



Altus Group



SHAREHOLDERS' REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

Q3 2016

Altus Group Limited

Shareholders' Report

September 30, 2016



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Management's Discussion & Analysis

September 30, 2016



The following management's discussion and analysis ("MD&A") is intended to assist readers in understanding Altus Group Limited (the "Company" or "Altus Group"), its business environment, strategies, performance, and outlook and the risks applicable to Altus Group. It should be read in conjunction with our unaudited interim condensed consolidated financial statements and accompanying notes (the "financial statements") for the three and nine months ended September 30, 2016, which have been prepared on the basis of International Financial Reporting Standards ("IFRS") and reported in Canadian dollars. Unless otherwise indicated herein, references to "\$" are to Canadian dollars.

Unless the context indicates otherwise, all references to "we", "us", "our" or similar terms refer to Altus Group, and, as appropriate, our consolidated operations.

This MD&A is dated as of November 3, 2016.

Forward-Looking Information

Certain information in this MD&A may constitute "forward-looking information" within the meaning of applicable securities legislation. All information contained in this MD&A, other than statements of current and historical fact, is forward-looking information. Forward-looking information includes, but is not limited to, the discussion of our business and operating initiatives, focuses and strategies, our expectations of future performance for our various business units and our consolidated financial results, and our expectations with respect to cash flows and liquidity. Generally, forward-looking information can be identified by use of words such as "may", "will", "expect", "believe", "plan", "would", "could" and other similar terminology. All of the forward-looking information in this MD&A is qualified by this cautionary statement.

Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results, performance or achievements, industry results or events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that we identified and were applied by us in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to: the successful execution of our business strategies; consistent and stable economic conditions or conditions in the financial markets; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment; the opportunity to acquire accretive businesses; the successful integration of acquired businesses; and the continued availability of qualified professionals.

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information include, but are not limited to: general state of the economy; currency risk; oil and gas sector; ability to maintain profitability and manage growth; commercial real estate market; competition in the industry; ability to attract and retain professionals; information from multiple sources; reliance on larger software transactions with longer and less

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predictable sales cycles; success of new product introductions; ability to respond to technological change and develop products on a timely basis; protection of intellectual property or defending against claims of intellectual property rights of others; information technology governance and security; integration of acquisitions; fixed-price and contingency engagements; appraisal and appraisal management mandates; Canadian multi-residential market; weather; legislative and regulatory changes; customer concentration; interest rate risk; credit risk; income tax matters; revenue and cash flow volatility; operating risks; performance of obligations/maintenance of client satisfaction; risk of future legal proceedings; insurance limits; ability to meet solvency requirements to pay dividends; leverage and restrictive covenants; unpredictability and volatility of common share price; capital investment; and issuance of additional common shares diluting existing shareholders' interests, as well as those described in our publicly filed documents, including the Annual Information Form for the year ended December 31, 2015 (which are available on SEDAR at www.sedar.com).

Given these risks, uncertainties and other factors, investors should not place undue reliance on forward-looking information as a prediction of actual results. The forward-looking information reflects management's current expectations and beliefs regarding future events and operating performance and is based on information currently available to management. Although we have attempted to identify important factors that could cause actual results to differ materially from the forward-looking information contained herein, there are other factors that could cause results not to be as anticipated, estimated or intended. The forward-looking information contained herein is current as of the date of this MD&A and, except as required under applicable law, we do not undertake to update or revise it to reflect new events or circumstances. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Altus Group, our financial or operating results, or our securities.

Non-IFRS Measures

We use certain non-IFRS measures as indicators of financial performance. Readers are cautioned that they are not defined performance measures under IFRS and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to financial measures as reported by those entities. We believe that these measures are useful supplemental measures that may assist investors in assessing an investment in our shares and provide more insight into our performance.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization, ("Adjusted EBITDA"), represents operating profit (loss) adjusted for the effects of amortization of intangibles, depreciation of property, plant and equipment, acquisition related expenses (income), restructuring costs, share of profit (loss) of associates, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on sale of certain business assets, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs") being hedged, impairment charge and other costs or income of a non-operating and/or non-recurring nature. Refer to page 21 for a reconciliation of Adjusted EBITDA to our financial statements.

Adjusted Earnings (Loss) per Share, ("Adjusted EPS"), represents basic earnings per share adjusted for the effects of amortization of intangibles acquired as part of business acquisitions, non-cash finance costs

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(income) related to the revaluation of amounts payable to U.K. unitholders, net of changes in fair value of related equity derivatives, distributions related to amounts payable to U.K. unitholders, acquisition related expenses (income), restructuring costs, share of profit (loss) of associates, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on sale of certain business assets, interest accretion on contingent consideration payables, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged, impairment charge and other costs or income of a non-operating and/or non-recurring nature. All of the adjustments are made net of tax. Refer to page 22 for a reconciliation of Adjusted EPS to our financial statements.

Overview of the Business

Altus Group Limited is a leading provider of independent advisory services, software and data solutions to the global commercial real estate ("CRE") industry. Our businesses, Altus Analytics and Altus Expert Services, reflect decades of experience, a range of expertise, and technology-enabled capabilities. Our solutions empower clients to analyze, gain market insight and recognize value on their real estate investments. Headquartered in Canada, we have approximately 2,300 employees around the world, with operations in North America, Europe and Asia Pacific. Our clients include some of the world's largest real estate industry participants across a variety of sectors.

We have three reporting business segments – Altus Analytics, Commercial Real Estate Consulting ("CRE Consulting") and Geomatics.

Altus Analytics

Altus Analytics provides data, analytics and software solutions and technology-related training and implementation services. This segment includes the businesses of Altus Analytics Solutions and Canada Data Solutions. Our clients consist of large holders of CRE asset portfolios, including public and private investment funds, pension funds, real estate investment trusts ("REITs"), corporate investors, developers, brokers, governments and financial institutions.

Our software solutions are among the most recognized in the CRE industry. With ARGUS Enterprise ("AE"), we have the leading global software solution for valuation and portfolio management. It provides the industry valuation standard in the U.S., the U.K. and Australia and enables global portfolio analytical capabilities with multi-currency adaptability. AE's suite of functionality offers property budgeting, investment structure forecasting, repertoire reporting and sensitivity analysis. Voyanta is a cloud-based product and an industry leading data aggregation, analytical and reporting solution. With this solution, data can be aggregated from multiple systems, normalized and consolidated in a single environment. ARGUS branded products are sold as perpetual licenses, with ongoing maintenance, or on a subscription basis, while Voyanta is sold on an asset under management basis consistent with a SaaS model.

In the U.S., our offering combines appraisal management with data and analytics functionality that allows large real estate investors to perform quarterly performance reviews, benchmarking and attribution analysis of their portfolios with the use of our proprietary data analytics platforms. This offering is now also available in Europe through our offices in the U.K. and Luxembourg. The contractual terms of our agreements are generally for three to five year terms and pricing is primarily based on the

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number of real estate assets on our platform, adjusted for complexity. The uniqueness of our capabilities in data and data management contribute to consistently high contract renewals.

In Canada, Altus Analytics includes data subscription products, such as RealNet and Altus InSite, which provide comprehensive real estate information on the Canadian residential, office, industrial and investment markets.

Expert Services

Expert Services consists of Commercial Real Estate Consulting and Geomatics.

Commercial Real Estate Consulting

CRE Consulting services - Property Tax, and Valuation and Cost Advisory services - encompass the life-cycle of commercial real estate - feasibility, development, acquisition, management and disposition. With offices in Canada, the U.S. and the U.K., our team of Property Tax professionals help clients minimize the tax burden and reduce the cost of compliance. Our core real estate property tax services include assessment reviews, management and appeals, in addition in the U.S., personal property and state and local tax advisory services. Valuation services, which are predominantly provided in Canada, consist of appraisals of real estate portfolios, valuation of properties for transactional purposes, due diligence and litigation and economic consulting. Our Cost practice, offered in both the private and public sectors in North America and Asia Pacific, provides expert services in the areas of construction feasibility studies, budgeting, cost and loan monitoring and project management. Given the strength of our brand, our independence and quality of our work, we enjoy a high rate of client renewals across all of our service lines. Pricing for our services is based on a fixed fee or time and materials fee basis, and for a significant number of projects in Property Tax, on a contingency basis.

Geomatics

Geomatics is the practice of recording and managing spatially referenced information, including land surveying, geographic information systems, global positioning systems and light detection and ranging. Our services, performed by highly qualified certified professionals, include land surveys and mapping for setting of property boundaries, route and corridor selection, land settlement, construction developments, and oil field and well-sites. Our competitive advantages include the depth of our team's experience and specialized training, our strong track record of safety, the timeliness and quality of our work, and our geographic reach in Western Canada. Our services are primarily charged on a time and materials fee basis.

Strategy

Our key competitive strengths in the marketplace are comprised of our independence, our industry expertise, the breadth and diversity of our offerings, our differentiated data and software solutions, and our growing global scale. Our independence, which has earned us a reputation for unbiased and objective advice, remains an important factor in winning competitive bids, attracting strategic partnerships and offering industry-standard data and software solutions that are trusted by many market participants. Since our inception, our strategy has been to empower our clients through our expert advice, analytical tools, and software platforms to better manage and realize greater value from their real estate assets and investments.

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We continue to see a significant and growing market opportunity for the use of data, analytics capabilities and software solutions in the global CRE industry. CRE companies that manage increasingly complex global portfolios are recognizing the need for robust operating platforms that provide analytics and performance measurement capabilities such as attribution and benchmarking. Concurrently, investors and regulators are demanding greater transparency of their managed portfolios in order to better understand risks and returns. Our platform offerings serve these growing requirements as they provide industry standard solutions on a global basis.

Looking to capture this global opportunity, our goal is to evolve towards a focused and aligned business model which scales our data, analytics capabilities and software, while continuing to provide highly specialized and independent real estate consulting services. We have created a more integrated technology platform and go-to-market strategy. We continue to be strongly focused on growing our top-line revenues with an emphasis on recurring revenues from our data subscription and software offerings. We are also focused on improving our Adjusted EBITDA margins and Return on Invested Capital metrics in order to ensure that we continue to drive shareholder value in all of our investment decisions.

Strategic Initiatives

In order to further our long-term strategy, we are focused on three key strategic initiatives:

1. Develop Altus Analytics to provide an integrated offering of our data, analytics and software solutions;
2. Build and scale our data offerings; and
3. Grow our Expert Services businesses.

Develop Altus Analytics to provide an integrated offering of our data, analytics and software solutions

Our suite of real estate data, analytics and software is tailored to meet the complex needs of the CRE marketplace with the world's leading standards in ARGUS software and Voyanta. With the formation of Altus Analytics Solutions, we are moving toward combining our offerings of appraisal management, Voyanta and ARGUS software under one organizational structure in order to create an integrated platform. This structure enables us to develop a cohesive go-to-market strategy and allows us to provide our clients with a much more compelling value proposition. As part of this initiative, we are focused on the integration of our multi-year product road-map which includes modernization of existing products, new functionality and new product additions. These products will be targeted to new geographic markets globally and to expanded market segments, including pension funds, banks/lenders and REITs. As a result, we expect strong organic growth from these initiatives. Given that a significant portion of this business is subscription and/or cloud-based, we expect a higher portion of our revenue base to be derived from long-term recurring revenue streams. We believe these initiatives will result in greater operational effectiveness and efficiencies in our business which will translate into higher operating margins.

Build and scale our data offerings

We are one of the largest holders of national CRE data in Canada today as a result of data aggregation in our consulting practices and in the provision of our data subscription products of RealNet, InSite and HPI. This provides us with an opportunity to re-purpose and monetize data that is currently in our possession and further create strong recurring revenue streams. Starting with Canada, we are building an enterprise data warehouse to capture and leverage the scope of all our information that we collect across

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each of our businesses. This infrastructure will enable us to better integrate our current data subscription products and to develop new applications and new data products. Our goal is to use this infrastructure and new capabilities to ultimately launch new products globally. For example, the national tax platform fully integrates all of our Canadian Property Tax offices by providing property and client search capabilities on a national scale, workflow capabilities, appeal management including event planning and notification, and client portal and reporting.

Grow our Expert Services businesses

We enjoy a long legacy of being the leading expert services provider in the fields in which we operate, including Property Tax, Valuation and Cost Advisory and Geomatics services, and will continue to grow and invest in these areas. We will continue to pursue market share gains both organically and through acquisitions. For instance, although we enjoy the largest market share position in Canada for our Property Tax practice, we see significant growth opportunities in both the U.S. and the U.K. which are still relatively fragmented in comparison to Canada. Across our expert service areas, we will place more focus on common customers and technology-enabled integrated solutions in order to drive more value for our clients. In addition, we expect to evolve our product strategies while achieving productivity gains for our consultants through use of technology and the repurpose of data.

Recurring Revenues

One of the key success factors in the execution of our overall strategy is growth in recurring revenues. During the quarter and year-to-date September 30, 2016, we grew recurring revenues by 14.6% and 28.3%, respectively, as a result of increased subscriptions for AE, Voyanta and data products, as well as from appraisal management and maintenance revenues. It is our intent to build solutions across all business units that will increase recurring revenues.

