



AltusGroup

Q3 2020 Shareholders' Report

For the nine months ended September 30, 2020

Altus Group Limited

Shareholders' Report

September 30, 2020



Contents

Management's Discussion & Analysis

Forward-Looking Information	1
Non-IFRS Measures	2
Overview of the Business	4
Strategy	6
Financial and Operating Highlights	9
Discussion of Operations	12
Three and Nine Months Ended September 30, 2020	12
Revenues and Adjusted EBITDA by Business Unit	16
Altus Analytics	17
Commercial Real Estate Consulting	20
Corporate Costs	21
Liquidity and Capital Resources	22
Reconciliation of Adjusted EBITDA to Profit (Loss)	26
Reconciliation of Adjusted Earnings (Loss) Per Share to Profit (Loss)	27
Summary of Quarterly Results	28
Share Data	29
Financial Instruments and Other Instruments	29
Contingencies	30
Changes in Significant Accounting Policies and Estimates	31
Disclosure Controls and Procedures and Internal Controls over Financial Reporting	34
Additional Information	35

Unaudited Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)	37
Interim Condensed Consolidated Balance Sheets	38
Interim Condensed Consolidated Statements of Changes in Equity	39
Interim Condensed Consolidated Statements of Cash Flows	40
Notes to Interim Condensed Consolidated Financial Statements	41

Management's Discussion & Analysis

September 30, 2020



The following management's discussion and analysis ("MD&A") is intended to assist readers in understanding Altus Group Limited's consolidated business, its business environment, strategies, performance, outlook and applicable risks. References to the "Company" or "Altus Group" are to the consolidated group of entities, and this should be read in conjunction with our unaudited interim condensed consolidated financial statements and accompanying notes (the "interim financial statements") as at and for the three and nine months ended September 30, 2020, 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 and percentages are in comparison to the same period in 2019. Consolidated results presented (including restated comparative figures) exclude our Geomatics business which was classified as discontinued operations and contributed into our investment in the GeoVerra Inc. joint venture.

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 12, 2020.

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", "remain" 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 applied in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to: engagement and product pipeline opportunities in Altus Analytics will result in associated definitive agreements; settlement volumes in the Property Tax business will occur on a timely basis and that assessment authorities will process appeals in a manner consistent with expectations; 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.

The COVID-19 pandemic has cast additional uncertainty on each of these factors and assumptions. There can be no assurance that they will continue to be valid. Given the rapid pace of change with respect to the impact of the COVID-19 pandemic, it is premature to make further assumptions about these matters. The

Management's Discussion & Analysis

September 30, 2020



duration, extent and severity of the impact the COVID-19 pandemic, including measures to prevent its spread, will have on our business is uncertain and difficult to predict at this time.

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; any direct or indirect negative potential impact or harm that COVID-19 may actually have on our business or the business of our potential and current clients; a decline in the demand for our products and services due to the COVID-19 pandemic; currency; financial performance; financial targets; commercial real estate market; industry competition; acquisitions; cloud subscriptions transition; software renewals; professional talent; third party information; enterprise transactions; new product introductions; technological change; intellectual property; technology strategy; information technology governance and security; product pipeline; property tax appeals; legislative and regulatory changes; fixed-price and contingency engagements; appraisal and appraisal management mandates; Canadian multi-residential market; customer concentration and loss of material clients; interest rates; credit; income tax matters; health and safety hazards; contractual obligations; legal proceedings; insurance limits; ability to meet solvency requirements to make dividend payments; leverage and financial covenants; share price; capital investment; and issuance of additional common shares, as well as those described in this MD&A and our annual publicly filed documents, including the Annual Information Form for the year ended December 31, 2019 (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.

Certain information in this MD&A may be considered as "financial outlook" within the meaning of applicable securities legislation. The purpose of this financial outlook is to provide readers with disclosure regarding Altus Group's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

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

Management's Discussion & Analysis

September 30, 2020



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 profit (loss) from continuing operations before income taxes, adjusted for the effects of: occupancy costs calculated on a similar basis prior to the adoption of IFRS 16, finance costs (income), net - other, depreciation of property, plant and equipment and amortization of intangibles, depreciation of right-of-use assets, finance costs (income), net - leases, acquisition and related transition costs (income), unrealized foreign exchange (gains) losses, (gains) losses on disposal of property, plant and equipment and intangibles, share of (profit) loss of joint venture, impairment charges, non-cash Equity Compensation Plan and Long-Term Equity Incentive Plan costs, (gains) losses on equity derivatives net of mark-to-market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs") being hedged, (gains) losses on derivatives, restructuring costs (recovery), (gains) losses on investments, (gains) losses on hedging transactions, and other costs or income of a non-operating and/or non-recurring nature.

Subsequent to the classification of the Geomatics business as discontinued operations and the launch of GeoVerra Inc. ("GeoVerra"), the measurement of Adjusted EBITDA has been modified to reflect adjustments for: profit (loss) from discontinued operations and share of (profit) loss of joint venture.

Adjusted EBITDA margin represents the percentage factor of Adjusted EBITDA to revenues. Refer to page 26 for a reconciliation of Adjusted EBITDA to our interim financial statements.

Adjusted Earnings (Loss) per Share ("Adjusted EPS") represents basic earnings (loss) per share from continuing operations adjusted for the effects of: occupancy costs calculated on a similar basis prior to the adoption of IFRS 16, depreciation of right-of-use assets, finance costs (income), net - leases, amortization of intangibles of acquired businesses, unrealized foreign exchange losses (gains), (gains) losses on disposal of property, plant and equipment and intangibles, non-cash Equity Compensation Plan and Long-Term Equity Incentive Plan costs, losses (gains) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged, interest accretion on contingent consideration payables, restructuring costs (recovery), losses (gains) on hedging transactions and interest expense (income) on swaps, acquisition and related transition costs (income), losses (gains) on investments, share of (profit) loss of joint venture, impairment charges, (gains) losses on derivatives, and other costs or income of a non-operating and/or non-recurring nature. Subsequent to the classification of the Geomatics business as discontinued operations and the launch of GeoVerra, the measurement of Adjusted EPS has been modified to reflect adjustments for: profit (loss) from discontinued operations and share of (profit) loss of joint venture. The basic weighted average number of shares is adjusted for the effects of weighted average number of restricted shares. All of the adjustments are made net of tax. Refer to page 27 for a reconciliation of Adjusted EPS to our interim financial statements.

ARGUS Enterprise ("AE") software maintenance retention rate is calculated as a percentage of AE software maintenance revenue retained upon renewal; it represents the percentage of the available renewal opportunity in a fiscal period that renews, calculated on a dollar basis, excluding any growth in user count or product expansion. In 2021, we plan to update the software retention metric to also include AE subscription revenues since we will have a meaningful number of subscriptions that will be eligible for renewal by then.

Management's Discussion & Analysis

September 30, 2020



Over Time revenues is a metric we introduced in the first quarter of 2020 to replace our historic reporting of "recurring revenues", and is consistent with IFRS 15, *Revenue from Contracts with Customers*. These Over Time revenues are comprised of subscription revenues recognized on an over time basis in accordance with IFRS 15, maintenance revenues from legacy perpetual licenses, Appraisal Management revenues, and data subscription revenues. Refer to page 17 for discussion of Over Time revenues. The main difference between the new "Over Time revenues" and our historic "recurring revenue" disclosure is that Over Time revenues do not include the point in time revenue component recognized up front for on-premise subscription contracts recognized in accordance with IFRS 15.

Cloud adoption rate is a new metric we introduced in the first quarter of 2020 that represents the percentage of the total AE user base contracted on the ARGUS Cloud platform. It includes both new AE cloud users as well as those who have migrated from our AE on-premise software.

Overview of the Business

Altus Group Limited is a leading provider of software, data solutions and independent advisory services to the global commercial real estate ("CRE") industry. Our businesses, Altus Analytics and Commercial Real Estate Consulting ("CRE Consulting"), 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 2,200 employees around the world, with operations in North America, Europe and Asia Pacific. Our clients include many of the world's largest CRE industry participants. Altus Group pays a quarterly dividend of \$0.15 per share and our shares are traded on the Toronto Stock Exchange ("TSX") under the symbol AIF.

We have two core reporting business segments - Altus Analytics and CRE Consulting.

Our Geomatics business, previously one of our reporting business segments prior to its spin off in June 2020, is reflected as discontinued operations.

Altus Analytics

Our Altus Analytics segment consists of revenues from software sold under the ARGUS brand and from data solutions that are made available to clients through our Appraisal Management solutions, as well as through data subscription products. Altus Analytics clients predominately consist of CRE asset and investment management firms, including large owners, managers and investors of CRE assets and funds, as well as other industry participants including service providers, brokers, and developers.

Our globally sold ARGUS software solutions are among the most recognizable in the CRE industry. Our cloud-enabled product stack for global CRE asset and investment management comprises end-to-end integrated software solutions that provide visibility at the asset, portfolio and fund level to help clients enhance performance of their CRE investments. Our flagship AE software is the leading global solution for CRE valuation and portfolio management and is widely recognized as the industry property valuation standard in key CRE markets. AE's suite of functionality enables organizations to manage and project the performance of their CRE assets throughout the investment cycle supporting property valuations, investments, portfolios and budgeting.

