CIBT EDUCATION GROUP INC.

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

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2017

CIBT EDUCATION GROUP INC.
(the "Company")
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2017

The following Management's Discussion & Analysis ("**MD&A**") is prepared in accordance with National Instrument 51-102F1, and should be read in conjunction with the consolidated financial statements and related notes for the three months ended November 30, 2017 (the "**Q1 Financial Statements**") which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). The comparatives in this MD&A have been presented in accordance with IFRS. Additional information about the Company and its subsidiaries, including its annual information form, is available under the Company's profile on SEDAR (www.sedar.com).

FORWARD-LOOKING INFORMATION

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

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

1. the student accommodations business is expected to benefit the Company in six ways – development fee, steady stream of rental income, ongoing management fees, fees for supplemental services to student's daily living such as meal service, insurance, excursion and tutoring, fair value increases as well as any capital gain upon exit;

2. that students from the Company's own education subsidiaries and its partner schools will provide a steady supply of students into its student housing projects: the underlying material factors or assumptions are that the Company will become more vertically integrated in the future and that GEC® branded student housing projects will remain the economical choice for domestic and international students;

3. the expectation that Global Education Alliance Inc. will successfully complete its programs and add more partner schools and unique programs designed for domestic and international students: the underlying material factor or assumption is that the demand for domestic and international students by the Company's partner schools will continue to grow;

4. the Company's plans for the proposed GEC® education centers: 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 of the GEC Education Mega Center® project and GEC Education Super Center® project; that the relevant municipalities are receptive to the proposed building plans; that these projects can be built for a price determined reasonable by the Company and its investment partners; and that these projects can be completed in a reasonable amount of time as determined by the Company and the developer; and

5. the Company's plans for sufficient student centric facilities to be built over a five year period to accommodate up to 10,000 students: the underlying material factors or assumptions are that the Company will be able to continue to arrange the required equity funding from investment partners at the current pace; that the number of future domestic and international students will maintain or increase near predicted rates, interest rate, government policy and real estate market volatility will remain low or stable, and that GEC® branded housing projects will remain the economical choice for incoming students.

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

Reference should also be made to the risks described herein under the heading "Risks Related to the Company's Business" for a discussion of these and other sources of factors underlying forward-looking statements and those additional risks set forth under the heading "Risk Factors" in the Company's annual information form for the financial year ended August 31, 2017. The Company believes the expectations reflected in the forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. These forward-looking statements speak only as of the date of this MD&A, and the Company assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities law.

All figures are in Canadian dollars unless otherwise noted. This MD&A has been prepared as of January 14, 2018. In this MD&A, the following terms have the meanings shown:

"**Fiscal 2018**" means the fiscal year ending August 31, 2018
"**Fiscal 2017**" means the fiscal year ended August 31, 2017

"**First Quarter of Fiscal 2018**" means the three months ended November 30, 2017
"**Second Quarter of Fiscal 2018**" means the three months ending February 28, 2018
"**Third Quarter of Fiscal 2018**" means the three months ending May 31, 2018
"**Fourth Quarter of Fiscal 2018**" means the three months ending August 31, 2018

"**First Quarter of Fiscal 2017**" means the three months ended November 30, 2016
"**Second Quarter of Fiscal 2017**" means the three months ended February 28, 2017
"**Third Quarter of Fiscal 2017**" means the three months ended May 31, 2017
"**Fourth Quarter of Fiscal 2017**" means the three months ended August 31, 2017

NON-IFRS FINANCIAL MEASUREMENTS

The Company has included certain non-IFRS performance measures throughout this document as fully explained and reconciled under the caption "Non-GAAP Financial Performance Measures" in this document. These non-IFRS financial measurements have not been presented as an alternative to net income or loss or any other financial measure of performance prescribed by IFRS.