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Operating and Financial Highlights

Selected Financial Information	Three months ended September 30,		Nine months ended September 30,	
<i>In thousands of dollars, except for per share amounts</i>	2016	2015	2016	2015
Revenues	\$ 110,899	\$ 102,234	\$ 327,557	\$ 305,452
Canada	46%	55%	46%	54%
U.S.	39%	30%	38%	30%
Europe	9%	10%	11%	11%
Asia Pacific	6%	5%	5%	5%
Adjusted EBITDA	\$ 21,298	\$ 15,303	\$ 51,968	\$ 43,917
Adjusted EBITDA margin	19.2%	15.0%	15.9%	14.4%
Profit (loss)	\$ (5,071)	\$ (698)	\$ 5,376	\$ 2,712
Earnings (loss) per share:				
Basic	\$(0.14)	\$(0.02)	\$0.15	\$0.08
Diluted	\$(0.14)	\$(0.02)	\$0.14	\$0.08
Adjusted	\$0.31	\$0.22	\$0.77	\$0.66
Dividends declared per share	\$0.15	\$0.15	\$0.45	\$0.45

Operating Highlights

Acquisition of R2G Limited

On August 1, 2016, we acquired all the issued and outstanding shares of R2G Limited ("R2G") and its subsidiaries for \$6.1 million in cash, common shares and contingent consideration, subject to working capital adjustments. Based in Hertfordshire, U.K., but operating nationally since 2002, R2G specializes in tax representation for all types of commercial real estate. The addition of R2G expands our market share and adds regional scale in the U.K. market while strategically positioning us for the 2017 revaluation cycle in support of our current growth initiatives.

Geomatics Severance and Impairment

The market conditions in Western Canada for Geomatics services continued to be challenging in the quarter given the impact of oil prices on drilling and pipeline activities. Although we experienced performance improvement on a sequential basis due to seasonal patterns, the level of improvement did not meet expectations. As a result, both during and after quarter-end, we further reduced staff positions in order to better align to market conditions. Included in Adjusted EBITDA for the quarter are employee severance costs of \$0.4 million. A similar charge is expected in the fourth quarter. In addition, we recorded a goodwill impairment charge of \$12.5 million reflecting a challenging environment.

Financial Highlights

- **Revenues** were \$110.9 million for the three months ended September 30, 2016, up 8.5% or \$8.7 million from \$102.2 million in the same period in 2015. For the nine months ended September 30, 2016, revenues were \$327.6 million, up 7.2% or \$22.1 million from \$305.5 million in the same period in 2015. Acquisitions contributed 1.7% and 1.9% to revenues for the quarter and year-to-date, respectively, while organic growth contributed 6.8% and 5.3%, respectively. Excluding Geomatics, organic growth

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for the quarter and year-to-date was 13.8% and 13.6%, respectively. Exchange rate movements against the Canadian dollar impacted revenues by (1.5%) and 1.0% for the quarter and year-to-date, respectively. For the quarter, Altus Analytics provided growth of 12.2%, boosted by recurring revenues, which increased by 14.6%. CRE Consulting also experienced a strong quarter, increasing 18.0%, primarily driven by our Property Tax practice. In our Geomatics business, continuing lower oil prices led to a decline of 28.8% in revenues, significantly impacting our consolidated growth rate.

- **Adjusted EBITDA** was \$21.3 million for the three months ended September 30, 2016, up 39.2% or \$6.0 million from \$15.3 million in the same period in 2015. For the nine months ended September 30, 2016, Adjusted EBITDA was \$52.0 million, up 18.3% or \$8.1 million from \$43.9 million in the same period in 2015. Acquisitions contributed 6.3% and 4.9% to Adjusted EBITDA for the quarter and year-to-date, respectively. Exchange rate movements against the Canadian dollar impacted Adjusted EBITDA by (0.1%) and 1.6% for the quarter and year-to-date, respectively. Geomatics impacted our earnings as Adjusted EBITDA declined by \$2.9 million or 81.7% for the quarter. Altus Analytics provided robust earnings growth as Adjusted EBITDA increased by 28.4% for the quarter. CRE Consulting earnings also improved by 96.4% for the quarter as a result of strong earnings performance from Property Tax.
- **Profit (loss)** for the three months ended September 30, 2016 was a loss of \$5.1 million, up 626.5% or \$4.4 million from a loss of \$0.7 million in the same period in 2015. For the nine months ended September 30, 2016, profit (loss) was \$5.4 million, up 98.2% or \$2.7 million from \$2.7 million in the same period in 2015. In addition to the impacts on Adjusted EBITDA as discussed above, our loss increased due to an impairment charge of \$12.5 million taken on our Geomatics business and higher income tax expense, partially offset by lower intangibles amortization and finance costs (income), net. Our finance costs (income), net decreased as a result of the early conversion of the 2012 convertible debentures (as defined below) in 2015, lower effective interest rate and lower average balance of bank borrowings compared to the same period in 2015. The higher income tax expense was due to improved operating profit and the fact that a large portion of the impairment charge was non-tax deductible.
- For the three months ended September 30, 2016, earnings (loss) per share was \$(0.14), basic and diluted, as compared to \$(0.02), basic and diluted, in the same period in 2015. For the nine months ended September 30, 2016, earnings (loss) per share was \$0.15, basic and \$0.14, diluted, as compared to \$0.08, basic and diluted, in the same period in 2015.
- For the three months ended September 30, 2016, Adjusted EPS was \$0.31, up 40.9% from \$0.22 in the same period in 2015. For the nine months ended September 30, 2016, Adjusted EPS was \$0.77, up 16.7% from \$0.66 in the same period in 2015.
- We returned \$5.6 million to shareholders in the quarter through dividends of \$0.15 per common share.
- As at September 30, 2016, our bank debt was \$118.0 million, representing a funded debt to EBITDA leverage ratio of 1.60 times (compared to 1.92 times as at December 31, 2015).

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Discussion of Operations

Three and Nine Months Ended September 30, 2016

	Three months ended September 30,		Nine months ended September 30,	
<i>In thousands of dollars, except for per share amounts</i>	2016	2015	2016	2015
Revenues	\$ 110,899	\$ 102,234	\$ 327,557	\$ 305,452
Expenses				
Employee compensation	66,948	64,382	205,730	194,930
Occupancy	4,861	4,838	15,021	13,320
Office and other operating	18,254	19,045	59,215	54,893
Depreciation and amortization	7,922	10,345	25,154	30,545
Acquisition related expenses (income)	174	249	(60)	573
Share of (profit) loss of associates	330	420	1,616	1,244
Restructuring costs	978	692	4,059	1,892
(Gain) loss on sale of certain business assets	-	-	(9,935)	(3,483)
Impairment charge	12,500	-	12,500	-
Operating profit (loss)	(1,068)	2,263	14,257	11,538
Finance costs (income), net	1,263	3,714	4,193	9,844
Profit (loss) before income taxes	(2,331)	(1,451)	10,064	1,694
Income tax expense (recovery)	2,740	(753)	4,688	(1,018)
Profit (loss) for the period	\$ (5,071)	\$ (698)	\$ 5,376	\$ 2,712

Revenues

Revenues were \$110.9 million for the three months ended September 30, 2016, up 8.5% or \$8.7 million from \$102.2 million in the same period in 2015. For the nine months ended September 30, 2016, revenues were \$327.6 million, up 7.2% or \$22.1 million from \$305.5 million in the same period in 2015. For the three and nine months ended September 30, 2016, exchange rate movements against the Canadian dollar impacted revenues by (1.5%) and 1.0%, respectively.

The growth in revenues resulted from continued strength in our Altus Analytics business and a strong performance from Property Tax in our CRE segment, mitigated by the decline in Geomatics revenues. For the three and nine months ended September 30, 2016, exchange rate movements impacted Altus Analytics revenues by (2.2%) and 2.6%, respectively.

Recurring revenues from our Altus Analytics business grew 14.6% as a result of increased subscriptions for AE, Voyanta and data products, as well as from appraisal management and maintenance revenues. Our non-recurring revenues in Altus Analytics increased 5.4%.

CRE Consulting benefitted from strong organic growth from Property Tax in Canada and the U.S., as well as increased contribution from Valuation and Cost Advisory.

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At Geomatics, we experienced a significant decline in revenues resulting from lower activity levels in the oil and gas sector.

Employee Compensation

Employee compensation was \$66.9 million for the three months ended September 30, 2016, up 4.0% or \$2.5 million from \$64.4 million in the same period in 2015. For the nine months ended September 30, 2016, employee compensation was \$205.7 million, up 5.5% or \$10.8 million from \$194.9 million in the same period in 2015. For the three and nine months ended September 30, 2016, the increase in compensation was due to acquisitions, headcount additions to support growth in Altus Analytics and Property Tax and higher variable compensation, partially offset by a reduction in Geomatics compensation. For the three and nine months ended September 30, 2016, employee compensation as a percentage of revenues was 60.4% and 62.8%, as compared to 63.0% and 63.8% in the corresponding periods in 2015, respectively.

Occupancy

Occupancy was \$4.9 million for the three months ended September 30, 2016, up 0.5% or \$0.1 million from \$4.8 million in the same period in 2015. For the nine months ended September 30, 2016, occupancy was \$15.0 million, up 12.8% or \$1.7 million from \$13.3 million in the same period in 2015. For the three and nine months ended September 30, 2016, higher occupancy costs were due to the opening of new offices in the U.S. and Europe, as well as occupancy costs associated with acquisitions. For the three and nine months ended September 30, 2016, occupancy as a percentage of revenues was 4.4% and 4.6%, as compared to 4.7% and 4.4% in the corresponding periods in 2015, respectively.

Office and Other Operating Costs

Office and other operating costs were \$18.3 million for the three months ended September 30, 2016, down 4.2% or \$0.7 million from \$19.0 million in the same period in 2015. For the nine months ended September 30, 2016, office and other operating costs were \$59.2 million, up 7.9% or \$4.3 million from \$54.9 million in the same period in 2015. For the three months ended September 30, 2016, the decrease was primarily due to lower expenditures in Geomatics. For the nine months ended September 30, 2016, the increase was due to acquisitions and higher software subscription costs which mainly pertain to our national tax platform and cybersecurity measures, partially offset by lower expenditures in Geomatics on reduced activity levels. For the three and nine months ended September 30, 2016, office and other operating costs as a percentage of revenues was 16.5% and 18.1%, as compared to 18.6% and 18.0% in the corresponding periods in 2015, respectively.

Depreciation and Amortization

Depreciation and amortization was \$7.9 million and \$25.2 million for the three and nine months ended September 30, 2016, as compared to \$10.3 million and \$30.5 million in the corresponding periods in 2015, respectively. The decrease in depreciation and amortization was due to intangibles which have become fully amortized, offset by amortization of newly acquired intangibles.

Acquisition Related Expenses (Income)

Acquisition related expenses (income) was \$0.2 million and \$(0.1) million for the three and nine months ended September 30, 2016, as compared to \$0.2 million and \$0.6 million in the corresponding periods in 2015, respectively. For the three and nine months ended September 30, 2016, expenses were primarily related to the acquisitions of Bay Partnership Pty Ltd. ("Bay Partnership") and R2G, offset by an

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adjustment of \$0.5 million for a decrease of the contingent consideration payable in relation to the Maxwell Brown Surveyors Group Limited acquisition.

Share of (Profit) Loss of Associates

Share of (profit) loss of associates was \$0.3 million and \$1.6 million for the three and nine months ended September 30, 2016, as compared to \$0.4 million and \$1.2 million in the corresponding periods in 2015, respectively. These amounts represent our proportionate share in the loss as well as an amortization charge on acquired intangibles for Real Matters. As at September 30, 2016, we held a 13.9% equity interest in Real Matters.

Restructuring Costs

Restructuring costs primarily relating to employee severance costs were \$1.0 million and \$4.1 million for the three and nine months ended September 30, 2016, as compared to \$0.7 million and \$1.9 million in the corresponding periods in 2015, respectively. For the three months ended September 30, 2016, restructuring activities were undertaken in connection with the formation of Altus Analytics Solutions. For the nine months ended September 30, 2016, restructuring activities related to the formation of Altus Analytics Solutions and reorganization of the U.S. Property Tax practice.

Finance Costs (Income), Net

	Three months ended September 30,			Nine months ended September 30,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Interest on borrowings	\$ 1,199	\$ 3,168	(62.2%)	\$ 3,686	\$ 8,473	(56.5%)
Unwinding of discount	58	34	70.6%	175	105	66.7%
Distributions related to amounts payable to U.K. unitholders	-	36	(100.0%)	32	77	(58.4%)
Change in fair value of amounts payable to U.K. unitholders, net of change in fair value of related equity derivatives	190	(10)	2,000.0%	163	5	3,160.0%
Change in fair value of interest rate swaps (not designated as cash flow hedges)	(174)	491	(135.4%)	158	1,234	(87.2%)
Other	(10)	(5)	100.0%	(21)	(50)	(58.0%)
Finance costs (income), net	\$ 1,263	\$ 3,714	(66.0%)	\$ 4,193	\$ 9,844	(57.4%)

Finance costs (income), net for the three months ended September 30, 2016 was \$1.3 million, down 66.0% or \$2.4 million from \$3.7 million in the same period in 2015. For the nine months ended September 30, 2016, finance costs (income), net was \$4.2 million, down 57.4% or \$5.6 million from \$9.8 million in the same period in 2015. Interest on borrowings decreased as a result of the early conversion of the 2012 convertible debentures in 2015, lower effective interest rate and lower average balance of bank borrowings compared to the same period in 2015.

Income Tax Expense (Recovery)

Income tax expense (recovery) for the three and nine months ended September 30, 2016 was an expense of \$2.7 million and \$4.7 million, as compared to a recovery of \$0.8 million and \$1.0 million in the corresponding periods in 2015, respectively. The higher income tax expense was due to improved operating profit and the fact that a large portion of the impairment charge was non-tax deductible.

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Profit (Loss)

Profit (loss) during the three months ended September 30, 2016 was \$(5.1) million and \$(0.14) per share, basic and diluted, as compared to \$(0.7) million and \$(0.02) per share, basic and diluted, in the same period in 2015. For the nine months ended September 30, 2016, profit (loss) was \$5.4 million and \$0.15 per share, basic and \$0.14 per share, diluted, as compared to \$2.7 million and \$0.08 per share, basic and diluted, in the same period in 2015.

