Altus Group

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

Q3 2017

Altus Group Limited

Management's Discussion & Analysis
September 30, 2017

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Management's Discussion & Analysis
September 30, 2017

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, 2017, 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 2, 2017.

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 enterprise transactions with longer and less 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; ability to implement technology strategy and ensure workforce adoption; information technology governance and security, including cyber security; acquisitions; fixed-price and contingency engagements; appraisal and appraisal management mandates; Canadian multi-residential market; weather; legislative and regulatory changes; customer concentration and loss of material clients; interest rate risk; credit risk; income tax matters; revenue and cash flow volatility; health and safety hazards; performance of contractual obligations and client satisfaction; risk of 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, 2016 (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, and do not have any standardized meaning, 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 investment in associates, 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 and other costs or income of a non-operating and/or non-recurring nature. Adjusted EBITDA margin is Adjusted EBITDA divided by revenues. Refer to page 21 for a reconciliation of Adjusted EBITDA to our financial statements.

Adjusted Earnings (Loss) per Share, ("Adjusted EPS"), represents basic earnings (loss) per share adjusted for the effects of amortization of intangibles acquired as part of business acquisitions, non-cash finance costs (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 investment in associates, 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 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 insight and recognize value on their real estate investments. Headquartered in Canada, we have approximately 2,500 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.

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

Altus Analytics

Altus Analytics provides data, analytics software and technology-related services. 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 ARGUS software solutions are among the most recognized in the CRE industry. Our flagship ARGUS Enterprise ("AE") software is the leading global 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 valuation and cash flow analysis, property budgeting and strategic planning, investment and fund structure forecasting, dynamic reporting capabilities, and scenario and risk analysis. Other software products include ARGUS Developer and ARGUS EstateMaster (software for development feasibility analysis), ARGUS on Demand ("AOD") (a hosted version of AE and ARGUS Developer), and ARGUS Voyanta (a cloud-based data management solution). ARGUS branded products are sold as perpetual licenses, with ongoing maintenance, or on a subscription basis.

In addition to our global software solutions, in the U.S., we offer appraisal management solutions with data and analytics functionality that allows institutional 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 appraisal management agreements are generally for three to five year terms and pricing is primarily based on the number of real estate assets on our platform, adjusted for frequency of valuations and complexity. Our appraisal management teams are engaged from time to time to perform due diligence assignments in connection with CRE transactions.

In Canada, Altus Analytics also 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 CRE Consulting and Geomatics.

Commercial Real Estate Consulting
CRE Consulting services - Property Tax, and Valuation and Cost Advisory services - span 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 strength 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. We empower our clients through our expert services, data, analytical tools and software solutions, to make better informed decisions and maximize the value of their real estate investments.

We continue to see long-term industry growth prospects supported by favourable market trends which consist of greater institutional investments in CRE on a global basis. These CRE owners are managing increasingly complex global portfolios, and investors and regulators are demanding greater transparency to better understand and analyze risks, returns and opportunities. Our platform offerings serve these growing requirements as they provide industry standard solutions on a global basis.

Our goal is to evolve towards a focused and integrated business model which scales our data, analytics and software capabilities on a global basis, while continuing to provide independent and technology-enabled real estate consulting services.

Strategic Initiatives

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

1. Continue to build out Altus Analytics product offerings;
2. Enhance the value of our Expert Services businesses; and
3. Build and scale our data offerings.

Continue to build out Altus Analytics product offerings
We remain focused on the continued development of an integrated platform. Our multi-year roadmap includes modernization of existing products, new functionality and new product and service additions targeting adjacent market segments. The successful implementation of this roadmap should help drive strong organic growth and long-term recurring revenue streams from these initiatives.

Enhance the value of our Expert Services businesses
We enjoy a long legacy of being a leading expert services provider in the fields in which we operate, including Property Tax, Valuation and Cost Advisory and Geomatics services. To sustain our market leadership, we will continue to grow and invest in these businesses and pursue market share gains both organically and through acquisitions. Additionally, we plan to modernize our Expert Services with technology and drive operational improvements to improve profitability, enhance productivity, and deliver greater value to our customers.

Our Property Tax practice in particular continues to represent an attractive growth area for our Company. In addition to our organic growth investments, there is an opportunity to grow by consolidating fragmented markets in the U.S. and the U.K. where our penetration is modest relative to the size of the opportunity. We also plan to enhance Property Tax with a new global tax platform that will leverage our proprietary database, improve internal efficiencies and drive client value.

Build and scale our data offerings
Our leading Expert Services and Altus Analytics businesses collect valuable and detailed CRE industry data. This provides us with a unique long-term opportunity to re-purpose and eventually monetize this data to drive differentiation, launch new products and strengthen our recurring revenue streams. We are starting to lay the groundwork for this opportunity by developing technology that will capture and organize the data that we collect across each of our businesses and through partnerships. In the long term, this infrastructure will enable us to better integrate our current products, to pursue more data-sharing

partnerships, and to leverage the data to develop new applications and data-driven products. Our goal is to use this infrastructure and capabilities to ultimately launch new products globally.

Financial and Operating Highlights

Selected Financial Information		Three months ended September 30,		Nine months ended September 30,
In thousands of dollars, except for per share amounts	**2017**	2016	**2017**	2016
Revenues	$ 117,380	$ 110,899	$ 355,402	$ 327,557
Canada	43%	46%	45%	46%
U.S.	39%	39%	38%	38%
Europe	11%	9%	11%	11%
Asia Pacific	7%	6%	6%	5%
Adjusted EBITDA	$ 23,618	$ 21,298	$ 61,853	$ 51,968
Adjusted EBITDA margin	20.1%	19.2%	17.4%	15.9%
Profit (loss)	$ 7,506	$ (5,071)	$ 113,496	$ 5,376
Earnings (loss) per share:				
Basic	$0.20	$(0.14)	$2.99	$0.15
Diluted	$0.19	$(0.14)	$2.95	$0.14
Adjusted	$0.34	$0.31	$0.98	$0.77
Dividends declared per share	$0.15	$0.15	$0.45	$0.45

Financial Highlights

- **Revenues** were $117.4 million for the three months ended September 30, 2017, up 5.8% or $6.5 million from $110.9 million in the same period in 2016. For the nine months ended September 30, 2017, revenues were $355.4 million, up 8.5% or $27.8 million from $327.6 million in the same period in 2016. Acquisitions contributed 1.2% and 1.3% to revenues for the quarter and year-to-date, respectively, while organic growth contributed 4.6% and 7.2%, respectively. Exchange rate movements against the Canadian dollar impacted revenues by (1.9%) and (1.2%) for the quarter and year-to-date, respectively. The growth in revenues in the quarter was driven by our Altus Analytics business, which was up 12.4%, boosted by strong AE license sales. CRE Consulting revenues increased moderately by 2.4%, while Geomatics increased 3.8% on stronger oil and gas drilling activity.