Date of Report – January 14, 2018

NATURE OF BUSINESS

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

The Company's operating entities are as follows:

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

The Company's primary business units consist of CIBT China, SSCC, SSLC, VIC, GEA, Global Education Holdings, IRIX, and Corporate (head office) functions. On March 29, 2017, the Company's designated subsidiaries purchased substantially all of the operating assets of KGIC (the "**KGIC Transaction**"). The KGIC Transaction closed on March 29, 2017. The Company continues to integrate the operating assets from the KGIC Transaction into its education business.

FIRST QUARTER HIGHLIGHTS

Acquisition of GEC® Project 1

On October 18, 2017, CIBT Holdings entered into an amendment to the February 2016 share purchase agreement with the developer resulting in the take-over of GEC® Project 1 from the Developer. CIBT Holdings agreed to pay approximately $13,000,000 to the Developer to assume GEC® Project 1, which was assigned to GEC® LP 1A in which the Company is an investor. The $4,300,000 refundable deposits paid to the Developer at August 31, 2017 were applied to the purchase price. There are no other funding commitments to the original developer and the commitment amount of $23,750,000 is no longer due.

In conjunction with this agreement, in October 2017 GEC® LP 1A obtained a first mortgage for $10,000,000 for a term of 15 months which bears interest on the advanced principal and outstanding interest, calculated daily, at a blended rate of 8.0% per annum until maturity. The loan requires monthly payments of interest, with all amounts due on January 31, 2019 or on demand in the case of default. Full repayment of the loan before maturity date is permitted with no penalty after Lender has received six monthly interest payments. The loan is secured by a first mortgage over the assets of GEC® Project 1, an assignment of rents, and a general assignment of all fixed price contracts, development permits and plans related to the proposed development of GEC® Project 1. GEC® LP 1A will also pay the insurance coverage with a loss payable provision in favor of the Lender.

Completion of Construction of GEC® Project 3

In November 2017, the occupancy permit for one of the Company's projects was issued, resulting in additional rental units of which approximately 80% were already rented as of January 1 2018. This completes the conversion of the investment property from a luxury hotel to a serviced apartment to accommodate students or technology employees in Vancouver.

GEC® Education Center Project Updates

In late November 2017, the Company's project, GEC Education Mega Center®, received Advisory Design Panel ("ADP") and various other approvals by Surrey City Council, with only the final approval required which is expected in the Second Quarter of 2018, whereby consent for the development and building permits are expected to be granted. Construction is expected to start in the spring or summer of 2018 and completion of property is expected in the winter of 2020.

During the First Quarter of 2018, the Company submitted the rezoning application to the Richmond city council and is preparing for the re-development of its GEC Education Super Center®. The proposed plan includes 350,000 square feet of hotel, commercial office space for educational institutions, commercial offices, retail and education service companies from around the world wishing to establish a physical presence in the Metro Vancouver area, in addition to the GEC® branded housing options for students and tourists.

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SUMMARY OF QUARTERLY RESULTS

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

	Quarter Ended November 30, 2017 (First Quarter)	Quarter Ended August 31, 2017 (Fourth Quarter)	Quarter Ended May 31, 2017 (Third Quarter)	Quarter Ended February 28, 2017 (Second Quarter)
Total revenues – Continuing operations (1)	$14,203,870	$16,789,254	$12,360,578	$10,492,521
Net income (loss)	$6,803,875	($296,016)	$877,976	$1,879,499
Income (loss) per share [Non-IFRS] (2)	$0.09	($0.00)	$0.01	$0.03
Net income (loss) - CIBT Education Group Inc. shareholders	$724,013	($3,096,106)	$21,547	$89,449
Income (loss) per share - CIBT Education Group Inc. shareholders – basic and diluted	$0.01	($0.04)	$0.00	$0.00