Since the third quarter of 2019, we have been offering AE on a cloud platform while continuing to support the on-premise software. The cloud platform leverages the AE calculation engine and provides clients with:

Management's Discussion & Analysis

September 30, 2020



cloud-based infrastructure; new analytics capabilities (such as benchmarking functionality); integrations with other ARGUS products, storage, access and back-up of AE files; and access to new ARGUS applications (such as ARGUS Acquire, a deal management solution for CRE acquisitions, and ARGUS API, an application programming interface). Other ARGUS products include ARGUS Taliance (cloud-based fund solutions for alternative investment firms), ARGUS Voyanta (a cloud-based data management solution), and ARGUS Developer and ARGUS EstateMaster (software for development feasibility analysis). In addition to standard technology services related to education, training and implementation, we also offer strategic advisory and managed services for real estate organizations' front-to-back-office strategies, processes and technology through One11 Advisors, LLC ("One11").

Fueled by our ARGUS software solutions, we provide information services on a global basis through our Appraisal Management platform and data subscription products. Our global Appraisal Management solutions combine data and analytics functionality with a managed service delivery to enable institutional real estate investors to perform quarterly performance reviews, benchmarking and attribution analysis of their portfolios. Through these offerings we provide an end-to-end valuation management solution for our institutional clients, providing independent oversight and expertise while leveraging our data analytics platform. We primarily offer Appraisal Management solutions in the U.S., and we are expanding into Europe and Asia Pacific. Our Appraisal Management clients primarily consist of open and closed real estate funds, including large pension funds. Altus Analytics also includes a Canadian data subscription product, Altus Data Studio, which provides comprehensive real estate information on the Canadian residential, office, industrial and investment markets with unique data visualization capabilities. Our Canadian data covers new homes, investment transactions and commercial market inventory in key markets, and provides intelligence on the national housing market and consumer home buying and borrowing patterns.

Prior to 2020, the majority of our customers had licensed our AE software products on an on-premise basis, and had either paid on perpetual terms with ongoing maintenance, or on subscription terms. As of the start of 2020, all of our Altus Analytics software products are being sold only on a subscription-based model. Our software subscription agreements vary in length between one to five years, and the subscription fee primarily depends on the number of users and the applications deployed. We enjoy industry leading retention rates for our AE software. In addition to software subscriptions, our software services are charged primarily on a time and materials basis, billed and recognized monthly as delivered. The contractual terms of our Appraisal Management agreements are generally for three years and pricing is primarily based on the number of real estate assets on our platform, adjusted for frequency of valuations and complexity of asset class. We enjoy very high contract renewal rates. Our Appraisal Management teams are also engaged from time to time to perform due diligence assignments in connection with CRE transactions. Our Canadian data products are sold on a subscription basis.

Commercial Real Estate Consulting

Our CRE Consulting segment consists of the Property Tax, and the Valuation and Cost Advisory business units. Through our various practice areas, we are well-equipped to serve clients with an end-to-end solution that spans the life cycle of CRE assets - from feasibility, development, acquisition, management and disposition. Our professionals possess extensive industry, market and asset-specific knowledge that contribute to our proprietary internal databases that contribute to successful client outcomes. We have long-standing relationships with leading CRE market participants - including owner operators, developers, financial institutions, and various CRE asset holders and investors.

Management's Discussion & Analysis

September 30, 2020



Our largest revenue contributor to CRE Consulting is our Property Tax business which operates 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, as well as in the U.S., personal property and state and local tax advisory services. The majority of our Property Tax revenues are derived on a contingency basis, representing a percentage of the savings we achieve for our clients. As such, we recognize contingency revenues when settlements are made, which in some cases could span multiple years. A smaller portion of our fees are based on time and materials basis. 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 Advisory practice, offered in both the private and public sectors in Canada and Asia Pacific, provides expert services in the areas of construction feasibility studies, budgeting, cost and loan monitoring and project management. Pricing for our Valuation and Cost Advisory services is primarily based on a fixed fee or time and materials basis. 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 CRE Consulting businesses.

Strategy

Real estate investment allocation has steadily risen while CRE asset investment and ownership is becoming more institutionalized, complex and globalized. After years of limited investment in technology, the CRE market is increasingly embracing technology and better utilizing data to optimize assets and mitigate risks. With the increased complexity of the CRE market, there is also a growing need for specialized expert services which industry participants continue to outsource. Altus Group is at the forefront of this opportunity, with analytics solutions and expert services that help clients navigate the complexities of the CRE market to make better informed decisions and maximize the value of their real estate assets and investments.

Through our market leading capabilities, we remain competitively positioned to capitalize on the growing demand for a wide range of client needs in CRE technology, data and advisory solutions with a stable revenue base across economic cycles. Our key competitive strengths in the marketplace are comprised of our "mission critical" software and data analytics solutions, unique industry expertise across numerous asset classes and markets, our proprietary databases that contribute to successful client outcomes, and the depth and diversity of our offerings. Our global scale, existing client relationships with many of the world's largest CRE companies, and independence from brokers and asset owners/investors also are key differentiators that enhance our reputation.

Strategic Initiatives

Across the business, we continually identify opportunities to maximize the value of all of our business assets. We have a disciplined approach to pursuing investments and prioritize opportunities that support our longer-term growth objectives and help us sustain market leadership in our core segments. While we focus on enhancing every business (specifically through data and technology), we are placing additional focus on investment and innovation in our Altus Analytics business to leverage our global operating model and growth runway, while taking advantage of our strategic position with Property Tax to further enhance value.

Management's Discussion & Analysis

September 30, 2020



While the near-term impact of COVID-19 continues to be uncertain, our long-term strategy remains unchanged. In 2020, our strategy is focused on the following initiatives:

Altus Analytics

Our long-term objective is to transition Altus Analytics from a collection of high value point solutions to an enterprise-grade software and data analytics market leader that unifies valuation and asset management capabilities into a single, cloud-based platform that integrates numerous key workflows and enhances data-driven insights for the CRE industry. We believe this will drive substantial value for the CRE industry and clients alike, while positioning Altus Group for long-term profitable growth. To achieve this, first we will continue to expand the global adoption of the AE cloud platform as the foundation for CRE asset and investment management and data integration. Second, we will leverage our multi-product technology stack (existing and new future applications) for CRE asset and investment management clients who require end-to-end enterprise solutions. Third, we will continue to lay the groundwork to capitalize on future growth opportunities in CRE data and for products in markets adjacent to our core offerings.

Key priorities for Altus Analytics in 2020 include:

- continuing execution of our “ARGUS Everywhere” go-to-market plan to drive existing and new customer user and product growth, geographic expansion, and global/multi-product enterprise agreements;
- continuing transition of our customers to cloud-based subscription contracts, with a goal to migrate the vast majority of our existing on-premise customers on to the cloud platform by the end of 2023;
- continuing product innovation, balanced between integration across all of our existing capabilities and developing new cloud applications that support our strategy to move clients to a cloud environment, while strategizing for new product opportunities in adjacent market verticals where we currently have limited penetration and in data-driven insights; and
- continuing growth of our Appraisal Management solutions where favourable market trends support organic growth in the U.S. and expansion into Europe and Asia Pacific, while increasingly selling our Appraisal Management solutions as part of AE transactions.

Longer term, we believe our Altus Analytics business is uniquely positioned to capitalize on the opportunity in CRE data and become a leading real estate information services provider. Our leading Altus Analytics products collect and generate valuable and detailed CRE industry data on various asset classes and for many major CRE markets in an automated environment. As ARGUS users increasingly move into a cloud environment, the depth of the data strengthens. This provides us with a unique opportunity to use this data to drive differentiation, generate analytics, launch new products and strengthen our Over Time revenue streams. Our vision is to leverage our ARGUS cloud platform for data collection and integration in a secure environment, through which we would aggregate ARGUS data from multiple organizations based on our data rights, combine it with third-party data through partnerships, and provide value-added data back through unique ARGUS workflows that enhance client value, while expanding the use of ARGUS across organizations and providing us with new revenue streams.

Management's Discussion & Analysis

September 30, 2020



Property Tax

Our global Property Tax practice continues to represent an attractive growth area, driven both by solid market fundamentals and our strong competitive position. Our global reach with national scale and regional expertise, plus comprehensive databases on key CRE markets and expert knowledge make us a leader in the industry. Our objective is to continue growing our market share and to scale our Property Tax business into a leading, independent global property tax advisory practice that leverages technology and data.

Key priorities for our Property Tax business in 2020 include:

- continuing organic growth in our core markets driven by increased market share, operational productivity, and higher value contingency contracts;
- focusing on market expansion in key U.S. and U.K. markets by pursuing organic growth initiatives and financially accretive acquisitions when opportunities arise; and
- driving digital transformation with technology and data to enhance client value while improving internal efficiencies, modernizing our service delivery and data-enabling business development.

While our Canadian, U.S. and U.K. Property Tax operations all share the same competitive advantages, each national business has established unique strengths and specialties. Over the long term, we plan to leverage the strengths of each national model across all geographies to become a leading property tax advisor globally to the largest CRE owners as well as the mid-market, and to efficiently leverage our specialties in target asset classes.

