



GLOBAL EDUCATION COMMUNITIES CORP.

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

FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

GLOBAL EDUCATION COMMUNITIES CORP.
(the “Company” or “GECC”)
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

The following Management’s Discussion & Analysis (“**MD&A**”) is prepared in accordance with Form 51-102F1 and should be read in conjunction with the Company’s consolidated financial statements and related notes for the year ended August 31, 2024 which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”). The comparatives in this MD&A have been presented in accordance with IFRS Accounting Standards. Additional information about the Company and its subsidiaries, including its annual information form, is available under the Company’s profile on SEDAR+ (www.sedarplus.ca).

FORWARD-LOOKING INFORMATION

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

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

1. The Company expects that it will continue to meet obligations as they become due: the underlying material assumption is that the Company will continue to generate cash from operations and be able to secure new equity or debt financing under reasonable terms and/or refinance existing borrowings as required.
2. Development fees are expected to be a recurring source of revenues: the underlying material assumption is that the Company’s real estate business will continue to expand.
3. The Company anticipates that Bank of Canada policy interest rate cuts to slow with risk of incremental increases in 2025.
4. The Company’s plans for the proposed GEC® real estate projects: the underlying material factors or assumptions are that sufficient equity financing is raised from the investment community and that the applicable limited partnerships are able to secure new loans and to refinance existing loans upon their maturities 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 or acquired for a price determined reasonable by the Company and its investment partners; there are no significant municipal and provincial government policy changes, and 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 year ended August 31, 2024 which is available under the Company's profile on SEDAR+ (www.sedarplus.ca).

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 29, 2024. In this MD&A, the following terms have the meanings shown:

“**Annual Financial Statements**” means the Company’s consolidated financial statements for Fiscal 2024.

“**Annual MD&A**” means the Company’s MD&A for the year ended August 31, 2024.

“**Fiscal 2025**” means the fiscal year ended August 31, 2025.

“**Fiscal 2024**” means the fiscal year ended August 31, 2024.

“**Fiscal 2023**” means the fiscal year ended August 31, 2023.

“**Fiscal 2022**” means the fiscal year ended August 31, 2022.

“**Q1 2024**” means the three months ended November 30, 2023.

“**Q2 2024**” means the three months ended February 29, 2024.

“**Q3 2024**” means the three months ended May 31, 2024.

“**Q4 2024**” means the three months ended August 31, 2024.

“**Q1 2023**” means the three months ended November 30, 2022.

“**Q2 2023**” means the three months ended February 28, 2023.

“**Q3 2023**” means the three months ended May 31, 2023.

“**Q4 2023**” means the three months ended August 31, 2023.

NON-IFRS FINANCIAL MEASUREMENTS

The Company has included certain non-IFRS financial measures and non-IFRS ratios 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, the provision for expected credit losses on development and other assets, the impairment of development assets, and the gain (loss) on change in fair value of derivative instruments; and (c) Gross Profit (“**Gross Profit**”) which is the difference between revenue and direct costs of sales and, and gross margin (“**Gross Margin**”) which is a non-IFRS ratio calculated as Gross Profit, divided by revenues, expressed as a percentage. 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 the IFRS Accounting Standards. Management uses EBITDA and Adjusted 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 uses Gross Profit and Gross Margin to assess how efficiently the Company generates profit from the sale of goods or services. 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. Further information on non-IFRS specified financial measures have been provided in the “Non-IFRS Financial Measures” section of this MD&A.

Date of Report – November 29, 2024

GLOBAL EDUCATION COMMUNITIES CORP.
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR YEAR ENDED AUGUST 31, 2024

NATURE OF BUSINESS

GECC is one of the largest education and student housing investment companies in Canada, focused on the domestic and global education market since 1994. The Company’s common shares trade on the Toronto Stock Exchange under the trading symbol ‘GEC’ and on the OTCQX International under the symbol ‘GECSF’.

The Company owns business and language colleges, student-centric rental apartments, recruitment centres and has corporate offices at 40 locations in Canada and abroad. It offers over 150 educational programs in health care, business management, e-commerce, cyber-security, hotel management, and language training via its education subsidiaries. Its real estate business provides rental housing and accommodation services to 92 schools in Metro Vancouver, serving domestic and international students from 71 countries. In Fiscal 2024, the Company provided educational and housing services to over 13,000 students through its 40 locations. The Company controls and is an investor in limited partnerships that own a network of serviced apartments and a hotel. Certain subsidiaries of the Company act as general partners and/or managers of 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 real estate projects such as serviced apartments and hotels for domestic and international students as well as corporate housing in Metro Vancouver |
| 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 Career Campus (“ 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 ”) | 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; and *Media*: IRIX.

FOURTH QUARTER AND FULL YEAR HIGHLIGHTS

Real estate portfolio and transactions

The Company continued to receive offers, from time to time, from parties interested in buying or investing in certain of the Company’s properties, given the strong demand and low supply for revenue-producing properties. In addition, the student housing sector in Canada is beginning to attract attention from institutional investors. The decision to sell a property will be based on the price offered and other terms and conditions related to the future management of a property after any potential sale. Despite a promising rental environment, moderating inflation and lower interest rates, political and fiscal uncertainty remain a deterrent to economic growth. The Company is also impacted by rezoning and permitting delays at various city departments which in turn impacts the timing on properties under development and the earning of development management fees. The Company is preparing itself to commence construction on some projects in anticipation of further rate cuts,

additional government subsidies for the student housing and rental sectors, and loan subsidy programs available through the Canada Mortgage and Housing Corporation (the “**CMHC**”).

At August 31, 2024, 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, except for GEC® Viva and GEC® Kingsway which are leased properties.

GEC® Kingsway

In September 2023, the Company announced the signing of a memorandum of understanding (the “**MOU**”) to deploy its new business segment Master Lease Partnership Program. The MOU details the business terms to master lease approximately 80,000 gross buildable square feet of market rental apartments from a local developer, including GEC® Kingsway. In April 2024, the Company signed its first lease agreement under the MLPP, for GEC® Kingsway, with a five-year term for GEC® Kingsway. Operations for GEC® Kingsway commenced in late August 2024.

GEC® Granville

In October 2023, the Company signed a purchase and sale agreement for the sale of the GEC® Granville property for gross proceeds of \$70,000. The transaction completed on November 28, 2023 and all secured loans associated with the property were assigned to the purchaser. The Company recognized \$10,378 of gains from sale of property and equipment during the year ended August 31, 2024. As a result, less than two months of hotel revenue was recognized in F2024 compared to a full year in 2023.

GEC® Oakridge

GEC® Oakridge received its development permit on July 6, 2023. The Company applied for a Development Contribution Levy waiver and received approval from the city in October 2023. The building permit process is currently in progress with construction anticipated to begin in early 2025. The project is a planned 18-storey concrete residential rental tower that accommodates 475 occupants which will add to the Company’s current portfolio and result in increased rental and development management fee revenues. In November 2024, the Company executed various agreements with an institutional investor to acquire 35% ownership in the partnership holding the GEC® Oakridge property. The investment in the project was completed on November 20th, 2024 for gross proceeds of \$10,000.

GEC® Langara

In November 2022, the Company formed a new limited partnership associated with a new project called GEC® Langara with plans to purchase an investment property. In November 2023, the Company completed its purchase of an investment property near the Langara – 49th Canada Line station for \$17,500. In the same month, the Province of British Columbia announced the Transit-Oriented areas (“**TOA**”) plan, permitting a minimum height of 20 floors and waving parking requirements for TOA developments. The Company has submitted a proposal to increase the density of the property from a 10-storey to a 26-storey building.