	Quarter Ended November 30, 2016 (First Quarter)	Quarter Ended August 31, 2016 (Fourth Quarter)	Quarter Ended May 31, 2016 (Third Quarter)	Quarter Ended February 29, 2016 (Second Quarter)
Total revenues – Continuing operations (1)	$13,979,876	$8,831,395	$8,143,563	$9,774,766
Net income (loss)	$5,660,983	($787,174)	$9,013,374	$601,314
Income (loss) per share [Non-IFRS] (2)	$0.08	($0.01)	$0.13	$0.01
Net income (loss) - CIBT Education Group Inc. shareholders	$5,210,614	($1,029,597)	$3,567,232	$855,939
Income (loss) per share - CIBT Education Group Inc. shareholders – basic and diluted (3)	$0.08	($0.02)	$0.05	$0.01

(1) No discontinued operations in the quarterly information presented.
(2) Income (loss) per share [Non-IFRS] is calculated based on total income attributable to shareholders and non-controlling interests over the weighted average number of ordinary shares. While the objective of basic earnings per share information is to provide a measure of the interests of each ordinary share of a parent entity in the performance of the entity over the reporting period, Management believes that this measure of Non-IFRS income (loss) per share provides a more accurate reflection of the value of the Company.
(3) For the quarter ended November 30, 2016, diluted income was $0.07 per share.

Total revenues for continuing operations are predominately driven by: (a) the educational revenues earned from the education business; and (b) the revenue sources generated by the investment in student housing which results in rental revenue, development fees and fair value gains on investment properties. Education revenues are impacted by the addition of new schools such as VIC in the Fourth Quarter of 2016 and the acquisition of certain KGIC assets in the Third Quarter of 2017, both of which provide predominantly ESL programs and increased revenues attributable to SSCC as a result of new curriculum changes and increased student enrolment.

The KGIC Transaction, which closed in the Third Quarter of 2017, had in addition to providing a new source of revenues and direct costs, other significant impacts on net income in Third and Fourth Quarter of 2017, including: the recognition of a bargain purchase gain of $1,167,277 in the Third Quarter of 2017 based on a preliminary valuation, which was reversed in the Fourth Quarter of 2017 based on additional information available related to the measurement of consideration and fair value of assets assumed; additional costs of $1,611,113 associated with the same transaction. These charges resulted in a decrease to net income of $2,778,390 in the Fourth Quarter of 2017.

The Company's investment into the real estate sector starting in Fiscal 2015, with emphasis on providing student housing services, has created a business model that is showing improved results with the addition of each property or project. As additional student housing is made available, rental revenue increases. The projects are held in limited partnerships of which the Company is an investor. The Company generally receives development fees contemporaneously with the closing of equity financing for a project. There were no development fees recognized for First Quarter of 2018; however, the Company continued to develop certain projects which will result in future development fees. For GEC® branded projects that are lower in value, the duration to complete a deal and recognize the development fee is generally shorter. Due to the significant value associated with the GEC Education Super Center® and GEC Education Mega Center® projects, efforts and concentrations were placed on these two projects which will take longer to complete but for which the value is much greater than all other GEC® branded projects.

Each quarter, the value of the investment properties is assessed and may result in fair value changes which the Company expects will be increases in the fair value in the form of fair market value gains. Annually, the Company engages appraisers to evaluate the property value of each of the investment properties, and quarterly valuations are reviewed internally. During the three months ended November 30, 2017, a gain on fair changes in investment properties was $8,635,611 was recognized. Development fees and fair value gains result in higher net income as associated costs of earning such income is lower than other revenue.

Net income (loss) fluctuates based on changes in margins across all segments, and the timing of recognition of fair value gains on investment properties and development fees, which vary depending on activity in the quarter. Net income (loss) attributable to the Company’s shareholders varies depending on the net income (loss) in the quarter and the number of non-controlling ownership positions.

Education revenue is commonly affected by seasonality as the academic season starts in September and ends in June. The majority of students tend to start their academic year in September and therefore enrollment in the first quarter of each of the Company’s fiscal years is typically higher than in any other fiscal quarters. All educational revenue is recorded as deferred educational revenue at the time of enrollment until the tuition fee is earned over the duration of the program.