Management's Discussion & Analysis

September 30, 2020



Financial and Operating Highlights

Selected Financial Information	Three months ended September 30,		Nine months ended September 30,	
	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
<i>In thousands of dollars, except for per share amounts</i>				
Revenues	\$ 134,950	\$ 126,787	\$ 421,676	\$ 387,266
Canada	30%	34%	32%	34%
U.S.	42%	42%	39%	40%
Europe	23%	18%	24%	20%
Asia Pacific	5%	6%	5%	6%
Adjusted EBITDA	\$ 24,047	\$ 18,785	\$ 72,194	\$ 62,378
Adjusted EBITDA margin	17.8%	14.8%	17.1%	16.1%
Profit (loss) for the period from continuing operations	\$ 9,297	\$ 4,598	\$ 22,387	\$ 17,773
Profit (loss) for the period from discontinued operations	\$ (130)	\$ 438	\$ (5,300)	\$ 149
Profit (loss) for the period	\$ 9,167	\$ 5,036	\$ 17,087	\$ 17,922
Earnings (loss) per share:				
Basic				
Continuing operations	\$0.23	\$0.12	\$0.56	\$0.45
Discontinued operations	\$0.00	\$0.01	\$(0.13)	\$0.00
Diluted				
Continuing operations	\$0.22	\$0.11	\$0.54	\$0.45
Discontinued operations	\$0.00	\$0.01	\$(0.13)	\$0.00
Adjusted	\$0.40	\$0.28	\$1.23	\$1.02
Dividends declared per share	\$0.15	\$0.15	\$0.45	\$0.45

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations. Refer to Notes 4, 5, 8 and 20 of the interim financial statements.

Financial Highlights

- Revenues** were \$135.0 million for the three months ended September 30, 2020, up 6.4% or \$8.2 million from \$126.8 million in the same period in 2019. For the three months ended September 30, 2020, the revenue growth was all organic. For the nine months ended September 30, 2020, revenues were \$421.7 million, up 8.9% or \$34.4 million from \$387.3 million in the same period in 2019. Acquisitions represented 2.0% of the 8.9% revenue growth for the nine months ended September 30, 2020. Exchange rate movements against the Canadian dollar benefitted revenues by 1.8% and 1.0% for the quarter and year-to-date, respectively. Our CRE Consulting segment posted strong growth as our Property Tax business continues to build on the record setting pace set in the first half of the year. Our Altus Analytics segment posted a decline of 2.5% due to COVID-19 related impacts on software consulting and training activities, software sales in the small-to-medium business ("SMB") segment and impacts of the transition from perpetual to subscription-based pricing. However, reflecting growth in both software subscription revenue and Appraisal Management engagements, Over Time revenues experienced healthy growth of 12.3% and 16.2% for the quarter and year-to-date, respectively.
- Adjusted EBITDA** was \$24.0 million for the three months ended September 30, 2020, up 28.0% or \$5.2 million from \$18.8 million in the same period in 2019. For the nine months ended September 30, 2020,

Management's Discussion & Analysis

September 30, 2020



Adjusted EBITDA was \$72.2 million, up 15.7% or \$9.8 million from \$62.4 million in the same period in 2019. Exchange rate movements against the Canadian dollar benefitted Adjusted EBITDA by 2.9% and 1.8% for the quarter and year-to-date, respectively. Earnings increased on higher revenues, partly offset by higher compensation from headcount additions and other operating costs. All business segments contributed to Adjusted EBITDA growth and margin improvement, although the increase was largely owing to strength in our Property Tax practice.

- **Profit (loss)** from continuing operations for the three months ended September 30, 2020 was \$9.3 million, up 102.2% or \$4.7 million from \$4.6 million in the same period in 2019. For the nine months ended September 30, 2020, profit (loss) from continuing operations was \$22.4 million, up 26.0% or \$4.6 million from \$17.8 million in the same period in 2019. In addition to the items affecting Adjusted EBITDA as discussed above, profit (loss) from continuing operations for the three and nine months ended September 30, 2020 increased as a result of lower amortization of some historical acquisition-related intangibles, lower interest related to our bank credit facilities, and our share of profit (loss) in the GeoVerra joint venture, offset by costs related to our global restructuring program. Profit (loss) from discontinued operations for the three months ended September 30, 2020 was \$(0.1) million, down 129.7% or \$0.5 million from \$0.4 million in the same period in 2019 due to Geomatics being spun off in June 2020. For the nine months ended September 30, 2020, profit (loss) from discontinued operations was \$(5.3) million, down 3,657.0% or \$5.4 million from \$0.1 million in the same period in 2019 due mainly to the effects of lower revenues, restructuring costs of \$1.4 million, and \$5.2 million of fair value adjustments recorded subsequent to the classification of our Geomatics business as discontinued operations to the date of its contribution into the GeoVerra joint venture, offset by \$2.6 million of government wage subsidies.
- For the three months ended September 30, 2020, earnings (loss) per share from continuing operations was \$0.23, basic and \$0.22, diluted, as compared to \$0.12, basic and \$0.11, diluted, in the same period in 2019. For the nine months ended September 30, 2020, earnings (loss) per share from continuing operations was \$0.56, basic and \$0.54, diluted, as compared to \$0.45, basic and diluted, in the same period in 2019.
- For the three months ended September 30, 2020, Adjusted EPS was \$0.40, up 42.9% from \$0.28 in the same period in 2019. For the nine months ended September 30, 2020, Adjusted EPS was \$1.23, up 20.6% from \$1.02 in the same period in 2019.
- We returned \$6.1 million to shareholders in the quarter through quarterly dividends of \$0.15 per common share.
- As at September 30, 2020, our bank debt was \$153.5 million, representing a funded debt to EBITDA leverage ratio of 1.49 times (compared to 1.49 times as at December 31, 2019), well below our maximum ratio of 4.00 times. As at September 30, 2020, cash and cash equivalents were \$91.1 million (compared to \$60.3 million as at December 31, 2019). For further discussion of the recent amendment to our credit facilities and its impact on the interim financial statements, please refer to the "Liquidity and Capital Resources" section beginning on page 22 of this MD&A and Note 13 - Borrowings in the notes to the interim financial statements.

Management's Discussion & Analysis

September 30, 2020



Operating Highlights

CEO Transition

Effective September 30, 2020, Robert Courteau retired as Chief Executive Officer of Altus Group and was succeeded by Michael Gordon.

Restructuring Activities

Beginning in Q2 2020, we initiated a global restructuring program across all our business segments which resulted in one-time restructuring costs of \$1.2 million and \$8.6 million for the quarter and year-to-date, respectively, of which a total of \$4.0 million related to Altus Analytics and the balance to CRE Consulting and Corporate segments. These costs relate primarily to employee severance costs. We expect some additional charges in the fourth quarter. The restructuring was planned as part of our strategy to continue to focus and invest in technology and information services platforms.

Operating Highlights - Events After the Reporting Period

Released ARGUS Enterprise 13

In October we released the latest version of AE. AE 13 includes enhancements for multi-family and mixed-use assets, improved German valuation functionality, increased visibility and reporting, and enhanced user experience with federated single sign-on. For many of our large customers, the single sign-on is a key requirement for cloud adoption.

Management's Discussion & Analysis

September 30, 2020



Discussion of Operations

Three and Nine Months Ended September 30, 2020

	Three months ended September 30,		Nine months ended September 30,	
<i>In thousands of dollars</i>	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
Revenues	\$ 134,950	\$ 126,787	\$ 421,676	\$ 387,266
Expenses				
Employee compensation	84,889	78,287	265,882	241,294
Occupancy	1,712	1,811	5,697	5,319
Office and other operating	23,383	25,243	76,626	72,749
Depreciation of right-of-use assets	2,818	3,021	8,504	9,338
Depreciation and amortization	7,291	9,228	22,893	27,222
Acquisition and related transition costs (income)	72	85	(1,104)	238
Share of (profit) loss of joint venture	(442)	-	(450)	-
Restructuring costs (recovery)	1,155	-	8,610	(296)
(Gain) loss on investments	68	(63)	(22)	(158)
Finance costs (income), net - leases	619	672	1,910	2,027
Finance costs (income), net - other	835	1,768	3,422	5,136
Profit (loss) from continuing operations before income taxes	12,550	6,735	29,708	24,397
Income tax expense (recovery)	3,253	2,137	7,321	6,624
Profit (loss) for the period from continuing operations	\$ 9,297	\$ 4,598	\$ 22,387	\$ 17,773
Profit (loss) for the period from discontinued operations	(130)	438	(5,300)	149
Profit (loss) for the period attributable to shareholders	\$ 9,167	\$ 5,036	\$ 17,087	\$ 17,922

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations. Refer to Notes 4, 5, 8 and 20 of the interim financial statements.

Revenues

Revenues were \$135.0 million for the three months ended September 30, 2020, up 6.4% or \$8.2 million from \$126.8 million in the same period in 2019. For the three months ended September 30, 2020, the revenue growth was all organic. For the nine months ended September 30, 2020, revenues were \$421.7 million, up 8.9% or \$34.4 million from \$387.3 million in the same period in 2019. Acquisitions represented 2.0% of the 8.9% revenue growth for the nine months ended September 30, 2020. Exchange rate movements against the Canadian dollar benefitted revenues by 1.8% and 1.0% for the quarter and year-to-date, respectively. The increase in revenues for the quarter was driven mainly by strong performance in Property Tax.