- **Adjusted EBITDA** was $23.6 million for the three months ended September 30, 2017, up 10.9% or $2.3 million from $21.3 million in the same period in 2016. For the nine months ended September 30, 2017, Adjusted EBITDA was $61.9 million, up 19.0% or $9.9 million from $52.0 million in the same period in 2016. Acquisitions contributed 2.7% and 3.1% to Adjusted EBITDA for the quarter and year-to-date, respectively, while organic growth contributed 8.2% and 15.9%, respectively. Exchange rate movements against the Canadian dollar impacted Adjusted EBITDA by (2.9%) and (0.6%) for the quarter and year-to-date, respectively. Earnings growth in the quarter was led by Altus Analytics, up 14.8%. CRE Consulting earnings increased 5.3%, while Geomatics earnings increased 133.0%.

- **Profit (loss)** for the three months ended September 30, 2017 was $7.5 million, up 248.0% or $12.6 million from $(5.1) million in the same period in 2016. For the nine months ended September 30, 2017, profit (loss) was $113.5 million, up 2,011.2% or $108.1 million from $5.4 million in the same period in 2016. In addition to the impacts on Adjusted EBITDA as discussed above, for the quarter and year-to-date, our finance costs decreased due to a favourable change in the fair value of interest rate swaps compared to the same period in 2016. In addition, the loss in the third quarter of 2016 was impacted by a goodwill impairment charge taken on Geomatics that did not reoccur in 2017. On a year-to-date basis, we also benefitted from a net accounting gain of $115.2 million on the partial deemed dispositions of our investment in Real Matters Inc. ("Real Matters") and re-measurement of our retained interest in the first half of the year.

- For the three months ended September 30, 2017, earnings (loss) per share was $0.20, basic and $0.19, diluted, as compared to $(0.14), basic and diluted, in the same period in 2016. For the nine months ended September 30, 2017, earnings (loss) per share was $2.99, basic and $2.95, diluted, as compared to $0.15, basic and $0.14, diluted, in the same period in 2016.

- For the three months ended September 30, 2017, Adjusted EPS was $0.34, up 9.7% from $0.31 in the same period in 2016. For the nine months ended September 30, 2017, Adjusted EPS was $0.98, up 27.3% from $0.77 in the same period in 2016.

- We returned $5.8 million to shareholders in the quarter through quarterly dividends of $0.15 per common share.

- As at September 30, 2017, our bank debt was $141.0 million, representing a funded debt to EBITDA leverage ratio of 1.62 times (compared to 1.53 times as at December 31, 2016). As at September 30, 2017, cash on hand was $56.3 million (compared to $43.7 million as at December 31, 2016).

Operating Highlights – Subsequent Events

Acquisition of Commercial Valuers & Surveyors Limited

Subsequent to quarter-end, we acquired CVS (Commercial Valuers & Surveyors) Limited ("CVS"), a property tax service provider in the U.K. that specializes in business rates services. The acquisition of CVS positions Altus Group as the largest business rates advisor in the U.K. based on volume of appeals filed, and more than doubles the size of our legacy business in the U.K. CVS's team of approximately 230 professionals will form part of the Company's U.K. Property Tax division, strengthening our business rates expertise. As the acquisition provides us with greater scale and synergistic opportunities, it positions us for growth and expands our database on comparable property information in a key real estate market, allowing us to better serve our clients in appeals and lease negotiations.

Altus Group paid a total of £30.3 million (CAD$51.6 million) in cash on closing with an additional £6.0 million (CAD$10.2 million) payable in two years from the closing date, subject to compliance with certain terms and conditions. On closing, £25.3 million (CAD$43.1 million) was from cash on hand and £5.0 million (CAD$8.5 million) was drawn from our revolving term facility. Based on the estimated Adjusted EBITDA to be derived from the 2017 assessment cycle, the average Adjusted EBITDA multiple for this transaction is estimated at 5.5 times. Although we are still in the early stages of the 2017 cycle, given the client engagements secured to-date, we anticipate strong financial results for the overall cycle. Given the annuity revenue model of this business, revenue is expected to grow in a compounding manner as appeals are settled over the 5-year term of the cycle. As a result, we expect the acquisition will start to generate significant Adjusted EBITDA contribution beginning in 2019.

Discussion of Operations

Three and Nine Months Ended September 30, 2017

	Three months ended September 30,		Nine months ended September 30,	
In thousands of dollars, except for per share amounts	**2017**	2016	**2017**	2016
Revenues	$ 117,380	$ 110,899	$ 355,402	$ 327,557
Expenses				
Employee compensation	70,159	66,948	219,142	205,730
Occupancy	5,095	4,861	15,163	15,021
Office and other operating	20,729	18,254	64,834	59,215
Depreciation and amortization	8,413	7,922	25,487	25,154
Acquisition related expenses (income)	302	174	1,170	(60)
Share of (profit) loss of associates	-	330	2,420	1,616
Restructuring costs	181	978	4,739	4,059
(Gain) loss on investment in associates	-	-	(115,179)	(9,935)
Impairment charge	-	12,500	-	12,500
Operating profit (loss)	12,501	(1,068)	137,626	14,257
Finance costs (income), net	454	1,263	2,352	4,193
Profit (loss) before income taxes	12,047	(2,331)	135,274	10,064
Income tax expense (recovery)	4,541	2,740	21,778	4,688
Profit (loss) for the period	$ 7,506	$ (5,071)	$ 113,496	$ 5,376

Revenues

Revenues were $117.4 million for the three months ended September 30, 2017, up 5.8% or $6.5 million from $110.9 million in the same period in 2016. For the nine months ended September 30, 2017, revenues were $355.4 million, up 8.5% or $27.8 million from $327.6 million in the same period in 2016. For the three and nine months ended September 30, 2017, exchange rate movements against the Canadian dollar impacted revenues by (1.9%) and (1.2%), respectively.