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REVIEW OF FINANCIAL RESULTS

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

	Quarter Ended November 30, 2017	Quarter Ended November 30, 2016	Absolute Change	Percentage Change
Total revenues	$14,203,870	$13,979,876	$223,994	1.60%
Total revenues net of direct costs – Overall (%)	48.86%	67.07%	-18.20%	-27.14%
Educational revenues – CIBT China	$637,523	$480,288	$157,235	32.74%
Educational revenues net of direct costs – CIBT China (%)	55.15%	42.81%	12.35%	28.84%
Educational revenues – SSCC	$8,454,150	$6,166,094	$2,288,056	37.11%
Educational revenues net of direct costs – SSCC (%)	59.62%	58.51%	1.12%	1.91%
Educational revenues – SSLC / VIC	$2,408,670	$712,587	$1,696,083	238.02%
Educational revenues net of direct costs – SSLC / VIC (%)	30.82%	50.68%	-19.86%	-39.18%
Design and advertising revenues – IRIX	$377,054	$215,882	$161,172	74.66%
Design and advertising revenues net of direct costs – IRIX (%)	52.74%	86.15%	-33.42%	-38.79%
Commissions and referral fees – GEA	$305,156	$276,124	$29,032	10.51%
Commissions and referral fees net of direct costs – GEA (%)	26.97%	43.47%	-16.50%	-37.95%
Rental revenues – Global Education Holdings	$2,021,317	$1,664,615	$356,702	21.43%
Rental revenues net of direct costs – Global Education Holdings (%)	25.96%	25.91%	0.05%	0.19%
Development fees – Global Education Holdings and Corporate	$0	$4,464,286	($4,464,286)	-100.00%
General and administrative expenses	$7,425,862	$5,046,008	$2,379,854	47.16%
Gain (loss) on fair value changes in investment properties	$8,634,612	$2,098,729	$6,535,883	311.42%
Net income (loss)	$6,803,875	$5,660,983	$1,142,892	20.19%
EBITDA [non-IFRS]	$7,831,053	$6,198,360	$1,632,693	26.34%

REVIEW OF QUARTERLY FINANCIAL RESULTS

For the three months ended November 30, 2017 compared to the three months ended November 30, 2016

Net income was $6,803,875 for the First Quarter of 2018 compared to a net income of $5,660,983 for the First Quarter of 2017. The net increase in total revenues was driven by: increased educational revenues of $4,141,374, increased net rental revenues associated with the student housing arm of $356,702, additional fair value gains on investment properties of $6,535,883, offset by a decrease in development fees of $4,464,286. Revenues were offset by increased: direct costs of $2,659,424; general and administration expenses of $2,379,854; and finance costs and fees of $351,740.

Educational

- SSCC revenues increased as the result of additional student base including international students, and revenues from the addition of one new division of SSCC acquired in the KGIC Transaction which generated revenue starting March 29, 2017. Margins increased predominately as a result of increased students and streamlining of costs.
- SSLC started generating revenue on March 29, 2017 as the result of its purchase of former KGIC assets. The revenues from VIC, purchased in July 2016, are also included in this operating segment and the First Quarter of 2017's results solely relate to VIC. Margins have decreased with the addition of SSLC operations to those of VIC as the Company continues to integrate the assets. SSLC expects to see increased margins based on economies of scale of its operations in future quarters.

- CIBT's China revenues increased primarily driven by an increase in teacher training and other programs. Margins increased as revenue per student increased and costs associated with providing services decreased as the result of costs control measures.
- GEA revenues increased over the comparative quarter reflecting stronger results despite a seasonal shift in the First Quarter of 2017. Revenue per student is impacted by flow-through expenses which vary depending on activity and mix of revenue during the year, which also directly impacts costs to fulfil these services. Margins decreased as revenues from summer camp students increased which have higher associated fulfilment costs.