Employee Compensation

Employee compensation was \$84.9 million for the three months ended September 30, 2020, up 8.4% or \$6.6 million from \$78.3 million in the same period in 2019. For the nine months ended September 30, 2020, employee compensation was \$265.9 million, up 10.2% or \$24.6 million from \$241.3 million in the same period in 2019. For the three and nine months ended September 30, 2020, the increase in compensation was mainly due to headcount additions within Altus Analytics and Property Tax, and increased accruals for variable and share-based compensation. In addition, for the nine months ended September 30, 2020, headcount and compensation increased subsequent to the July 1, 2019 acquisitions of One11 and Caruthers

Management's Discussion & Analysis

September 30, 2020



& Associates, Inc. ("Caruthers"). For the three and nine months ended September 30, 2020, employee compensation as a percentage of revenues was 62.9% and 63.1%, as compared to 61.7% and 62.3% in the corresponding periods in 2019, respectively.

Occupancy

Occupancy was \$1.7 million for the three months ended September 30, 2020, down 5.5% or \$0.1 million from \$1.8 million in the same period in 2019. For the nine months ended September 30, 2020, occupancy was \$5.7 million, up 7.1% or \$0.4 million from \$5.3 million in the same period in 2019. For the three and nine months ended September 30, 2020, the impacts of IFRS 16 decreased occupancy costs by \$3.0 million and \$9.3 million, respectively, and the remaining amounts recognized in occupancy costs pertain to short-term leases, low-value assets, and variable lease payments. Without the impact of IFRS 16, occupancy costs for the three months ended September 30, 2020 decreased due to reduced space needs for Property Tax. For the nine months ended September 30, 2020, occupancy costs increased moderately subsequent to the July 1, 2019 acquisitions of One11 and Caruthers. For the three and nine months ended September 30, 2020, occupancy as a percentage of revenues was 1.3% and 1.4%, as compared to 1.4% and 1.4% in the corresponding periods in 2019, respectively. Without the impact of IFRS 16, occupancy as a percentage of revenues would have been 3.5% and 3.5% for the three and nine months ended September 30, 2020, as compared to 4.0% and 3.8% in the corresponding periods in 2019, respectively.

Office and Other Operating Costs

Office and other operating costs were \$23.4 million for the three months ended September 30, 2020, down 7.4% or \$1.8 million from \$25.2 million in the same period in 2019. For the nine months ended September 30, 2020, office and other operating costs were \$76.6 million, up 5.3% or \$3.9 million from \$72.7 million in the same period in 2019. For the three months ended September 30, 2020, the decrease was due to savings on travel and lower subcontractor disbursements for client projects, partly offset by higher bad debt provisions. For the nine months ended September 30, 2020, the increase was due to higher bad debt provisions, costs subsequent to the July 1, 2019 acquisitions, and additional corporate software subscriptions, partly offset by savings on travel, conference related costs and lower subcontractor disbursements for client projects. For the three and nine months ended September 30, 2020, office and other operating costs as a percentage of revenues were 17.3% and 18.2%, as compared to 19.9% and 18.8% in the corresponding periods in 2019, respectively.

Depreciation of Right-of-Use Assets

Depreciation of right-of-use assets was \$2.8 million and \$8.5 million for the three and nine months ended September 30, 2020, as compared to \$3.0 million and \$9.3 million in the corresponding periods in 2019, respectively. The decrease is primarily due to old capital leases for equipment expiring and a reduction in space needs.

Depreciation and Amortization

Depreciation and amortization were \$7.3 million and \$22.9 million for the three and nine months ended September 30, 2020, as compared to \$9.2 million and \$27.2 million in the corresponding periods in 2019, respectively. The decrease is mainly due to the completion of the amortization period for some historical acquisition-related intangibles.

Management's Discussion & Analysis

September 30, 2020



Acquisition and Related Transition Costs (Income)

Acquisition and related transition costs (income) were \$0.1 million and \$(1.1) million for the three and nine months ended September 30, 2020, as compared to \$0.1 million and \$0.2 million in the corresponding periods in 2019, respectively. The income recorded for the nine months ended September 30, 2020 was due to a revaluation of our acquisition-related contingent consideration payables during the first quarter of 2020 that resulted in a reduction of \$1.2 million.

Share of (Profit) Loss of Joint Venture

Share of (profit) loss of joint venture represents our share of the profit/loss in GeoVerra since it was launched on June 27, 2020 and was \$(0.4) million and \$(0.5) million for the three and nine months ended September 30, 2020, respectively.

Restructuring Costs (Recovery)

Beginning in the second quarter of 2020, we initiated a global restructuring program across all our business segments which resulted in one-time charges related primarily to employee severance costs. Restructuring costs (recovery) were \$1.2 million and \$8.6 million for the three and nine months ended September 30, 2020, of which a total of \$4.0 million related to Altus Analytics and the balance to CRE Consulting and Corporate segments, as compared to \$nil and \$(0.3) million in the corresponding periods in 2019, respectively.

(Gain) Loss on Investments

(Gain) loss on investments was \$0.1 million and \$nil for the three and nine months ended September 30, 2020, as compared to \$(0.1) million and \$(0.2) million in the corresponding periods in 2019, respectively. The amount represents changes in fair value of our investments in partnerships.

Finance Costs (Income), Net

	Three months ended September 30,			Nine months ended September 30,		
<i>In thousands of dollars</i>	2020	2019 ⁽¹⁾	% Change	2020	2019 ⁽¹⁾	% Change
Interest on borrowings	\$ 843	\$ 1,551	(45.6%)	\$ 3,220	\$ 4,264	(24.5%)
Interest on lease liabilities	619	672	(7.9%)	1,910	2,027	(5.8%)
Unwinding of discounts	3	177	(98.3%)	133	561	(76.3%)
Change in fair value of interest rate swaps	-	40	(100.0%)	138	450	(69.3%)
Finance income	(11)	-	100.0%	(69)	(139)	(50.4%)
Finance costs (income), net	\$ 1,454	\$ 2,440	(40.4%)	\$ 5,332	\$ 7,163	(25.6%)

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations. Refer to Notes 4, 5, 8 and 20 of the interim financial statements.

Finance costs (income), net for the three months ended September 30, 2020 was \$1.5 million, down 40.4% or \$0.9 million from \$2.4 million in the same period in 2019. For the nine months ended September 30, 2020, finance costs (income), net was \$5.3 million, down 25.6% or \$1.9 million from \$7.2 million in the same period in 2019. Our finance costs decreased mainly due to the lower interest on our bank credit facilities, lower charges for the unwinding of discounts for acquisition-related contingent consideration payables paid during the fourth quarter of 2019 and early 2020, in addition to the lower change in fair value recognized in relation to our \$65.0 million interest rate swap which was settled in the second quarter of 2020.

Management's Discussion & Analysis

September 30, 2020



Income Tax Expense (Recovery)

Income tax expense (recovery) for the three and nine months ended September 30, 2020 was \$3.3 million and \$7.3 million, as compared to \$2.1 million and \$6.6 million in the corresponding periods in 2019, respectively. The increase for the three and nine months ended September 30, 2020 was mainly due to higher profit (loss) before income tax from our business operations.

Profit (Loss) from Continuing Operations

Profit (loss) from continuing operations for the three months ended September 30, 2020 was \$9.3 million and \$0.23 per share, basic and \$0.22 per share, diluted, as compared to \$4.6 million and \$0.12 per share, basic and \$0.11 per share, diluted, in the same period in 2019. For the nine months ended September 30, 2020, profit (loss) from continuing operations was \$22.4 million and \$0.56 per share, basic and \$0.54 per share, diluted, as compared to \$17.8 million and \$0.45 per share, basic and diluted, in the same period in 2019.

Profit (Loss) from Discontinued Operations

Profit (loss) from discontinued operations for the three months ended September 30, 2020 was \$(0.1) million and \$0.00 per share, basic and diluted, as compared to \$0.4 million and \$0.01 per share, basic and diluted, in the same period in 2019. For the nine months ended September 30, 2020, profit (loss) from discontinued operations was \$(5.3) million and \$(0.13) per share, basic and diluted, as compared to \$0.1 million and \$0.00 per share, basic and diluted, in the same period in 2019. This was due mainly to the effects of lower revenues, restructuring costs of \$1.4 million, and \$5.2 million of fair value adjustments subsequent to the classification of our Geomatics business as discontinued operations to the date of its contribution into the GeoVerra joint venture, offset by \$2.6 million of government wage subsidies.

Profit (Loss)

Profit (loss) for the three months ended September 30, 2020 was \$9.2 million and \$0.23 per share, basic and \$0.22 per share, diluted, as compared to \$5.0 million and \$0.13 per share, basic and \$0.12 per share, diluted, in the same period in 2019. For the nine months ended September 30, 2020, profit (loss) was \$17.1 million and \$0.43 per share, basic and \$0.42 per share, diluted, as compared to \$17.9 million and \$0.45 per share, basic and diluted, in the same period in 2019.