The revenue growth in the quarter was driven by strong performance from our Altus Analytics business, a moderate increase in CRE Consulting and continued improvement in Geomatics.

Employee Compensation

Employee compensation was $70.2 million for the three months ended September 30, 2017, up 4.8% or $3.3 million from $66.9 million in the same period in 2016. For the nine months ended September 30, 2017, employee compensation was $219.1 million, up 6.5% or $13.4 million from $205.7 million in the same period in 2016. For the three months ended September 30, 2017, the increase in compensation was mainly due to acquisitions and headcount additions mostly to support product development within Altus Analytics. For the nine months ended September 30, 2017, the increase in compensation resulted from acquisitions, headcount additions and higher variable compensation, partially offset by a benefit of a media tax credit received in our Canadian data solutions business of $0.4 million. For the three and nine months ended

September 30, 2017, employee compensation as a percentage of revenues was 59.8% and 61.7%, as compared to 60.4% and 62.8% in the corresponding periods in 2016, respectively.

Occupancy
Occupancy was $5.1 million for the three months ended September 30, 2017, up 4.8% or $0.2 million from $4.9 million in the same period in 2016. For the nine months ended September 30, 2017, occupancy was $15.2 million, up 0.9% or $0.2 million from $15.0 million in the same period in 2016. For the three and nine months ended September 30, 2017, occupancy costs have not significantly changed. For the three and nine months ended September 30, 2017, occupancy as a percentage of revenues was 4.3% and 4.3%, as compared to 4.4% and 4.6% in the corresponding periods in 2016, respectively.

Office and Other Operating Costs
Office and other operating costs were $20.7 million for the three months ended September 30, 2017, up 13.6% or $2.4 million from $18.3 million in the same period in 2016. For the nine months ended September 30, 2017, office and other operating costs were $64.8 million, up 9.5% or $5.6 million from $59.2 million in the same period in 2016. For the three months ended September 30, 2017, the increase was due to increased subcontractor costs, losses on disposal of property, plant and equipment, professional fees and a decrease in foreign exchange translation gains. For the nine months ended September 30, 2017, the increase was due to acquisitions, higher professional fees and the expensing of appeal fees paid on behalf of clients at the start of a new four-year assessment cycle in Ontario, partially offset by a higher recovery of bad debts. For the three and nine months ended September 30, 2017, office and other operating costs as a percentage of revenues was 17.7% and 18.2%, as compared to 16.5% and 18.1% in the corresponding periods in 2016, respectively.

Depreciation and Amortization
Depreciation and amortization was $8.4 million and $25.5 million for the three and nine months ended September 30, 2017, as compared to $7.9 million and $25.2 million in the corresponding periods in 2016, respectively. For the three and nine months ended September 30, 2017, the changes in depreciation and amortization were due to intangibles which have become fully amortized, offset by amortization of newly acquired intangibles, while depreciation remained consistent.

Acquisition Related Expenses (Income)
Acquisition related expenses (income) was $0.3 million and $1.2 million for the three and nine months ended September 30, 2017, as compared to $0.2 million and $(0.1) million in the corresponding periods in 2016, respectively. For the three and nine months ended September 30, 2017, expenses were primarily related to the acquisition of EstateMaster and additional contingent consideration payable related to the Maxwell Brown Surveyors Group Limited acquisition completed in 2015. Certain expenses were also incurred for the acquisition of CVS completed subsequent to the quarter-end.

Share of (Profit) Loss of Associates and (Gain) Loss on Investment in Associates
Share of (profit) loss of associates was $Nil and $2.4 million for the three and nine months ended September 30, 2017, as compared to $0.3 million and $1.6 million in the corresponding periods in 2016, respectively. Although not applicable for the quarter, these amounts represent our proportionate share in the loss as well as an amortization charge on acquired intangibles for Real Matters in previous quarters. The dilutions of our investment in Real Matters in addition to a re-measurement of our retained interest resulted in a net

gain of $Nil and $115.2 million for the three and nine months ended September 30, 2017, respectively, as compared to $Nil and $9.9 million in the corresponding periods in 2016, respectively.

Restructuring Costs

Restructuring costs primarily relating to employee severance costs were $0.2 million and $4.7 million for the three and nine months ended September 30, 2017, as compared to $1.0 million and $4.1 million in the corresponding periods in 2016, respectively. In the first half of the year, we undertook company-wide restructuring activities under a corporate program to further optimize operations. This restructuring plan was completed in Q2 of 2017. For the three months ended September 30, 2017, the costs relate to adjustments of estimates made in previous quarters.

Finance Costs (Income), Net

	Three months ended September 30,			Nine months ended September 30,		
In thousands of dollars	**2017**	2016	% Change	**2017**	2016	% Change
Interest on borrowings	$ 1,186	$ 1,199	(1.1%)	$ 3,580	$ 3,686	(2.9%)
Unwinding of discount	25	58	(56.9%)	73	175	(58.3%)
Distributions related to amounts payable to U.K. unitholders	-	-	-	-	32	(100.0%)
Change in fair value of amounts payable to U.K. unitholders, net of change in fair value of related equity derivatives	-	190	(100.0%)	32	163	(80.4%)
Change in fair value of interest rate swaps (not designated as cash flow hedges)	(707)	(174)	306.3%	(1,217)	158	(870.3%)
Other	(50)	(10)	400.0%	(116)	(21)	452.4%
Finance costs (income), net	$ 454	$ 1,263	(64.1%)	$ 2,352	$ 4,193	(43.9%)

Finance costs (income), net for the three months ended September 30, 2017 was $0.5 million, down 64.1% or $0.8 million from $1.3 million in the same period in 2016. For the nine months ended September 30, 2017, finance costs (income), net was $2.4 million, down 43.9% or $1.8 million from $4.2 million in the same period in 2016. Our finance costs decreased due to a favourable change in the fair value of interest rate swaps compared to the same period in 2016.