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Revenues and Adjusted EBITDA by Business Unit

Revenues	Three months ended September 30,			Nine months ended September 30,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Altus Analytics	\$ 36,242	\$ 32,291	12.2%	\$ 109,245	\$ 89,287	22.4%
Expert Services:						
Commercial Real Estate Consulting	62,761	53,206	18.0%	185,503	165,011	12.4%
Geomatics	12,118	17,020	(28.8%)	33,533	51,829	(35.3%)
Intercompany eliminations	(222)	(283)	21.6%	(724)	(675)	(7.3%)
Total	\$ 110,899	\$ 102,234	8.5%	\$ 327,557	\$ 305,452	7.2%

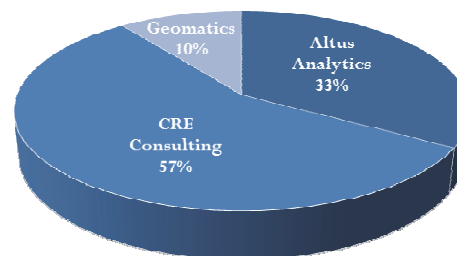
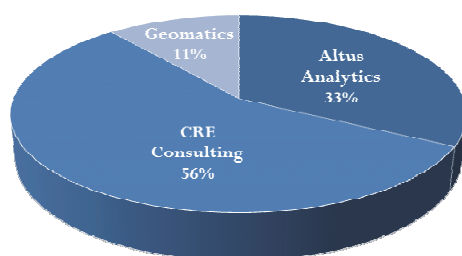
Adjusted EBITDA	Three months ended September 30,			Nine months ended September 30,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Altus Analytics	\$ 10,585	\$ 8,246	28.4%	\$ 29,169	\$ 21,855	33.5%
Expert Services:						
Commercial Real Estate Consulting	18,054	9,191	96.4%	45,681	31,060	47.1%
Geomatics	639	3,490	(81.7%)	(1,053)	8,908	(111.8%)
Corporate	(7,980)	(5,624)	41.9%	(21,829)	(17,906)	21.9%
Total	\$ 21,298	\$ 15,303	39.2%	\$ 51,968	\$ 43,917	18.3%

Business Unit Contribution:

Revenues

Three months ended September 30, 2016

Nine months ended September 30, 2016



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Altus Analytics

	Three months ended September 30,			Nine months ended September 30,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Revenues						
Recurring - Data & Software Subscriptions, Maintenance	\$ 27,440	\$ 23,939	14.6%	\$ 82,813	\$ 64,541	28.3%
Non-recurring - Licenses and Services	8,802	8,352	5.4%	26,432	24,746	6.8%
Revenues	\$ 36,242	\$ 32,291	12.2%	\$ 109,245	\$ 89,287	22.4%
Adjusted EBITDA	\$ 10,585	\$ 8,246	28.4%	\$ 29,169	\$ 21,855	33.5%
Adjusted EBITDA Margin	29.2%	25.5%		26.7%	24.5%	

Quarterly Discussion

Revenues were \$36.2 million for the three months ended September 30, 2016, up 12.2% or \$3.9 million from \$32.3 million in the same period in 2015. Altus Analytics recurring revenues experienced 14.6% growth as a result of increased subscriptions for AE, Voyanta and data products, as well as higher revenues from appraisal management. Growth in non-recurring revenues was primarily a result of strong sales of ARGUS software perpetual licenses and services. Changes in the exchange rate against the Canadian dollar impacted revenues by (2.2%).

Adjusted EBITDA was \$10.6 million for the three months ended September 30, 2016, up 28.4% or \$2.4 million from \$8.2 million in the same period in 2015. Adjusted EBITDA increased as a result of solid revenue growth and cost savings from restructuring activities in the first half of the year. Changes in foreign exchange impacted Adjusted EBITDA by 0.8%.

Year-to-Date Discussion

Revenues were \$109.2 million for the nine months ended September 30, 2016, up 22.4% or \$19.9 million from \$89.3 million in the same period in 2015. For the nine months ended September 30, 2016, Altus Analytics experienced healthy growth in recurring and non-recurring revenue streams. Recurring revenues grew by 28.3% as a result of increased subscriptions for AE, Voyanta and data products, as well as from appraisal management and maintenance revenues. The growth in non-recurring revenues of 6.8% was driven by increased sales of ARGUS software perpetual licenses and implementation services over the prior year. Movements in the exchange rate against the Canadian dollar impacted revenues by 2.6%.

Adjusted EBITDA was \$29.2 million for the nine months ended September 30, 2016, up 33.5% or \$7.3 million from \$21.9 million in the same period in 2015. Adjusted EBITDA increased as a result of robust revenue growth and cost savings from restructuring activities. Changes in foreign exchange impacted Adjusted EBITDA by 3.8%.

Outlook

Altus Analytics continues to experience strong revenue growth, and we expect this trend to continue for the balance of 2016, as the data, analytics, software and appraisal management components continue to attract new clients globally. Revenues from this segment are highly recurring and return higher than average margins. With the addition of new functionality to our Altus Analytics platform, such as attribution analysis, the inclusion of Voyanta, and future integration of AE, we are better able to offer

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additional value to our current clients, and attract new clients who will benefit from the value-added solutions provided by our offerings. In the U.S., we see continued interest from public and private real estate investment funds, including pension funds, for our data and analytics products. In Europe, emerging governance trends are expected to continue to contribute to the demand for our independent offerings. AE and Voyanta continue to have significant global market potential facilitated by a combined go-to-market strategy.

Commercial Real Estate Consulting

	Three months ended September 30,			Nine months ended September 30,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Revenues						
Property Tax	\$ 38,651	\$ 31,137	24.1%	\$ 114,644	\$ 98,588	16.3%
Valuation and Cost Advisory	24,110	22,069	9.2%	70,859	66,423	6.7%
Revenues	\$ 62,761	\$ 53,206	18.0%	\$ 185,503	\$ 165,011	12.4%
Adjusted EBITDA						
Property Tax	\$ 14,030	\$ 5,842	140.2%	\$ 35,815	\$ 22,838	56.8%
Valuation and Cost Advisory	4,024	3,349	20.2%	9,866	8,222	20.0%
Adjusted EBITDA	\$ 18,054	\$ 9,191	96.4%	\$ 45,681	\$ 31,060	47.1%
Adjusted EBITDA Margin	28.8%	17.3%		24.6%	18.8%	

Quarterly Discussion

Revenues were \$62.8 million for the three months ended September 30, 2016, up 18.0% or \$9.6 million from \$53.2 million in the same period in 2015. CRE Consulting generated robust growth led by Property Tax which was up 24.1%, while Valuation and Cost Advisory revenues increased 9.2%. The increase in Property Tax revenues was driven by organic growth in Canada and a stronger seasonal peak in the U.S. compared to the prior year. Our Valuation and Cost Advisory practices continue to benefit from diversifying their revenue sources in their key geographical markets. Changes in exchange rates impacted revenues by (1.6%).

Adjusted EBITDA was \$18.1 million for the three months ended September 30, 2016, up 96.4% or \$8.9 million from \$9.2 million in the same period in 2015. The increase in Adjusted EBITDA benefitted from strong revenue growth across our CRE Consulting practices. Changes in exchange rates impacted Adjusted EBITDA by (0.8%).

Year-to-Date Discussion

Revenues were \$185.5 million for the nine months ended September 30, 2016, up 12.4% or \$20.5 million from \$165.0 million in the same period in 2015. The growth in CRE Consulting was powered by Property Tax revenues which were up 16.3%, while Valuation and Cost Advisory revenues increased by 6.7%. The double-digit growth in Property Tax revenues was driven by strong organic and acquisitive growth in the U.S. and healthy organic growth in Canada. Our Valuation and Cost Advisory practices have also performed well with diversification strategies. Changes in exchange rates impacted revenues by 0.5%.

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Adjusted EBITDA was \$45.7 million for the nine months ended September 30, 2016, up 47.1% or \$14.6 million from \$31.1 million in the same period in 2015. The increase in Adjusted EBITDA benefitted from strong revenue growth in Property Tax and improvements in our Valuation and Cost Advisory practices. Changes in exchange rates impacted Adjusted EBITDA by (0.4%).

Outlook

Property Tax continues to represent an attractive growth area for our business, both in the U.S. and the U.K. Our North American platform with our existing network of offices in Canada and the U.S. provides us with enhanced capabilities geographically to service large clients anywhere across North America. In the first half of this year, we realigned our leadership team in the U.S. and underwent certain restructuring activities that we expect will result in continued operational efficiencies for the remainder of this year. We expect that there are additional opportunities for tuck-in acquisitions and/or strategic hires in the U.S. that will further build out our capabilities. In the U.K., we anticipate some challenges to ratings revenues as 2016 is the final year of the extended seven year tax assessment cycle. We hope to mitigate some of this impact with a focus on our other services such as empty rates and landlord and tenant services. Also, we will be focused on building our capabilities through strategic hires and/or through acquisitions in preparation for the next revaluation cycle which begins in 2017.

Valuation and Cost Advisory in North America and Asia Pacific remains stable and profitable. We expect flat to moderate growth in the near to medium term. In North America, we continue to diversify our client and industry focus and in Asia Pacific, we continue to leverage our global relationships to drive opportunities.

Geomatics

	Three months ended September 30,			Nine months ended September 30,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Revenues	\$ 12,118	\$ 17,020	(28.8%)	\$ 33,533	\$ 51,829	(35.3%)
Adjusted EBITDA	\$ 639	\$ 3,490	(81.7%)	\$ (1,053)	\$ 8,908	(111.8%)
Adjusted EBITDA Margin	5.3%	20.5%		(3.1%)	17.2%	

Quarterly Discussion

Revenues were \$12.1 million for the three months ended September 30, 2016, down 28.8% or \$4.9 million from \$17.0 million in the same period in 2015. Revenues continued to be impacted by the reduced activity in the oil and gas sector, however our diversification efforts are providing some offsets.

Adjusted EBITDA was \$0.6 million for the three months ended September 30, 2016, down 81.7% or \$2.9 million from \$3.5 million in the same period in 2015. The decline in earnings resulted from reduced revenues and employee severance costs of \$0.4 million as we continue to right-size our operating capacity to current market conditions. In addition, excluded from Adjusted EBITDA is a goodwill impairment charge of \$12.5 million reflecting a challenging environment.

Year-to-Date Discussion

Revenues were \$33.5 million for the nine months ended September 30, 2016, down 35.3% or \$18.3 million from \$51.8 million in the same period in 2015. Revenues continued to be impacted by the reduced activity

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in the oil and gas sector and rate reductions, in addition to forest fires in northern Alberta in the first half of the year.

Adjusted EBITDA was \$(1.1) million for the nine months ended September 30, 2016, down 111.8% or \$10.0 million from \$8.9 million in the same period in 2015. The decline in earnings resulted primarily from reduced revenues as well as employee severance costs of \$1.0 million. In addition, excluded from Adjusted EBITDA is a goodwill impairment charge of \$12.5 million reflecting a challenging environment.

Outlook

Market analysts are generally not forecasting any sustained appreciation in the price of oil until 2017, at the earliest. Consistent with other companies, our clients who are involved in oil and gas exploration have been reducing capital expenditures in 2016. As approximately 55% of our Geomatics business is derived directly from oil and gas clients, our overall performance has been impacted and we expect this trend to continue for the remainder of the year. We will continue to monitor our cost structure in relation to market conditions.

Corporate Costs

Quarterly Discussion

Corporate costs (recovery) were \$8.0 million for the three months ended September 30, 2016, as compared to \$5.6 million in the same period in 2015. The increase in corporate costs was mainly due to higher variable compensation.

Year-to-Date Discussion

Corporate costs (recovery) were \$21.8 million for the nine months ended September 30, 2016, as compared to \$17.9 million in the same period in 2015. The increase in corporate costs was mainly due to higher variable compensation.

Liquidity and Capital Resources

Cash Flow	Three months ended September 30,		Nine months ended September 30,	
<i>In thousands of dollars</i>	2016	2015	2016	2015
Net cash from operating activities	\$ 19,379	\$ 12,006	\$ 51,654	\$ 29,587
Net cash from financing activities	(7,384)	(11,427)	(28,721)	(16,380)
Net cash from investing activities	(3,612)	(7,781)	(5,374)	(14,678)
Effect of foreign currency translation	262	727	(1,395)	1,606
Change in cash position during the period	\$ 8,645	\$ (6,475)	\$ 16,164	\$ 135
Dividends paid	\$ 4,761	\$ 4,087	\$ 13,952	\$ 11,938

We expect to fund operations with cash derived from operating activities. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities. Significant erosion in the general state of the economy could affect our liquidity by reducing cash generated from operating activities or by limiting access to short-term financing as a result of tightening credit markets.

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Cash from Operating Activities

Working Capital		
<i>In thousands of dollars</i>	September 30, 2016	December 31, 2015
Current assets	\$ 167,340	\$ 154,932
Current liabilities	91,246	84,426
Working capital	\$ 76,094	\$ 70,506

Current assets are composed primarily of cash and cash equivalents, trade receivables and other and income taxes recoverable. Current liabilities are composed primarily of trade payables and other, income taxes payable and borrowings.

As at September 30, 2016, trade receivables, net and unbilled revenue on customer contracts net of deferred revenue and customer deposits was \$88.9 million, down 7.1% or \$6.8 million from \$95.7 million as at December 31, 2015. As a percentage of the trailing 12-month revenues, trade receivables and unbilled revenue on customer contracts net of deferred revenue and customer deposits, a non-IFRS measure, was 20.0% as at September 30, 2016, as compared to 22.5% as at December 31, 2015.

Our Days Sales Outstanding ("DSO"), a non-IFRS measure, was 74 days as at September 30, 2016, as compared to 82 days as at December 31, 2015. We calculate DSO by taking the five-quarter average balance of trade receivables, net and unbilled revenue on customer contracts net of deferred revenue and customer deposits and the result is then divided by the trailing 12-month revenues plus any pre-acquisition revenue, as applicable, and multiplied by 365 days. Our method of calculating DSO may differ from the methods used by other issuers and, accordingly, may not be comparable to similar measures used by other issuers. We believe this measure is useful to investors as it demonstrates our ability to convert trade receivables and unbilled revenue into cash.

