

Global Education Communities – Pure-Play Student Housing Pivot Complete

Rating
BUY
Unchanged

Target Price
\$1.00
Unchanged

March 5, 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	\$1.00
Return to Target	194%

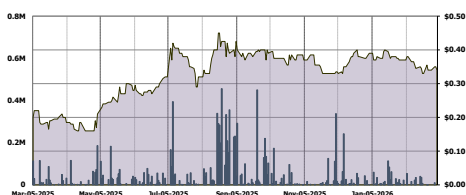
Market Data

Share Price	\$0.34
Average Daily Volume (K)	5.4
FD ITM Shares (M)	69.5
Market Cap (\$M)	\$23.6
Cash (\$M)	\$2.4
Debt & NCI (\$M)	\$304.0
Enterprise Value (\$M)	\$325.2

FYE Aug 31	FY25A	FY26E	FY27E
Sales (\$M)	\$29.0	\$31.3	\$37.7
Gross Margin (%)	59%	63%	65%
Adj. EBITDA (\$M)	\$1.3	\$7.8	\$9.7
Adj. EBITDA Margin (%)	4%	25%	26%
Net Income (\$M)	\$4.0	(\$0.0)	\$10.7
Net Income attrib. GEC (\$M)	\$22.1	(\$0.2)	\$3.2
EPS (Basic)	(\$0.00)	\$0.00	\$0.16

Valuation	FY25A	FY26E	FY27E
EV/EBITDA	N/A	41.6x	33.7x
EV/Sales	11.2x	10.4x	8.6x

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/>

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What you need to know:

- GEC has completed the divestiture of its remaining Canadian educational assets, becoming a pure-play student housing developer and operator.
- The Company will retain its Global Education Alliance recruitment subsidiary, ensuring a direct student pipeline into its growing portfolio.
- GEC's three flagship development projects (GEC Oakridge, GEC Langara, and the Education Mega Center) are progressing well and are expected to generate gross annual rental revenue exceeding \$46.7M once stabilized.

Yesterday, after market close, Global Education Communities Corp. (GEC:TSX, GECSF:OTCQB) announced the completion of its divestiture of the remaining Canadian educational assets, including SSLC Language College and Vancouver International College (VIC), effective February 28th. This marks a transformative milestone for GECC, as it completed its strategic pivot to a pure play student housing developer and operator, with its \$674M construction roadmap. We view this update as a strong positive, as the educational assets had declining revenue in recent years, and the margins are slim. Conversely, the student housing segment continues to steadily grow based on rent increases and development progress, and is posting >70% gross margins. This will also support multiple expansion in our view. Since there were no numerical figures on the disposition, we will await further information and our discussion with management before updating our model. **We are maintaining our BUY rating and our \$1.00/share target price on GEC.**

The Company will retain its Global Education Alliance (GEA) recruitment subsidiary, which operates a network of over 2,000 agents globally and has been built over the past decade. GEA provides a direct channel to funnel domestic and international students into GECC's Metro Vancouver housing portfolio, a meaningful competitive advantage as the Company scales its housing operations.

Development Updates

GEC Langara (Vancouver): Following rezoning approval on January 13th, GEC is advancing a 26-storey student-centric rental tower with a density increase of 159% from original plans. Once stabilized, the project is projected to generate \$12.6M in annual gross rental income (vs. \$17.1M in total rental revenue generated by the student housing segment in FY25).

GEC Oakridge (Vancouver): Construction has reached the 18th floor as of the end of February, and the structure is set to be capped in early March 2026, remaining on track for completion in March 2027 with projected annual revenues exceeding \$9M once stabilized (again, a large increase on the base student housing revenues).

Education Mega Center (Surrey): Building and excavation permit applications were filed in late 2025, with final municipal approvals currently pending. Separately, management has informed us that GEC has applied for the City of Surrey's Revitalization Tax Exemption (RTE) Program, which provides up to a 10-year municipal property tax exemption on qualifying purpose-built student housing (see below).

Catalysts

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

Revitalization Tax Exemption Program

From our last conversation with management, we learned that GEC has applied for the City of Surrey's Revitalization Tax Exemption Program (RTE) for the EMC. The program incentivizes the development of new purpose-built student housing in Surrey City Centre by providing up to a 10-year municipal property tax exemption on the value of qualifying new construction for eligible projects. To qualify, developments must be located within the designated RTE boundary, include at least 150 student housing units, have a total capital cost of \$100M or more, and be used for student or college employee accommodations for at least 8 months per year. The EMC meets all of these criteria, and as such, could be awarded a 100% exemption on municipal property taxes for up to 10 years, only on the increased assessed value attributable to the new construction of the qualifying purpose-built student housing. Management has outlined that this will boost the IRR of the EMC by 6%.

Q1/26 Earnings Recap

On January 13th, GEC reported its Q1/26 financial results (ending November 30th, 2025) that were solid, demonstrating the Company's successful transition towards student housing. For our full note, click [here](#).

- Revenue of \$7.6M (+2% YoY) vs. our estimate of \$8.4M, comprised of \$5.1M in rental revenue (+14% YoY from full contributions from GEC Kingsway and GEC VIVA) and \$1.8M from the education segment (vs. \$2.5M in Q1/25).
- Gross margin of 63% beat our 60% estimate, led by 76% gross margin in the rental segment vs. 27% in education.
- Adj. EBITDA of \$2.5M (33% margin) significantly beat our estimate of \$1.3M, driven by a \$1.8M YoY decline in G&A, a \$2.2M YoY decline in finance costs, and a \$1.1M fair value gain on investment properties.
- Net income of \$0.7M beat our estimate of (\$0.7M), supported by \$2.1M in other income.

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 \$45M 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.

Disclosures

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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.

NOT RATED (N/R): Atrium does not provide research coverage on the respective company.

RATING	COVERED COMPANIES
BUY	41
HOLD	0
SELL	0

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