Income Tax Expense (Recovery)

Income tax expense (recovery) for the three and nine months ended September 30, 2017 was an expense of $4.5 million and $21.8 million, as compared to an expense of $2.7 million and $4.7 million in the corresponding periods in 2016, respectively. The expense has increased due to the deferred tax expense related to the net gain on our investment in Real Matters.

Profit (Loss)

Profit (loss) for the three months ended September 30, 2017 was $7.5 million and $0.20 per share, basic and $0.19 per share, diluted, as compared to $(5.1) million and $(0.14) per share, basic and diluted, in the same period in 2016. For the nine months ended September 30, 2017, profit (loss) was $113.5 million and $2.99 per share, basic and $2.95 per share, diluted, as compared to $5.4 million and $0.15 per share, basic and $0.14 per share, diluted, in the same period in 2016. On May 11, 2017, Real Matters completed its initial public offering at $13.00 per common share. As a result, our equity interest in Real Matters was diluted to

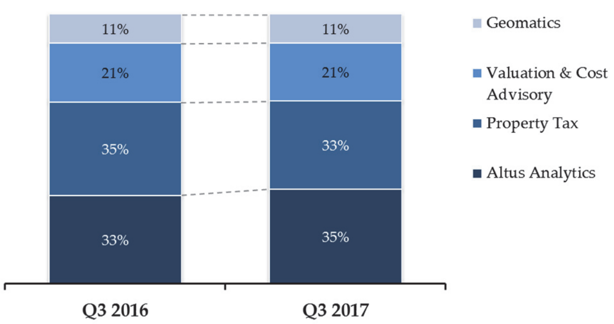
12.0%. We ceased to have significant influence at that time. In the first two quarters of 2017, the partial deemed dispositions of our investment and re-measurement of our retained interest resulted in a net gain of $115.2 million. In addition, the loss in the third quarter of 2016 was impacted by a goodwill impairment charge taken on Geomatics that did not reoccur in 2017.

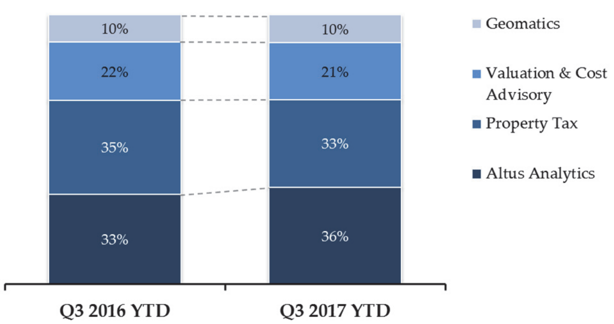
Revenues and Adjusted EBITDA by Business Unit

Revenues	Three months ended September 30,			Nine months ended September 30,		
In thousands of dollars	**2017**	2016	% Change	**2017**	2016	% Change
Altus Analytics	$ 40,719	$ 36,242	12.4%	$ 127,335	$ 109,245	16.6%
Expert Services:						
Commercial Real Estate Consulting	64,252	62,761	2.4%	191,802	185,503	3.4%
Geomatics	12,580	12,118	3.8%	36,947	33,533	10.2%
Intercompany eliminations	(171)	(222)	23.0%	(682)	(724)	5.8%
Total	$ 117,380	$ 110,899	5.8%	$ 355,402	$ 327,557	8.5%

Adjusted EBITDA	Three months ended September 30,			Nine months ended September 30,		
In thousands of dollars	**2017**	2016	% Change	**2017**	2016	% Change
Altus Analytics	$ 12,151	$ 10,585	14.8%	$ 41,247	$ 29,169	41.4%
Expert Services:						
Commercial Real Estate Consulting	19,019	18,054	5.3%	44,527	45,681	(2.5%)
Geomatics	1,489	639	133.0%	3,461	(1,053)	428.7%
Corporate	(9,041)	(7,980)	(13.3%)	(27,382)	(21,829)	(25.4%)
Total	$ 23,618	$ 21,298	10.9%	$ 61,853	$ 51,968	19.0%

Revenue Contribution for the Quarter and Year-to-Date:





Altus Analytics

In thousands of dollars	Three months ended September 30, 2017	2016	% Change	Nine months ended September 30, 2017	2016	% Change
Revenues						
Recurring - Data & Software Subscriptions, Maintenance	$ 27,913	$ 27,440	1.7%	$ 87,833	$ 82,813	6.1%
Non-recurring - Licenses and Services	12,806	8,802	45.5%	39,502	26,432	49.4%
Revenues	$ 40,719	$ 36,242	12.4%	$ 127,335	$ 109,245	16.6%
Adjusted EBITDA	$ 12,151	$ 10,585	14.8%	$ 41,247	$ 29,169	41.4%
Adjusted EBITDA Margin	29.8%	29.2%		32.4%	26.7%	

Quarterly Discussion

Revenues were $40.7 million for the three months ended September 30, 2017, up 12.4% or $4.5 million from $36.2 million in the same period in 2016. Growth from the acquisition of EstateMaster contributed 3.0% to revenues. Recurring revenues showed modest growth of 1.7%, (or 5.4% without the impact of foreign exchange), impacted by an anticipated decline in maintenance revenues following the end of support of our DCF product on June 30, 2017 and by the foreign exchange impact of a lower U.S. dollar. Non-recurring revenues grew by 45.5% (or 49.3% without the impact of foreign exchange) driven by solid AE license sales. License sales benefitted from customers adding more licenses and additional functionality, new client additions, and continued client conversions (from legacy products to AE). Movements in the exchange rate against the Canadian dollar impacted revenues by (3.5%).