GEC® Viva

In September 2023, the Company signed a five-year lease extension agreement for GEC® Viva. The new lease agreement expires December 2028, and the Company has the option to extend the lease for a further five years. From January 2024 to September 2024, the property owner substantially renovated the building, causing a drop in rental revenue during the renovation period. The renovation was completed in September 2024.

GEC® Richmond (“Project 9”)

Pursuant to a Purchase and Development Agreement (“**LP9 PDA**”) with a Vancouver developer for the construction of a number of buildings, a controlled subsidiary of the Company, Limited Partnership 9 (“**GEC LP9**”) had paid a total of \$60,000 in deposits associated with the right to purchase a portion of the completed project. The LP9 PDA was subsequently amended with \$20,000 of the deposits already paid to be returned to GEC LP9 with the remainder \$40,000 deposit to be applied to the purchase price. The \$20,000 receivable is subject to interest of 15% per annum and the Company has recognized accrued interest of \$6,000 as at August 31, 2024.

Numerous project milestones were missed and on April 1, 2022, the developer and its partners (collectively, the “**Developer**”) applied for and were granted an initial order to commence proceedings under the Canadian Companies’ Creditor Arrangement Act (the “**CCA**”) to restructure its business. Under the CCA proceedings, the Developer under the supervision of the Supreme Court of British Columbia (the “**Court**”), was to determine whether the project would be restructured or sold.

At August 31, 2024, it was not known whether there would be a successful bid for the purchase of the property or restructuring of the project; however, based on activity there is the possibility that GEC LP9 may not be repaid any portion of the amount receivable from the Developer, despite this balance being secured by a third mortgage. GEC LP9 has recognized an expected

credit loss provision related to the \$20,000 receivable (plus \$6,000 of accrued interest) due from the developer of \$22,700, and an impairment loss of \$40,000 related to the \$40,000 deposit during the year ended August 31, 2022. At August 31, 2024, net development assets associated with GEC Project 9 was \$3,300 (August 31, 2023 - \$3,300).

On October 6, 2022, GEC LP9 and its general partner filed a notice of civil claim with the Supreme Court commencing legal action against the mortgage lender for the project. In December 2022, GEC LP9 and its general partner responded to a counterclaim filed. If the civil claim is successful, GEC LP9 could receive some or all of the amounts for which a provision or impairment loss have previously been recognized. The liability portion of the trial completed in May 2024. On August 7, 2024, the Supreme Court dismissed the claims of GEC LP9 and its general partner, and allowed the mortgage lender's counterclaim against them with damages to be assessed. GEC LP9 and its general partner have appealed that decision to the BC Court of Appeal, where proceedings are on-going.

Investment Property Fair Value

Investment properties are measured initially at cost, including transaction costs. After initial recognition, the Company has chosen to apply the fair value model and as such is required to measure all its investment properties at fair value, with any gain or loss arising from a change in the fair value of investment properties required to be recognized in net loss in the period of change. For clarity, this means that changes in the fair value of an investment property are recognized in the consolidated financial statements of the Company at the end of each reporting period. Management determines the fair value of investment properties on a quarterly basis and obtains independent appraisals on an annual basis to support the fair value. As a result, when the property is sold gains or losses on disposition are generally not significant.

The fair value of investment properties at August 31, 2024 was \$419,002 (August 31, 2023 - \$385,227). During Fiscal 2024, the Company capitalized developments costs of \$6,672 and financing costs of \$12,412 associated with properties under development (Fiscal 2023 - \$6,577 and \$13,792). The majority of development costs were associated with GEC® Oakridge, GEC® Kingsway, GEC® King Edward, GEC® VIVA, GEC® Langara and GEC Education Mega Center®.

During Fiscal 2024, the Company recognized a net fair value loss on investment properties of \$25,844 (net fair value gain of \$7,835 in Fiscal 2023). This amount includes a gain of \$1,451 associated with the right-of-use investment properties (Fiscal 2023 – loss of \$2,004); a gain of \$8,629 associated with revenue producing investment properties (Fiscal 2023 – \$14,353); and a loss of \$35,886 associated with properties under development (Fiscal 2023 - \$4,514). The fair value decline associated with properties under development reflects the challenging and inactive real estate market which saw numerous distressed sales transactions. GEC Education Mega Center® and GEC® Cyber City, in particular, suffered the highest fair value declines due to their location and current state of development. Note 5(b) to the Annual Financial Statements includes a sensitivity analysis of the impact of changes of key inputs and assumptions on the fair value of investment properties.

Borrowings

During Fiscal 2024, limited partnerships controlled by the Company borrowed \$132,338 under financing arrangements, repaid \$95,555 in existing secured loans and \$1,206 in other borrowings, and modified the terms of various financing arrangements to change maturity dates, interest rates, and borrowed additional funds under revised financing arrangements. IFRS requires a Company to remeasure the debt instrument at the present value of the estimated cash flows under the modified agreement and compare these to the present value of the original cash flows at the date of modification to determine the required treatment. During Fiscal 2024, net non-cash losses of \$208 on non-substantial modifications of debt were recognized, of which \$415 of losses were included in capitalized borrowing costs of Investment properties, and \$207 of gains were included in Finance costs in the consolidated statements of loss and comprehensive loss. The Company also derecognized \$54,100 of secured loans as a result of the sale of GEC® Granville, and recognized non-cash gains of \$599 on non-substantial modifications of convertible debt.

In June 2024, the Bank of Canada announced its first key interest rate reduction since 2020, lowering the overnight policy rate from 5.00% to 4.75%. Since then, the Bank of Canada has announced three more interest rate cuts with the target policy rate at 3.75% as at the date of this report. In its October 23, 2024 announcement, the Bank of Canada indicated that the inflation rate has significantly declined in the second calendar quarter of 2024 and is expected to remain close to the target rate of 2.5%¹. While this may suggest that the Bank of Canada would maintain or possibly further reduce its overnight policy rate, the recent outcomes of the United States election and ongoing political uncertainty in Canada is expected to impact the Canadian economy and influence the Bank of Canada's monetary policies. This, in turn, may slow further policy rate cuts and pose risk for increases in Fiscal 2025.

¹ <https://www.bankofcanada.ca/2024/10/fad-press-release-2024-10-23/>

At August 31, 2024, approximately 47% of the Company's debt portfolio had variable interest rates tied to the major bank prime rates, compared to 67% at August 31, 2023. During Fiscal 2024, weighted average interest rates on debt decreased when compared to Fiscal 2023 as the Company successfully refinanced several key loans and benefited from lower interest rates through Canada Mortgage and Housing Corporation insured loans. See the section titled "Liquidity and Capital Resources – Contractual Obligations" for further details.

INDUSTRY GROWTH PROSPECT

In recent years, Canada has remained in the top 10 best countries in the world for study abroad by *educations.com's Country Rankings*², and was ranked as the 4th best country for education out of 85 countries in the world by U.S. News³. As a result, there has been a substantial increase in Canada's international student count over the last few years. Immigration, Refugees and Citizenship Canada (IRCC) reported that Canada hosted 1,040,985 study permit holders as of December 31, 2023, compared to 804,370 as of December 31, 2022⁴, and 654,800 study permit applications were finalized between January 1, 2024 and September 30, 2024⁵. The student 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 2019-2024*⁶, 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.