Management's Discussion & Analysis

September 30, 2020



Revenues and Adjusted EBITDA by Business Unit

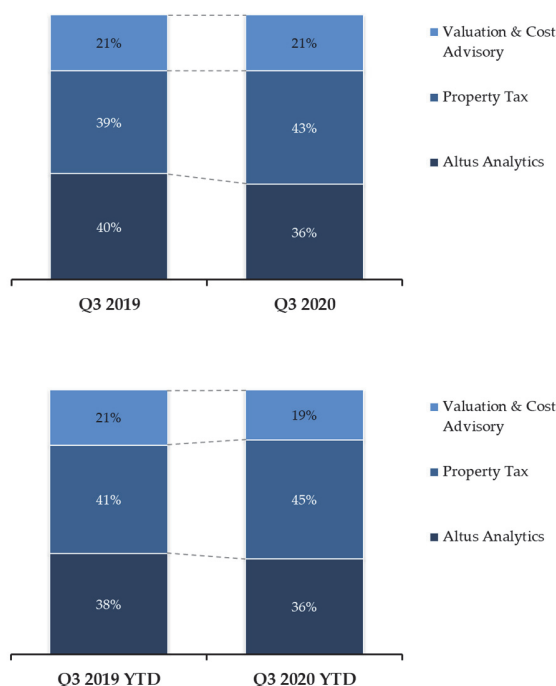
Revenues	Three months ended September 30,			Nine months ended September 30,		
	2020	2019 ⁽¹⁾	% Change	2020	2019 ⁽¹⁾	% Change
<i>In thousands of dollars</i>						
Altus Analytics	\$ 49,177	\$ 50,426	(2.5%)	\$ 152,192	\$ 147,370	3.3%
Commercial Real Estate Consulting	85,849	76,446	12.3%	269,713	240,185	12.3%
Intercompany eliminations	(76)	(85)	10.6%	(229)	(289)	20.8%
Total	\$ 134,950	\$ 126,787	6.4%	\$ 421,676	\$ 387,266	8.9%

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations. Refer to Notes 4, 5, 8 and 20 of the interim financial statements.

Adjusted EBITDA	Three months ended September 30,			Nine months ended September 30,		
	2020	2019 ⁽¹⁾	% Change	2020	2019 ⁽¹⁾	% Change
<i>In thousands of dollars</i>						
Altus Analytics	\$ 11,136	\$ 10,430	6.8%	\$ 30,059	\$ 31,457	(4.4%)
Commercial Real Estate Consulting	24,805	18,578	33.5%	75,418	62,677	20.3%
Corporate	(11,894)	(10,223)	(16.3%)	(33,283)	(31,756)	(4.8%)
Total	\$ 24,047	\$ 18,785	28.0%	\$ 72,194	\$ 62,378	15.7%

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations. Refer to Notes 4, 5, 8 and 20 of the interim financial statements.

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



Management's Discussion & Analysis

September 30, 2020



Altus Analytics

	Three months ended September 30,			Nine months ended September 30,		
<i>In thousands of dollars</i>	2020	2019	% Change	2020	2019	% Change
Revenues	\$ 49,177	\$ 50,426	(2.5%)	\$ 152,192	\$ 147,370	3.3%
Adjusted EBITDA	\$ 11,136	\$ 10,430	6.8%	\$ 30,059	\$ 31,457	(4.4%)
Adjusted EBITDA Margin	22.6%	20.7%		19.8%	21.3%	
Selected Metrics ⁽¹⁾						
Over Time revenues ⁽²⁾	\$ 41,371	\$ 36,824	12.3%	\$ 124,411	\$ 107,065	16.2%
AE software maintenance retention rate	94%	97%		95%	97%	
Geographical revenue split						
North America	81%	73%		83%	68%	
International	19%	27%		17%	32%	
Cloud adoption rate (as at end of period)				10%	n/a	

⁽¹⁾ Refer to pages 3 and 4 of this MD&A for definitions of the Selected Metrics presented above.

⁽²⁾ As Over Time revenues were introduced in the first quarter of 2020, for a comparative view, Altus Analytics' Over Time revenues, consistent with IFRS 15, were \$38.8 million in the fourth quarter of 2019.

Quarterly Discussion

Revenues were \$49.2 million for the three months ended September 30, 2020, down 2.5% or \$1.2 million from \$50.4 million in the same period in 2019. Movements in the exchange rate against the Canadian dollar benefitted revenues by 1.7%.

Over Time revenues, as described above in the "Overview of the Business" section, were \$41.4 million for the three months ended September 30, 2020, up 12.3% or \$4.6 million from \$36.8 million in the same period in 2019. Sequentially, Over Time revenues declined by 3.2% from the second quarter mainly as a result of an impact of 3.9% from exchange rate movements against the Canadian dollar.

Beginning in 2020, we converted the ARGUS sales model from a hybrid subscription and perpetual model to a full subscription model. Although this change creates a stronger long-term economic model, the transition negatively impacts overall revenue growth in the transition period but has a positive effect on Over Time revenues. Given our ongoing transition, we believe Over Time revenue growth, along with our newly introduced operating metrics related to the transition, are more appropriate metrics to track our progress.

The healthy growth in Over Time revenues benefitted from higher subscription license and Appraisal Management revenues, supported by healthy growth in Canadian Data Solutions and stable software maintenance revenues. Our total revenues in the third quarter continued to be impacted by the expected decline in perpetual license revenues resulting from the transition, as well as the ongoing impact of the COVID-19 pandemic as the industry continues to adapt and refocus to a changed operating environment. The pandemic has primarily impacted our point in time revenue streams such as software consulting and training services but is also impacting the timing of completing larger transactions and overall software sales volumes focused on the SMB. Notwithstanding this impact, our software subscription license sales were healthy in the quarter as we continued to benefit from add-on sales to existing customers, new license

Management's Discussion & Analysis

September 30, 2020



sales and cloud migrations. Additionally, we continue to benefit from sustained demand for our Appraisal Management solutions as many of our existing clients expand their engagement with us by adding more assets on our platform or launch new funds, and by adding new clients in the U.S. and internationally.

Our transition to AE cloud subscriptions continues to progress despite some of the impact brought on by the pandemic. In the third quarter, we had healthy momentum in migrating existing customers from the on-premise product and selling AE cloud to new customers, which continues to be SMB-driven though we are seeing larger customers initiate their move to ARGUS Cloud. As at the end of the third quarter, 10% of our total AE user base had been contracted on ARGUS Cloud.

Adjusted EBITDA was \$11.1 million for the three months ended September 30, 2020, up 6.8% or \$0.7 million from \$10.4 million in the same period in 2019. Adjusted EBITDA was impacted by a higher level of expenses compared to the prior year, notably software consulting expenditures, including the impact of the One11 acquisition, partly offset by operating cost savings due to reduced travel and conference related costs. Changes in foreign exchange benefitted Adjusted EBITDA by 1.1%.

Year-to-Date Discussion

Revenues were \$152.2 million for the nine months ended September 30, 2020, up 3.3% or \$4.8 million from \$147.4 million in the same period in 2019. The acquisition of One11 contributed \$7.1 million of revenues. Movements in the exchange rate against the Canadian dollar benefitted revenues by 1.5%.

Over Time revenues, as described above in the "Overview of the Business" section, were \$124.4 million for the nine months ended September 30, 2020, up 16.2% or \$17.3 million from \$107.1 million in the same period in 2019.

Altus Analytics revenue growth year-to-date was driven by strong growth in Over Time revenues and the acquisition of One11 up to the second quarter, partly offset by the expected decline in perpetual license revenues related to the transition and in software consulting and training services which have been impacted by the pandemic. Over Time revenue growth was driven by higher subscription license revenues, as well as benefitted from a higher mix of subscription sales sold in prior quarters, sustained growth from our Appraisal Management solutions, and steady maintenance revenues.

Adjusted EBITDA was \$30.1 million for the nine months ended September 30, 2020, down 4.4% or \$1.4 million from \$31.5 million in the same period in 2019. Adjusted EBITDA was impacted by a higher level of expenses compared to the prior year, notably software consulting expenditures, including the impact of the One11 acquisition, partly offset by operating cost savings due to the impacts of the pandemic reducing travel and conference related costs. Changes in foreign exchange benefitted Adjusted EBITDA by 1.2%.

Outlook

Our Altus Analytics business continues to represent an attractive growth area, supported by favourable market trends of growing global demand for CRE-related technology and data solutions. We are well positioned to deliver on long term growth through the execution of our strategy. The transition to subscription pricing provides for a stable and growing revenue base. Over Time revenues, which are supported by multi-year contracts and industry-leading retention rates, now represent more than 80% of total revenues. Our unique solutions continue to be 'mission critical' in providing transparency and insights particularly in challenging times.

Management's Discussion & Analysis

September 30, 2020



Our strategy of transitioning our client base to the AE cloud-based subscription solution is ongoing and we remain well positioned to migrate the significant majority of our AE users by the end of 2023. We remain competitively insulated and we continue to enhance our technology platforms with new capabilities. Our cloud solutions offer improved collaboration capabilities that are increasingly required for those working remotely. We continue to make progress migrating our customers to the cloud and expect that trend to continue well into the future.