Adjusted EBITDA was $12.2 million for the three months ended September 30, 2017, up 14.8% or $1.6 million from $10.6 million in the same period in 2016. Adjusted EBITDA increased as a result of revenue growth, partly offset by higher expenses as we made investments for ARGUS product development activities. Changes in foreign exchange impacted Adjusted EBITDA by (3.5%).

Year-to-Date Discussion

Revenues were $127.3 million for the nine months ended September 30, 2017, up 16.6% or $18.1 million from $109.2 million in the same period in 2016. Growth from the acquisition of EstateMaster contributed 2.5% to revenues. Recurring revenues grew by 6.1% on increases in subscriptions, appraisal management and software maintenance. The growth in non-recurring revenues of 49.4% year-to-date was driven primarily by the strong performance of AE license sales, software services, as well as a strong increase in due diligence assignments. Year-to-date, license sales have been driven by client conversions to AE, clients adding additional modules and licenses, and new client additions. Movements in the exchange rate against the Canadian dollar impacted revenues by (1.7%).

Adjusted EBITDA was $41.2 million for the nine months ended September 30, 2017, up 41.4% or $12.0 million from $29.2 million in the same period in 2016. Adjusted EBITDA increased as a result of revenue growth, and the benefit of a media tax credit received in Canada of $0.4 million, partly offset by higher expenses as we made investments for ARGUS product development activities. Changes in foreign exchange had an insignificant effect on Adjusted EBITDA.

Outlook

We expect to continue to benefit from growing demand and favourable trends in the CRE marketplace. Our product offerings stand to serve the growing needs from professional asset managers for data, analytic tools and software solutions that help them make more timely and informed decisions.

In the first half of 2017, AE growth was driven by North American DCF to AE upgrade sales as well as incremental license and additional module sales to new and existing clients. The transition from DCF to AE in North America is now mostly complete and support on DCF maintenance terminated at the end of June 2017. As a result, we anticipate that there will be some loss of maintenance revenues related to DCF licenses not upgraded, although we expect the loss to be recovered over time as we continue to convert the remaining DCF legacy customer base and as we continue to increase maintenance revenues resulting from new license sales. We are undergoing a similar transition of ValCap to AE in the U.K. market and expect to see conversions in future quarters as ValCap support will cease at the end of 2018. Based on current client preferences, we anticipate clients will continue to prefer perpetual license sales in 2017 vis-à-vis subscription sales. Overall, our AE sales pipeline continues to look healthy and we remain confident in the long-term global opportunities. Furthermore, we continue to invest in our product roadmap to meet client and industry needs and have commenced development of new software cloud applications.

We also expect incremental growth from our other software solutions such as AOD, ARGUS EstateMaster, ARGUS Developer and ARGUS Voyanta. AOD is expected to grow and add new customers as we continue to penetrate the transactional market, adding to recurring revenue streams. ARGUS EstateMaster and ARGUS Developer are expected to become more significant contributors to revenue growth as we scale our sales and marketing efforts around these products. We are also evaluating opportunities to sell ARGUS Voyanta as a managed service solution and believe implementation and training services will continue to perform well as more customers deploy AE.

We continue to target new clients in appraisal management both in North America and Europe and see opportunities ahead although these engagements generally have a longer sales cycle due to the size of the transactions and implementation efforts.

The strengthening of the Canadian dollar against the U.S. and U.K. currencies may be a headwind on our results from Altus Analytics.

Commercial Real Estate Consulting

In thousands of dollars	Three months ended September 30, 2017	2016	% Change	Nine months ended September 30, 2017	2016	% Change
Revenues						
Property Tax	$ 39,385	$ 38,651	1.9%	$ 116,724	$ 114,644	1.8%
Valuation and Cost Advisory	24,867	24,110	3.1%	75,078	70,859	6.0%
Revenues	$ 64,252	$ 62,761	2.4%	$ 191,802	$ 185,503	3.4%
Adjusted EBITDA						
Property Tax	$ 15,355	$ 14,030	9.4%	$ 35,282	$ 35,815	(1.5%)
Valuation and Cost Advisory	3,664	4,024	(8.9%)	9,245	9,866	(6.3%)
Adjusted EBITDA	$ 19,019	$ 18,054	5.3%	$ 44,527	$ 45,681	(2.5%)
Adjusted EBITDA Margin	29.6%	28.8%		23.2%	24.6%	

Quarterly Discussion

Revenues were $64.3 million for the three months ended September 30, 2017, up 2.4% or $1.5 million from $62.8 million in the same period in 2016. Property Tax revenues increased by 1.9% and were impacted by U.S. and U.K. currency headwinds. Exchange rate fluctuations impacted Property Tax revenues by (2.3%). Our Valuation and Cost Advisory revenues increased by 3.1% on improved performance from our global Cost practice. Changes in exchange rates impacted CRE Consulting revenues by (1.4%).

Adjusted EBITDA was $19.0 million for the three months ended September 30, 2017, up 5.3% or $0.9 million from $18.1 million in the same period in 2016, driven by a 9.4% improvement to $15.4 million in Property Tax. Valuation and Cost Advisory results were impacted by investments in headcount to support new service offerings in our Cost practice. Changes in exchange rates impacted Adjusted EBITDA by (1.4%).

Year-to-Date Discussion

Revenues were $191.8 million for the nine months ended September 30, 2017, up 3.4% or $6.3 million from $185.5 million in the same period in 2016. Property Tax revenues increased by 1.8%, despite facing U.S. and U.K. currency headwinds. Exchange rate fluctuations impacted Property Tax revenues by (2.1%). Our Valuation and Cost Advisory revenues increased by 6.0% on stronger performance from our global Cost practice, which experienced double-digit growth in Canada and Asia Pacific. Changes in exchange rates impacted CRE Consulting revenues by (1.1%).