Current and long-term liabilities include amounts owing to the vendors of acquired businesses on account of excess working capital, deferred purchase price payments and other closing adjustments. As at September 30, 2016, the amount owing to the vendors of acquired businesses was approximately \$5.9 million, as compared to \$3.8 million as at December 31, 2015. We intend to fund the deferred purchase price payments through the revolving term facility (as described below) or cash on hand.

We are able to satisfy the balance of our current liabilities through the realization of our current assets.

Cash from Financing Activities

Our revolving term facility is a senior secured revolving term facility used for general corporate purposes that will mature April 28, 2020. The maximum amount of this facility is \$200.0 million. Certain provisions allow us to increase the limit further to \$250.0 million.

As at September 30, 2016, our total borrowings on our revolving term facility amounted to \$118.0 million, a decrease of \$8.0 million from December 31, 2015.

We also have outstanding letters of credit under our bank credit facilities in the total amount of \$0.4 million to secure a credit facility for operating leases (December 31, 2015 - \$0.4 million).

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The cost of our bank credit facilities is tied to the Canadian Prime rates, Canadian Bankers' Acceptance rate, U.S. Base rates or LIBOR rates. As at September 30, 2016, \$65.0 million was subject to interest rate swap agreements to fix the interest rate. We are obligated to pay the counterparty to the swap agreement an amount based upon a fixed interest rate of 1.48% per annum and the counterparty is obligated to pay us an amount equal to the Canadian Bankers' Acceptance rate. These agreements expire on May 15, 2020. These interest rate swaps are not designated as cash flow hedges for accounting purposes. The effective annual rate of interest for the three and nine months ended September 30, 2016 on our bank credit facilities was 2.94% and 2.92%, as compared to 3.58% and 3.94% in the corresponding periods in 2015, respectively.

As at September 30, 2016, we were in compliance with the financial covenants of our bank credit facilities, which are summarized below:

	September 30, 2016
Funded debt to EBITDA (maximum of 3.00:1)	1.60:1
Fixed charge coverage (minimum of 1.20:1)	10.09:1
Funded debt to capitalization (maximum of 55%)	24%

Other than long-term debt and letters of credit, we are subject to other contractual obligations such as operating leases for offices and equipment, finance leases for equipment, as well as amounts owing to vendors of acquired businesses as discussed above.

Contractual Obligations	Payments Due by Period (undiscounted)				
		Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years
<i>In thousands of dollars</i>	Total				
Bank credit facilities	\$ 118,000	\$ -	\$ -	\$ 118,000	\$ -
Leasehold improvement loans	813	134	242	148	289
Insurance financing loan	-	-	-	-	-
Operating lease obligations	88,196	15,605	26,984	19,903	25,704
Finance lease obligations	1,924	941	909	74	-
Contingent consideration payable	4,061	2,840	1,221	-	-
Convertible debentures ⁽¹⁾	6,798	6,798	-	-	-
Amounts payable to unitholders	804	804	-	-	-
Other liabilities	59,127	51,792	3,875	649	2,811
Total Contractual Obligations	\$ 279,723	\$ 78,914	\$ 33,231	\$ 138,774	\$ 28,804

⁽¹⁾ Refers to the \$48.0 million of 6.75% convertible unsecured subordinated debentures issued by us on April 19, 2012 (the "2012 convertible debentures"). The terms of the 2012 convertible debentures are described in detail in Note 19 of the 2015 annual consolidated financial statements.

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Cash from Investing Activities

We invest in property, plant and equipment and intangible assets to support the activities of the business, such as computer equipment and software, trucks and field equipment and office equipment and furnishings. Capital expenditures for accounting purposes include property, plant and equipment in substance as well as form, including assets under finance leases and intangible assets comprising of computer application software.

Capital expenditures are reconciled as follows:

Capital Expenditures	Three months ended September 30,		Nine months ended September 30,	
<i>In thousands of dollars</i>	2016	2015	2016	2015
Property, plant and equipment additions	\$ 1,233	\$ 4,183	\$ 2,348	\$ 6,904
Intangibles additions	802	890	1,521	1,260
Proceeds on disposal of property, plant and equipment	(62)	(79)	(210)	(85)
Capital expenditures funded by cash from investing activities	\$ 1,973	\$ 4,994	\$ 3,659	\$ 8,079

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Reconciliation of Adjusted EBITDA to Profit (Loss)

The following table provides a reconciliation between Adjusted EBITDA and profit (loss):

	Three months ended September 30,		Nine months ended September 30,	
<i>In thousands of dollars</i>	2016	2015	2016	2015
Adjusted EBITDA	\$ 21,298	\$ 15,303	\$ 51,968	\$ 43,917
Depreciation and amortization	(7,922)	(10,345)	(25,154)	(30,545)
Acquisition related (expenses) income	(174)	(249)	60	(573)
Share of profit (loss) of associates	(330)	(420)	(1,616)	(1,244)
Unrealized foreign exchange gain (loss) ⁽¹⁾	145	521	(1,510)	993
Gain (loss) on disposal of property, plant and equipment ⁽¹⁾	(112)	(193)	(273)	(239)
Non-cash Executive Compensation Plan costs ⁽²⁾	(1,070)	(927)	(3,113)	(2,634)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽²⁾	705	248	1,054	58
Restructuring costs	(978)	(692)	(4,059)	(1,892)
Gain (loss) on sale of certain business assets ⁽³⁾	-	-	9,935	3,483
Impairment charge	(12,500)	-	(12,500)	-
Other non-operating and/or non-recurring income (costs) ⁽⁴⁾	(130)	(983)	(535)	214
Operating profit (loss)	(1,068)	2,263	14,257	11,538
Finance (costs) income, net	(1,263)	(3,714)	(4,193)	(9,844)
Profit (loss) before income taxes	(2,331)	(1,451)	10,064	1,694
Income tax recovery (expense)	(2,740)	753	(4,688)	1,018
Profit (loss) for the period	\$ (5,071)	\$ (698)	\$ 5,376	\$ 2,712

⁽¹⁾ Included in office and other operating expenses in the unaudited interim condensed consolidated statements of comprehensive income (loss).

⁽²⁾ Included in employee compensation expenses in the unaudited interim condensed consolidated statements of comprehensive income (loss).

⁽³⁾ Gain (loss) on sale of certain business assets relates to a gain on the partial deemed disposition of our investment in Real Matters.

⁽⁴⁾ Other non-operating and/or non-recurring income (costs) for the three and nine months ended September 30, 2016 relate to the following: realized losses on settlement of acquisition-related loans with wholly-owned international subsidiaries and transactional costs for the restructuring of legal entities within the group. Other non-operating and/or non-recurring income (costs) for the three and nine months ended September 30, 2015 relate to the following: a recovery of commodity taxes previously paid; adjustments to non-recurring settlements of legal and related costs; and a reversal of amounts owed to former owners of Altus Québec. These are included in office and other operating expenses in the unaudited interim condensed consolidated statements of comprehensive income (loss).

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Adjusted Earnings (Loss) Per Share

	Three months ended September 30,		Nine months ended September 30,	
<i>In thousands of dollars, except for per share amounts</i>	2016	2015	2016	2015
Profit (loss) for the period	\$ (5,071)	\$ (698)	\$ 5,376	\$ 2,712
Amortization of intangibles of acquired businesses	5,515	8,132	17,898	24,336
Non-cash finance costs (income) related to amounts payable to U.K. unitholders, net of changes in fair value of related equity derivatives	190	(10)	163	5
Share of loss (profit) of associates	330	420	1,616	1,244
Unrealized foreign exchange loss (gain)	(145)	(521)	1,510	(993)
Loss (gain) on disposal of property, plant and equipment	112	193	273	239
Distributions related to amounts payable to U.K. unitholders	-	36	32	77
Non-cash Executive Compensation Plan costs	1,070	927	3,113	2,634
Loss (gain) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged	(705)	(248)	(1,054)	(58)
Interest accretion on contingent consideration payables	56	28	168	90
Restructuring costs	978	692	4,059	1,892
Loss (gain) on hedging transactions, including interest expense (income) on swaps not designated as cash flow hedges	(174)	491	158	1,234
Acquisition related expenses (income)	174	249	(60)	573
Loss (gain) on sale of certain business assets	-	-	(9,935)	(3,483)
Impairment charge	12,500	-	12,500	-
Other non-operating and/or non-recurring (income) costs	130	983	535	(214)
Tax impact on above	(3,591)	(3,384)	(7,903)	(8,712)
Adjusted earnings (loss) for the period	\$ 11,369	\$ 7,290	\$ 28,449	\$ 21,576
Weighted average number of shares - basic	36,883,947	32,959,220	36,727,269	32,391,832
Weighted average number of restricted shares	303,458	409,502	308,841	413,095
Weighted average number of shares - adjusted	37,187,405	33,368,722	37,036,110	32,804,927
Adjusted earnings (loss) per share	\$0.31	\$0.22	\$0.77	\$0.66

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Summary of Quarterly Results

	2016				2015					2014	
<i>In thousands of dollars, except for per share amounts</i>	YTD 2016	Sep 30	Jun 30	Mar 31	Fiscal 2015	Dec 31	Sep 30	Jun 30	Mar 31	Fiscal 2014	Dec 31
Results of Operations											
Revenues	\$ 327,557	\$ 110,899	\$ 109,970	\$ 106,688	\$ 416,413	\$ 110,961	\$ 102,234	\$ 104,753	\$ 98,465	\$ 370,202	\$ 100,853
Adjusted EBITDA	\$ 51,968	\$ 21,298	\$ 18,277	\$ 12,393	\$ 63,382	\$ 19,465	\$ 15,303	\$ 16,426	\$ 12,188	\$ 67,103	\$ 18,822
Adjusted EBITDA margin	15.9%	19.2%	16.6%	11.6%	15.2%	17.5%	15.0%	15.7%	12.4%	18.1%	18.7%
Profit (loss) for the period	\$ 5,376	\$ (5,071)	\$ 12,659	\$ (2,212)	\$ 9,249	\$ 6,537	\$ (698)	\$ 2,694	\$ 716	\$ 13,171	\$ 5,076
Earnings (loss) per share:											
Basic	\$0.15	\$ (0.14)	\$0.34	\$ (0.06)	\$0.28	\$0.18	\$ (0.02)	\$0.08	\$0.02	\$0.44	\$0.16
Diluted	\$0.14	\$ (0.14)	\$0.34	\$ (0.06)	\$0.27	\$0.18	\$ (0.02)	\$0.08	\$0.02	\$0.43	\$0.16
Adjusted	\$0.77	\$0.31	\$0.28	\$0.19	\$0.98	\$0.31	\$0.22	\$0.28	\$0.16	\$1.16	\$0.31
Weighted average number shares ('000s):											
Basic	36,727	36,884	36,759	36,537	33,348	36,187	32,959	32,180	32,026	29,933	31,856
Diluted	37,278	36,884	38,023	36,537	33,819	36,657	32,959	32,751	32,684	30,720	37,020

Certain segments of our operations are subject to seasonal variations which may impact overall quarterly results. For instance:

- Geomatics' projects tend to be on remote undeveloped land in Western Canada which is most accessible in the winter and summer months and least accessible in the spring months when ground conditions are soft and wet. Revenues for Geomatics tend to peak in the third and fourth quarters of the year in line with higher activity levels during these periods.
- Our global Property Tax practice can experience significant fluctuations on a quarterly basis as a result of the timing of contingency settlements and other factors.
- In Altus Analytics, ARGUS software products sold as perpetual licenses, as with most software companies, tend to have a stronger fourth quarter in revenues.

Management's Discussion & Analysis

September 30, 2016



Share Data

As at October 31, 2016, 37,044,510 common shares were outstanding and are net of 298,639 restricted shares. These restricted shares are shares held by Altus Group, which are subject to restrictive covenants and may or may not vest for employees. Accordingly, these shares are not included in the total number of common shares outstanding for financial reporting purposes and are not included in basic earnings per share calculations.

As at September 30, 2016, there were 797,373 share options outstanding (December 31, 2015 - 732,743 share options outstanding) at a weighted average exercise price of \$18.69 per share (December 31, 2015 - \$16.95 per share) and 316,639 options were exercisable (December 31, 2015 - 135,496). All share options are exercisable into common shares on a one-for-one basis.

During the first quarter of 2013, we implemented a Dividend Reinvestment Plan ("DRIP") for our shareholders who are resident in Canada. Under the DRIP, participants may elect to automatically reinvest quarterly dividend distributions in additional Altus Group common shares.

Pursuant to the DRIP, and in the case where common shares are issued from treasury, cash dividend distributions will be reinvested in additional Altus Group common shares at the weighted average market price of our common shares for the five trading days immediately preceding the relevant dividend payment date, less a discount, currently set at 4%.

During the three and nine months ended September 30, 2016, 39,224 and 138,209 common shares were issued under the DRIP, respectively.

During the three and nine months ended September 30, 2016, 93,200 and 144,300 common shares were issued on the early conversion of the 2012 convertible debentures, respectively. As at September 30, 2016, there was a total principal amount of \$6.8 million of 2012 convertible debentures outstanding. These are exchangeable into common shares at the option of the holder at a conversion price of \$10.00 per common share, equivalent to a maximum of 679,800 common shares.

Financial Instruments and Other Instruments

Financial instruments held in the normal course of business included in our unaudited interim condensed consolidated balance sheet as at September 30, 2016 consist of cash and cash equivalents, trade receivables and other (excluding prepayments and lease inducements), trade payables and other (excluding lease inducements and deferred revenue), borrowings, derivative financial instruments and amounts payable to unitholders. We do not enter into financial instrument arrangements for speculative purposes.