The prolonged duration of the COVID-19 pandemic and the recent rise in cases is causing short-term challenges in certain parts of our business. Most impacted are the software consulting and training services that we provide where we have transitioned to virtual delivery from the historical in person model. We have also seen an impact to the volume of license transactions in the SMB segment, along with longer sales cycles with our larger transactions. However, the pipeline remains stable and we expect a resumption to pre-COVID-19 levels of activity and beyond as our customers continue to adapt their operations. Although the current situation is presenting challenges, we have multiple strategies that we believe will help us achieve our aspirational goals that we set out for 2023.

Our Appraisal Management business continues to show strong performance. In general, during times of market volatility, our insights and our services are in greater demand not only from our existing clients but from other industry participants as well. As such, we are continuing to add new clients to our platform. Our solutions provide transparency, performance analytics and insights that help our clients maximize the performance of their assets. We continue to see a growing trend of new funds, including open, closed and separate funds many of which are seeking our distinctive solutions. In addition, we continue to make significant progress expanding these solutions into Europe and Asia Pacific.

Additionally, our Canadian Data Solutions business is stable and continues to be favourably positioned for sustained growth through new product introductions and new partnership opportunities.

Overall, demand for our Altus Analytics solutions remains stable. As the global economy starts to recover, activity levels are expected to rebound as companies worldwide push for more data-driven visibility on their CRE assets, endeavor to streamline operations with technology and prioritize cloud-based solutions. Our financial strength allows us to continue investing in innovation and growth. We will continue to make the appropriate investments in support of our long-term growth objectives. At the same time, we are focused on improving our operating efficiencies and driving our margins higher, consistent with the aspirational targets of our long-term plan.

Management's Discussion & Analysis

September 30, 2020



Commercial Real Estate Consulting

	Three months ended September 30,			Nine months ended September 30,		
<i>In thousands of dollars</i>	2020	2019	% Change	2020	2019	% Change
Revenues						
Property Tax	\$ 58,215	\$ 49,263	18.2%	\$ 187,685	\$ 159,249	17.9%
Valuation and Cost Advisory	27,634	27,183	1.7%	82,028	80,936	1.3%
Revenues	\$ 85,849	\$ 76,446	12.3%	\$ 269,713	\$ 240,185	12.3%
Adjusted EBITDA						
Property Tax	\$ 20,201	\$ 14,766	36.8%	\$ 64,719	\$ 52,880	22.4%
Valuation and Cost Advisory	4,604	3,812	20.8%	10,699	9,797	9.2%
Adjusted EBITDA	\$ 24,805	\$ 18,578	33.5%	\$ 75,418	\$ 62,677	20.3%
Adjusted EBITDA Margin	28.9%	24.3%		28.0%	26.1%	

Quarterly Discussion

Revenues were \$85.8 million for the three months ended September 30, 2020, up 12.3% or \$9.4 million from \$76.4 million in the same period in 2019. The growth in revenues was driven by our Property Tax business, as it continues to build on the record setting pace set in the first half of the year. Changes in exchange rates benefitted CRE Consulting revenues by 1.9%.

Property Tax performance benefitted from double-digit revenue growth in the U.K. and the U.S. In the U.K., the increase reflects the higher number of the 2017 cycle cases settled as we continue to see improvements in available resources from the government to help reduce the case backlog. In the U.S., a number of backlogged cases in Texas (one of our largest U.S. markets) were settled after COVID-19-related delays in the second quarter. Both in the U.K. and U.S. some case settlements expected in the fourth quarter were completed in the third quarter. In Canada, we were impacted by a temporary slowdown of settlement volumes in Ontario (our biggest Canadian market) resulting from COVID-19-related delays, as well as weaker year over year comparative performance in Manitoba and Alberta which were more favourably positioned in their respective cycles in the prior year.

Revenues from our Valuation and Cost Advisory businesses were up modestly on improved revenues mainly from our Canadian Cost business, and steady performance in the Valuation business.

Adjusted EBITDA was \$24.8 million for the three months ended September 30, 2020, up 33.5% or \$6.2 million from \$18.6 million in the same period in 2019. The increase in earnings resulted from our strong revenue increases in the Property Tax business, partly offset by compensation for increased headcount to continue growing our U.S. and U.K. Property Tax businesses. To offset the credit risk introduced by COVID-19, we recorded additional provisions on our trade receivables and unbilled revenue balances. Changes in exchange rates benefitted CRE Consulting Adjusted EBITDA by 2.4%.

Year-to-Date Discussion

Revenues were \$269.7 million for the nine months ended September 30, 2020, up 12.3% or \$29.5 million from \$240.2 million in the same period in 2019. The strong year-to-date growth was driven by a 17.9% increase in our Property Tax revenues. Property Tax growth has been primarily fueled by higher U.K.

Management's Discussion & Analysis

September 30, 2020



annuity billings in the second quarter and increased settlement volumes in the U.K. and in Ontario, Canada, compared to prior years. Our Valuation and Cost Advisory business experienced modest growth. Changes in exchange rates benefitted CRE Consulting revenues by 0.8%.

Adjusted EBITDA was \$75.4 million for the nine months ended September 30, 2020, up 20.3% or \$12.7 million from \$62.7 million in the same period in 2019. The increase in earnings resulted from our strong revenue increases in the Property Tax business, partly offset by compensation for increased headcount to continue growing our U.S. and U.K. Property Tax businesses. In addition, to reflect the credit risk introduced by COVID-19, we recorded additional provisions on our trade receivables and unbilled revenue balances. Changes in exchange rates benefitted CRE Consulting Adjusted EBITDA by 1.2%.

Outlook

Our Property Tax business continues to represent an attractive growth area for our company driven by a steady demand for our specialized services. Our Property Tax business is growing and fundamentally stable. Our market share in key markets remains strong and the value of our appeal pipelines remains intact with an opportunity to grow market share.

Given the strong performance year-to-date, we are well positioned to deliver a record revenue year in 2020. Our outlook is supported by good visibility into our pipeline and the current pace of case settlements, which should help offset some challenges introduced by the COVID-19 pandemic. In the third quarter, we experienced higher case settlements in certain jurisdictions that were anticipated to take place in the fourth quarter, therefore causing a shift of revenues between the quarters.

For 2021, we anticipate a strengthening of the opportunities based on a continued spillover of case settlements, enhanced settlements given the COVID-19 disruption, and greater market share. In addition, the 2017 valuation cycle is being extended to 2022 in the U.K. which allows annuity billings to continue for the next two years. Given the nature of the Property Tax business as discussed in more detail on page 28 of this MD&A regarding seasonal and cyclical variations, we expect to experience typical quarterly variability in our financial performance, which could potentially be more pronounced during the COVID-19 pandemic.

Our Valuation and Cost Advisory practices enjoy significant market share and, as a result, have been growing modestly. We have enhanced these businesses with the use of technology and expect that to drive operational efficiencies. Although the current COVID-19 pandemic has had a mild impact on activity levels, business resumption in key jurisdictions mitigates further declines. A significant portion of the Valuation business consists of periodic valuations of CRE portfolios, which are expected to remain stable or in some cases increase in frequency; however, there are some continued pressures on some of the transactional services. Our Cost Advisory business depends to a large extent on an active CRE developer market, which appears to have stabilized. Despite any short-term disruptions, the long-term opportunity associated with this business remains intact as many engagements are multi-year.

Corporate Costs

Quarterly Discussion

Corporate costs (recovery) were \$11.9 million for the three months ended September 30, 2020, as compared to \$10.2 million in the same period in 2019. Corporate costs increased on higher accrual of variable

Management's Discussion & Analysis

September 30, 2020



compensation and professional advisory fees, partly offset by lower travel and office related expenditures. In the first three quarters of the year, variable compensation costs for the business units are accrued in the Corporate segment, subject to the overall finalization at year-end. In the fourth quarter, the accrued costs are allocated to the business units.

Year-to-Date Discussion

Corporate costs (recovery) were \$33.3 million for the nine months ended September 30, 2020, as compared to \$31.8 million in the same period in 2019. Corporate costs increased on higher accrual of variable compensation, higher salaries due to increased headcount and IT related spend, partly offset by lower travel and office related expenditures. In the first three quarters of the year, variable compensation costs for the business units are accrued in the Corporate segment, subject to the overall finalization at year-end. In the fourth quarter, the accrued costs are allocated to the business units.

Liquidity and Capital Resources

Cash Flow	Three months ended September 30,		Nine months ended September 30,	
<i>In thousands of dollars</i>	2020	2019	2020 ⁽¹⁾	2019 ⁽¹⁾
Net cash related to operating activities	\$ 29,697	\$ 23,293	\$ 39,606	\$ 28,425
Net cash related to financing activities	(11,072)	(8,120)	(5,642)	(4,588)
Net cash related to investing activities	(1,106)	(13,922)	(4,067)	(16,931)
Effect of foreign currency translation	(475)	3,204	951	370
Change in cash position during the period	\$ 17,044	\$ 4,455	\$ 30,848	\$ 7,276
Dividends paid	\$ 5,308	\$ 5,237	\$ 16,628	\$ 13,621

⁽¹⁾ The net cash flows provided by (used in) the operating, financing, and investing activities of the Geomatics discontinued operations for the nine months ended September 30, 2020 were \$3.2 million, \$(0.7) million, and \$(1.5) million (2019 - \$3.7 million, \$(0.9) million, and \$(1.7) million), respectively.