Adjusted EBITDA was $44.5 million for the nine months ended September 30, 2017, down 2.5% or $1.2 million from $45.7 million in the same period in 2016, largely driven by a 1.5% decline to $35.3 million in Property Tax. The decline in Property Tax earnings was driven primarily by lower earnings from our North American operations. Changes in exchange rates impacted Adjusted EBITDA by (0.7%).

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. Having entered new assessment cycles in two key markets in 2017, namely in the U.K. (five-year cycle) and in Ontario (four-year cycle), we may continue to experience typical quarterly variability for the balance of 2017, especially as the first years of both cycles tend to have a ramp-up period before appeal settlements are made. However, we expect to benefit from increasing value and volume of appeals over the course of the new cycles. The opportunities to grow market share remain vibrant in this segment both organically and through accretive acquisitions in both the U.S. and U.K. The recent acquisition of CVS is expected to substantially increase our market share in the U.K. and position us well to grow our business over the course of the new five-year cycle.

Our Valuation and Cost Advisory practices enjoy significant market share in Canada and as a result, continue to grow modestly. We expect flat to moderate growth in the near to medium term. Our Valuation practice, predominately operating in Canada, continues to benefit from strong client retention. Our Cost practice in North America continues to diversify its 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,		
In thousands of dollars	**2017**	2016	% Change	**2017**	2016	% Change
Revenues	$ 12,580	$ 12,118	3.8%	$ 36,947	$ 33,533	10.2%
Adjusted EBITDA	$ 1,489	$ 639	133.0%	$ 3,461	$ (1,053)	428.7%
Adjusted EBITDA Margin	11.8%	5.3%		9.4%	(3.1%)	

Quarterly Discussion

Revenues were $12.6 million for the three months ended September 30, 2017, up 3.8% or $0.5 million from $12.1 million in the same period in 2016. Revenues in the quarter increased due to higher activity levels encouraged by recent stability in oil prices.

Adjusted EBITDA was $1.5 million for the three months ended September 30, 2017, up 133.0% or $0.9 million from $0.6 million in the same period in 2016. Earnings increased due to higher revenues and improved operating margins as a result of the cost cutting and headcount reductions undertaken in 2016.

Year-to-Date Discussion

Revenues were $36.9 million for the nine months ended September 30, 2017, up 10.2% or $3.4 million from $33.5 million in the same period in 2016. Revenue growth benefitted from increased activity levels amongst oil and gas clients.

Adjusted EBITDA was $3.5 million for the nine months ended September 30, 2017, up 428.7% or $4.6 million from $(1.1) million in the same period in 2016. Earnings increased due to higher revenues and improved operating margins as a result of the cost cutting and headcount reductions undertaken in 2016.

Outlook

We maintain a cautious outlook for our Geomatics business for the remainder of 2017. As approximately 55% of our Geomatics business is derived directly from oil and gas clients based in Western Canada, any significant oil price variation may cause significant fluctuations in our activity levels. However, given current prices for oil and cost cutting initiatives undertaken in 2016, we expect improved performance to continue for the remainder of 2017. We will continue to closely monitor market conditions and adjust accordingly. As part of our ongoing efforts to enhance all our businesses, we will explore options on how to best maximize the value of our Geomatics business.

Corporate Costs

Quarterly Discussion
Corporate costs (recovery) were $9.0 million for the three months ended September 30, 2017, as compared to $8.0 million in the same period in 2016. The increase in corporate costs is primarily due to higher compensation as investments are being made in people and systems to modernize our corporate functions in Information Technology and Human Resources.

Year-to-Date Discussion
Corporate costs (recovery) were $27.4 million for the nine months ended September 30, 2017, as compared to $21.8 million in the same period in 2016. The increase in corporate costs is primarily due to higher variable compensation and investments being made in people and systems to modernize our corporate functions in Information Technology and Human Resources.

Liquidity and Capital Resources

Cash Flow	Three months ended September 30,		Nine months ended September 30,	
In thousands of dollars	**2017**	2016	**2017**	2016
Net cash related to operating activities	$ 21,224	$ 19,379	$ 37,732	$ 51,654
Net cash related to financing activities	(5,573)	(7,384)	4,608	(28,721)
Net cash related to investing activities	(2,698)	(3,612)	(26,981)	(5,374)
Effect of foreign currency translation	(2,292)	262	(2,763)	(1,395)
Change in cash position during the period	$ 10,661	$ 8,645	$ 12,596	$ 16,164
Dividends paid	$ 5,561	$ 4,761	$ 16,648	$ 13,952

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.

Cash from Operating Activities

Working Capital		
In thousands of dollars	**September 30, 2017**	December 31, 2016
Current assets	$ 198,818	$ 186,223
Current liabilities	92,979	104,523
Working capital	$ 105,839	$ 81,700

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, 2017, trade receivables, net and unbilled revenue on customer contracts net of deferred revenue and customer deposits was $96.7 million, up 3.1% or $2.9 million from $93.8 million as at December 31, 2016. As a percentage of the trailing 12-month revenues, trade receivables and unbilled revenue on customer contracts net of deferred revenue and customer deposits, was 20.4% as at September 30, 2017, as compared to 21.1% as at December 31, 2016.

Our Days Sales Outstanding ("DSO") was 72 days as at September 30, 2017, as compared to 74 days as at December 31, 2016. 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, 2017, the amounts owing to the vendors of acquired businesses were $1.5 million, as compared to $2.7 million as at December 31, 2016. We intend to satisfy the payments with 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 on 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, 2017, our total borrowings on our revolving term facility amounted to $141.0 million, an increase of $24.0 million from December 31, 2016. The increase in our borrowings was primarily used to acquire EstateMaster.

We also have outstanding letters of credit under our bank credit facilities in the total amount of $0.6 million to secure a credit facility for operating leases (December 31, 2016 - $0.6 million).

The cost of our bank credit facilities is tied to the Canadian Prime rates, Canadian Bankers' Acceptance rates, U.S. Base rates or LIBOR rates. As at September 30, 2017, $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 agreements 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, 2017 on our bank credit facilities was 3.04% and 3.01%, respectively, as compared to 2.94% and 2.92% in the corresponding periods in 2016.