The fair values of the short-term financial instruments approximate their carrying values. The fair values of borrowings are not significantly different than their carrying values, as these instruments bear interest at rates comparable to current market rates. The fair value of other long-term liabilities and contingent consideration payable is estimated by discounting the future contractual cash flows at the cost of borrowing to us, which is equal to their carrying value.

Management's Discussion & Analysis

September 30, 2016



The fair value of the 2012 convertible debentures as at September 30, 2016 was approximately \$19.6 million, based on market quotes. Under IFRS accounting, these convertible debentures are recorded at amortized cost.

The fair value of the liabilities for cash-settled plans and amounts payable to U.K. unitholders as at September 30, 2016 was approximately \$8.3 million, based on market quotes for our common shares.

We are exposed to interest rate risk in the event of fluctuations in the Canadian Prime rate, Canadian Bankers' Acceptance rate, U.S. Base rate or LIBOR rate as the interest rates on the bank credit facilities fluctuate with changes in the Canadian Prime rate, Canadian Bankers' Acceptance rate, U.S. Base rate or LIBOR rate.

To mitigate our exposure to interest rate fluctuations, we have entered into interest rate swap agreements in connection with our bank credit facilities.

In 2015, we entered into interest rate swap agreements for a total notional amount of \$65.0 million and a fixed interest rate of 1.48% per annum. This agreement expires on May 15, 2020. As at September 30, 2016, we have a total notional amount of \$65.0 million outstanding and the fair value of this swap was \$1.4 million in favor of the counterparty.

Since 2014, we entered into equity derivatives to manage our exposure to changes in the fair value of RSUs and DSUs, issued under their respective plans, due to changes in the fair value of our common shares. Changes in the fair value of these derivatives are recorded as employee compensation expense and offset the impact of mark-to-market adjustments on the RSUs and DSUs that have been accrued.

As at September 30, 2016, we have equity derivatives relating to RSUs and DSUs outstanding with a notional amount of \$7.3 million. The fair value of these derivatives is \$3.5 million in our favor.

We are exposed to credit risk with respect to our cash and cash equivalents and trade receivables and other, more specifically our trade receivables, and derivative financial instruments. Credit risk is not concentrated with any particular customer. In certain parts of Asia, it is often common business practice to pay invoices over an extended period of time and/or at the completion of the project. This practice increases the risk and likelihood of future bad debts. In addition, the risk of non-collection of trade receivables is greater in Asia Pacific compared to North American or European countries. Trade receivables are monitored on an ongoing basis with respect to their collectability and, where appropriate, a specific reserve is recorded.

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. We manage liquidity risk through the management of our capital structure and financial leverage. We also manage liquidity risk by continuously monitoring actual and projected cash flows, taking into account the seasonality of our revenues and receipts and maturity profile of financial assets and liabilities. Our Board of Directors review and approve our operating and capital budgets, as well as any material transactions outside the ordinary course of business, including proposals on mergers, acquisitions or other major investments.

Management's Discussion & Analysis

September 30, 2016



We are also exposed to price risk as the amounts payable to U.K. unitholders are classified as fair value through profit or loss, and linked to the price of our own common shares.

In order to limit price risk exposure, we entered into an equity derivative associated with the amounts payable to U.K. unitholders in 2014. Changes in the fair value of the equity derivative were recorded as finance costs (income), net and offset against the impact of mark-to-market adjustments on the amounts payable to unitholders that had been accrued. The equity derivative was settled on April 1, 2016.

Related Party Transactions

We provide appraisal services to Real Matters, an entity in which we hold a 13.9% equity interest as at September 30, 2016. During the three months ended September 30, 2016, we recorded revenues of \$Nil for appraisal services provided to Real Matters (2015 - \$0.009 million). For the nine months ended September 30, 2016, we recorded revenues of \$0.001 million for appraisal services provided to Real Matters (2015 - \$0.026 million).

As part of ongoing operations with Real Matters, there was a nominal amount included in trade receivables and other as at September 30, 2016 and as at December 31, 2015.

On April 1, 2016, our investment in Real Matters was diluted due to a private placement and issuance of equity common shares in connection with an acquisition completed by Real Matters. These transactions reduced our equity interest from 16.4% to 13.9%. The partial deemed disposition of our investment resulted in a gain of \$9.9 million with a corresponding increase to the carrying value of our investment in Real Matters.

All related party transactions were in the normal course of operations and measured at the exchange amount.

Contingencies

From time to time, we or our subsidiaries are involved in legal proceedings, claims and litigation in the ordinary course of business with customers, former employees and other parties. Although it is not possible to determine the outcome of such matters, based on all currently available information, management believes that liabilities, if any, arising from such matters will not have a material adverse effect on our financial position or results of operations, and have been adequately provided for in the unaudited interim condensed consolidated financial statements.

In the ordinary course of business, we are subject to tax audits from various government agencies relating to income and commodity taxes. As a result, from time to time, the tax authorities may disagree with the positions and conclusions we made in our tax filings, which could lead to assessments and reassessments. These assessments and reassessments may have a material adverse effect on our financial position or results of operations.

Management's Discussion & Analysis

September 30, 2016



Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109").

Management has caused such DC&P to be designed under its supervision to provide reasonable assurance that our material information, including material information of our consolidated subsidiaries, is made known to our Chief Executive Officer and our Chief Financial Officer for the period in which the annual and interim filings are prepared. Further, such DC&P are designed to provide reasonable assurance that information we are required to disclose in our annual filings, interim filings or other reports we have filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation.

Management has caused such ICFR to be designed under its supervision using the framework established in Internal Control - Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the unaudited interim condensed consolidated financial statements for external purposes in accordance with IFRS.

Section 3.3(1)(b) of NI 52-109 allows an issuer to limit its design of DC&P and ICFR to exclude controls, policies and procedures of a business that the issuer acquired not exceeding 365 days from the date of acquisition.

Management has limited the scope of the design of DC&P and ICFR, consistent with previous practice, to exclude controls, policies and procedures of Lambournes Holdings Limited ("Lambournes") acquired on November 20, 2015, Bay Partnership acquired on April 1, 2016 and R2G acquired on August 1, 2016.

Financial information of the businesses acquired is summarized below.

Balance Sheet data for Lambournes:

<i>In thousands of dollars</i>	September 30, 2016	
Assets	\$	1,027
Liabilities		286
Equity		741

Income Statement data for Bay Partnership:

<i>In thousands of dollars</i>	Three months ended September 30, 2016		Nine months ended September 30, 2016	
Revenues	\$	270	\$	430
Expenses		219		433
Profit (loss)		51		(3)

Management's Discussion & Analysis

September 30, 2016



Income Statement data for R2G:

<i>In thousands of dollars</i>	Three and nine months ended September 30, 2016	
Revenues	\$	115
Expenses		350
Profit (loss)		(235)

There have been no changes in our internal controls over financial reporting that occurred during the three month period ended September 30, 2016, the most recently completed interim period, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

The audit committee and our Board of Directors have reviewed and approved this MD&A and the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2016.

Additional Information

Additional information relating to Altus Group Limited, including our Annual Information Form, is available on SEDAR at www.sedar.com and on our corporate website at www.altusgroup.com under the Investors tab.

Our common shares trade on the Toronto Stock Exchange under the symbol "AIF" and the 2012 convertible debentures trade under the symbol "AIF.DB.A".

Altus Group Limited

Interim Condensed Consolidated Financial Statements

September 30, 2016 and 2015

(Unaudited)

(Expressed in Thousands of Canadian Dollars)

Interim Condensed Consolidated Statements of Comprehensive Income (Loss) For the Three and Nine Months Ended September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

		Three months ended September 30		Nine months ended September 30	
	Notes	2016	2015	2016	2015
Revenues		\$ 110,899	\$ 102,234	\$ 327,557	\$ 305,452
Expenses					
Employee compensation		66,948	64,382	205,730	194,930
Occupancy		4,861	4,838	15,021	13,320
Office and other operating		18,254	19,045	59,215	54,893
Amortization of intangibles		6,172	8,597	19,902	25,573
Depreciation of property, plant and equipment		1,750	1,748	5,252	4,972
Acquisition related expenses (income)		174	249	(60)	573
Share of (profit) loss of associates	20	330	420	1,616	1,244
Restructuring costs		978	692	4,059	1,892
(Gain) loss on sale of certain business assets	20	-	-	(9,935)	(3,483)
Impairment charge	5	12,500	-	12,500	-
Operating profit (loss)		(1,068)	2,263	14,257	11,538
Finance costs (income), net	6	1,263	3,714	4,193	9,844
Profit (loss) before income taxes		(2,331)	(1,451)	10,064	1,694
Income tax expense (recovery)	7	2,740	(753)	4,688	(1,018)
Profit (loss) for the period attributable to equity holders		\$ (5,071)	\$ (698)	\$ 5,376	\$ 2,712
Other comprehensive income (loss):					
Items that may be reclassified to profit or loss in subsequent periods:					
Cash flow hedges	14	-	148	-	468
Currency translation differences	14	2,042	15,026	(15,790)	29,734
Share of other comprehensive income (loss) of associates	14, 20	384	577	(664)	1,577
Other comprehensive income (loss), net of tax		2,426	15,751	(16,454)	31,779
Total comprehensive income (loss) for the period, net of tax, attributable to equity holders		\$ (2,645)	\$ 15,053	\$ (11,078)	\$ 34,491
Earnings (loss) per share attributable to the equity holders of the Company during the period					
Basic earnings (loss) per share	16	\$(0.14)	\$(0.02)	\$0.15	\$0.08
Diluted earnings (loss) per share	16	\$(0.14)	\$(0.02)	\$0.14	\$0.08

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Balance Sheets As at September 30, 2016 and December 31, 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Notes	September 30, 2016	December 31, 2015
Assets			
Current assets			
Cash and cash equivalents		\$ 35,768	\$ 19,604
Trade receivables and other	8	128,419	134,501
Income taxes recoverable		2,610	794
Derivative financial instruments		543	33
		167,340	154,932
Non-current assets			
Trade receivables and other	8	602	594
Derivative financial instruments		2,933	43
Investment in associates	20	25,005	17,447
Deferred income taxes		20,690	19,712
Property, plant and equipment		26,765	30,778
Intangibles		112,873	134,872
Goodwill	5	219,635	239,346
		408,503	442,792
Total Assets		\$ 575,843	\$ 597,724
Liabilities			
Current liabilities			
Trade payables and other	9	\$ 78,619	\$ 81,282
Income taxes payable		4,158	1,015
Borrowings	10	7,665	2,129
Amounts payable to unitholders	11	804	-
		91,246	84,426
Non-current liabilities			
Trade payables and other	9	23,574	13,890
Borrowings	10	118,043	134,302
Derivative financial instruments		1,399	1,398
Deferred income taxes		10,794	10,586
Amounts payable to unitholders	11	-	2,527
		153,810	162,703
Total Liabilities		245,056	247,129
Shareholders' Equity			
Share capital	12	457,473	452,472
Equity component of convertible debentures		258	312
Contributed surplus	13	17,120	14,084
Accumulated other comprehensive income (loss)	14	44,104	60,558
Deficit		(188,168)	(176,831)
Total Shareholders' Equity		330,787	350,595
Total Liabilities and Shareholders' Equity		\$ 575,843	\$ 597,724

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Equity For the Nine Months Ended September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Notes	Share Capital	Equity Component of Convertible Debentures	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Shareholders/ Equity
As at January 1, 2015		\$ 405,443	\$ 1,567	\$ 9,008	\$ 22,360	\$ (165,274)	\$ 273,104
Profit (loss) for the period		-	-	-	-	2,712	2,712
Other comprehensive income (loss), net of tax:							
Cash flow hedges	14	-	-	-	468	-	468
Currency translation differences	14	-	-	-	29,734	-	29,734
Share of other comprehensive income (loss) of associates	14, 20	-	-	-	1,577	-	1,577
Total comprehensive income (loss) for the period		-	-	-	31,779	2,712	34,491
Transactions with owners:							
Dividends declared	17	-	-	-	-	(15,277)	(15,277)
Share-based compensation		-	-	4,157	-	-	4,157
Dividend Reinvestment Plan		2,736	-	-	-	-	2,736
Shares issued under the Share Option Plan		1,479	-	(173)	-	-	1,306
Shares issued on conversion of convertible debentures		35,474	(1,344)	-	-	-	34,130
Shares issued on acquisitions		2,167	-	-	-	-	2,167
Treasury shares purchased under the Restricted Share Plan		(3,069)	-	-	-	-	(3,069)
Release of treasury shares under the Restricted Share Plan		165	-	(106)	-	-	59
Gain on sale of RSs and shares held in escrow		-	-	3	-	-	3
		38,952	(1,344)	3,881	-	(15,277)	26,212
As at September 30, 2015		\$ 444,395	\$ 223	\$ 12,889	\$ 54,139	\$ (177,839)	\$ 333,807
As at January 1, 2016		\$ 452,472	\$ 312	\$ 14,084	\$ 60,558	\$ (176,831)	\$ 350,595
Profit (loss) for the period		-	-	-	-	5,376	5,376
Other comprehensive income (loss), net of tax:							
Currency translation differences	14	-	-	-	(15,790)	-	(15,790)
Share of other comprehensive income (loss) of associates	14, 20	-	-	-	(664)	-	(664)
Total comprehensive income (loss) for the period		-	-	-	(16,454)	5,376	(11,078)
Transactions with owners:							
Dividends declared	17	-	-	-	-	(16,713)	(16,713)
Share-based compensation	13, 15	-	-	5,604	-	-	5,604
Dividend Reinvestment Plan	12	2,694	-	-	-	-	2,694
Shares issued under the Share Option Plan	12, 13, 15	1,070	-	(162)	-	-	908
Shares issued on acquisitions		799	-	-	-	-	799
Treasury shares purchased under the Restricted Share Plan	12, 15	(3,589)	-	-	-	-	(3,589)
Shares issued on conversion of convertible debentures	12	1,472	(54)	-	-	-	1,418
Release of treasury shares under the Restricted Share Plan	12, 13, 15	2,575	-	(2,383)	-	-	192
Gain on sale of RSs and shares held in escrow	13	-	-	(23)	-	-	(23)
Other	12	(20)	-	-	-	-	(20)
		5,001	(54)	3,036	-	(16,713)	(8,730)
As at September 30, 2016		\$ 457,473	\$ 258	\$ 17,120	\$ 44,104	\$ (188,168)	\$ 330,787