Real Estate and Student Housing

- Global Education Holdings continues to generate rental revenues and this source of revenue will fluctuate based on occupancy and rental space available, both of which are trending higher. Management fees and revenues increased from occupancy and stabilization of rents for properties purchased in prior periods. Margins on rental revenues remained consistent.
- Development fee revenues are a result of the Company's efforts in planning for and developing student centric serviced apartments as well as education centers. Development fees earned depend on the fund raising activities for projects during each fiscal year and number of projects initiated. During First Quarter of 2017, development fees were earned for phase 1 financing of the GEC® Mega and Super Center projects and associated with the closing the purchase of one of the investment properties. Real estate transaction across Metro Vancouver have experienced strong growth resulting in limited availability of qualified industry trades and professionals, which results in project delays becoming a common occurrence. The Company expects to realize additional development fees in the Second Quarter of Fiscal 2018 associated with the closing of phase 2 financing for GEC® Mega Center and Super Center projects and the re-positioning of another project.
- Gains on fair value changes on investment properties result from the appreciation of the value of land and property since purchase, the timing of which vary on the investment property. During the First Quarter of 2018, fair value gains were realized on GEC® Project 1, an investment property purchased during in October 2017 from the previous developer, and other investment property purchased in Fiscal 2017.

Corporate

- General and administration expenses increased primarily due to increased salaries and benefits as the Company's team continues to expand and integrate acquired assets, increased professional fees associated with the increased number of transactions and increased advertising, and increased rent costs.

Other

- IRIX's revenues increased as the result of increased contracts to produce marketing materials for the real estate sector, which were negatively impacted in the comparative quarter due to the introduction of a tax on foreign holders of real estate. Margins decreased due to the nature of contracts entered into during the current quarter and overall margins are consistent on an annual basis.

NON-GAAP FINANCIAL PERFORMANCE MEASURES

The Company has included certain non-GAAP performance measures throughout this document including: (a) Earnings before Interest, Income 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 (c) Income (loss) per share [Non-IFRS], which is income (loss) per share as calculated based on net income including that attributable to non-controlling interests. These non-IFRS financial measurements do not have any standardized meaning as prescribed by International Financial Reporting Standards ("**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. Management uses Income (loss) per share [Non-IFRS] as Management believes it is a more accurate reflection of value of the Company given. 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 are provided below.

	3 Months Ended November 30, 2017	3 Months Ended November 30, 2016
Income (loss) – Continuing operations	$6,803,875	$5,660,983
Add: interest on borrowings	$596,311	$321,835
Add: income tax (recovery) provision	$0	$0
Add: depreciation and amortization	$430,867	$215,542
EBITDA [non-IFRS]	$7,831,053	$6,198,360
Deduct: gain on fair value changes in investment properties	($8,634,612)	($2,098,729)
Adjusted EBITDA [non-IFRS] – Continuing operations	($803,559)	$4,099,631

	3 Months Ended November 30, 2017	3 Months Ended November 30, 2016
Net income (loss) - CIBT Education Group Inc. shareholders	$724,013	$5,210,614
Add: net income (loss) – Non-controlling interests	$6,079,862	$450,369
Net income (loss)	$6,803,875	$5,660,983
Income (loss) per share [Non-IFRS] – basic and diluted (1)	$0.09	$0.08
Income (loss) per share - CIBT Education Group Inc. shareholders – basic and diluted (2)	$0.01	$0.08

(1) Income (loss) per share [Non-IFRS] ("Non-IFRS") is calculated based on total income attributable to shareholders and non-controlling interests over the weighted average number of ordinary shares. While the objective of basic earnings per share information is to provide a measure of the interests of each ordinary share of a parent entity in the performance of the entity over the reporting period, Management believes that this measure of Non-IFRS income (loss) per share provides a more accurate reflection of the value of the Company.

(2) For the three months ended November 30, 2016, diluted income was $0.07 per share.