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. The high growth in demand from students in emerging markets to study in countries like Canada, coupled with the Canadian government's support to attract more international students, presents the Company with opportunities to use its infrastructure to further expand its market share.

In 2024, the Federal government announced measures to stabilize the growth and improve the quality of international students entering Canada. Such measures temporarily reduced the number of student permits being granted so that new policies could be implemented across the education system to better serve over one million international students currently studying in Canada. The Company's projections were therefore revised to more moderate growth, as compared to the extraordinary growth experienced in the past few years.

Growth stabilization

Canada re-opened its borders for international students in late 2021 and a surge in registrations and enrollments was observed starting in the fall of 2022 which continued through to early Fiscal 2024. International students who may have placed their study plans on hold during the pandemic are returning to campuses across the province, resulting in higher occupancy rates at GEC[®] rental properties. As a result, the Company's language school business recovered rapidly throughout Fiscal 2022 and Fiscal 2023, with its revenue increase representing the largest segmental increase for the Company. However, in January 2024, the Government of Canada set a national intake cap on international student permit applications of approximately 360,000 approved study permits excluding master's and PhD students, which is a decrease of 35% from 2023. The intake is anticipated to see a further 10% cut in 2025 which will stay until 2026. Within the national cap, each province will then be assigned its own quotas based on population. The purpose of this initiative is to address the issues surrounding inadequate support required by and available to the rapidly increasing international student population, as well as existing pressure on housing, health care and other services.⁷ These changes have created uncertainty around Canada's overall reputation as a premier education destination with student intake expected to fall short of the cap for 2024.⁸

Notwithstanding this, the Company continues to service domestic and international students studying in Metro Vancouver through its student-centric rental facilities. Domestic students benefit greatly from these 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 available beds. Due to the temporary slowdown of international students entering Canada, the Company increased its marketing focus toward the domestic market resulting in the percentage of domestic students staying at GEC[®] rental properties growing from 17% in Fiscal 2023 to 44% in Fiscal 2024.

² <https://www.educations.com/top-10-lists/top-10-places-to-study-abroad-global-18096>

³ <https://www.usnews.com/news/best-countries/best-education>

⁴ <https://studyttravel.network/magazine/news/0/30399#:~:text=2023%20study%20permits%20issued%3A%20There,pre%2Dpandemic%20year%20of%202019>

⁵ <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/mandate/corporate-initiatives/levels/inventories-backlogs.html>

⁶ <https://www.international.gc.ca/education/strategy-2019-2024-strategie.aspx?lang=eng>

⁷ <https://www.canada.ca/en/immigration-refugees-citizenship/news/2024/01/canada-to-stabilize-growth-and-decrease-number-of-new-international-student-permits-issued-to-approximately-360000-for-2024.html>

⁸ <https://www.insidehighered.com/news/global/international-students-us/2024/09/20/canada-further-reduces-international-student-cap>

According to CMHC Rental Market Report published in January 2024⁹, rental demand surpassed supply due to increased homeownership costs and migration to the region due to the post-pandemic return of students. The vacancy rate for purpose-built rental properties was 1.5% which is an increase from 0.9% from the 2023 report. The vacancy rate for condominium rental properties remained at 0.9%. When supply is insufficient to fill demand, housing prices would be expected to increase, making house prices less affordable. Many potential buyers will remain in the rental market, and as the supply of available rental accommodations decreases, the price of rents would be expected to increase. In addition, the newly implemented international cuts to student intake may shift occupancy to domestic students as rental demand of student-centric facilities continues to surpass supply.

With the mandate of educating students via SSCC and recruiting international students to study at SSLC and VIC and other partner schools, the Company aims to provide students with enhanced learning experience supported by housing options. The Company's business-to-consumer, or B2C model ("**B2C model**"), provides accommodation services to domestic and international students studying at any school through its own GEC[®] reservation and marketing platforms. The Company's business-to-business, or B2B model ("**B2B model**"), provides accommodation services to over 90 school partners in Metro Vancouver. These school partners, who do not own housing as it is capital intensive to build, commit to bulk leases at a fixed rate so that they can secure housing for their students while they complete their studies. These partners bundle their tuition with GECH's housing services to provide a holistic solution to their students.

The student housing market is an estimated \$1.12 billion market in British Columbia at an estimated average of \$10,000 per student.¹⁰ Despite the international student intake cap implemented in 2024, the demand for affordable housing in Canada is anticipated to continue exceeding supply. The Company's domestic student tenants increased significantly in 2024. This rental housing crisis poses a challenge to both international and domestic students in Metro Vancouver in particular, who are competing with young families and the general labour force for rental accommodations. As GECC's efforts are targeted towards providing safe, comfortable, and affordable housing for students, it is able to tap into this demand to continue to generate rental revenues for the foreseeable future. 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 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 ranked 11th in CBRE's 2024 high-profile annual ranking of North America's 50 tech markets.¹¹ In terms of actual total labour market size, the Scoring Tech Talent report shows that there were 98,700 tech jobs in 2023.¹² Many working professionals arriving in Vancouver from across Canada, the U.S. and abroad require furnished mid to long-term rental accommodation until they find a more permanent residence. The pipeline for new rental development has slowed down substantially as building remains expensive which will only further restrict supply.

OUTLOOK FOR FISCAL 2025

Education Business

The Company's education services continue to evolve and adapt to meet the changing global environment. Overall, the Company's education subsidiaries are expected to remain nimble in the marketplace, focusing on providing high-quality education programs. Domestic enrollment is expected to remain strong, supported by the Company's education subsidiary, Spratt Shaw College, which has a 121-year history in British Columbia. Typically, a weaker economy creates a countercyclical effect on the education sector as students return to school as job opportunities decrease.

SSCC has seen significant growth in non-traditional delivery platforms over the last couple of years, including both synchronous and asynchronous online delivery, which has complimented the strong growth in government and third party funded program offerings. SSCC continues to focus on expanding program options particularly in healthcare and early childhood education where demand remains strong. This program expansion is intended to keep SSCC at the forefront of the private education sector in British Columbia. While SSCC continues to adapt, the Company's traditional domestic registrations are expected to remain in line with Fiscal 2024. SSCC is also expecting international registrations to continue to grow and is actively working with new markets to supplement its traditional strong recruiting presence in Asia. SSCC continues to actively develop new programs, and expand its pathway programs and education options for students, domestic and international, with other university and college partners to support lifelong learning opportunities for graduates.

⁹ <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/market-reports/rental-market-reports-major-centres>

¹⁰ <https://www2.gov.bc.ca/assets/gov/education/post-secondary-education/data-research/stp/stp-international-research-results.pdf>

¹¹ <https://www.cbre.com/insights/books/scoring-tech-talent-2024/which-are-the-top-ranked-tech-talent-markets>

¹² <https://mapping.cbre.com/maps/Scoring-Tech-Talent-2024/?rank=11>

While SSLC/VIC saw significant growth in Fiscal 2023, international student enrollment growth has slowed during Fiscal 2024 due to the Federal government policy changes to international student permitting in Q2 2024 discussed above. Management has taken initiatives to expand to different student age groups to maintain growth and market share, and as a result has seen increases in domestic student enrollment during Fiscal 2024.