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows For the Nine Months Ended September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

		Nine months ended September 30	
	Notes	2016	2015
Cash flows from operating activities			
Profit (loss) before income taxes		\$ 10,064	\$ 1,694
Adjustments for:			
Amortization of intangibles		19,902	25,573
Depreciation of property, plant and equipment		5,252	4,972
Amortization of lease inducements		(81)	423
Amortization of capitalized software development costs		395	390
Tax credits recorded through employee compensation		(133)	-
Finance costs (income), net	6	4,193	9,844
Share-based compensation	13, 15	5,604	4,157
Unrealized foreign exchange (gain) loss		1,510	(993)
(Gain) loss on sale of certain business assets		(9,935)	(3,483)
(Gain) loss on disposal of property, plant and equipment		273	239
(Gain) loss on equity derivatives		(3,400)	5
Share of (profit) loss of associates	20	1,616	1,244
Impairment charge	5	12,500	-
Net changes in operating working capital		11,352	(2,055)
Net cash generated by (used in) operations		59,112	42,010
Less: interest paid		(2,831)	(5,437)
Less: income taxes paid		(5,275)	(7,687)
Add: income taxes received		648	701
Net cash provided by (used in) operating activities		51,654	29,587
Cash flows from financing activities			
Proceeds from exercise of options		908	1,306
Redemption of Altus UK LLP Class B and D units	11	(2,062)	(106)
Financing fees paid		(84)	(1,266)
Proceeds from borrowings		4,000	10,000
Repayment of borrowings		(13,910)	(11,230)
Dividends paid		(13,952)	(11,938)
Treasury shares purchased under the Restricted Share Plan	12	(3,589)	(3,069)
Interest paid to Altus UK LLP Class B and D unitholders	6	(32)	(77)
Net cash provided by (used in) financing activities		(28,721)	(16,380)
Cash flows from investing activities			
Purchase of intangibles		(1,521)	(1,260)
Purchase of property, plant and equipment		(2,348)	(6,904)
Proceeds from disposal of property, plant and equipment		210	85
Acquisitions	3	(1,715)	(6,599)
Net cash provided by (used in) investing activities		(5,374)	(14,678)
Effect of foreign currency translation		(1,395)	1,606
Net increase (decrease) in cash and cash equivalents		16,164	135
Cash and cash equivalents			
Beginning of period		19,604	17,452
End of period		\$ 35,768	\$ 17,587

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

1. Business and Structure

Altus Group Limited (the "Company") was formed through the completion of a plan of arrangement under the *Business Corporations Act* (Ontario) (the "Arrangement") pursuant to an information circular dated November 8, 2010, whereby Altus Group Income Fund (the "Fund") was converted from an unincorporated open-ended limited purpose trust into a corporate structure (the "Corporate Conversion"). The Corporate Conversion through a series of transactions involved the exchange, on a one-for-one basis, of the Fund Units and the Class B limited partnership units of Altus Group Limited Partnership ("Altus LP") for common shares of the Company. As a result of this reorganization, Altus LP, Altus Operating Trust and the Fund were liquidated and dissolved. The effective date of the Corporate Conversion was January 1, 2011. The Company continues to operate the business of the Fund.

The Company directly or indirectly owns or controls operating entities located within North America, Europe and Asia Pacific and provides independent advisory services, software and data solutions to the global commercial real estate industry. The Company conducts its business through three business units: Altus Analytics, Commercial Real Estate Consulting and Geomatics.

The address of the Company's registered office is 33 Yonge Street, Suite 500, Toronto, Ontario, Canada. The Company is listed on the Toronto Stock Exchange ("TSX") and is domiciled in Canada.

"Altus Group" refers to the consolidated operations of Altus Group Limited.

2. Basis of Preparation and Summary of Significant Accounting Policies

The interim condensed consolidated financial statements for the period ended September 30, 2016 follow the same accounting policies and methods of their application as those used in the Company's audited consolidated financial statements for the year ended December 31, 2015. These interim condensed consolidated financial statements are in compliance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the Company's most recent audited annual consolidated financial statements for the year ended December 31, 2015.

These interim condensed consolidated financial statements were approved by the Board of Directors for issue on November 3, 2016.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

2. Basis of Preparation and Summary of Significant Accounting Policies, cont'd

Seasonality

Certain segments of the Company's operations are subject to seasonal variations which may impact overall quarterly results. Geomatics' projects tend to be on remote undeveloped land in Western Canada which is most accessible in the winter and summer months and least accessible in the spring months when ground conditions are soft and wet. Revenues for Geomatics tend to peak in the third and fourth quarters of the year in line with higher activity levels during these periods. In Property Tax, the Company can experience significant fluctuations on a quarterly basis as a result of the timing of contingency settlements and other factors. In Altus Analytics, ARGUS software products sold as perpetual licenses, as with most software companies, tend to have a stronger fourth quarter in revenues.

3. Acquisitions

The Company revised its estimate of the contingent consideration payable related to the Maxwell Brown Surveyors Group Limited acquisition completed on June 1, 2015 resulting in a recovery of \$457 in acquisition related expenses (income) (Note 18).

Acquisition of Bay Partnership Pty Ltd.

On April 1, 2016, the Company acquired all the issued and outstanding shares of Bay Partnership Pty Ltd. ("Bay Partnership") for \$241 in cash, common shares and contingent consideration, subject to working capital adjustments. The purchase price was allocated to intangibles and goodwill of \$147 and \$157, respectively, with the remainder to deferred income tax liabilities and working capital. Based in New South Wales, Australia, Bay Partnership is a provider of quantity surveying services. The addition of Bay Partnership expands the Company's market share.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

3. Acquisitions, cont'd

Acquisition of R2G Limited

On August 1, 2016, the Company acquired all the issued and outstanding shares of R2G Limited ("R2G") and its subsidiaries for \$6,119, subject to working capital adjustments. As part of the transaction, the Company entered into non-compete agreements with key management of R2G. Based in Hertfordshire, U.K., but operating nationally since 2002, R2G specializes in tax representation for all types of commercial real estate. The addition of R2G expands the Company's market share and adds regional scale in the U.K. market while strategically positioning the Company for the 2017 revaluation cycle in support of the Company's current growth initiatives. On August 2, 2016, R2G was wound up and its assets were transferred to Altus Group (UK) Limited. As consideration for these shares, the Company paid cash of \$3,835, common shares of \$1,142 (equivalent to 50,973 common shares) and contingent consideration of \$1,142. The share purchase agreement provides for maximum contingent consideration payable of GBP663, subject to certain performance targets being achieved over a two-year period from the closing date. As at the date of the acquisition, it was estimated that the maximum amount would be payable. The common shares will be held in escrow and released in three equal annual installments commencing on the first anniversary of the closing date, subject to compliance with certain terms and conditions.

For accounting purposes, the consideration transferred for the acquired business includes a discount factor on the contingent consideration payable reflecting the time value of money and a discount on the value of the common shares reflecting the trading restrictions placed on the shares. Further, the non-compete agreements are valued separately from the acquired business. As a result, under IFRS, the total consideration attributable to the acquired business, subject to adjustments, and to the non-compete agreements was \$4,516 and \$1,146, respectively.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

3. Acquisitions, cont'd

	Nine months ended September 30, 2016					
	Bay Partnership		R2G		Total	
Acquisition related costs (included in acquisition related expenses (income) in the interim condensed consolidated statements of comprehensive income (loss))	\$	46	\$	78	\$	124
Consideration:						
Cash	\$	76	\$	3,835	\$	3,911
Contingent consideration		113		1,142		1,255
Common shares		80		1,142		1,222
		269		6,119		6,388
Less: discount on contingent consideration		(8)		(114)		(122)
Less: discount on common shares		(20)		(343)		(363)
		241		5,662		5,903
Less: consideration transferred for non-compete agreements		(12)		(1,146)		(1,158)
Consideration transferred for acquired businesses		229		4,516		4,745
Recognized amounts of identifiable assets acquired and liabilities assumed:						
Cash and cash equivalents		5		2,191		2,196
Trade receivables and other		187		1,104		1,291
Income taxes payable		(29)		(531)		(560)
Trade payables and other		(192)		(937)		(1,129)
Deferred income tax liabilities		(40)		(638)		(678)
Property, plant and equipment		6		16		22
Intangibles		135		2,047		2,182
Total identifiable net assets of acquired businesses		72		3,252		3,324
Goodwill	\$	157	\$	1,264	\$	1,421

Goodwill arising from the Bay Partnership acquisition relates to expected synergies with the existing presence in Asia Pacific. No portion of the goodwill or intangibles acquired is deductible for tax purposes.

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2016 and 2015

(Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

3. Acquisitions, cont'd

Goodwill arising from the R2G acquisition relates to expected synergies with the existing presence in the U.K. and the opportunities to strengthen and complement service offerings to both existing and acquired clients. No portion of the goodwill or intangibles acquired is deductible for tax purposes.

Revenues, Adjusted EBITDA and profit (loss) for each acquisition for the period from their respective date of acquisition to September 30, 2016 that are included in the interim condensed consolidated statements of comprehensive income (loss) are as follows:

	Revenues	Adjusted EBITDA	Profit (Loss)
Bay Partnership	\$ 430	\$ 17	\$ (3)
R2G	115	(95)	(235)

The pro-forma revenues, Adjusted EBITDA and profit (loss) of the combined entity for the nine months ended September 30, 2016 would have been \$329,377, \$52,597 and \$5,780, respectively, assuming the acquisitions were completed on January 1, 2016.

For all acquisitions, the intangibles acquired are as follows:

	Nine months ended September 30, 2016		
	Bay Partnership	R2G	Total
Finite-life assets			
Customer lists	\$ 135	\$ 1,257	\$ 1,392
Brands of acquired businesses	-	409	409
Customer backlog	-	381	381
	\$ 135	\$ 2,047	\$ 2,182

4. Segmented Information

Beginning in the first quarter of 2016, the Company has changed its operating and reportable segments. The formation of Altus Analytics and changes to the Company's internal structure led to changes in the composition of segments. Earlier periods have been presented in a manner consistent with the revised segmentation. The segmentation reflects the way the CEO evaluates performance and allocates resources.

The CEO considers the business from a core service perspective. The areas of core service are Altus Analytics, Commercial Real Estate Consulting and Geomatics.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Segmented Information, cont'd

Altus Analytics offers data, analytics and software solutions and technology-related training and implementation services. Proprietary data subscription products and analytics platforms provide comprehensive real estate market information and enable the performance review, benchmarking and attribution analysis of commercial real estate portfolios. Software solutions, such as ARGUS branded products and Voyanta, provide a comprehensive global solution for managing commercial real estate portfolios and improve the visibility and flow of information throughout critical business processes.

Commercial Real Estate Consulting services - Property Tax, and Valuation and Cost Advisory services - encompass the life-cycle of commercial real estate - feasibility, development, acquisition, management and disposition. Property Tax performs assessment reviews, management, appeals and personal property and state and local tax advisory services. Valuation and Cost Advisory provides appraisals of real estate portfolios, valuation of properties for transactional purposes, due diligence and litigation and economic consulting, in addition to cost consulting in the areas of construction feasibility studies, budgeting, cost and loan monitoring and project management.

Geomatics delivers land surveys and mapping for setting of property boundaries, route and corridor selection, land settlement, construction developments, and oil field and well-sites.

The accounting policies of the segments are the same as those applied in these interim condensed consolidated financial statements. Revenue transactions between segments are valued at market rates and eliminated on consolidation.

The CEO assesses the performance of the operating segments based on a measure of Adjusted EBITDA. This measurement basis represents operating profit (loss) adjusted for the effects of amortization of intangibles, depreciation of property, plant and equipment, acquisition related expenses (income), restructuring costs, share of profit (loss) of associates, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on sale of business assets, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged, impairment charge and other expenses or income of a non-operating and/or non-recurring nature.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Segmented Information, cont'd

A reconciliation of Adjusted EBITDA to profit (loss) is provided as follows:

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Adjusted EBITDA for reportable segments	\$ 21,298	\$ 15,303	\$ 51,968	\$ 43,917
Depreciation of property, plant and equipment	(1,750)	(1,748)	(5,252)	(4,972)
Amortization of intangibles	(6,172)	(8,597)	(19,902)	(25,573)
Acquisition related (expenses) income	(174)	(249)	60	(573)
Share of profit (loss) of associates	(330)	(420)	(1,616)	(1,244)
Unrealized foreign exchange gain (loss) ⁽¹⁾	145	521	(1,510)	993
Gain (loss) on disposal of property, plant and equipment ⁽¹⁾	(112)	(193)	(273)	(239)
Non-cash Executive Compensation Plan costs ⁽²⁾	(1,070)	(927)	(3,113)	(2,634)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽²⁾	705	248	1,054	58
Restructuring costs	(978)	(692)	(4,059)	(1,892)
Gain (loss) on sale of certain business assets ⁽³⁾	-	-	9,935	3,483
Impairment charge	(12,500)	-	(12,500)	-
Other non-operating and/or non-recurring income (costs) ⁽⁴⁾	(130)	(983)	(535)	214
Operating profit (loss)	(1,068)	2,263	14,257	11,538
Finance (costs) income, net	(1,263)	(3,714)	(4,193)	(9,844)
Profit (loss) before income taxes	(2,331)	(1,451)	10,064	1,694
Income tax recovery (expense)	(2,740)	753	(4,688)	1,018
Profit (loss) for the period	\$ (5,071)	\$ (698)	\$ 5,376	\$ 2,712

⁽¹⁾ Included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

⁽²⁾ Included in employee compensation expenses in the interim condensed consolidated statements of comprehensive income (loss).