FINANCIAL POSITION AND LIQUIDITY

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

	3 Months Ended November 30, 2017	3 Months Ended November 30, 2016	Dollar Change	Percentage Change
From operations provided by (used in) operating activities	$453,138	$6,929,841	($6,476,703)	-93.46%
From operations (used in) investing activities	($12,859,350)	($33,811,635)	$20,952,285	-61.97%
From operations (used in) provided by financing activities	$15,591,483	$29,563,958	($13,972,475)	-47.26%
Increase (decrease) in cash and cash equivalents	$3,185,271	$2,682,164	$503,107	18.76%
Effects of exchange rate changes on cash and cash equivalents	$38,311	$50,078	($11,767)	-23.50%
Cash and cash equivalents, beginning of period	$6,880,384	$4,341,970	$2,538,414	58.46%
Cash and cash equivalents, end of period	$10,103,966	$7,074,212	$3,029,754	42.83%

Cash flow provided by operating activities decreased mainly due a decrease of $2,828,489 in net cash working capital mainly attributable to payments to settle accounts payable and the absence of development fees earned of $4,464,286 in the First Quarter of 2017.

Cash used in investing activities for First Quarter of 2018 was associated mainly with the purchase of one investment property. Cash used in investing activities for First Quarter of 2017 was mainly the result of: the acquisition of an apartment building and a piece of land for a future project, both investment properties, purchases of property and equipment and other small outlays of funds associated with real estate projects.

Cash provided by financing activities mainly included net borrowing of $10,000,000 associated with the purchase of an investment property and $1,000,000 increased financing on a current project, and decreased from First Quarter of 2017 due to lower borrowings and no non-controlling interest contributions in First Quarter of 2018. During the First Quarter of 2017, cash provided by financing activities included approximately $23,500,000 of net borrowings and $6,463,000 of non-controlling interest contributions.

The following table compares selected financial condition information as at November 30, 2017 and August 31, 2017:

	November 30, 2017	August 31, 2017	Dollar Change	Percentage Change
Total assets	$194,778,486	$166,681,997	$28,096,489	16.86%
Cash and cash equivalents	$10,103,966	$6,880,384	$3,223,582	46.85%
Accounts receivable	$14,785,861	$9,271,204	$5,514,657	59.48%
Investment properties	$125,643,626	$101,010,000	$24,633,626	24.39%
Accounts payable and accrued liabilities	$6,230,650	$6,451,858	($221,208)	-3.43%
Deferred educational revenue	$24,082,496	$18,452,047	$5,630,449	30.51%
Borrowings	$70,241,909	$58,825,297	$11,416,612	19.41%
Working capital surplus (deficit) – see below	($54,163,648)	($40,534,349)	($13,629,299)	33.62%
Total equity	$83,609,843	$76,813,168	$6,796,675	8.85%

Total assets increased mainly as the result of increases in: cash and cash equivalents, accounts receivable associated with increased educational revenues and student base which is commonly associated with the start of the education year, fair value of investment properties resulting from the addition of one investment properties and gains on fair value changes for certain investment properties, offset by decreased in deferred costs and refundable deposits associated with GEC® Project 1 which were recorded as investment property in the First Quarter of 2018.

Total liabilities increased mainly as the result of increases in: deferred educational revenue reflecting strong enrolment at the start of the education year and additional borrowings. Starting September 2017, SSCC changed its policy to enroll students studying programs of over 18 months in one student contract which were previously under two contracts. This policy change resulted in increased deferred educational revenue of approximately $3,700,000.

Total working capital deficit increased in First Quarter of Fiscal 2018 mainly associated with approximately $12,000,000 of borrowings which were classified as current liabilities at November 30, 2017 associated with one loan for a specific property as the amount is due in November 2018. Total working capital deficit also increased in the year ended August 31, 2017 mainly associated with approximately $31,200,000 of borrowings associated with two loans for a specific property which were classified as current liabilities at both November 30, 2017 and August 31, 2017 as monies are repayable within Fiscal 2018. The Company determined that it was more economical to refinance certain property on a stabilized basis to obtain long-term financing at a lower interest rate. The Company has demonstrated that they are able to secure financing and new financing will be secured before maturity of existing borrowings, reducing the working capital deficit.

