

Rating
BUY
Unchanged

Target Price
\$0.70
Prev. \$1.00

April 15, 2026

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	\$0.70
Return to Target	119%

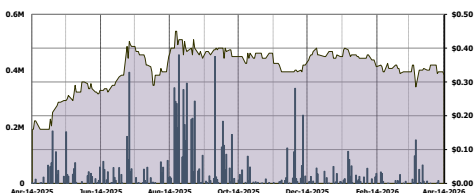
Market Data

Share Price	\$0.32
Average Daily Volume (K)	2.1
FD ITM Shares (M)	68.7
Market Cap (\$M)	\$22.0
Cash (\$M)	\$1.9
Debt & NCI (\$M)	\$302.6
Enterprise Value (\$M)	\$322.7

FYE Aug 31	FY25A	FY26E	FY27E
Sales (\$M)	\$20.6	\$21.6	\$26.5
Gross Margin (%)	N/A	65%	69%
Adj. EBITDA (\$M)	\$0.7	\$7.1	\$8.1
Adj. EBITDA Margin (%)	3%	33%	30%
Net Income (\$M)	(\$27.2)	(\$1.4)	\$26.8
Net Income attrib. GEC (\$M)	(\$9.1)	(\$0.9)	\$8.0
EPS (Basic)	(\$0.15)	\$0.01	\$0.39

Valuation	FY25A	FY26E	FY27E
EV/EBITDA	N/A	45.3x	39.9x
EV/Sales	15.7x	14.9x	12.2x

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. <https://gecliving.com/>

Nicholas Cortellucci, CFA | Equity Research Analyst | ncortellucci@atriumresearch.ca | 647-391-3314
Luca Perna | Equity Research Associate | lperna@atriumresearch.ca | 647-969-1027

What you need to know:

- GEC reported Q2/26 results with rental revenue of \$4.5M (+10% YoY) and 68% gross margins. H1/26 rental revenue was \$9.7M, growing 12% YoY.
- Adjusted EBITDA was \$1.4M in Q2 and \$4.1M in H1, just below our estimate but reflecting consistent profitability.
- GEC divested SSLC and VIC for \$2.0M in deferred considerations, below our modelled valuation but completing the transition to a pure-play student housing company with a new reporting structure to follow.

Yesterday after market close, Global Education Communities Corp. (GEC:TSX, GECSF:OTCQB) reported Q2/26 financial results that came in below our top-line estimate, effectively the last transitional quarter as the Company completes its pivot away from educational services. The core rental segment delivered continued growth and margin expansion, with revenue up 10% YoY in Q1 and 12% YoY in H1. For development updates, read our last note [here](#). **We are maintaining our BUY rating and decreasing our target price to \$0.70/share (previously \$1.00/share) based on the lower realized value of the educational assets.**

Key Highlights

- Revenue for Q2 came in at \$5.0M (+1% YoY), vs. our estimate of \$5.6M (\$7.7M before the educational assets disposition). Rental revenue, which is the core to GEC's business, was \$4.5M, up 10% YoY, driven by full-period contributions from GEC Kingsway and GEC Viva. The remaining non-rental revenues totalled \$0.5M (vs. \$0.9M in Q2/25), as commissions fell to essentially nil. On a 6-month basis, rental revenue was \$9.7M (+12% YoY), and total revenue was \$11.3M (+8% YoY).
- Gross margin was 68%, above our modelled 62%, as the rental segment posted 71% gross margin (vs. 68% in Q2/25). Overall margin expansion reflects the increasing dominance of the high-margin rental segment in GEC's revenue mix. For H1/26, rental gross margins were 74% vs. 71% in H1/25.
- Adjusted EBITDA for the quarter came in at \$1.4M (26% margin), missing our estimate of \$1.6M (\$1.7M before adjustments for the disposition). Adjusted EBITDA for the six months was \$4.1M, up 81% YoY.
- Finance costs decreased \$0.7M YoY, benefiting from lower borrowings following the derecognition of loans associated with GEC Oakridge and GEC EMC, along with lower benchmark interest rates.
- The quarter also recorded a \$1.4M fair value gain on investment properties, as the Vancouver City Council approved to increase GEC Langara from 10 to 26 floors in January. We expect major fair value gains going into FY27.
- Net income was \$0.4M compared to our expectation of (\$0.3M). The beat was supported by the fair value gain mentioned above.
- The Company generated \$1.9M in OCF over the three months and \$2.4M over the six months, when looking at continuing operations.
- The Company ended the quarter with \$1.4M in cash and \$203.1M in debt (down slightly QoQ). The IFRS value of GEC's properties is now \$309.8M.

	Q2/26A	Atrium Est.	YoY
Revenue (\$M)	\$5.0	\$5.6	+1%
Gross Margin (%)	68%	62%	N/A
Adj. EBITDA (\$M)	\$1.4	\$1.6	-13%
EBITDA Margin (%)	28%	29%	-445 bps
Net Income (\$M)	\$0.4	(\$0.3)	N/A

Figure 1: Q2 Financials Summary

SSLC Divestiture

GEC completed the sale of SSLC and VIC on February 28th for \$2.0M in deferred considerations, transitioning the Company into being a pure play on student housing. GEC also agreed to advance a secured loan of \$1.5M to the purchaser with a 20% interest rate maturing in August 2028. The deferred consideration is due upon the future sale of SSLC by the acquiror. Proceeds from the future sale will first be applied to the loan, followed by the \$2.0M. GEC realized a net gain of \$3.1M in Q2 on the disposition. GEC will also be entitled to a portion of the residual proceeds. We originally valued these assets much higher in our model (~\$12M), but regardless, they only represent a fraction of the total valuation.