Student Centric Rental Housing Business

GECH, which operates the rental housing business of the Company, expects continued growth in its student centric rental housing business segment in Fiscal 2025. The students at its partner institutions and its own schools provide a customer source for the Company's student housing business. Occupancy rates across all GEC® locations remain near-full capacity and strong rental rates are expected to continue in Fiscal 2025. The addition of GEC® Kingsway adds to the existing and growing GEC® portfolio with an average rent per square foot that is substantially higher than non-student centric market rental rates. The rental revenue for Fiscal 2024 was lower than Fiscal 2023 due to the sale of GEC® Granville Hotel, with only two months of operations in Fiscal 2024 compared to a full year in F2023. With GEC® King Edward and GEC® Kingsway added to the Company's portfolio in June 2023 and September 2024 respectively, the Company expects strong growth in rental revenue in Fiscal 2025.

The Company's projects under development include GEC® Richmond, GEC® Cyber City, GEC Education Mega Center®, GEC® Langara and GEC® Oakridge. Construction of the GEC® Richmond is currently inactive. The timing of development of these projects is, in part, dependent on the approval of the respective municipalities for authorization of rezoning, development, building and occupancy permits depending on the stage of development for the project. GECH plans to continue adding more beds to its residential portfolio by focusing on completing the current projects under development, acquiring under-valued residential assets, and rolling out its Master Lease Partnership Program strategy. These projects will strategically expand the GEC® footprint and contribute to the Company's development fee and rental revenues through Fiscal 2025. In addition, the Company plans to continue to utilize its existing education business and its global recruitment network as the base (B2C model), as well as forging new partnerships with other education institutions (B2B model) to provide tenants for GECH's student housing in Fiscal 2025. Specific institution and country risks are mitigated by tenants from diversified educational institutions and countries. GECH's scalable real estate business is designed to benefit the Company in the following ways: development fee revenues, steady stream of rental revenue, ongoing property and development management fees, and fair value gains on investment property.

SELECTED ANNUAL INFORMATION AND REVIEW OF ANNUAL FINANCIAL RESULTS

The table below presents the financial performance of each main business unit of the Company for Fiscal 2024, Fiscal 2023, and Fiscal 2022 and compares Fiscal 2024 to Fiscal 2023. Information by business segment for Fiscal 2024 and Fiscal 2023 is presented in Note 30 to the Annual Financial Statements. This information should be read in conjunction with the Annual Financial Statements.

| | Fiscal 2024 | Fiscal 2023 | Fiscal 2022 | \$ Change 2024 ⁽²⁾ | % Change 2024 ⁽²⁾ |
|--|-------------|-------------|-------------|----------------------------------|---------------------------------|
| Total revenues | \$ 77,041 | \$ 78,603 | \$ 73,235 | \$ (1,562) | (2) |
| Gross margin ⁽¹⁾ | 58% | 55% | 57% | | |
| Educational revenues – SSCC | \$ 41,806 | \$ 39,270 | \$ 39,784 | \$ 2,536 | 6 |
| Gross margin – SSCC | 58% | 58% | 58% | | |
| Educational revenues – SSLC / VIC | \$ 12,545 | \$ 13,934 | \$ 10,173 | \$ (1,389) | (10) |
| Gross margin – SSLC / VIC | 41% | 38% | 39% | | |
| Educational revenues – CIBT | \$ 2,089 | \$ 2,217 | \$ 2,577 | \$ (128) | (6) |
| Gross margin – CIBT | 36% | 36% | 37% | | |
| Rental revenues – GECH | \$ 17,250 | \$ 21,130 | \$ 18,547 | \$ (3,880) | (18) |
| Gross margin – GECH | 67% | 63% | 65% | | |
| Development fees – GECH and Corporate | \$ 1,467 | \$ 479 | \$ 588 | \$ 988 | 206 |
| Design and advertising revenues – IRIX | \$ 579 | \$ 420 | \$ 581 | \$ 159 | 38 |
| Gross margin – IRIX | 77% | 79% | 74% | | |
| Commissions and referral fees – GEA | \$ 1,305 | \$ 1,153 | \$ 985 | \$ 152 | 13 |
| Gross margin – GEA | 58% | 63% | 61% | | |
| Gross profit ⁽¹⁾ | \$ 44,386 | \$ 43,547 | \$ 41,962 | \$ 839 | 2 |
| Other expenses | \$ (38,299) | \$ (36,276) | \$ (34,114) | \$ (2,023) | 6 |
| Finance costs | (13,850) | (16,316) | (8,467) | 2,466 | (15) |
| Net gain (loss) on investment property fair value changes | (25,844) | 7,835 | 8,650 | (33,679) | (430) |
| Gain on sale of hotel property | 10,378 | - | - | 10,378 | n/m |
| Other income (loss), net | (219) | 54 | 1,945 | (273) | n/m |
| Provision for expected credit losses on development and other assets | - | - | (26,940) | - | - |
| Impairment of development assets | - | - | (40,000) | - | - |
| Loss before income taxes | \$ (23,448) | \$ (1,156) | \$ (56,964) | \$ (22,292) | n/m |
| Income tax recovery | 2,175 | 520 | 1,194 | 1,655 | 318 |
| Net loss | \$ (21,273) | \$ (636) | \$ (55,770) | \$ (20,637) | n/m |
| Net income (loss) attributable to GECC shareholders | \$ 1,094 | \$ (3,909) | \$ (15,336) | \$ 5,003 | (128) |
| Income (loss) per share – GECC shareholders | | | | | |
| Basic and Diluted | \$ 0.02 | \$ (0.06) | \$ (0.22) | \$ 0.08 | (133) |
| EBITDA [Non-IFRS] ⁽¹⁾ | \$ (5,256) | \$ 19,976 | \$ (39,148) | \$ (25,232) | (126) |
| Adjusted EBITDA [Non-IFRS] ⁽¹⁾ | \$ 10,706 | \$ 12,145 | \$ 18,652 | \$ (1,439) | 12 |
| Total assets | \$ 475,211 | \$ 497,682 | \$ 477,733 | \$ (22,471) | (5) |
| Total non-current financial liabilities | \$ 198,042 | \$ 159,452 | \$ 78,572 | \$ 38,590 | 24 |

⁽¹⁾ See section “Non-IFRS Financial Measures” for more information on each non-IFRS specified financial measure. Gross margins reflected in the table above and referenced below as “Margins”.

⁽²⁾ Percentage change amounts reflect the relative change in the current period amount in comparison with the prior period amount, where the numerator is the amount increased (decreased) and the denominator is the prior period amount.

Operating results

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, 2024 were \$19,731 (August 31, 2023 - \$20,663, August 31, 2022 – \$19,715) 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. Overall education revenues increased by \$1,019 in Fiscal 2024 and \$2,887 in Fiscal 2023 when compared to the respective prior periods.

- SSCC delivered a strong year with revenue increasing in Fiscal 2024 compared to Fiscal 2023 and Fiscal 2022. New student enrollment was the main driver for this increase, in particular international students which is a continuing trend from Fiscal 2023. Margin for Fiscal 2024 has remained consistent when compared to both Fiscal 2023 and Fiscal 2022.
- Revenues for SSLC/VIC decreased in Fiscal 2024 compared to Fiscal 2023, despite seeing strong recoveries in Fiscal 2023 compared to Fiscal 2022. In Q2 2024, the Federal government announced amendments to its study permit policies which caused a slowdown of incoming international students in Fiscal 2024. The new policies caused immediate confusion in the marketplace with some of SSLC's overseas agents re-directing student pipelines to other countries. While the Federal government subsequently clarified its new policies and SSLC permit allocations remained in line with prior years, student enrollment has not fully recovered in the current year. Despite lower revenue, ongoing cost reduction efforts have resulted in an increase in margin for Fiscal 2024 when compared to both Fiscal 2023 and Fiscal 2022.
- Revenues for CIBT decreased in Fiscal 2024 and Fiscal 2023 when compared with the respective prior periods due to lower student enrollment, while margin has remained consistent.