⁽³⁾ Gain (loss) on sale of certain business assets relates to a gain on the partial deemed disposition of the Company's investment in Real Matters.

⁽⁴⁾ Other non-operating and/or non-recurring income (costs) for the three and nine months ended September 30, 2016 relate to the following: realized losses on settlement of acquisition-related loans with wholly-owned international subsidiaries and transactional costs for the restructuring of legal entities within the group. Other non-operating and/or non-recurring income (costs) for the three and nine months ended September 30, 2015 relate to the following: a recovery of commodity taxes previously paid; adjustments to non-recurring settlements of legal and related costs; and a reversal of amounts owed to former owners of Altus Québec. These are included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Segmented Information, cont'd

The following summary presents certain financial information regarding the Company's segments:

Segment Revenues and Expenditures

	Three months ended September 30, 2016															
	Altus Analytics		Commercial	Real Estate	Consulting	Geomatics	Corporate ⁽¹⁾	Eliminations	Total							
			Property Tax	Valuation and Cost Advisory	Total											
Revenues from external customers	\$	36,025	\$	38,643	\$	24,113	\$	62,756	\$	12,118	\$	-	\$	-	\$	110,899
Inter-segment revenues		217		8		(3)		5		-		-		(222)		-
Total segment revenues		36,242		38,651		24,110		62,761		12,118		-		(222)		110,899
Adjusted EBITDA		10,585		14,030		4,024		18,054		639		(7,980)		-		21,298
Depreciation and amortization		3,053		2,829		539		3,368		1,020		481		-		7,922
Impairment charge		-		-		-		-		12,500		-		-		12,500
Income tax expense (recovery)		-		-		-		-		-		2,740		-		2,740
Finance costs (income), net		-		-		-		-		-		1,263		-		1,263
Share of (profit) loss of associates		-		-		-		-		-		330		-		330

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net, share of (profit) loss of associates and income tax expense (recovery). For the three months ended September 30, 2016, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Segmented Information, cont'd

Three months ended September 30, 2015								
	Altus Analytics	Commercial Property Tax	Real Estate Valuation and Cost Advisory	Consulting Total	Geomatics	Corporate ⁽¹⁾	Eliminations	Total
Revenues from external customers	\$ 32,090	\$ 31,137	\$ 22,039	\$ 53,176	\$ 16,968	\$ -	\$ -	\$ 102,234
Inter-segment revenues	201	-	30	30	52	-	(283)	-
Total segment revenues	32,291	31,137	22,069	53,206	17,020	-	(283)	102,234
Adjusted EBITDA	8,246	5,842	3,349	9,191	3,490	(5,624)	-	15,303
Depreciation and amortization	3,926	4,124	506	4,630	1,164	625	-	10,345
Income tax expense (recovery)	-	-	-	-	-	(753)	-	(753)
Finance costs (income), net	-	-	-	-	-	3,714	-	3,714
Share of (profit) loss of associates	-	-	-	-	-	420	-	420

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net, share of (profit) loss of associates and income tax expense (recovery). For the three months ended September 30, 2015, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Segmented Information, cont'd

	Nine months ended September 30, 2016						
	Altus Analytics	Commercial Real Estate	Consulting	Geomatics	Corporate ⁽¹⁾	Eliminations	Total
		Property Tax	Valuation and Cost Advisory	Total			
Revenues from external customers	\$ 108,526	\$ 114,636	\$ 70,862	\$ 185,498	\$ 33,533	\$ -	\$ 327,557
Inter-segment revenues	719	8	(3)	5	-	(724)	-
Total segment revenues	109,245	114,644	70,859	185,503	33,533	(724)	327,557
Adjusted EBITDA	29,169	35,815	9,866	45,681	(1,053)	(21,829)	51,968
Depreciation and amortization	10,639	8,467	1,500	9,967	3,064	1,484	25,154
Impairment charge	-	-	-	-	12,500	-	12,500
Income tax expense (recovery)	-	-	-	-	-	4,688	4,688
Finance costs (income), net	-	-	-	-	-	4,193	4,193
Share of (profit) loss of associates	-	-	-	-	-	1,616	1,616

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net, share of (profit) loss of associates and income tax expense (recovery). For the nine months ended September 30, 2016, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2016 and 2015

(Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

4. Segmented Information, cont'd

Nine months ended September 30, 2015								
	Altus Analytics	Commercial Property Tax	Real Estate Valuation and Cost Advisory	Consulting Total	Geomatics	Corporate ⁽¹⁾	Eliminations	Total
Revenues from external customers	\$ 88,697	\$ 98,588	\$ 66,367	\$ 164,955	\$ 51,800	\$ -	\$ -	\$ 305,452
Inter-segment revenues	590	-	56	56	29	-	(675)	-
Total segment revenues	89,287	98,588	66,423	165,011	51,829	-	(675)	305,452
Adjusted EBITDA	21,855	22,838	8,222	31,060	8,908	(17,906)	-	43,917
Depreciation and amortization	13,176	11,135	1,078	12,213	3,372	1,784	-	30,545
Income tax expense (recovery)	-	-	-	-	-	(1,018)	-	(1,018)
Finance costs (income), net	-	-	-	-	-	9,844	-	9,844
Share of (profit) loss of associates	-	-	-	-	-	1,244	-	1,244

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net, share of (profit) loss of associates and income tax expense (recovery). For the nine months ended September 30, 2015, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

Segment Assets

	Altus Analytics	Commercial Property Tax	Real Estate Valuation and Cost Advisory	Consulting Total	Geomatics	Corporate	Total
September 30, 2016	\$ 209,543	\$ 158,911	\$ 96,481	\$ 255,392	\$ 47,704	\$ 63,204	\$ 575,843
December 31, 2015	232,686	161,514	96,444	257,958	69,491	37,589	597,724

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2016 and 2015

(Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

5. Goodwill

The market conditions in Western Canada for Geomatics services continued to be challenging in the quarter given the impact of oil prices on drilling and pipeline activities. Although the Company experienced performance improvement on a sequential basis due to seasonal patterns, the level of improvement did not meet expectations. As a result, both during and after quarter-end, the Company further reduced staff positions in order to better align to market conditions. In addition, the Company recorded a goodwill impairment charge of \$12,500 reflecting a challenging environment.

The recoverable amount of the Geomatics cash-generating unit ("CGU") is determined based on fair value less costs to sell using the estimation technique of discounted cash flow analysis (Level 3). This analysis incorporates assumptions which market participants use in estimating fair value. The key assumptions used as at September 30, 2016 were as follows:

	September 30, 2016
Perpetual growth rate	1.5%
Discount rate (after-tax)	15.8%

The discounted cash flow analysis uses after-tax cash flow projections based on five-year financial budgets approved by management. Cash flows beyond the five-year period were extrapolated using the estimated growth rate stated above. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. Management's margin assumptions were based on historical performance and future expectations. The discount rate used is on an after-tax basis and reflects risks related to the CGU.

The carrying amount of the Geomatics CGU has been reduced to its recoverable amount of \$43,200 through recognition of an impairment charge against goodwill. This loss has been disclosed as a separate line item in the interim condensed consolidated statement of comprehensive income (loss). No class of asset other than goodwill was impaired.

If the discount rate (after-tax) were to increase by 100 basis points for Geomatics, a further goodwill impairment charge of \$1,900 would result. If the perpetual growth rate were to decrease by 100 basis points for Geomatics, a further goodwill impairment charge of \$300 would result.

For the remaining CGUs, management did not perform an impairment analysis as at September 30, 2016.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

6. Finance Costs (Income)

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Interest on bank credit facilities	\$ 999	\$ 1,273	\$ 3,066	\$ 4,458
Interest on convertible debentures ⁽¹⁾	167	1,857	517	3,915
Interest on finance lease liabilities	33	38	103	100
Contingent consideration payable: unwinding of discount (Note 18)	56	28	168	90
Provisions: unwinding of discount (Note 9)	2	6	7	15
Distributions payable on Altus UK LLP Class B and D units	-	36	32	77
Change in fair value of Altus UK LLP Class B and D units, net of change in fair value of related equity derivative	190	(10)	163	5
Change in fair value of interest rate swaps (not designated as cash flow hedges)	(174)	491	158	1,234
Finance costs	1,273	3,719	4,214	9,894
Finance income	(10)	(5)	(21)	(50)
Finance costs (income), net	\$ 1,263	\$ 3,714	\$ 4,193	\$ 9,844

⁽¹⁾ Convertible debentures consist of the \$48,000 of 6.75% convertible unsecured subordinated debentures issued on April 19, 2012 (the "2012 convertible debentures").

7. Income Taxes

Income taxes are recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Income tax expense (recovery)				
Current	\$ 2,718	\$ 331	\$ 5,795	\$ 2,448
Deferred	22	(1,084)	(1,107)	(3,466)
	\$ 2,740	\$ (753)	\$ 4,688	\$ (1,018)

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

8. Trade Receivables and Other

	September 30, 2016	December 31, 2015
Trade receivables	\$ 91,240	\$ 104,106
Less: allowance for doubtful accounts	7,818	8,140
Trade receivables, net	83,422	95,966
Unbilled revenue on customer contracts	35,403	28,709
Prepayments	8,336	8,850
Other receivables	1,859	1,569
Receivables from related parties (Note 20)	1	1
Balance as at September 30, 2016	129,021	135,095
Less non-current portion:		
Prepayments	602	594
	\$ 128,419	\$ 134,501

9. Trade Payables and Other

	September 30, 2016	December 31, 2015
Trade payables	\$ 4,823	\$ 6,667
Accrued expenses	45,608	40,028
Deferred revenue	29,524	28,621
Contingent consideration payable (Note 18)	3,911	3,334
Dividends payable	5,596	5,529
Lease inducements	9,672	8,997
Provisions	3,059	1,996
Balance as at September 30, 2016	102,193	95,172
Less non-current portion:		
Accrued expenses	6,705	3,616
Deferred revenue	6,010	965
Contingent consideration payable	1,098	599
Lease inducements	9,113	8,434
Provisions	648	276
	23,574	13,890
	\$ 78,619	\$ 81,282

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

9. Trade Payables and Other, cont'd

Provisions comprise:

	Restructuring	Onerous Leases	Asset Retirement Obligation	Total
Balance as at January 1, 2016	\$ 1,540	\$ 377	\$ 79	\$ 1,996
Charged (credited) to profit or loss:				
Additional provisions	4,059	12	-	4,071
Unwinding of discount (Note 6)	-	4	3	7
Used during the period	(2,663)	(283)	-	(2,946)
Exchange differences	(53)	(15)	(1)	(69)
Balance as at September 30, 2016	2,883	95	81	3,059
Less: non-current portion	(544)	(23)	(81)	(648)
	\$ 2,339	\$ 72	\$ -	\$ 2,411

Restructuring

The Company undertook restructuring activities within Altus Analytics and Property Tax to further optimize operations. For the three and nine months ended September 30, 2016, \$978 and \$4,059 (three and nine months ended September 30, 2015 - \$692 and \$1,892, respectively) was recorded as a restructuring charge, respectively, which relates primarily to employee severance costs.

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2016 and 2015

(Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

10. Borrowings

	September 30, 2016	December 31, 2015
Borrowings (current):		
Leasehold improvement loans	\$ 120	\$ 120
Insurance financing loan	-	1,217
Finance lease liabilities	845	792
Convertible debentures	6,798	-
Less: deferred financing fees	(98)	-
	7,665	2,129
Borrowings (non-current):		
Bank credit facilities	118,000	126,000
Leasehold improvement loans	647	737
Finance lease liabilities	930	1,336
Convertible debentures	-	8,241
Less: deferred financing fees	(1,534)	(2,012)
	118,043	134,302
Total borrowings	\$ 125,708	\$ 136,431

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

11. Amounts Payable to Unitholders

Altus UK LLP Class B and Class D limited liability partnership units

As part of the formation of Altus UK LLP, 455,418 Class B limited liability partnership units were issued to the sellers of the predecessor operating entity, who are also current member-partners of Altus UK LLP, and 293,818 Class D limited liability partnership units were issued for the beneficial interest of certain employees of the predecessor operating entity. Each Altus UK LLP Class B and Class D limited liability partnership unit is entitled to an allocation from profits in an amount equal to the cash dividends declared and paid equivalent to common shares in respect of the same accounting period. The Class B and Class D limited liability partnership units have no additional interest in the equity of the partnership and are not included in the calculation of diluted earnings (loss) per share.

	Altus UK LLP Class B units		Altus UK LLP Class D units		Total
	Number of Units	Amount	Number of Units	Amount	Amount
Balance as at January 1, 2016	78,227	\$ 1,517	52,095	\$ 1,010	\$ 2,527
Redemption of units	(78,227)	(1,567)	(24,593)	(495)	(2,062)
Change in fair value	-	50	-	289	339
Balance as at September 30, 2016	-	\$ -	27,502	\$ 804	\$ 804

On April 6, 2016, 78,227 Class B limited liability partnership units and 22,998 Class D limited liability partnership units of Altus UK LLP were redeemed at a value of \$20.03 per unit. As a result, the equity derivative which was set to expire on November 16, 2016 was settled on April 1, 2016.