At November, 2017, the Company had approximately $12,800,000 of available liquidity held in $10,103,966 of cash and cash equivalents and approximately $2,400,000 available on a revolving facility.

Outstanding Share Data

The authorized capital consists of an unlimited number of common shares without par value. As at January 14, 2018, the following common shares, stock options, share purchase warrants and convertible debenture conversion options were outstanding:

	Number of shares	Exercise Price	Remaining Life (Years)
Common shares	78,402,350	-	-
Stock options	1,637,500	$0.37 - $0.86	1.48 – 4.54
Share purchase warrants	3,690,362	$0.75	0.02 – 1.15
Convertible debentures	1,406,239	$0.79	4.43
Fully diluted	85,136,451		

FINANCIAL INSTRUMENTS RISK EXPOSURE

The Company's exposures to financial risks and how the Company manages each of those risks are described in Note 23 to the Company's consolidated financial statements for the year ended August 31, 2017. There were no significant changes to the Company's exposures to those risks or to the Company's management of its exposures during the three months ended November 30, 2017 except as noted below.

Liquidity risk

Cash and cash equivalents as at November 30, 2017 were $10,103,966 (August 31, 2017 - $6,880,384). At November 30, 2017 and August 31, 2017, the Company was in a working capital deficit position as described above under "Financial Position and Liquidity".

Borrowings

During the three months ended November 30, 2017, agreements were executed for additional borrowings as follows. These transactions are fixed interest mortgages and do not impact interest rate risk.

- GEC® LP 1: first mortgage for $10,000,000 maturing January 31, 2019 at a blended interest rate of 8.0% per annum; and

- GEC® LP 6: first mortgage for $9,500,000 maturing December 1, 2018 at a blended interest rate of 8.6% per annum, where the LP has the right to extend the maturity date subject to certain conditions.

Commitments

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. As described in Note 22 to the Company's audited consolidated financial statements for the year ended August 31, 2017, total commitments at November 30, 2017, did not vary significantly from August 31, 2017, with the exception of head lease payments. The total estimated minimum rents under all head leases were reported to be a total commitment of $73,350,000 for fiscal year 2018-2026. Subsequent to year end, the commitment amount was recalculated to approximately $54,000,000 over the same period, with $7,300,000 due in Fiscal 2018. This change did not impact the recognition of any financial statement balances. Furthermore, the Company expects that this commitment will decrease during Fiscal 2018 as certain head leases may be renegotiated.

TRANSACTIONS WITH RELATED PARTIES AND INVESTMENT PARTNERS

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

The balances due from or to related parties include:

	November 30, 2017	August 31, 2017
Accounts receivable - Weifang University (1)	$ 5,406,242	$ 4,695,090
Accounts payable - Weifang University (1)	$ 1,906,785	$ 1,525,051
Due from officers, employees, directors and non-arm's length investors (2)	$ 2,573,259	$ 2,776,320
Due to officers, employees, directors and non-arm's length investors (3)	$ 5,524,728	$ 1,002,447

1) CIBT has a business venture with Weifang University with a 60% interest in Beihai College. Beihai College is a Chinese Government approved college which has been in operation since 2002. Effective July 1, 2007, the Chinese Government implemented a new cash management policy affecting Beihai College. The tuition fees of Beihai College are required to be directly remitted to the local Chinese Government when tuition fees are received, and the funds are held by the Chinese Government under the account of Weifang. Beihai College can receive funds for its operations from Weifang on an as needed basis up to the amount of the tuition fees collected.