Real estate and student housing

- The Company completed the sale of GEC® Granville in Q1 2024, resulting in \$6,562 of lost rental revenue in Fiscal 2024 when compared to Fiscal 2023. Adjusting for the lost revenue, rental revenues increased by \$2,683 in Fiscal 2024 compared to Fiscal 2023 primarily due to commencement of operations of GEC® King Edward in Q4 2023 and higher rental rates at other rental properties. This increase was partly offset by reduced occupancy at GEC® VIVA which began major renovations in Q2 2024.
- Margins in Fiscal 2024 increased when compared to Fiscal 2023 and Fiscal 2022 primarily due to the sale of the GEC® Granville hotel, which had higher operating costs than other rental properties. Direct costs remained consistent across other rental properties.

Other operating costs (general and administrative expenses, provision for expected credit losses on trade and other receivables, depreciation and amortization, and share-based payment expense)

- General and administrative expenses increased by \$1,966 in Fiscal 2024 and by \$2,450 in Fiscal 2023 when compared to the respective prior periods as costs across most categories have risen. The most significant increases in Fiscal 2024 include a \$891 increase in salaries and benefits, \$318 in professional, consulting and management fees, and \$205 in rent. Increases in Fiscal 2023 were primarily due to \$1,003 increase in salaries in benefits, \$667 in professional, consulting and management fees, and \$349 in rent.
- Depreciation of property and equipment and amortization of intangible assets excluding agency fees, which are non-cash expenses, decreased by \$365 in Fiscal 2024 when compared to Fiscal 2023 largely due to the sale of GEC® Granville, and decreased \$121 in Fiscal 2023 when compared to Fiscal 2022 as certain property and equipment and finite life intangible assets were fully depreciated during the period.

Finance costs

Finance costs include interest expense on borrowings, finance fees (including accretion of finance fees and other), accretion of lease liabilities, debt modification gains and losses and changes in fair value of embedded derivatives. Total finance costs decreased by \$2,466 in Fiscal 2024 and increased by \$7,849 in Fiscal 2023 when compared to the respective prior periods. These changes were driven by:

- Total interest expense, which includes interest on borrowings, accretion of finance fees and accretion of lease liabilities, decreased by \$1,763 in Fiscal 2024 compared to Fiscal 2023. The decrease in Fiscal 2024 was predominantly the result of lower prime-linked interest rates and lower fixed interest rates on borrowings during the period. Total borrowings also reduced in Fiscal 2024 which further reduced interest expense. In contrast, total interest expense increased by \$4,817 in Fiscal 2023 compared to Fiscal 2022 as a result of higher interest rates on borrowings and an increase in total borrowings.
- During Fiscal 2024, the Company recognized \$966 of non-cash debt modification gains associated with modifying various debt agreements, compared to gains of \$232 in Fiscal 2023.

Gain on sale of GEC® Granville

As described in the section “Fourth Quarter and Full Year Highlights – Real estate portfolio and transactions – GEC® Granville”, the Company sold the GEC® Granville hotel property and recognized a \$10,378 of gains from sale of property and equipment during Fiscal 2024.

Net loss on fair value changes in investment properties

- As described in the section “Fourth Quarter and Full Year Highlights – Real estate portfolio and transactions - Investment Property Fair Value” above, during Fiscal 2024 the fair value of the investment properties held by the Company decreased by \$25,844. Each of the revenue producing properties realised fair value gains, however, the Company recognized fair value losses for properties under development of \$35,886 as a result of a challenging and inactive real estate market in Fiscal 2024 that saw few comparable transactions outside of distressed sales. During Fiscal 2023, each of the revenue producing properties realised fair value gains, whereas majority of the properties under development realized fair value losses. Net fair value gains for investment properties were \$7,835 during Fiscal 2023.
- During Fiscal 2024 the Company recognized a net fair value gain on right-of-use assets classified as investment properties of \$1,415 compared to a fair value loss of \$2,044 in Fiscal 2023. The fair value of the right-of-use asset is remeasured each reporting period based on cash flows receivable under the lease at the applicable discount rate. With the exception of the initial year of recognition, the Company generally expects the fair value for right-of-use investment properties to gradually decrease as remaining cash flows receivable under the lease decline as a function of time, which will generate fair value losses each reporting period until the end of the lease which will reduce the fair value for the right-of-use asset to zero.

Other income, net

During Fiscal 2024, other income (loss), net, decreased by \$273 compared to Fiscal 2023. Given the non-recurring nature of certain items in this financial statement category, fluctuations between comparative years are expected. Changes between Fiscal 2024 compared to Fiscal 2023 include:

- \$461 of loss from impairment of intangible assets at the CIBT cash generating unit level in Fiscal 2024.
- \$39 of foreign exchange gain in Fiscal 2024 compared to \$212 of foreign exchange loss in Fiscal 2023.

Income Taxes

During Fiscal 2024, income tax recovery of \$2,175 comprised of current tax expense of \$252 and deferred tax recovery of \$2,427. The current tax expense was mainly the result of taxable income from SSCC, offset by tax losses from SSLC/VIC. The deferred tax recovery was the result of deferred income tax on fair value changes on investment properties, offset by utilization of deferred tax assets associated with the sale of GEC® Granville and non-capital loss carryforwards.

During Fiscal 2023, income tax recovery of \$520 comprised of current tax expense of \$349 offset by deferred tax recovery of \$869. The current tax expense was mainly the result of taxable income from SSCC, offset by tax losses from SSLC/VIC. The deferred income tax recovery was the result of deferred income taxes on fair value changes on investment properties and accumulation of non-capital loss carryforwards.

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.

| | Q4 2024 | Q3 2024 | Q2 2024 | Q1 2024 |
|---|----------|---------|---------|---------|
| Total revenues | 18,975 | 18,391 | 17,543 | 22,132 |
| Net income (loss) | (25,074) | (2,220) | (2,468) | 8,489 |
| Adjusted EBITDA ⁽¹⁾ | 1,350 | 2,222 | 2,142 | 4,992 |
| Net income (loss) - GECC shareholders | (1,726) | 251 | (982) | 3,553 |
| Income (loss) per share - GECC shareholders – basic | (0.02) | 0.00 | (0.01) | 0.05 |
| Income (loss) per share - GECC shareholders – diluted | (0.02) | 0.00 | (0.01) | 0.05 |

| | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 |
|--|---------|---------|---------|---------|
| Total revenues | 23,243 | 19,901 | 17,130 | 18,329 |
| Net income (loss) | 3,353 | (1,818) | (1,169) | (1,002) |
| Adjusted EBITDA ⁽¹⁾ | 3,420 | 3,550 | 2,065 | 3,078 |
| Net loss - GECC shareholders | (634) | (479) | (1,397) | (1,399) |
| Loss per share - GECC shareholders – basic | (0.01) | (0.01) | (0.02) | (0.02) |
| Loss per share - GECC shareholders – diluted | (0.01) | (0.01) | (0.02) | (0.02) |

⁽¹⁾ Non-IFRS financial measure. See the section titled “Non-IFRS Financial Measures” for reconciliation.