As at September 30, 2017, we were in compliance with the financial covenants of our bank credit facilities, which are summarized below:

	September 30, 2017
Funded debt to EBITDA (maximum of 3.00:1)	**1.62:1**
Fixed charge coverage (minimum of 1.20:1)	**7.93:1**
Funded debt to capitalization (maximum of 55%)	**23%**

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

Contractual Obligations [1]	**Payments Due by Period (undiscounted)**				
In thousands of dollars	**Total**	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years
Bank credit facilities	**$ 141,000**	$ -	$ 141,000	$ -	$ -
Leasehold improvement loans	**680**	134	183	148	215
Operating lease obligations	**101,117**	16,565	27,581	21,315	35,656
Finance lease obligations	**1,030**	668	339	23	-
Contingent consideration payable	**1,244**	1,244	-	-	-
Other liabilities	**63,840**	55,049	5,038	531	3,222
Total contractual obligations	**$ 308,911**	$ 73,660	$ 174,141	$ 22,017	$ 39,093

(1) Contractual obligations exclude aggregate unfunded capital contributions of $2.0 million to certain partnerships as the amount and timing of such payments are uncertain.

Cash from Investing Activities

We invest in property, plant and equipment and intangible assets to support the activities of the business. Capital expenditures for accounting purposes include property, plant and equipment in substance and in form, including assets under finance leases and intangible assets.

Capital expenditures are reconciled as follows:

Capital Expenditures	**Three months ended September 30,**		**Nine months ended September 30,**	
In thousands of dollars	**2017**	2016	**2017**	2016
Property, plant and equipment additions	$ 2,465	$ 1,233	$ 7,104	$ 2,348
Intangibles additions	50	802	421	1,521
Proceeds from disposal of property, plant and equipment	(29)	(62)	(341)	(210)
Capital expenditures	$ 2,486	$ 1,973	$ 7,184	$ 3,659

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,	
In thousands of dollars	**2017**	2016	**2017**	2016
Adjusted EBITDA	$ 23,618	$ 21,298	$ 61,853	$ 51,968
Depreciation and amortization	(8,413)	(7,922)	(25,487)	(25,154)
Acquisition related (expenses) income	(302)	(174)	(1,170)	60
Share of profit (loss) of associates	-	(330)	(2,420)	(1,616)
Unrealized foreign exchange gain (loss) (1)	(512)	145	(809)	(1,510)
Gain (loss) on disposal of property, plant and equipment (1)	(511)	(112)	(627)	(273)
Non-cash Executive Compensation Plan costs (2)	(1,344)	(1,070)	(3,457)	(3,113)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged (2)	540	705	(265)	1,054
Restructuring costs	(181)	(978)	(4,739)	(4,059)
Gain (loss) on investment in associates (3)	-	-	115,179	9,935
Impairment charge	-	(12,500)	-	(12,500)
Other non-operating and/or non-recurring income (costs) (4)	(394)	(130)	(432)	(535)
Operating profit (loss)	12,501	(1,068)	137,626	14,257
Finance (costs) income, net	(454)	(1,263)	(2,352)	(4,193)
Profit (loss) before income taxes	12,047	(2,331)	135,274	10,064
Income tax recovery (expense)	(4,541)	(2,740)	(21,778)	(4,688)
Profit (loss) for the period	$ 7,506	$ (5,071)	$ 113,496	$ 5,376

(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 investment in associates relates to the partial deemed dispositions of our investment in Real Matters and re-measurement of our retained interest.

(4) Other non-operating and/or non-recurring income (costs) for the three and nine months ended September 30, 2017 relate to adjustments to non-recurring settlements of legal and related costs. 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. These are included in office and other operating expenses in the unaudited interim condensed consolidated statements of comprehensive income (loss).

Adjusted Earnings (Loss) Per Share

	Three months ended September 30,		Nine months ended September 30,	
In thousands of dollars, except for per share amounts	**2017**	2016	**2017**	2016
Profit (loss) for the period	$ 7,506	$ (5,071)	$ 113,496	$ 5,376
Amortization of intangibles of acquired businesses	5,917	5,515	18,268	17,898
Non-cash finance costs (income) related to amounts payable to U.K. unitholders, net of changes in fair value of related equity derivatives	-	190	32	163
Share of loss (profit) of associates	-	330	2,420	1,616
Unrealized foreign exchange loss (gain)	512	(145)	809	1,510
Loss (gain) on disposal of property, plant and equipment	511	112	627	273
Distributions related to amounts payable to U.K. unitholders	-	-	-	32
Non-cash Executive Compensation Plan costs	1,344	1,070	3,457	3,113
Loss (gain) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged	(540)	(705)	265	(1,054)
Interest accretion on contingent consideration payables	22	56	66	168
Restructuring costs	181	978	4,739	4,059
Loss (gain) on hedging transactions, including interest expense (income) on swaps not designated as cash flow hedges	(707)	(174)	(1,217)	158
Acquisition related expenses (income)	302	174	1,170	(60)
Loss (gain) on investment in associates	-	-	(115,179)	(9,935)
Impairment charge	-	12,500	-	12,500
Other non-operating and/or non-recurring (income) costs	394	130	432	535
Tax impact on above	(2,139)	(3,591)	8,109	(7,903)
Adjusted earnings (loss) for the period	$ 13,303	$ 11,369	$ 37,494	$ 28,449
Weighted average number of shares - basic	38,324,376	36,883,947	37,905,795	36,727,269
Weighted average number of restricted shares	343,463	303,458	348,684	308,841
Weighted average number of shares - adjusted	38,667,839	37,187,405	38,254,479	37,036,110
Adjusted earnings (loss) per share	$0.34	$0.31	$0.98	$0.77

