Research Note

Global Education Communities – Strong Progress with Development Assets

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Rating	Target Price
BUY	**$1.00**
Unchanged	*Unchanged*

December 4, 2025

Disseminated on Behalf of Global Education Communities Corp.

All figures in CAD unless otherwise stated

Global Education Communities Corp.	GEC:TSX
Rating	BUY
Target Price	$1.00
Return to Target	199%

Market Data	
Share Price	$0.34
Average Daily Volume (K)	31.0
FD ITM Shares (M)	69.8
Market Cap ($M)	$23.4
PF Cash ($M)	$4.7
Debt & NCI ($M)	$302.4
Enterprise Value ($M)	$321.1

FYE Aug 31	FY25A	FY26E	FY27E
Sales ($M)	$29.0	$32.8	$39.3
Gross Margin (%)	59%	61%	63%
Adj. EBITDA ($M)	$1.3	$5.2	$7.4
Adj. EBITDA Margin (%)	4%	16%	19%
Net Income ($M)	$4.0	($2.6)	$8.4
Net Income attrib. GEC ($M)	$22.1	($0.8)	$2.5
EPS (Basic)	($0.00)	($0.04)	$0.12

Valuation	FY25A	FY26E	FY27E
EV/EBITDA	249.3x	61.4x	43.4x
EV/Sales	11.1x	9.8x	8.2x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents

Since 1994, GEC has established itself as a leading player in the Canadian education and student housing sector, serving both domestic and international markets. GEC offers a comprehensive range of services, encompassing business and language colleges, student-centric rental apartments, recruitment services for educational opportunities, and a network of campuses and offices across 24 locations.

What you need to know:

- GEC reported FY25 and Q4 financial results yesterday with Q4 revenue of $8.4M (flat YoY). Q4 Adjusted EBITDA was ($3.9M) as the quarter represented a transition for the Company with the sale of SSC.
- GEC continues to advance its development assets, with GEC Oakridge expected to be completed in early 2027, adding ~450 beds (+35%).
- GEC Langara and the EMC are also progressing as scheduled.

Yesterday, after market close, Global Education Communities Corp. (GEC:TSX, GECSF:OTCQB) reported financial results for Q4 and FY25 (ending August 31st). The quarter was transitional in nature, as GEC closed on the sale of SSC and began its new focus on student housing. We recently initiated coverage on GEC. Read the report here and watch our interview with management here. **We are maintaining our BUY rating and our $1.00/share target price.**

Key Highlights

- Continuing operations revenue for Q4 came in at $8.4M (flat YoY). Revenue for FY25 came in at $29.0M (-18% YoY); our estimates were not comparable due to restated past figures. The annual decline was due to the sale of GEC Granville and the general slowing in student enrollment. In Q4, rental revenue was up 36% YoY due to the additions of GEC Kingsway and GEC Viva.
- GEC achieved near-full capacity at all GEC-operated properties as of September 1st. Gross rental income and rent per SF increased steadily YoY.
- FY25 gross margin came in at 59% compared to our estimate of 58% as each segment made margin improvements YoY.
- Q4 Adjusted EBITDA came in at ($3.9M), and FY25 Adjusted EBITDA was $1.3M (4% margin).
- FY25 net income was $4.0M vs. ($21.2M) in FY24. This included a $17.3M loss on the fair value change of properties and $36.2M in net income from discontinued operations.
- The Company ended the quarter with $4.7M in cash and $205.6M in debt, down from $231.1M in Q3. Average interest rate declined to 5.7% vs. 8.1% last year.
- GEC Oakridge is progressing on schedule and on budget (current at Level 7), with completion anticipated in early 2027.
- GEC Langara obtained conditional rezoning approval, transforming a 10-storey plan into 26 storeys. Construction is scheduled to commence in mid-2026.
- The EMC received final rezoning and development permit approvals, currently in the excavation permit phase with plans to break ground in early 2026.

Outlook

Management was satisfied with its performance in FY25, given the government restrictions on international study permits, tariffs, and geopolitical instability. GEC had a strong year from a strategic perspective, closing on the sale of SSC for $35.4M, establishing partnerships with Pomerleau Capital and Pure Group, securing $140.3M in CHMC-sponsored financing. From a pipeline perspective, GEC remains on schedule and on budget (rare) as mentioned above.