Total revenues consist of: (a) educational revenues; (b) rental revenues; (c) development fees; and (d) revenues from other lines of business. Net income (loss) fluctuates based on changes in margins across all operating segments, the timing of recognition of fair value gains (losses) on investment properties (which depend on operating performance, the real estate market, and the original purchase cost), the timing of recognition of development fees, and one-off losses such as provisions for expected credit losses and impairments. Development fees have higher gross margins 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.

The following additional factors have caused variation in results over the quarterly periods presented.

The Company's education business includes minor seasonality as revenue fluctuates with school terms. The Company historically has a spike in its deferred revenues in September which is the typical starting date of courses geared towards domestic students.

Given the low rental vacancy rate in Vancouver, the Company's rental revenues are generally consistent throughout the year. Rental revenues generally increase as more GEC[®] rental units become available and are rented, which occurs when new properties are acquired or when the construction of a real estate project is completed and an occupancy permit issued, subject to a ramp-up period. Average daily room rates slightly increased in Fiscal 2024 when compared to Fiscal 2023. However, total rental revenue declined in the first two quarters of Fiscal 2024 and stabilized in the final two quarters of Fiscal 2024, primarily as a result of lost rent from GEC[®] Granville and renovation driven reduced occupancy at GEC[®] VIVA.

Development fees recognition is dependant on the status of real estate projects. Real estate projects involve development and construction timelines spanning several years and require substantial investment which is generally staged over several quarters as is the receipt by the Company of these development fees. Furthermore, backlogs at the various departments of the cities in which the Company has real estate projects are expected to impact the timing of real estate project status and thus the development fee recognition. Development fees in Fiscal 2024 were mainly derived from ongoing advancement of GEC[®] Langara.

Fourth Quarter 2024 Highlights

The following discusses the results for Q4 2024 compared to Q4 2023.

- Educational revenues increased to \$16,773 in Q4 2024 compared to \$15,754 in Q4 2023, an increase of 6%. This was driven by higher new enrollment from SSCC and offset by lower new enrollment from SSLC/VIC during the period.
- Rental revenues decreased by 55% to \$3,237 in Q4 2024 from \$7,117 in Q4 2023, primarily as a result of lost rent from GEC® Granville and renovation driven reduced occupancy at GEC® VIVA.
- Net loss from changes in fair value of investment properties of \$24,801 was recognized in Q4 2024 compared to net gain of \$5,986 in Q4 2023. See the section titled “Fourth Quarter and Full Year Highlights – Investment Property Fair Value” for further details.
- Finance costs decreased by \$1,904 in Q4 2024 compared to Q4 2023 due to lower interest rates on borrowings and lower total borrowings.
- Net loss was \$25,074 for Q4 2024 compared to net income of \$3,353 for Q4 2023.
- Cash and cash equivalents decreased by \$950 in Q4 2024 compared to decrease of \$4,175 in Q4 2023.

For Q4 2024, significant changes from the Q3 2024 balance sheet include: increase in fair value of investment properties, decrease in trade working capital, increase in lease liabilities, increase in total borrowings and decrease in deferred revenue.

FINANCIAL CONDITION

The following table compares selected financial position information as at August 31, 2024 and August 31, 2023:

| | August 31, 2024 | August 31, 2023 | Dollar change | % Change |
|---------------------------------------|-------------------|-------------------|--------------------|-------------|
| Total current assets | \$ 24,214 | \$ 26,408 | \$ (2,194) | (8) |
| Investment properties | \$ 419,002 | \$ 385,227 | \$ 33,775 | 9 |
| Development assets | \$ 869 | \$ 1,378 | \$ (509) | (37) |
| Other non-current assets | \$ 31,126 | \$ 84,669 | \$ (53,543) | (63) |
| Total assets | \$ 475,211 | \$ 497,682 | \$ (22,471) | (5) |
| Total current liabilities | \$ 126,041 | \$ 163,703 | \$ (37,662) | (23) |
| Total non-current liabilities | \$ 207,238 | \$ 170,842 | \$ 36,396 | 21 |
| Total liabilities | \$ 333,279 | \$ 334,545 | \$ (1,266) | 0 |
| Equity – GECC shareholders | \$ 25,208 | \$ 23,986 | \$ 1,222 | 5 |
| Non-controlling interests | \$ 116,724 | \$ 139,151 | \$ (22,427) | (16) |
| Total equity | \$ 141,932 | \$ 163,137 | \$ (21,205) | (13) |
| Working capital (deficit) – see below | \$ (101,827) | \$ (137,295) | \$ 35,468 | (26) |
| Net debt ⁽¹⁾ | \$ 248,824 | \$ 266,487 | \$ (17,663) | (7) |

⁽¹⁾ Total borrowings less cash and cash equivalents – Note 24 to Annual Financial Statements.

Total assets decreased mainly as a result of net loss from changes in fair value adjustments to investment properties, sale of property and equipment associated with GEC® Granville, offset by the acquisition of GEC® Langara and new and extended lease terms for GEC® Kingsway and GEC® VIVA, respectively.

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, securing new loans and refinancing on reasonable terms, and reducing costs where possible. The Company had an undrawn facility of \$2,669 in

addition to cash and cash equivalents of \$2,132 at August 31, 2024. The Company also had restricted cash of \$2,749 at August 31, 2024 mainly related to interest reserves held for certain real estate limited partnerships.

The Company continues to have a working capital deficit of \$101,827 at August 31, 2024 (\$137,295 at August 31, 2023) which has been the case for the last several years. It is common in the real estate holding and development sectors to have negative working capital and in the Company's case, negative working capital results primarily from the difference between the classification of investment properties as non-current assets, and a portion of the borrowings associated with those assets being classified as current liabilities as they are due within 12 months. The total amount of borrowings which are due within 12 months fluctuate based on the timing of funding, repayment dates or mortgage renewals and types of loans held by the Company. Given the nature of the real estate business, management determines the length of the borrowing term to optimize flexibility should opportunities arise to dispose of properties on economically favourable terms.

GECC's negative working capital at August 31, 2024 and the change from August 31, 2023 is predominately driven by the following factors:

- Decrease in cash and cash equivalents of \$1,260.
- The current portion of borrowings decreased to \$83,986 at August 31, 2024 from \$120,070 at August 31, 2023, reflecting the Company's ongoing efforts to manage capital.
- Current lease liabilities increased to \$5,271 at August 31, 2024 compared to \$2,878 at August 31, 2023, largely due to lease extension of the GEC® VIVA and the new GEC® Kingsway lease. The current portion of these leases do not match the non-current classification of the associated right-of-use assets.
- Deferred revenue of \$20,979 at August 31, 2024 compared to \$22,017 at August 31, 2023.

The Company has continued to meet its obligations as they become due, and management believes this will continue to be the case. The Company has a history of successfully raising capital financing and anticipates it will continue to seek to secure new equity or debt financings under reasonable terms and/or to refinance existing borrowings with debts of similar natures as needed; however, there is no assurance that such financing will be available on favourable terms or at all. The Company expects it will have sufficient capital resources to carry out expansion plans and support operations through Fiscal 2025 based on existing cash, cash expected to be generated from operations, and successful capital raising which it considers probable based on the history of refinancing of similar debts.

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. The Company used \$11 in cash for such repurchases in Fiscal 2024 (Fiscal 2023 - \$142).

