVPS"). 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 net 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. At the end of each period, the Company adjusts the carrying value of its investment properties to fair value 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.

EBITDA and Adjusted EBITDA (continued)

	Q4 2020	Q4 2019	Fiscal 2020	Fiscal 2019
	(\$)	(\$) ⁽²⁾	(\$)	(\$) ⁽²⁾
Net income (loss) – Continuing operations	(10,288)	9,244	(4,751)	14,932
Deduct: interest income	(558)	(308)	(2,863)	(471)
Add: interest expense	2,260	1,811	8,496	7,011
Add: income tax provision (recovery)	(99)	1,881	310	1,155
Add: depreciation and amortization	3,429	590	7,927	3,667
EBITDA [non-IFRS] ⁽¹⁾⁽²⁾	(5,256)	13,218	9,119	26,294
Add loss/deduct (gain) on changes in fair value of investment properties	13,991	(12,016)	5,730	(20,116)
Add loss/deduct (gain) on derivatives, net	370	-	(381)	(336)
Adjusted EBITDA [non-IFRS] ⁽¹⁾⁽²⁾	9,105	1,202	14,468	5,842

(1) The implementation of IFRS 16 results in higher EBITDA and Adjusted EBITDA. See section *Adoption of New Accounting Standards* below for impact.

(2) For the three months ended August 31, 2019, previously reported EBITDA and Adjusted EBITDA were \$12,788 and \$772, respectively. For the year ended August 31, 2019, previously reported EBITDA and Adjusted EBITDA were \$23,752 and \$3,636, respectively. Previous presentation of interest expense did not include accretion of deferred finance fees. Previous presentation of depreciation and amortization did not include amortization of agency fee intangibles.

Book value per Share

Commencing in Q3 2020, management started to disclose BVPS, a non-GAAP measure. BVPS measures the amount of Company equity in each share and focuses on the balance sheet at a certain date. The general trend of the number suggests how effective management is at increasing shareholder equity. BVPS is calculated as equity attributable to CIBT Shareholders divided by total common shares outstanding at the end of the reporting period. The book value of the common equity reflects the original proceeds received from issuing common equity, increased by earnings, or decreased by losses.

	August 31, 2020	August 31, 2019
Equity attributable to CIBT Shareholders (book value)	\$ 51,269	\$ 51,448
Total common shares outstanding at period end	74,543,540	76,532,540
BVPS	\$ 0.69	\$ 0.67

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.

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 28 of the Company's Annual Financial Statements for the year ended August 31, 2020, 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 financial 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 may have the most significant effect on the Company are disclosed in Note 3 to the Annual Financial Statements.

ACCOUNTING STANDARDS DEVELOPMENT

The impact of accounting changes which were adopted by the Company in the current fiscal year is disclosed in Note 4(a) to the Annual Financial Statements. The impact of future accounting changes applicable to the Company for the next fiscal year starting September 1, 2020 are disclosed in Note 4(b) with the most material one disclosed below, and the standards which are issued but not yet effective until a future date in Note 4(b). 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.

Adoption of New Accounting Standard IFRS 16, Leases

Effective September 1, 2019, the Company adopted IFRS 16 which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The Company applied IFRS 16 using a modified retrospective approach. Accordingly, comparative information presented for Fiscal 2019 and prior has not been restated and the cumulative effect of initially applying IFRS 16 has been recognized, at the date of initial application of September 1, 2019. In May 2020, an amendment to IFRS 16 was issued to provide lessees with an optional exemption from assessing whether a rent concession that is being offered as a direct response to the economic impacts of COVID-19 is a lease modification. The Company early adopted the amendment during Q3 2020. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property and equipment and investment property) and lease liabilities similarly to other financial liabilities.

On transition to IFRS 16 the Company recognized \$13,996 of right-of-use assets, \$6,823 of investment property right-of-use asset and \$20,358 of lease liabilities, with \$263 recorded as an adjustment to the opening September 1, 2019 deficit. Note 4(a) to the Annual Financial Statements includes a full list of adjustments recognized on adoption of IFRS 16. When measuring lease liabilities, the lease payments were discounted using the incremental borrowing rate at September 1, 2019. The weighted average rate applied was 8.0%. The leaseback of the GEC® Viva property is considered a right-of-use asset that meets the definition of an investment property. The fair value of the right-of-use asset, not the entire property, is measured at fair value at each reporting date. Changes in fair value during each period are recognized and included in gains or loss on fair value changes in investment properties in the statement of comprehensive income. The following table presents EBITDA and Adjusted EBITDA before and after the adoption of IFRS 16.

	Year ended August 31, 2020		
	Excluding impact of IFRS 16 adoption ⁽¹⁾	Impact of IFRS 16 adoption ⁽¹⁾	As reported
	(\$)	(\$)	(\$)
Net income (loss) – Continuing operations	(3,893)	(858)	(4,751)
Deduct: interest income	(2,863)	-	(2,863)
Add: interest expense	7,010	1,486	8,496
Add: income tax provision (recovery)	310	-	310
Add: depreciation and amortization	4,987	2,940	7,927
EBITDA [non-IFRS]	5,551	3,568	9,119
Add loss/deduct (gain) on changes in fair value of investment properties	4,126	1,604	5,730
Deduct (gain) on derivatives, net	(381)	-	(381)
Adjusted EBITDA [non-IFRS]	9,296	5,172	14,468

⁽¹⁾ Presented to illustrate the impact of the adoption of IFRS 16.

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, 2020, 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, 2020, 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, 2020, the Company determined that there were no material deficiencies in the Company's internal controls over financial reporting for Fiscal 2020.

Changes in Internal Control over Financial Reporting

There have been no changes during the year ended August 31, 2020 to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

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RISKS RELATED TO THE COMPANY'S BUSINESS

The Company's business, financial condition, operating results and prospects are subject to several risks and uncertainties which include but are not limited to the following. A more detailed description of certain of the risks and uncertainties, and others, can be found under the heading "Risk Factors" in the Company's annual information form for Fiscal 2020 filed under the Company's profile on SEDAR at www.sedar.com. See also above under "Forward-Looking Information".

- COVID-19 and the closure of the Canada-US border has restricted travel and has negatively impacted the performance of the Company's hotel operation
- COVID-19 may continue to temporarily disrupt providing certain education offerings which may impact revenues
- 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
- 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
- increases in the frequency and severity of extreme weather events, such as wildfires and snowstorms, could impact travel demand in BC, lead to supply chain interruptions and may cause damage to physical assets
- shift in consumer preferences towards sustainable products may affect the occupancy of our hotel accommodation
- 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
- rezoning process risk due to delays in permit approval, issuance, design changes or use of property may result in substantial cost increases
- government policy relating to rent control may affect rental income
- government policy relating to foreign investment may affect investor sentiment
- significant interest rate increases will affect financial performance
- construction delays, cost overruns and exchange rate fluctuation on construction materials will impact the cost of construction
- lending sentiment by construction lenders may impact the cost of mortgage financing
- the inability of any of the Company's limited partnerships to repay loans guaranteed by the Company or its subsidiaries could have a significant effect on the Company's financial performance