Our Take

Q4 represented a transitory quarter for GEC, with most of its past periods being restated for comparability. We will also note that while the fair value changes on investment properties were negative in the period, GEC has made considerable strides with its development assets, which are not being accounted for in this. Construction at GEC Oakridge is now ~40% complete, representing a large catalyst.

As such, GEC is managing the construction process well, with all three projects (Oakridge, Langara, and EMC) progressing. Therefore, the quarterly financial results should not be the primary focus for investors as most of the value comes from these development assets. We remain confident in GEC's management and their growth plans, where its current operating properties are performing well (zero/little vacancy), and the development pipeline will begin to bear fruit over the coming years. We were also impressed to see GEC utilize the cash windfall from SSC to de-lever its balance sheet, with net debt declining $28.7M QoQ. Our valuation remains unchanged, as seen below.

Cap Rate Valuation	
Operating Beds	1,300
NOI/Bed	$9,000
Operating NOI ($M)	$11.7
Development Beds	2,900
NOI/Bed	$10,000
Development NOI ($M)	$29.0
Total NOI ($M)	**$40.7**
Cap Rate	3.5%
Property Value	$1,162.9
GEC Ownership (Blended Avg)	30%
GEC Property Valuation	$351.2
GEC Education Segment Valuation	$12.0
(+) PF Cash	$4.7
(-) Projected Debt	$301.0
Equity Value	$66.9
Target Price (Rounded)	**$1.00**
Upside	*199%*

Figure 1: Valuation Summary

Court Appeal

On September 23rd, GEC announced that the British Columbia Court of Appeal had overturned a prior ruling and found the project's commercial lender in breach of contract related to financing a stalled real estate development in Richmond, BC. The dispute stems from a $60M investment in GEC's subsidiary made in 2018, which was later impaired when the lender ceased construction funding in early 2020 amid the pandemic. After an initial unfavourable ruling in 2024, the Court of Appeal has now partially reversed the decision, recognizing the lender's breach of the loan agreement. The Company is expected to provide further updates as the proceedings develop. We do not include this in our estimate and view the potential damages as upside to our numbers and an opportunity for de-levering.

Top 100 Fastest Growing Companies

GEC has been named one of the "Top 100 Fastest-Growing Companies in British Columbia in 2025," ranking number 90th, highlighting revenue growth from $62.5M in 2020 to $77.0M in 2024. The Company was also featured in a Business in Vancouver article on student housing, where CEO Toby Chu highlighted that while international student visa caps may impact demand, domestic student occupancy in GEC properties has risen sharply from 11% to 44% helping offset declines.

International Student Program

The federal government has recently clarified its international student policy updates, reaffirming that recent restrictions are temporary and aimed at improving program quality. The federal government confirmed that the 155K study permit target for 2026 applies only to new arrivals and does not include extensions for the more than 205K international students already in B.C. and over 1.0M across Canada.

Additionally, beginning in 2026, master's and doctoral students enrolling in public institutions, such as UBC and SFU, will be exempt from PAL/TAL requirements, signalling a gradual easing of entry constraints, though limits remain for private institutions. Despite two years of policy-related pressure, GEC's student housing vacancy has remained low/zero due to strong domestic demand across its 95+ partner institutions, and the latest policy direction is expected to further support growth. As such, we believe there are ample students already within B.C. for the market to remain in a supply deficit.