Contractual obligations

In the normal course of business, the Company enters contracts that give rise to contractual obligations for future minimum payments. At August 31, 2024, financial liabilities and commitments totaled \$340,726 which is consistent with \$342,684 at August 31, 2023. 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, 2024:

| | Less than one year | 2 – 3 years | 4-5 years | Over 5 years | Total |
|--|-----------------------|-------------------|------------------|------------------|-------------------|
| <i>Financial Liabilities</i> | | | | | |
| Trade and other payables | \$ 15,315 | \$ - | \$ - | \$ - | \$ 15,315 |
| Secured loans ⁽¹⁾ | 88,085 | 79,226 | 45,240 | 29,514 | 242,065 |
| Lease payments ⁽²⁾ | 10,696 | 21,788 | 18,466 | 9,749 | 60,699 |
| 2019 and 2020 Debentures | 853 | 5,774 | - | - | 6,627 |
| Other loans ⁽³⁾ | 8,994 | 6,620 | 189 | 217 | 16,020 |
| Total Financial Liabilities | \$ 123,943 | \$ 113,408 | \$ 63,895 | \$ 39,480 | \$ 340,726 |
| <i>Other Commitments</i> | | | | | |
| Income taxes payable | 490 | - | - | - | 490 |
| Total Financial Liabilities and Commitments | 124,433 | 113,408 | 63,895 | 39,480 | 341,216 |

⁽¹⁾ Interest reserves of \$2,389 exist to offset future interest payments on certain borrowings.

⁽²⁾ Includes lease payments recognized as lease liabilities (Note 8 of Annual Financial Statements), estimated variable lease payments and short term lease payments.

⁽³⁾ Includes payments against Government loans, Loans payable, Bank credit facilities, and Bond payable.

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. Details of borrowings are included in Note 14 and Note 28 to the Annual Financial Statements. During Fiscal 2024, the Bank of Canada policy interest rate decreased from 5.00% to 4.50%. This, combined with successful refinancing of various loans during Fiscal 2024, resulted in the decrease in weighted-average interest rate on borrowings of 8.0% at August 31, 2024 compared to 9.4% at August 31, 2023.

Secured borrowings are secured by first and second mortgages on the underlying property and are guaranteed by the Company and/or its subsidiaries. During Fiscal 2024, the Company made all interest and principal payments on its borrowings, interest payments to its debenture holders, and refinanced numerous loans maturing in Fiscal 2024.

Analysis of cash flows

The following table summarizes cash inflows and outflows for the periods shown. 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 2024 | Fiscal 2023 | Change | % Change |
|---|-------------|-------------|------------|----------|
| Cash flows provided by (used in) operating activities | \$ (5,577) | \$ 2,213 | \$ (7,790) | (352) |
| Cash flows used in investing activities | (20,908) | (18,665) | (2,243) | 12 |
| Cash flows provided by financing activities | 25,219 | 10,122 | 15,097 | 149 |
| Effects of exchange rate changes on cash and cash equivalents | 6 | (2) | 8 | (400) |
| Decrease in cash and cash equivalents | \$ (1,260) | \$ (6,332) | \$ 5,072 | (80) |
| Cash and cash equivalents, beginning of year | 3,392 | 9,724 | (6,332) | (65) |
| Cash and cash equivalents, end of year | \$ 2,132 | \$ 3,392 | \$ (1,260) | (37) |

Cash flows from operating activities vary from period to period as a result of the Company's operational performance, working capital requirements associated with its educational business and real estate projects.

Cash flows used in investing activities vary depending on the nature of transactions during a period, in particular investments in real estate projects. During Fiscal 2024, material cash flow transactions included the acquisition of GEC® Langara and the sale of GEC® Granville. Other cash flows used in investing activities include development costs associated with the GEC® VIVA, GEC® King Edward, GEC® Oakridge, GEC Education Mega Center®, GEC® Langara and GEC® Cyber City projects, and for cash paid for borrowing costs for these projects. During Fiscal 2023, most of the cash used in investing activities were associated with the GEC® King Edward, GEC Education Mega Center®, GEC® Oakridge and GEC® Cyber City projects.

Cash provided by financing activities vary depending on the borrowing transactions, non-controlling interest contributions and distributions, and the Company's treasury share buyback activity. Note 27(b) to the Annual Financial Statements provides additional detail of the change in borrowings including cash and non-cash related items for Fiscal 2024 and Fiscal 2023. During Fiscal 2024, net cash flows provided by borrowings were higher by \$15,097 as a result of larger amount of debt financing in the period. Net distributions to non-controlling interests were also \$3,090 higher in Fiscal 2024 compared to Fiscal 2023.

Outstanding share data

The authorized capital consists of 150,000,000 common shares without par value. As at November 29, 2024, the following common shares, stock options, and convertible debenture conversion options were outstanding:

| | Number of shares | Exercise price | Remaining life (Years) |
|--|-------------------|-----------------|------------------------|
| Common shares | 67,440,040 | - | - |
| Stock options | 3,010,000 | \$0.38 - \$0.53 | 0.72 – 4.22 |
| Convertible debentures ⁽¹⁾⁽²⁾ | 11,943,661 | \$0.30 - \$0.82 | 1.28 |
| Fully diluted | 77,377,034 | | |

⁽¹⁾ Includes convertible debentures issued in May 2019, February 2020 and September 2024. The conversion price for convertible debentures issued in May 2019 are denominated in HKD but presented in Canadian dollars.

Treasury shares

In March 2023, the Company received approval from the TSX to commence a normal course issuer bid (the “**2023 NCIB**”) to purchase up to 3,374,877 of the Company’s previously issued common shares, subject to daily limits, from March 22, 2023 to March 21, 2024, to a maximum aggregate acquisition cost of approximately \$2,000.

Pursuant to the 2023 NCIB, the Company acquired the following common shares in Fiscal 2024:

| | August 31, 2024 | August 31, 2023 |
|---|------------------------|------------------------|
| Beginning of fiscal year – common shares held in treasury | 47,100 | 733,800 |
| Common shares purchased ⁽¹⁾ | 34,000 | 252,900 |
| Common shares cancelled | (81,100) | (939,600) |
| End of period – common shares held in treasury | - | 47,100 |

⁽¹⁾ During Fiscal 2024, the Company incurred \$11 (Fiscal 2023 - \$142) in purchasing common shares.

In March 2024, the Company received approval from the TSX to commence a new normal course issuer bid (the “**2024 NCIB**”) to purchase up to 1,000,000 of the Company’s previously issued common shares, subject to daily limits, from March 22, 2024 to March 21, 2025, to a maximum aggregate acquisition cost of approximately \$1,000. The Company has not acquired any common shares pursuant to the 2024 NCIB as at the date of this report.

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 22 and 23, respectively, to the Annual Financial Statements. In addition, information on the valuation and sensitivity analysis associated with investment properties is described in Note 5(b) 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 and directors. Amounts paid to related parties were incurred in the normal course of operations and measured at the amount exchanged. 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 Toby Chu, its president and chief executive officer, and Paul Harman, its chief financial officer. In addition, fees paid to the Company’s directors are also presented below.

| | Year Ended August 31, 2024 | Year Ended August 31, 2023 |
|--|-------------------------------|-------------------------------|
| Management fees, salaries and director’s fees ⁽¹⁾ | \$ 1,347 | \$ 1,138 |
| Share-based compensation | 105 | 78 |
| Total remuneration | \$ 1,452 | \$ 1,216 |

⁽¹⁾ Total remuneration includes nominal post-employment benefits.