We expect to fund operations with cash on hand and 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. In the first quarter of 2020, we amended and expanded our bank credit facilities on March 24, 2020, prior to its maturity, in order to further strengthen our financial and liquidity position. For further details regarding the amendment, refer to the "Cash from Financing Activities" discussion below and Note 13 - Borrowings in the notes to the interim financial statements.

Cash from Operating Activities

Working Capital	September 30, 2020		December 31, 2019	
<i>In thousands of dollars</i>				
Current assets	\$	286,903	\$	246,069
Current liabilities		137,054		283,607
Working capital	\$	149,849	\$	(37,538)

Management's Discussion & Analysis

September 30, 2020



Current assets are composed primarily of cash and cash equivalents, trade receivables and other (including a \$1.8 million related party receivable from GeoVerra), and income taxes recoverable. The increase is primarily due to cash and cash equivalents and additional trade receivables generated from operations.

Current liabilities are composed primarily of trade payables and other (including a \$0.2 million related party payable to GeoVerra), lease liabilities, and income taxes payable. The decrease in current liabilities is mainly due to our bank credit facilities of \$138.0 million being included in current liabilities as at December 31, 2019. We reclassified our bank credit facilities to non-current liabilities in the first quarter of 2020 subsequent to amending the bank credit facilities on March 24, 2020 and extending the maturity date. For further details regarding the amendment, refer to the "Cash from Financing Activities" discussion below.

As at September 30, 2020, trade receivables, net and contract assets (unbilled revenue on customer contracts) net of contract liabilities (deferred revenue) was \$138.3 million, up 6.9% or \$8.9 million from \$129.4 million as at December 31, 2019. As a percentage of the trailing 12-month revenues, trade receivables and unbilled revenue on customer contracts net of deferred revenue, for continuing operations, was 24.7% as at September 30, 2020, as compared to 22.1% as at December 31, 2019.

Our Days Sales Outstanding ("DSO") from continuing operations was 83 days as at September 30, 2020, as compared to 76 days as at December 31, 2019. 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 the result is then divided by the trailing 12-month revenues plus any pre-acquisition revenues, 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 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, 2020, the amounts owing to the vendors of acquired businesses were \$0.1 million, as compared to \$8.5 million as at December 31, 2019. We intend to satisfy the payments with cash on hand.

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

Cash from Financing Activities

On March 24, 2020, we amended our bank credit facilities to further strengthen our financial and liquidity position. The amended credit facilities increase our borrowing capacity to \$275.0 million from \$200.0 million, with certain provisions that allow us to further increase the limit to \$350.0 million. The amended agreement extends the term by three years expiring March 24, 2023, with an additional two-year extension at our option. The other significant amendment is that the bank credit facilities are unsecured.

Management's Discussion & Analysis

September 30, 2020



Loans bear interest at a floating rate, based on the Canadian Prime rates, Canadian Bankers' Acceptance rates, U.S. Base rates or LIBOR rates plus, in each case, an applicable margin to those rates. The applicable margin for Canadian Bankers' Acceptance and LIBOR borrowings depends on a trailing four-quarter calculation of the funded debt to EBITDA ratio. The amended bank credit facilities require us to comply with the following financial ratios:

- Maximum Funded Debt to EBITDA ratio: maximum of 4.00:1
- Minimum Interest Coverage ratio: minimum of 3.00:1

In addition, the Company and certain of its subsidiaries, collectively the guarantors, must account for at least 80% of consolidated revenues on a trailing 12-month basis.

As at September 30, 2020, our total borrowings on our bank credit facilities amounted to \$153.5 million. Although we had drawn a total of \$176.0 million on our credit facilities immediately subsequent to its amendment in the first quarter of 2020, we continue to pay down the total outstanding balance with cash flows generated from our operations.

We also have outstanding letters of credit under our bank credit facilities in the total amount of \$1.1 million (December 31, 2019 - \$1.1 million).

As at September 30, 2020, we have guaranteed up to \$1.5 million in connection with vehicle leases and related services entered into by GeoVerra.

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. The effective annual rate of interest for the three and nine months ended September 30, 2020 on our bank credit facilities was 1.95% and 2.60%, as compared to 3.68% and 3.65% in the corresponding periods in 2019, respectively.

As at September 30, 2020, we were in compliance with the financial covenants of our amended bank credit facilities, which are summarized below:

	September 30, 2020
Funded debt to EBITDA (maximum of 4.00:1)	1.49:1
Interest coverage (minimum of 3.00:1)	22.27:1

Management's Discussion & Analysis

September 30, 2020



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

Contractual Obligations ⁽¹⁾	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	\$ 153,500	\$ -	\$ 153,500	\$ -	\$ -
Lease obligations	73,050	13,349	25,397	19,781	14,523
Contingent consideration payables	51	51	-	-	-
Due to GeoVerra	156	156	-	-	-
Other liabilities	103,812	86,639	8,236	839	8,098
Total contractual obligations	\$ 330,569	\$ 100,195	\$ 187,133	\$ 20,620	\$ 22,621

⁽¹⁾ Contractual obligations exclude aggregate unfunded capital contributions of \$0.5 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, and intangible assets.

Capital expenditures are reconciled as follows:

Capital Expenditures	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020 ⁽¹⁾	2019 ⁽¹⁾
<i>In thousands of dollars</i>				
Property, plant and equipment additions	\$ 988	\$ 2,205	\$ 2,648	\$ 4,610
Intangibles additions	-	-	66	149
Proceeds from disposal of property, plant and equipment and intangibles	-	(32)	(96)	(102)
Capital expenditures	\$ 988	\$ 2,173	\$ 2,618	\$ 4,657

⁽¹⁾ Capital expenditures related to the Geomatics discontinued operations for the nine months ended September 30, 2020 were \$0.3 million (2019 - \$1.7 million).

Management's Discussion & Analysis

September 30, 2020



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>	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
Adjusted EBITDA	\$ 24,047	\$ 18,785	\$ 72,194	\$ 62,378
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 ⁽²⁾	3,023	3,274	9,259	9,394
Depreciation of right-of-use assets	(2,818)	(3,021)	(8,504)	(9,338)
Depreciation of property, plant and equipment and amortization of intangibles	(7,291)	(9,228)	(22,893)	(27,222)
Acquisition and related transition (costs) income	(72)	(85)	1,104	(238)
Unrealized foreign exchange gain (loss) ⁽³⁾	281	(252)	217	(1,379)
Gain (loss) on disposal of property, plant and equipment and intangibles ⁽³⁾	21	(61)	(3)	(376)
Share of profit (loss) of joint venture	442	-	450	-
Non-cash Equity Compensation Plan and Long-Term Equity Incentive Plan costs ⁽⁴⁾	(4,260)	(1,577)	(8,128)	(4,291)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽⁴⁾	2,463	1,312	1,766	2,247
Restructuring (costs) recovery	(1,155)	-	(8,610)	296
Gain (loss) on investments ⁽⁵⁾	(68)	63	22	158
Impairment charge - leases	-	(35)	(36)	(69)
Other non-operating and/or non-recurring income (costs) ⁽⁶⁾	(609)	-	(1,798)	-
Earnings (loss) from continuing operations before finance costs and income taxes	14,004	9,175	35,040	31,560
Finance (costs) income, net - leases	(619)	(672)	(1,910)	(2,027)
Finance (costs) income, net - other	(835)	(1,768)	(3,422)	(5,136)
Profit (loss) from continuing operations before income taxes	12,550	6,735	29,708	24,397
Income tax (expense) recovery	(3,253)	(2,137)	(7,321)	(6,624)
Profit (loss) for the period from continuing operations	\$ 9,297	\$ 4,598	\$ 22,387	\$ 17,773
Profit (loss) for the period from discontinued operations	(130)	438	(5,300)	149
Profit (loss) for the period	\$ 9,167	\$ 5,036	\$ 17,087	\$ 17,922

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations. Refer to Notes 4, 5, 8 and 20 of the interim financial statements.

⁽²⁾ Management uses the non-GAAP occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 when analyzing operating performance, which may provide useful information to both management and investors in measuring our financial performance.

⁽³⁾ Included in office and other operating expenses in the unaudited interim condensed consolidated statements of comprehensive income (loss).

⁽⁴⁾ Included in employee compensation expenses in the unaudited interim condensed consolidated statements of comprehensive income (loss).

⁽⁵⁾ Gain (loss) on investments relates to changes in the fair value of investments in partnerships.

⁽⁶⁾ Other non-operating and/or non-recurring income (costs) for the three and nine months ended September 30, 2020 relate to (i) transitional costs related to the departure of senior executives, (ii) legal, advisory, and other consulting costs related to a Board strategic initiative, and (iii) transaction and other related costs. These are included in office and other operating expenses in the unaudited interim condensed consolidated statements of comprehensive income (loss).

