iCollege

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iCollege executes binding joint venture with Birla Edutech

Key points:

- Birla Edutech and iCollege have signed a binding Joint Venture Agreement (JVA);
- The JVA builds upon and formalises the arrangements made in the Heads of Agreement (HOA) announced to the market on 15 May 2018 and is the final milestone before a joint venture entity can be created;
- The Joint Venture Agreement sets a framework which gives effect to the parties' shared intention to develop a cooperative and collaborative approach towards the establishment of a Vocational Training Institute in India.

iCollege Ltd ("ICT" or "the Company") (ASX: ICT) is pleased to announce the execution of a binding Joint Venture Agreement (JVA) with Birla Edutech. This agreement cements the relationship between Birla (one of India's largest conglomerates) and iCollege. The goal of this partnership is to establish a hospitality Centre of Excellence as a first and significant step to addressing the need for skilled labour in India.

<u>The key components of the JVA are as follows:</u>

Both parties will work collaboratively to facilitate the development of a Hospitality Centre of Excellence. The JVA is structured with each participant holding 50% of the issued share capital with profit being split accordingly on a quarterly basis;

The JVA stipulates that Birla Edutech will provide:

- infrastructure, including classrooms and a commercial kitchen facility, for the training of iCollege courses in hospitality, hotel management, tourism management and commercial cookery; and
- additional facilities for conducting a wider scope of iCollege courses including bar facilities, front desk simulation and hotel room simulation.

Under the terms of the JVA iCollege will provide:

- suitable course material accredited under Australian Skills Quality Authority (ASQA);

- Australian lead instructors for the purposes of training local personnel (train the trainer);

- maintain a presence at the facilities and apply its expertise in the operation of vocational training campuses; and

- provide the services of iStudy Australia (India) to assist with student recruitment for the JV Campuses.

Additional service considerations include the opportunity for Birla Edutech to work with iCollege to offer its existing Birla educational institutions, the opportunity to participate in study tours, graduate programs and the ability for students to extend their studies at iCollege campuses in Australia.

Initial course offerings will be limited to Hospitality and will include practical placements to ensure that we deliver the highest possible standard of vocational education matched with Australian accreditation. The exceptional reputation and size of Birla Edutech opens significant expansion opportunities for the joint venture across many industry sectors, both in India and internationally.

Study options and pathways for graduates

On completion of relevant vocational courses with Birla- iCollege Institute, students have several options including:

- Equipped with an Australian qualification, graduates will be well placed to seek employment in one of Birla partner hospitality groups and other local employers;

- Pathway to Australia to continue further education at one of iCollege campuses or direct entry into University; and

- Complete an Australian internship under iCollege 407 program.

Australia's competitive advantage *

India is already Australia's second largest education market and Australia is the second most popular destination for Indian students after the United States:

- Australia's competitive advantage resides in our capacity to provide a high quality tertiary education taught in English, with attractive work and migration options for Indian students, alongside a world-class vocational system;

- if Australia maintains its growth of international students and can recapture its share of Indian students from its 2009–10 peak, direct revenue from Australian education exports to India could exceed $12 billion by 2035.

Corporate inquiries
+61 8 9466 9008

Investor inquiries
investors@icollege.edu.au

Media inquiries
media@icollege.edu.au

Indian vocational education market *
*An India Economic Strategy to 2035

Prior to entering into the formal agreement, both iCollege and Birla Edutech have undertaken independent and in-depth market research which highlights the significant gap in the Indian market most specifically in the following areas:

- Only 2 per cent of India's workforce has received any skills training;
- India has an estimated 7 million people a year enrolled in vocational training (compared to 90 million in China and 11 million in the United States);
- Surveys of employers find that half of new hires and graduates are not adequately prepared for their job; and
- Poor assessment and certification systems make it difficult for employers to distinguish the quality of institutions and graduates.

Across the last two decades, the Indian Government has created infrastructure and resources designed to expand capacity to cater for over 40 million students. Recently, the government has isolated a requirement for a further 200,000 secondary schools, 35,000 colleges and 700 universities to meet growing demand.

Indian Government estimates suggest an additional 120 million skilled workers will be required by 2022, fuelling demand for vocational training and driving the need for cooperation between Indian national companies and international partners.

The formalisation of this agreement paves the way for the incorporation of the Joint Venture Vehicle that will be registered in India with board representation from both groups. A formal business plan is currently being prepared and will be discussed at length during a meeting between the parties scheduled in Mumbai on August 31. Following this meeting a structured implementation plan including, staff, infrastructure, marketing and IP will be actioned paving the way for the first intake of students.

The board of iCollege looks forward to providing further updates regarding this exciting initiative.

About iCollege

iCollege Limited comprises of seven businesses which deliver accredited and non-accredited vocational education and training solutions throughout Australia and internationally. iCollege currently has five registered training organisations (RTO's) based in Australia, an internationally recognised training provider based in Singapore and an international student recruitment agency.

About Birla Edutech

Birla Edutech Limited - a Yash Birla Group company caters for learners across all educational segments - Preschool, K-12 school, continuous education, technological and vocational education.

With over 10 years of experience in educational zone, Birla Edutech Limited has a complex network of 60+ educational institutions extended across India, with a combined student strength of more than 6000.

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For further Information:

Mr. Ash Katta –
Managing Director
iCollege Limited
+61 8 9466 9008
ash.katta@icollege.edu.au