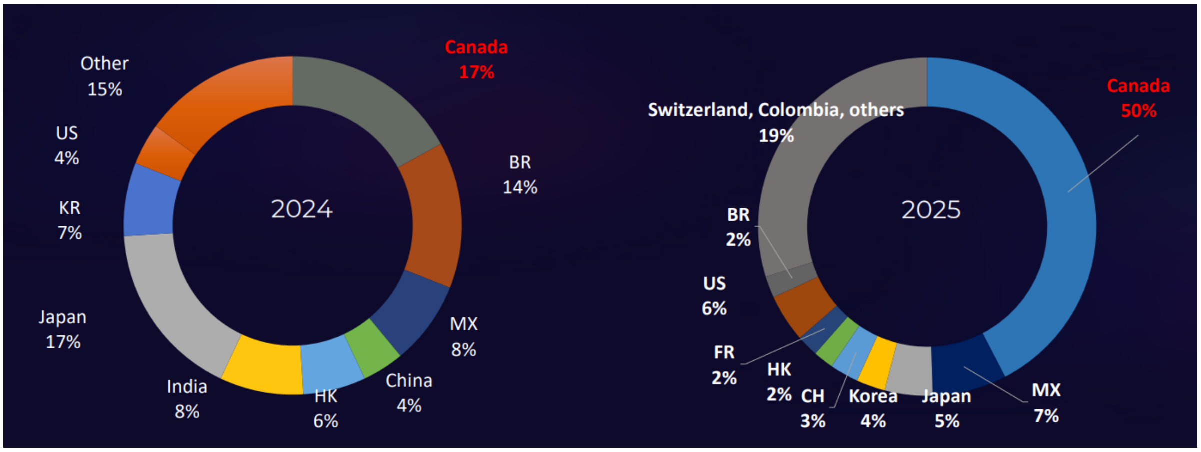

Figure 2: GEC Student Demographics (Source: Company Documents)

Student Housing Heating Up

Institutional demand for student housing investments remained strong over the last few months. In August, QuadReal, a Canadian real estate investment firm, acquired a 3,500-bed UK portfolio for £500M (~$268K/bed) and Mapletree, a Singapore-based asset manager, launched an 835-bed development in Perth, Australia, at ~$326K/bed. Averaging these valuation figures, GEC's 1,300 beds at the moment would be valued at $386M or $88M after removing the net debt, equating to $1.27/share. This does not take into account the 2,900 beds under development.

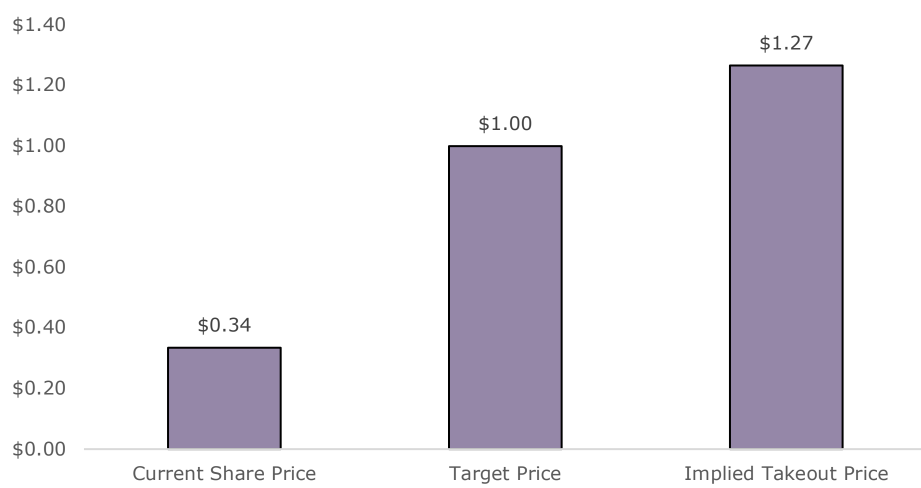

Figure 3: Valuation Comparison

The momentum continued into November with one of the largest global deals of the year. Morgan Stanley Investment Management and Global Student Accommodation (GSA) acquired an eight-property, 6,200-unit U.S. student housing portfolio for more than US$1B. The acquisition expands the JV's footprint to nearly 24,000 beds across 36 cities and includes entry into new markets such as Pennsylvania, Georgia, and Virginia while deepening scale in Florida, Texas, Oregon, and North Carolina. The assets serve top-tier universities and are close to full occupancy, reinforcing ongoing stability in demand. This reiterates that student housing remains one of the silver linings in the commercial real estate market, and GEC's properties should appreciate in value.