Summary of Quarterly Results

	2017				2016					2015	
In thousands of dollars, except for per share amounts	YTD 2017	Sep 30	Jun 30	Mar 31	Fiscal 2016	Dec 31	Sep 30	Jun 30	Mar 31	Fiscal 2015	Dec 31
Results of Operations											
Revenues	$ 355,402	$ 117,380	$ 128,815	$ 109,207	$ 442,891	$ 115,334	$ 110,899	$ 109,970	$ 106,688	$ 416,413	$ 110,961
Adjusted EBITDA	$ 61,853	$ 23,618	$ 24,952	$ 13,283	$ 74,088	$ 22,120	$ 21,298	$ 18,277	$ 12,393	$ 63,382	$ 19,465
Adjusted EBITDA margin	17.4%	20.1%	19.4%	12.2%	16.7%	19.2%	19.2%	16.6%	11.6%	15.2%	17.5%
Profit (loss) for the period	$ 113,496	$ 7,506	$ 105,497	$ 493	$ 14,268	$ 8,892	$ (5,071)	$ 12,659	$ (2,212)	$ 9,249	$ 6,537
Earnings (loss) per share:											
Basic	$2.99	$0.20	$2.77	$0.01	$0.39	$0.24	$(0.14)	$0.34	$(0.06)	$0.28	$0.18
Diluted	$2.95	$0.19	$2.73	$0.01	$0.38	$0.23	$(0.14)	$0.34	$(0.06)	$0.27	$0.18
Adjusted	$0.98	$0.34	$0.41	$0.22	$1.15	$0.38	$0.31	$0.28	$0.19	$0.98	$0.31
Weighted average number shares ('000s):											
Basic	37,906	38,324	38,108	37,273	36,810	37,059	36,884	36,759	36,537	33,348	36,187
Diluted	38,446	38,872	38,591	37,755	37,484	38,537	36,884	38,023	36,537	33,819	36,657

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.

- Our Altus Analytics business experiences some seasonality. ARGUS software products sold as perpetual licenses tend to have a stronger fourth quarter in revenues, a trend that is common in many other software companies. Also, appraisal management could experience some seasonal patterns around the second and fourth quarters, associated with some clients' practices of bi-annual and annual appraisals.

Share Data

As at October 31, 2017, 38,404,176 common shares were outstanding and are net of 339,119 treasury shares. These treasury 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, 2017, there were 951,045 share options outstanding (December 31, 2016 - 757,942 share options outstanding) at a weighted average exercise price of $24.93 per share (December 31, 2016 - $19.56 per share) and 285,157 share options were exercisable (December 31, 2016 - 294,312). All share options are exercisable into common shares on a one-for-one basis.

In 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 dividends in additional Altus Group common shares.

Pursuant to the DRIP, and in the case where common shares are issued from treasury, cash dividends 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%. In the case where common shares will be purchased on the open market, cash dividends will be reinvested in additional Altus Group common shares at the relevant average market price paid in respect of satisfying this reinvestment plan.

For the three and nine months ended September 30, 2017, 8,957 and 17,489 common shares (2016 - 39,224 and 138,209 common shares, respectively) were issued under the DRIP, respectively.

For the three and nine months ended September 30, 2017, Nil and 570,900 common shares (2016 - 93,200 and 144,300 common shares, respectively) were issued on the early conversion of 2012 convertible debentures, respectively. All of the outstanding 2012 convertible debentures were redeemed on May 3, 2017.

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, 2017 consist of cash and cash equivalents, trade receivables and other (excluding prepayments), trade payables and other (excluding lease inducements and deferred revenue), income taxes recoverable and payable, investments, borrowings and derivative financial instruments. 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 values of other long-term assets and liabilities and contingent consideration payable are measured using a discounted cash flow analysis of expected cash flows in future periods. Investments in partnerships are measured in relation to the fair value of assets in the respective partnerships.

The fair value of the liabilities for cash-settled plans as at September 30, 2017 was approximately $9.4 million, based on the published trading price on the TSX for our common shares.

The fair value of our investment in Real Matters as at September 30, 2017 was approximately $111.1 million, based on the published trading price on the TSX for their common shares.

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

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, 2017, we have a total notional amount of $65.0 million outstanding and the fair value of these swaps were $0.7 million in our favor.

We are exposed to price risk as the liabilities for cash-settled plans are classified as fair value through profit or loss, and linked to the price of our own common shares.

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, 2017, we have equity derivatives relating to RSUs and DSUs outstanding with a notional amount of $8.1 million. The fair value of these derivatives is $4.4 million in our favor.

We are exposed to credit risk with respect to our cash and cash equivalents, trade receivables and other 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.

Related Party Transactions

In January 2017, our investment in Real Matters was diluted due to an additional 1,499,995 common shares issued in connection with an arrangement Real Matters had with certain shareholders. In addition, 2,309,304 common shares were issued in connection with options exercised prior to their initial public offering. On May 11, 2017, Real Matters issued 9,620,000 common shares pursuant to its initial public offering of common shares. We ceased to have significant influence at that time. These transactions reduced our equity interest from 13.9% as at December 31, 2016 to 12.0% as at May 11, 2017. For the three and nine months ended September 30, 2017, the partial deemed dispositions of our investment and re-measurement of our retained interest resulted in a net gain of $Nil and $115.2 million, respectively.

Our share of Real Matters' profit (loss) and movements in other comprehensive income (loss) were based on unaudited interim financial information prepared by management of Real Matters.

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.

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 EstateMaster acquired on March 1, 2017.

Financial information of the business acquired is summarized below.

Balance Sheet data for EstateMaster:

In thousands of dollars	**September 30, 2017**
Assets	$ 23,130
Liabilities	4,336
Equity	18,794

Income Statement data for EstateMaster:

In thousands of dollars	**Three months ended September 30, 2017**	**Nine months ended September 30, 2017**
Revenues	$ 1,092	$ 2,763
Expenses	1,125	3,050
Profit (loss)	(33)	(287)

There have been no changes in our internal controls over financial reporting that occurred for the quarter ended September 30, 2017, 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, 2017.

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".

Altus Group

LISTINGS
Toronto Stock Exchange
Stock trading symbol: AIF

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