On July 4, 2016, 1,595 Class D limited liability partnership units of Altus UK LLP were redeemed at a value of \$21.57 per unit.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

12. Share Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares, issuable in series. The common shares have no par value. Common shares issued and outstanding are as follows:

	Common Shares	
	Number of Shares	Amount
Balance as at January 1, 2016	36,466,234	\$ 452,472
Issued under the Share Option Plan (Note 15)	108,145	1,070
Issued under the Dividend Reinvestment Plan	138,209	2,694
Issued on conversion of convertible debentures	144,300	1,472
Treasury shares purchased under the Restricted Share Plan (Note 15)	(115,406)	(3,589)
Release of treasury shares under the Restricted Share Plan (Note 15)	210,565	2,575
Issued on acquisitions (Note 3)	50,973	799
Other	-	(20)
Balance as at September 30, 2016	37,003,020	\$ 457,473

The 37,003,020 common shares as at September 30, 2016 are net of 302,476 treasury shares with a carrying value of \$8,874 that are being held by the Company under the terms of the Restricted Share Plan until vesting conditions are met.

13. Contributed Surplus

	Amount
Balance as at January 1, 2016	\$ 14,084
Share-based compensation (Note 15)	5,604
Gain on sale of Restricted Shares ("RSs") and shares held in escrow	(23)
Shares issued under the Share Option Plan (Note 15)	(162)
Release of treasury shares under the Restricted Share Plan (Note 15)	(2,383)
Balance as at September 30, 2016	\$ 17,120

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

14. Accumulated Other Comprehensive Income (Loss)

	Currency Translation Reserve	Cash Flow Hedges	Total
Balance as at January 1, 2015	\$ 22,828	\$ (468)	\$ 22,360
Cash flow hedges:			
Change in fair value	-	634	634
Deferred tax impact	-	(166)	(166)
Currency translation differences	29,734	-	29,734
Share of other comprehensive income (loss) of associates	1,577	-	1,577
Balance as at September 30, 2015	54,139	-	54,139
Balance as at January 1, 2016	60,558	-	60,558
Currency translation differences	(15,790)	-	(15,790)
Share of other comprehensive income (loss) of associates	(664)	-	(664)
Balance as at September 30, 2016	\$ 44,104	\$ -	\$ 44,104

15. Share-based Compensation

(i) Executive Compensation Plan

Share Option Plan

Movements in the number of share options outstanding and their weighted average exercise prices are as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at January 1, 2016	732,743	\$16.95
Granted on March 8, 2016	185,650	\$19.67
Exercised	(108,145)	\$8.42
Forfeited	(12,875)	\$19.68
Balance as at September 30, 2016	797,373	\$18.69

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

15. Share-based Compensation, cont'd

Information about the Company's options outstanding and exercisable as at September 30, 2016 is as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
\$8.81	62,500	4.99 years	62,500
\$8.36	31,666	0.48 years	31,666
\$8.03	33,333	2.65 years	33,333
\$21.23	7,500	2.62 years	7,500
\$23.85	124,000	3.70 years	82,673
\$21.37	52,099	3.88 years	34,429
\$21.11	50,000	3.93 years	-
\$19.29	201,625	4.64 years	64,538
\$20.28	50,000	5.17 years	-
\$19.67	184,650	4.44 years	-
\$18.69	797,373	4.15 years	316,639

The options granted in 2016 vest over a period of up to 36 months. The fair value of the options granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	March 2016 Grant
Risk-free interest rate	0.60%
Expected dividend yield	3.1%
Expected volatility	30% - 31%
Expected option life	3.00 - 4.00 years
Weighted average grant-date fair value per share option	\$3.04 - \$3.44

Equity Compensation Plan

During 2016, the Company granted equity awards of 146,182 common shares as part of the Equity Compensation Plan.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

15. Share-based Compensation, cont'd

(ii) Deferred Compensation Plans

In connection with the 2015 performance year, the Company granted a total of \$3,382 under the RS Plan. On April 1, 2016, the Company purchased 110,113 common shares with a cost of \$3,382 in the open market (through the facilities of the TSX or by private agreement). This amount has been shown as a reduction in the carrying value of the Company's common shares (Note 12).

A summary of the movement of the RSs and RSUs granted is as follows:

	Number of RSs	Number of RSUs
Balance as at January 1, 2016 (all unvested)	371,564	181,743
Granted	115,406	180,223
Released	(184,494)	(85,021)
Balance as at September 30, 2016 (all unvested)	302,476	276,945

(iii) Directors' Deferred Share Unit Plan

A summary of the movement of the DSUs granted is as follows:

	Number of DSUs
Balance as at January 1, 2016	73,299
Granted	14,622
Balance as at September 30, 2016	87,921

(iv) Compensation Expense by Plan

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Share Option Plan	\$ 184	\$ 216	\$ 672	\$ 705
Equity Compensation Plan	887	711	2,441	1,929
RS Plan	752	529	2,430	1,536
RSU Plan ⁽¹⁾	1,660	505	3,340	612
DSU Plan ⁽²⁾	782	267	1,196	229

⁽¹⁾ For the three and nine months ended September 30, 2016, the Company recorded mark-to-market adjustments of \$1,190 and \$1,515, respectively (2015 - \$282 and \$(20), respectively).

⁽²⁾ For the three and nine months ended September 30, 2016, the Company recorded mark-to-market adjustments of \$680 and \$898, respectively (2015 - \$172 and \$(53), respectively).

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

15. Share-based Compensation, cont'd

(v) Liabilities for Cash-settled Plans

	September 30, 2016	December 31, 2015
RSU Plan - carrying value of liability recorded within trade payables and other	\$ 4,932	\$ 3,307
DSU Plan - carrying value of liability recorded within trade payables and other	2,596	1,400

16. Earnings (Loss) per Share

For the three months ended September 30, 2016, 797,373 share options outstanding, 473,428 equity awards, 303,458 RSs and the 2012 convertible debentures were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

For the nine months ended September 30, 2016, 174,000 share options outstanding, 6,118 RSs and the 2012 convertible debentures were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

For the three months ended September 30, 2015, 1,008,061 share options outstanding, 289,324 equity awards, 384,773 restricted shares (including common shares issued in escrow as part of the Equity Compensation Plan) and the 2012 convertible debentures were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

For the nine months ended September 30, 2015, 454,248 share options outstanding and the 2012 convertible debentures were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

16. Earnings (Loss) per Share, cont'd

The following table summarizes the basic and diluted earnings (loss) per share and the basic and diluted weighted average number of common shares outstanding:

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Profit (loss) for the period - basic and diluted	\$ (5,071)	\$ (698)	\$ 5,376	\$ 2,712
Weighted average number of common shares outstanding - basic	36,883,947	32,959,220	36,727,269	32,391,832
Dilutive effect of share options	-	-	105,621	317,450
Dilutive effect of equity awards	-	-	290,683	64,183
Dilutive effect of RSs	-	-	154,331	267,903
Weighted average number of common shares outstanding - diluted	36,883,947	32,959,220	37,277,904	33,041,368
Earnings (loss) per share:				
Basic	\$(0.14)	\$(0.02)	\$0.15	\$0.08
Diluted	\$(0.14)	\$(0.02)	\$0.14	\$0.08

17. Dividends

Dividends are declared in Canadian dollars. Details of dividends declared per share are as follows:

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Common shares	\$0.15	\$0.15	\$0.45	\$0.45
Altus UK LLP Class B and D limited liability partnership units	\$0.15	\$0.15	\$0.45	\$0.45

The Company declared dividends on a quarterly basis to shareholders of record on the last business day of the quarter with dividends paid on the 15th day of the month following quarter end.

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2016 and 2015

(Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

17. Dividends, cont'd

Altus UK LLP declared distributions on a quarterly basis to unitholders of record as of the last business day of each quarter with distributions paid on the 15th day of the month following quarter end.

18. Financial Instruments and Fair Values

Fair value measurements recognized in the interim condensed consolidated balance sheets must be classified in accordance with the fair value hierarchy established by IFRS 13, *Fair Value Measurement*, which reflects the significance of the inputs used in determining the measurements. The inputs can be either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect an entity's pricing based upon its own market assumptions.

The tables below present financial instruments that are measured at fair value. The different levels in the hierarchy have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

	September 30, 2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 35,768	\$ -	\$ -	\$ 35,768
Derivative financial instruments	-	3,476	-	3,476
Liabilities:				
Derivative financial instruments	-	1,399	-	1,399
RSU Plan and DSU Plan payables	7,528	-	-	7,528
Contingent consideration payable	-	-	3,911	3,911
Amounts payable to unitholders	804	-	-	804

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

18. Financial Instruments and Fair Values, cont'd

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 19,604	\$ -	\$ -	\$ 19,604
Derivative financial instruments	-	76	-	76
Liabilities:				
Derivative financial instruments	-	1,398	-	1,398
RSU Plan and DSU Plan payables	4,707	-	-	4,707
Contingent consideration payable	-	-	3,334	3,334
Amounts payable to unitholders	2,527	-	-	2,527

The fair value of financial instruments traded in active markets is based on quoted market prices at each balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The liabilities for cash-settled plans and amounts payable to unitholders are recorded in Level 1 and are measured at fair value using the quoted market price of the Company's common shares. Cash and cash equivalents are also recorded in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Derivative financial instruments are recorded in Level 2. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of equity derivatives is calculated based on the movement in the Company's common share price between the initial common share price on the effective date and the reporting date, which are observable inputs.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. Contingent consideration payable is the only instrument recorded as Level 3 as the amount payable is not based on observable inputs. Contingent consideration payable is measured using a discounted cash flow analysis of expected payment in future periods.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

18. Financial Instruments and Fair Values, cont'd

		Contingent Consideration Payable (Discounted)
Balance as at January 1, 2016	\$	3,334
Changes in expected payment recorded through profit or loss		(457)
Contingent arrangements entered into during the period (Note 3)		1,133
Unwinding of discount (Note 6)		168
Settlements		(86)
Exchange differences		(181)
Balance as at September 30, 2016	\$	3,911

A 1% increase or decrease in the discount rate could decrease or increase the Company's determination of fair value by approximately \$31 as at September 30, 2016.

The estimated contractual amount of contingent consideration payable as at September 30, 2016 was \$4,061 (December 31, 2015 - \$3,537), net of a discount of \$150 (December 31, 2015 - \$203).

Cash and cash equivalents, trade receivables and other (excluding prepayments) and trade payables and other (excluding lease inducements, deferred revenue, RSU Plan and DSU Plan payables, and contingent consideration payable), due within one year, are all short-term in nature and, as such, their carrying values approximate fair values. The fair value of non-current trade payables and other (excluding lease inducements, deferred revenue, RSU Plan and DSU Plan payables, and contingent consideration payable), leasehold improvement loans, insurance financing loan and finance lease liabilities are estimated by discounting the future contractual cash flows at the cost of borrowing to the Company, which is equal to its carrying value.

The fair values of the bank credit facilities approximate their carrying values, as these instruments bear interest at rates comparable to current market rates. The fair value of the 2012 convertible debentures as at September 30, 2016 was approximately \$19,578, based on the published trading price on the TSX.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

19. Commitments and Contingencies

The Company leases various offices and equipment under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 30, 2016	December 31, 2015
No later than 1 year	\$ 15,605	\$ 14,787
Later than 1 year and no later than 5 years	46,887	51,990
Later than 5 years	25,704	33,230
Total	\$ 88,196	\$ 100,007

The future aggregate minimum sublease payments to be received under non-cancellable subleases as at September 30, 2016 were \$665 (December 31, 2015 - \$964).

As at September 30, 2016, the Company provided letters of credit of approximately \$394 to its lessors (December 31, 2015 - \$396).

From time to time, the Company or its subsidiaries are involved in legal proceedings, claims and litigation in the ordinary course of business with customers, former employees and other parties. Although it is not possible to determine the outcome of such matters, based on all currently available information, management believes that liabilities, if any, arising from such matters will not have a material adverse effect on the financial position or results of operations and have been adequately provided for in these interim condensed consolidated financial statements.

In the ordinary course of business, the Company is subject to tax audits from various government agencies relating to income and commodity taxes. As a result, from time to time, the tax authorities may disagree with the positions and conclusions made by the Company in its tax filings, which could lead to assessments and reassessments. These assessments and reassessments may have a material adverse effect on the Company's financial position or results of operations.

20. Related Party Transactions

The Company provides appraisal services to Real Matters Inc. ("Real Matters"), an entity in which the Company holds a 13.9% (December 31, 2015 - 16.4%) equity interest as at September 30, 2016. During the three and nine months ended September 30, 2016, the Company recorded revenues of \$Nil and \$1, respectively, for appraisal services provided to Real Matters (2015 - \$9 and \$26, respectively).

As part of ongoing transactions with Real Matters, there was \$1 included in trade receivables and other as at September 30, 2016 (December 31, 2015 - \$1).

Notes to Interim Condensed Consolidated Financial Statements September 30, 2016 and 2015 (Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

20. Related Party Transactions, cont'd

On April 1, 2016, the investment held by the Company in Real Matters was diluted due to a private placement and issuance of equity common shares in connection with an acquisition completed by Real Matters. These transactions reduced the Company's equity interest from 16.4% to 13.9%. The partial deemed disposition of the Company's investment resulted in a gain of \$9,935 with a corresponding increase to the carrying value of the investment in Real Matters.

All related party transactions were in the normal course of operations and measured at the exchange amount.

The Company's share of Real Matters' profit (loss) and movements in other comprehensive income (loss) are based on unaudited financial information prepared by management of Real Matters.



Altus Group

LISTINGS

Toronto Stock Exchange

Stock trading symbol: AIF

Convertible debenture trading symbol: AIF.DB.A

AUDITORS

ERNST & YOUNG LLP

TRANSFER AGENT

CST TRUST COMPANY

P.O. Box 700

Station B

Montreal, Quebec, Canada H3B 3K3

Toronto: (416) 682-3860

Toll-free throughout North America: 1 (800) 387-0825

Facsimile: 1 (888) 249-6189

Website: www.canstockta.com

Email: inquiries@canstockta.com

HEADQUARTERS

33 Yonge Street, Suite 500

Toronto, Ontario, Canada M5E 1G4

Telephone: (416) 641-9500

Toll-free Telephone: 1 (877) 953-9948

Facsimile: (416) 641-9501

Website: www.altusgroup.com

Email: info@altusgroup.com

