# February 2017 Trading Update

**Dubai, March 23, 2017** – In compliance with clause 6.2 of the prospectus dated November 19, 2013 relating to the U.S.$200,000,000 Subordinated Perpetual Certificates of GEMS MEA Sukuk (XS0995041539, NASDAQ Dubai: GEMSDUPRPUSD), GEMS MENASA (Cayman) Limited ("GEMS") and its subsidiaries (together with GEMS, the "Group") is providing an update on the performance of its businesses to February 28, 2017.

All information provided below is unaudited and preliminary. In the six month period ended February 28, 2017, the Group's businesses continued to perform well.

## Revenue

Revenue for the six month period ended February 28, 2017 was $ 539.1 M* (for the six month period ended February 29, 2016 $ 466.8 M*). The period on period increase of 15.5 per cent. was driven by an increase in the number of student enrolments, an increase in annual average revenue per student, acquisition of a group of two schools and an increase in other income due to an increase in the number of schools and students.

## Enrolments

Student enrolment increased by 10.7 per cent. from 102,361 students at February 29, 2016 to 113,345 students at February 28, 2017. Capacity across GEMS Schools at February 28, 2017 was approximately 132,438 (February 29, 2016: 111,652).

## Capital Expenditure

For the six month period ended February 28, 2017, the Group spent $242.7 M* on capital expenditure (vs. $89.3 M* for the six month period ended February 29, 2016). Capital expenditure primarily related to the repurchase of a group of 3 previously leased school buildings and their associated improvements, previously financed by a sale & leaseback transaction. The repurchase was executed as a result of a put option exercised by the lessor. The Group's property and equipment as at February 28, 2017 grew to $1,089.4 M* (as at August 31, 2016: $ 880.3 M). GEMS anticipates a decline in total rental expenditure as a result of the repurchase of the leases.

In the six months period ended February 28, 2017, the Group opened four schools in UAE and completed six extensions to existing schools in UAE. Additionally, in the six months period ended February 28, 2017, the Group finalised the acquisition of a group of two schools, under a sale and purchase agreement entered on July 24, 2016 (refer note 24 (b) of the audited financial statements for the year ended August 31, 2016).

## Progress of Projects

The Group is currently progressing a number of new school projects in the UAE which are expected to open in the next 24 months. In addition the Group continues to increase capacity of Group's existing schools through the building of extensions to existing schools.

## Material Contracts

During the six month period ended February 28, 2017 (between recent audited financial statements and February 28, 2017) the Group entered into a Supplemental Agreement with respect to the sale and leaseback transaction mentioned above, addressing the buyback of the leasehold building and improvements with effect from September 1, 2016. The Group also entered into $ 40.8 M bilateral facility agreement in order to finance the acquisition of the schools mentioned above.

## Capital structure

At February 28, 2017, Group net debt position was $ 566.9 M* (as at August 31, 2016: $ 510.6 M*) and Group Net Debt to Adjusted EBITDA** ratio was 2.3 times (as at August 31, 2016: 2.3 times). This reflects Group's strong operating cash flow conversion in the period.

*Unaudited

**Adjusted EBITDA is earnings before interest, tax, depreciation and amortization and adding back certain one off costs and new schools operating losses as permitted under Group banking documents.

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