Why We Like GEC

- GEC has a proven history of value creation, generating strong returns on past investments such as a 3x return on Sprott Shaw College, a 79% gain on GEC Granville, and a 59% return on GEC Viva, demonstrating its ability to acquire, scale, and monetize assets effectively.
- The student housing market is facing a chronic undersupply, with UBC reporting over 7,000 students on its dormitory waitlist for September 2025, with a shortage observed across many other universities and colleges.
- Government policies are supporting student housing, including British Columbia's Bill 47's density allowances, GST exemptions, waived levies, and up to 100% loan-to-cost financing.
- GEC's 2,900-bed development pipeline, anchored by the $330M Education Mega Centre, GEC Oakridge, and GEC Langara, is expected to add over $40M in annual revenue once complete, supported by elite partners like Pomerleau Capital and Pure Group.
- Management and the board collectively own 24% of the Company, with CEO Toby Chu holding 16%, ensuring alignment of strategic priorities with shareholder interests and reinforcing a long-term growth focus.

Catalysts

- Quarterly Financial Results & Construction Progress – Ongoing
- Takeover Candidate or Transition to REIT – Ongoing

Tear Sheet

Market Data	
Ticker	GEC:TSXV
Stock Price	$0.34
Rating	BUY
Target Price	$1.00
Upside	199%
Market Cap ($M)	$23.4
Cash ($M)	$4.7
Debt ($M)	$302.4
EV ($M)	$321.1

Capital Structure	
Basic Shares Outstanding (M)	68.7
Warrants (M)	0.0
Options (M)	4.1
FD Shares (M)	72.8
FD ITM Shares (M)	69.8

Ownership	
Toby Chu (CEO)	16%
Other Management & Board	8%
Retail & Institutions	62%

Financial Estimates	FY24A	Q1/25A	Q2/25A	Q3/25A	Q4/25A	FY25A	Q1/26E	Q2/26E	Q3/26E	Q4/26E	FY26E	FY27E
Revenue ($M)	**35.2**	**7.5**	**6.8**	**6.2**	**8.4**	**29.0**	**8.4**	**7.9**	**7.8**	**8.7**	**32.8**	**39.3**
% YoY	*-10%*	*-36%*	*-18%*	*-12%*	*0%*	*N/A*	*12%*	*21%*	*24%*	*4%*	*13%*	*20%*
Gross Profit ($M)	**16.7**	**N/A**	**N/A**	**N/A**	**N/A**	**15.1**	**4.7**	**4.4**	**4.4**	**4.8**	**18.3**	**18.2**
Gross Margin	*57%*	*N/A*	*N/A*	*N/A*	*N/A*	*59%*	*60%*	*60%*	*60%*	*63%*	*61%*	*63%*
Adj. EBITDA ($M)	**6.0**	**0.3**	**2.1**	**2.8**	**(3.9)**	**1.3**	**1.3**	**1.2**	**1.2**	**1.6**	**5.2**	**7.4**
Adj. EBITDA Margin	*17%*	*4%*	*32%*	*45%*	*-46%*	*4%*	*15%*	*15%*	*15%*	*18%*	*16%*	*19%*
Net Income ($M)	(22.8)	(5.1)	(1.6)	0.5	(26.1)	(32.2)	(0.7)	(0.8)	(0.8)	(0.4)	(2.6)	8.4
Net Income attrib. GEC ($M)	1.1	N/A	N/A	N/A	N/A	22.1	(0.2)	(0.2)	(0.2)	(0.1)	(0.8)	2.5
EPS (Basic)	0.00	(0.03)	0.01	(0.00)	(0.19)	(0.21)	(0.01)	(0.01)	(0.01)	(0.01)	(0.04)	0.12
FCFF ($M)	(30.3)	N/A	N/A	N/A	N/A	(4.1)	3.7	0.0	0.2	(0.7)	3.3	7.9

Figure 4: Tear Sheet

Estimate Revisions

	Q1/26E		Q2/26E		2026E		2027E	
	New	Previous	New	Previous	New	Previous	New	Previous
Revenue ($M)	**$8.4**	$8.5	**$7.9**	$7.9	**$32.8**	$31.6	**$39.3**	$37.9
Gross Margin (%)	**60%**	60%	**60%**	61%	**61%**	61%	**63%**	62%
Adj. EBITDA ($M)	**$1.3**	$1.3	**$1.2**	$1.2	**$5.2**	$5.0	**$7.4**	$7.0
Net Income ($M)	**($0.7)**	($0.9)	**($0.8)**	($0.9)	**($2.6)**	($3.7)	**$8.4**	$7.2

Figure 5: Estimate Revisions

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RATING	COVERED COMPANIES
BUY	35
HOLD	0
SELL	0

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