Amounts owing to, or receivable from, related parties are presented below.

| | August 31, 2024 | August 31, 2023 |
|---|-----------------|-----------------|
| Due to officers and directors of the Company ⁽¹⁾ | \$ 229 | \$ 138 |
| Due to (from) the president of IRIX ⁽²⁾ | 110 | (107) |
| Due to related parties | \$ 339 | \$ 31 |
| Loans payable to officers and directors of the Company ⁽²⁾ | 140 | - |

⁽¹⁾ Amounts due are non-interest bearing and have no fixed terms of repayment.

⁽²⁾ Loans relate to convertible debentures pre-financing received but refundable as at August 31, 2024. Amounts due are to non-interest bearing, and payable to a corporation controlled by an officer and to a director of the Company.

⁽³⁾ Amounts due to related party has no fixed terms of repayment, bearing interest at a rate of 6% per annum.

NON-IFRS FINANCIAL MEASURES

Certain non-IFRS financial measures have been included in this MD&A. The Company believes that these measures, in addition to measures prepared in accordance with the IFRS Accounting Standard, provide readers with an improved ability to evaluate its underlying performance. 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.

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 also presents Adjusted EBITDA which is EBITDA adjusted to exclude: the net gain or loss recognized on fair value changes on investment properties under the fair value model, the provision for expected credit losses on development and other assets, the impairment of development assets, and the net gain or loss recognized on fair value changes in embedded derivatives associated with certain financial liabilities. In Fiscal 2024, the Adjusted EBITDA measure also included one-off gains from sale of property and equipment, and loss from impairment of intangible assets.

The following table reconciles these non-IFRS measures to the most directly comparable IFRS measure disclosed in the Annual Financial Statements, which is net income (loss).

| <i>Presented in thousands of Canadian dollars</i> | Fiscal 2024 | Fiscal 2023 | Q4 2024 | Q4 2023 |
|---|-------------|-------------|----------|---------|
| Net income (loss) | (21,273) | (636) | (25,074) | 3,353 |
| Deduct: interest income ⁽¹⁾ | (19) | (59) | (19) | (21) |
| Add: interest expense | 14,780 | 16,543 | 3,185 | 4,556 |
| Add (deduct): income tax provision (recovery) | (2,175) | (520) | (2,627) | 365 |
| Add: depreciation and amortization ⁽²⁾ | 3,431 | 4,648 | 834 | 1,019 |
| EBITDA [non-IFRS] | (5,256) | 19,976 | (23,701) | 9,272 |
| Add (deduct): loss (gain) on fair value changes in investment | 25,844 | (7,835) | 24,801 | (5,786) |
| Deduct gain on sale of property and equipment ⁽³⁾ | (10,378) | - | - | - |
| Add loss from impairment of intangible assets | 461 | - | 461 | - |
| Add (deduct): loss (gain) on embedded derivatives, net ⁽⁴⁾ | 35 | 4 | (211) | (66) |
| Adjusted EBITDA [non-IFRS] | 10,706 | 12,145 | 1,350 | 3,420 |

⁽¹⁾ Interest income not associated with operations which is a component of interest and other income, net including in Note 20 to the Annual Financial Statements.

⁽²⁾ Includes amortization of agency fees which is a component of educational direct costs and included in Note 9 to the Annual Financial Statements.

⁽³⁾ Associated with gain on sale of GEC® Granville.

⁽⁴⁾ Included in finance costs within Note 19 to the Annual Financial Statements.

Gross profit and gross margin

Gross profit for the Company is the difference between revenue and direct cost of sales. Gross profit is a non-IFRS financial measure as the term and subtotal for gross profit does not appear on the face of the consolidated statements of loss and comprehensive loss.

Gross margin is a non-IFRS ratio and is calculated as gross profit divided by revenue, expressed as a percentage. Gross margin in total and for each operating segment is presented in this MD&A. Management uses Gross Profit and Gross Margin to assess how efficiently the Company generates profit from the sale of goods or services. The presentation of gross margin for each operating segment provides additional information as to the profitability of each business unit considering the Company's diversified nature of revenues. Note 30 to the Annual Financial Statements provides gross profit and revenue amounts for each business unit.

ACCOUNTING MATTERS

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. Note 29 of the Annual Financial Statements provides details of the Company's 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. Key accounting estimates represent estimates that are uncertain, and for which changes in those estimates could materially impact the consolidated financial statements. Critical judgements in applying accounting policies 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

There were new accounting standards which were adopted by the Company in the current fiscal year that did not have a material impact on the Company's Annual Financial Statements, which are disclosed in Note 4(a) to the Annual Financial Statements. In addition, there are new standards applicable to the Company for the next fiscal year starting September 1, 2024. Note 4(b) to the Annual Financial Statements includes information on these standards and interpretations issued that the Company reasonably expects to be applicable to the Company at a future date. The Company intends to adopt these standards when they become effective. The Company has not early adopted any other amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

OFF-BALANCE SHEET ARRANGEMENTS

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

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

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 National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators* 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, 2024 and the date of this Management's Discussion & Analysis, the disclosure controls and procedures were effective.

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, 2024, 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, which 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, 2024, the Company determined that there were no material deficiencies in the Company's internal controls over financial reporting for Fiscal 2024.

Changes in Internal Control over Financial Reporting

There have been no changes during Fiscal 2024 to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

RISKS RELATED TO THE COMPANY'S BUSINESS

The Company's business, financial condition, operating results, and prospects are subject to several risks and uncertainties which include but are not limited to those below as well as those specified elsewhere in this MD&A. A more detailed description of certain of the risks and uncertainties can be found under the heading “Risk Factors” in the Company's annual information form for Fiscal 2024 filed under the Company's profile on SEDAR+ at www.sedarplus.ca. See also above under “Forward-Looking Information.”

- the performance of the real estate business depends on fluctuation of real estate prices
- risks related to real estate project developments generally include construction delays (due to factors including permit issuance, construction costs and construction labour market shortages) and rezoning process risk (due to delays in rezoning which may result from design changes and may result in substantial cost increases)
- the Company's dependence upon third parties in respect of the construction of its real estate projects and the financial stability of the parties involved
- lending sentiment by construction lenders may impact the cost of mortgage financing
- although the general partners of certain of the limited partnerships which own GEC® real estate projects are subsidiaries of the Company, they are required to act in good faith towards all of the limited partners which may result in decisions that are not beneficial to GECC
- the Company's ability to repay or refinance debt obligations and to fund committed capital expenditures will depend on certain financial, business and other factors and significant interest rate increases will affect financial performance
- 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
- increased competition in the sectors in which the Company has investments
- need for additional capital to complete acquisitions and expand operations and ability to manage planned growth and integrate new business opportunities into existing 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
- availability of government funded programs and increasing interest rates may impact student enrollment
- increases in the frequency and severity of extreme weather events, such as wildfires and snowstorms, could lead to supply chain interruptions
- risks involving the Chinese legal system, tax system, and foreign currency limitation
- 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
- the Company stores significant amounts of information from various business activities on cloud servers which may be susceptible to cyber threats. There is also a heavy dependency on online digital platforms like websites and certain

software critical to business operations. A cyber breach would bring significant impact and downtime to the Company's ability to offer its products and services.

- risks related to government regulations and obtaining required approvals
- government policy relating to rent control may affect rental income
- government policy relating to foreign investment may affect investor sentiment
- government policies relating to education that may affect international students from studying abroad
- Bank of Canada monetary policy may affect market interest rates
- compliance with rules and requirements applicable to public companies may cause the Company to incur increased costs