Outlook

Coinciding with this, next quarter, management will debut an enhanced financial reporting format to better understand core operations compared to long-term developments. In the past, active development costs were mixed into rental revenue, obscuring the profitability of the division; going forward, this will be cleaned up, leading to further visibility for investors. The three distinct pillars of the business will be:

- 1) Dedicated Student Housing (GEC Living) – Isolating rental income and expenses to show standalone profitability.
- 2) Segmented Construction & Development – Reporting development costs separately to prevent long-term project costs from distorting current operating margins.
- 3) Consolidated Supporting Services – Grouping GEA, IRIX, and corporate functions.

Management also stated in the MD&A that GEC Langara is expected to generate \$12.6M in annual gross rental income and that its project pipeline is valued at \$674M based on construction budgets. The value when completed will be much higher than this; our model assumes ~\$830M.

Our Take & Valuation

Q2 represented another objectively solid quarter for GEC as it continues to make the final transition over to a pure-play student housing company. The results have been messy and hard to understand up to this point due to the moving pieces, but we believe this will be in the rear-view going into Q3 with its new reporting structure and streamlined businesses. Importantly, the rental segment had strong results in the quarter, showing both impressive growth and profitability. The educational divestiture came in below our modelled levels, and as such, our target price had declined. Our student housing valuation and assumptions remain largely unchanged, as management has executed strongly on this segment and there is a clear runway for growth via development assets. Our new target price is \$0.70/share using the assumptions below, still offering significant upside as management progresses on the development pipeline.

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	\$348.9
(+) Cash	\$1.9
(-) Projected Debt	\$301.3
Equity Value	\$49.5
Target Price (Rounded)	\$0.70
Upside	119%

Figure 2: Valuation Summary

Projected Debt Includes an Additional \$100M for Development Projects

International Student Housing Update

Post-COVID, Canada's international student population surged to over 1M (roughly double 2019 levels), prompting the federal government to target an 18% reduction in study permits. However, a new Auditor General report reveals an unintended 66% decline, materially overshooting policy goals and creating financial strain across the post-secondary system, particularly in provinces like British Columbia. This sharp contraction has increased pressure on policymakers to ease restrictions and stabilize the sector. For GEC, the impact appears mitigated, as vacancies left by international students were largely backfilled by domestic demand, suggesting limited downside exposure and reinforcing the resilience of its student housing model despite policy volatility.

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, as UBC reported over 7,000 students on its dormitory waitlist in 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 \$50M 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

- GEC Oakridge Completion – Spring 2027
- Other Development Updates including GEC Langara and EMC – Ongoing
- Quarterly Financial Results – Ongoing

Tear Sheet

Market Data						Capital Structure					
Ticker	GEC:TSXV					Basic Shares Outstanding (M)	68.7				
Stock Price	\$0.32					Warrants (M)	0.0				
Rating	BUY					Options (M)	3.8				
Target Price	\$0.70					FD Shares (M)	72.4				
Upside	119%					FD ITM Shares (M)	68.7				
Market Cap (\$M)	\$22.0					Ownership					
Cash (\$M)	\$1.9					Toby Chu (CEO)	16%				
Debt (\$M)	\$302.6					Other Management & Board	8%				
EV (\$M)	\$322.7					Retail & Institutions	62%				
Financial Estimates											
	Q1/25A	Q2/25A	Q3/25A	Q4/25A	FY25A	Q1/26A	Q2/26A	Q3/26E	Q4/26E	FY26E	FY27E
Revenue (\$M)	5.5	5.0	4.7	5.4	20.6	6.3	5.0	5.1	5.2	21.6	26.5
% YoY	N/A	N/A	-4%	28%	N/A	14%	1%	7%	-2%	5%	23%
Gross Profit (\$M)	N/A	1.9	N/A	N/A	N/A	2.5	2.5	2.9	3.0	11.0	11.2
Gross Margin	N/A	66%	N/A	N/A	N/A	55%	68%	68%	69%	65%	69%
Adj. EBITDA (\$M)	0.7	1.6	3.3	(5.0)	0.7	2.7	1.4	1.4	1.5	7.1	8.1
Adj. EBITDA Margin	12%	32%	71%	-93%	3%	44%	28%	28%	29%	33%	30%
Net Income (\$M)	(4.6)	(1.5)	1.2	(22.3)	(27.2)	1.0	0.4	(1.1)	0.0	(1.4)	26.8
Net Income attrib. GEC (\$M)	(1.8)	0.3	(0.3)	(7.2)	(9.1)	0.2	(0.9)	(0.3)	0.0	(0.9)	8.0
EPS (Basic)	(0.03)	0.00	(0.01)	(0.11)	(0.15)	0.00	0.02	(0.02)	0.00	0.01	0.39

Figure 3: Tear Sheet

Please note that many figures have been restated due to the dispositions and past notes are not comparable with the current business

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HOLD: The stock is expected to generate returns of 0-20% over the next 24 months.

SELL: The stock is expected to generate negative returns over the next 24 months.

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RATING	COVERED COMPANIES
BUY	46
HOLD	0
SELL	0

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