2) The amount due from officers, employees, directors and non-arm's length investors is comprised of the following:

	November 30, 2017	August 31, 2017
Due from Investor of GEC® Project 2	$ 635,000	$ 635,000
Due from GEC® limited partnership 4	1,724,993	1,961,922
Due from Beihai College	213,266	179,398
	$ 2,573,259	$ 2,776,320

Amount due from an investor of GEC® Project 2 is non-interest bearing with no set terms of payment and will be repaid through additional funding of GEC® Project 2 LP by the investor expected to occur Fiscal 2018. The amount due from Beihai College is non-interest bearing with no set terms of payment. All other amounts due are non-interest bearing and have no fixed terms of repayment.

3) The amount due to officers, employees, directors and non-arm's length investors is comprised of the following:

	November 30, 2017	August 31, 2017
Due to officers and directors of the Company	$ 69,753	$ 67,548
Due to the President of IRIX	145,049	145,218
Due to investors in GEC® LP 3	798,426	789,681
Due to investor of GEC® Projects	4,511,500	-
	$ 5,524,728	$ 1,002,447

The amount due to investors in GEC® Project 3 bears interest at 5% per annum and has no fixed terms of repayment. The $4,511,500 amount due to an investor in various projects (GEC® Project 1, GEC® Project 2 and GEC® Project 7) are funds advanced by the investor to be invested in future GEC Projects. All other amounts due are non-interest bearing and have no fixed terms of repayment

ACCOUNTING MATTERS

BASIS OF PRESENTATION

The Company's unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting* ("**IAS 34**") as issued by the International Accounting Standards Board ("**IASB**"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**") as issued by the IASB have been condensed or omitted.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2017. The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended August 31, 2017. The Company's significant accounting policies are described in Note 2 of the Company's consolidated financial statements for the year ended August 31, 2017.

CRITICAL JUDGEMENTS AND ESTIMATES

The Company's management makes judgements in its process of applying the Company's accounting policies in the preparation of its condensed consolidated interim financial statements. In addition, the preparation of the financial data requires that the Company's management makes assumptions and estimates of the impacts of uncertain future events on carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during each reporting period. Actual results could differ from those estimates as the estimate process is inherently uncertain. The estimates and underlying assumptions are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

In preparing the Company's unaudited condensed consolidated interim financial statements for the three months ended November 30, 2017, the Company applied the critical judgements and estimates, including significant areas of estimation uncertainty in applying these policies, disclosed in Note 2 of its audited consolidated financial statements for the year ended August 31, 2017.

ACCOUNTING STANDARDS DEVELOPMENT

New accounting standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are disclosed in Note 2 of its audited consolidated financial statements for the year ended August 31, 2017. No new or amended IFRS pronouncements were adopted during the three months ended November 30, 2017 with the exception of one annual improvement which does not impact the reported balances.

Annual improvements

In December 2017, the IASB issued the 2015-2017 cycle Annual Improvements which included interpretation or narrow scope amendments to four standards. All amendments are effective for annual periods beginning on or after January 1, 2019, which apply to the Company commencing September 1, 2019. These amendments are not expected to have significant impact on the Company's consolidated financial statements.

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.

SUBSEQUENT EVENTS

Treasury Shares

The Company received approval from the TSX to a normal course issuer bid (“**NCIB**”), whereby the Company may purchase up to 2,000,000 of the Company’s common shares, subject to daily limits, anytime during the period beginning on December 14, 2017 and ending not later than on December 13, 2018, to a maximum aggregate acquisition cost of $1,500,000.

GEC Project Funding

Subsequent to November 30, 2017, subscription proceeds totalling $3,500,000 were received from limited partner investors in GEC® Project 7.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls and procedures. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's internal controls over financial reporting or disclosure controls and procedures during the three months ended November 30, 2017, that have materially affected, or are reasonably likely to have materially affected, the Company's internal controls over financial reporting.

RISKS RELATED TO THE COMPANY’S BUSINESS

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

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

A more detailed description of the above risks and uncertainties, and others, can be found under the heading “Risk Factors” in the Company’s annual information form for Fiscal 2017 filed on SEDAR at www.sedar.com. See also above under “Forward-Looking Information”.