Management's Discussion & Analysis

September 30, 2020



Reconciliation of Adjusted Earnings (Loss) Per Share to Profit (Loss)

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

	Three months ended September 30,		Nine months ended September 30,	
<i>In thousands of dollars, except for per share amounts</i>	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
Profit (loss) for the period	\$ 9,167	\$ 5,036	\$ 17,087	\$ 17,922
(Profit) loss for the period from discontinued operations	130	(438)	5,300	(149)
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 ⁽²⁾	(3,023)	(3,274)	(9,259)	(9,394)
Depreciation of right-of-use assets	2,818	3,021	8,504	9,338
Finance costs (income), net - leases	619	672	1,910	2,027
Amortization of intangibles of acquired businesses	5,604	7,423	17,809	22,042
Unrealized foreign exchange loss (gain)	(281)	252	(217)	1,379
Loss (gain) on disposal of property, plant and equipment and intangibles	(21)	61	3	376
Non-cash Equity Compensation Plan and Long-Term Equity Incentive Plan costs	4,260	1,577	8,128	4,291
Loss (gain) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged	(2,463)	(1,312)	(1,766)	(2,247)
Interest accretion on contingent consideration payables	-	149	102	464
Restructuring costs (recovery)	1,155	-	8,610	(296)
Loss (gain) on hedging transactions, including currency forward contracts and interest expense (income) on swaps	-	40	138	450
Acquisition and related transition costs (income)	72	85	(1,104)	238
Loss (gain) on investments	68	(63)	(22)	(158)
Share of loss (profit) of joint venture	(442)	-	(450)	-
Impairment charge - leases	-	35	36	69
Other non-operating and/or non-recurring costs (income)	609	-	1,798	-
Tax impact on above	(1,845)	(1,930)	(6,903)	(5,866)
Adjusted earnings (loss) for the period	\$ 16,427	\$ 11,334	\$ 49,704	\$ 40,486
Weighted average number of shares - basic	40,240,402	39,642,560	40,084,289	39,350,460
Weighted average number of restricted shares	338,736	373,767	353,206	375,826
Weighted average number of shares - adjusted	40,579,138	40,016,327	40,437,495	39,726,286
Adjusted earnings (loss) per share	\$0.40	\$0.28	\$1.23	\$1.02

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations. Refer to Notes 4, 5, 8 and 20 of the interim financial statements.

⁽²⁾ Management uses the non-GAAP occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 when analyzing operating performance, which may provide useful information to both management and investors in measuring our financial performance.

Management's Discussion & Analysis

September 30, 2020



Summary of Quarterly Results

	2020			2019					2018	
<i>In thousands of dollars, except for per share amounts</i>	Sep 30	Jun 30	Mar 31	Fiscal 2019	Dec 31	Sep 30	Jun 30	Mar 31	Fiscal 2018	Dec 31
Results of Operations										
Revenues ⁽¹⁾	\$ 134,950	\$ 155,470	\$ 131,256	\$ 525,717	\$ 138,451	\$ 126,787	\$ 143,131	\$ 117,348	\$ 466,797	\$ 119,404
Adjusted EBITDA ⁽¹⁾	\$ 24,047	\$ 34,899	\$ 13,248	\$ 84,709	\$ 22,331	\$ 18,785	\$ 30,036	\$ 13,557	\$ 67,306	\$ 13,920
Adjusted EBITDA margin ⁽¹⁾	17.8%	22.4%	10.1%	16.1%	16.1%	14.8%	21.0%	11.6%	14.4%	11.7%
Profit (loss) for the period from continuing operations	\$ 9,297	\$ 11,333	\$ 1,757	\$ 23,891	\$ 6,118	\$ 4,598	\$ 12,719	\$ 456	\$ (1,288)	\$ (1,208)
Profit (loss) for the period from discontinued operations	\$ (130)	\$ 266	\$ (5,436)	\$ (5,697)	\$ (5,846)	\$ 438	\$ 602	\$ (891)	\$ (17,151)	\$ (13,511)
Basic earnings (loss) per share ⁽¹⁾ :										
Continuing operations	\$0.23	\$0.28	\$0.04	\$0.61	\$0.15	\$0.12	\$0.32	\$0.01	\$(0.03)	\$(0.03)
Discontinued operations	\$0.00	\$0.01	\$(0.14)	\$(0.14)	\$(0.15)	\$0.01	\$0.02	\$(0.02)	\$(0.44)	\$(0.35)
Diluted earnings (loss) per share ⁽¹⁾ :										
Continuing operations	\$0.22	\$0.28	\$0.04	\$0.60	\$0.15	\$0.11	\$0.32	\$0.01	\$(0.03)	\$(0.03)
Discontinued operations	\$0.00	\$0.01	\$(0.13)	\$(0.14)	\$(0.14)	\$0.01	\$0.02	\$(0.02)	\$(0.44)	\$(0.35)
Adjusted earnings (loss) per share ⁽¹⁾	\$0.40	\$0.62	\$0.20	\$1.43	\$0.42	\$0.28	\$0.51	\$0.23	\$1.00	\$0.18
Weighted average number shares ('000s):										
Basic	40,240	40,115	39,896	39,461	39,787	39,643	39,318	39,084	38,764	38,968
Diluted ⁽¹⁾	41,348	41,039	40,869	40,084	40,653	40,411	39,770	39,344	38,764	38,968

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations. Refer to Notes 4, 5, 8 and 20 of the interim financial statements.

Our global Property Tax practice (which made up approximately 43% of total consolidated revenues in Q3 2020) is subject to seasonal and cyclical variations which may impact overall quarterly results, which could potentially be more pronounced during the COVID-19 pandemic. Significant fluctuations on a quarterly basis arise as a result of the timing of contingency settlements and other factors, such as the wide-ranging variety of tax cycles across our various jurisdictions (which range from annual to seven-year cycles). We also experience some seasonal peaks in the U.K. and U.S. markets. In the U.K., the second quarter benefits from annuity billing starting in the second year of a new cycle, and in the U.S. we tend to experience higher volumes of settlements in the second and third quarters. We perform annuity billing in the U.K. for a significant number of our contracts that occur each April starting in the second year of the cycle. The revenues from the annuity billings are expected to grow cumulatively over the cycle as more cases are settled and as the volume of billable clients increases concurrent with case settlements. It should also be noted that since a higher portion of our revenues come from contingency contracts, the front-end of a cycle typically requires a ramp-up period in preparation for the appeals and therefore tends to have lower earnings than later in the cycles when more settlements are made and those revenues flow directly to the bottom line.

Management's Discussion & Analysis

September 30, 2020



Share Data

As at November 9, 2020, 40,399,547 common shares were outstanding and are net of 321,490 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, 2020, there were 1,786,106 share options outstanding (December 31, 2019 - 1,579,283 share options outstanding) at a weighted average exercise price of \$35.39 per share (December 31, 2019 - \$28.98 per share) and 433,423 share options were exercisable (December 31, 2019 - 545,728). All share options are exercisable into common shares on a one-for-one basis.

Shareholders who are resident in Canada may elect to automatically reinvest quarterly dividends in additional Altus Group common shares under our Dividend Reinvestment Plan ("DRIP").

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, 2020, 19,697 and 39,560 common shares (2019 - 23,618 and 168,121 common shares) were issued under the DRIP.

On May 6, 2020, our shareholders approved a resolution to increase the number of authorized common shares to be reserved for issuance under our Long-Term Equity Incentive Plan by 1,850,000 to 4,075,000.

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, 2020 consist of cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts and prepayments), trade payables and other (excluding contract liabilities), 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 payables are measured using a discounted cash flow analysis of expected cash flows in future periods. The investments in equity instruments are measured based on valuations of the respective entities. Investments in partnerships are measured in relation to the fair value of assets in the respective partnerships.

Management's Discussion & Analysis

September 30, 2020



The fair value of the liabilities for the DSU and RSU plans as at September 30, 2020 was approximately \$19.5 million, based on the published trading price on the TSX for our 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 monitor interest rates and consider entering into interest rate swap agreements in connection with our bank credit facilities.

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 common shares.

Since 2014, we enter 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, 2020, we have equity derivatives relating to RSUs and DSUs outstanding with a notional amount of \$10.7 million. The fair value of these derivatives is \$14.1 million in our favour.

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 our business, it is often common business practice of our customers to pay invoices over an extended period of time and/or at the completion of the project or receipt of funds. In addition, the COVID-19 pandemic has introduced additional credit risk. We assess lifetime expected credit losses for all trade receivables and contract assets for unbilled revenue on customer contracts by grouping customers with shared credit risk characteristics, the days past due, and incorporate forward-looking information as applicable.

Liquidity risk is the risk that we will not be able to meet our financial obligations as they become 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 reviews and approves 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.

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 final 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 interim financial statements.

Management's Discussion & Analysis

September 30, 2020



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.

Changes in Significant Accounting Policies and Estimates

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The continued spread of this contagious disease outbreak and related public health developments have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn and to legislative and regulatory changes that has impacted our business and operations. The duration and magnitude of the impact of the outbreak and its potential adverse effects on our business or results of operations continue to be uncertain and will depend on future developments. Judgments made in the September 30, 2020 interim financial statements reflect management's best estimates as of the period end, taking into consideration the most significant judgments that may be directly impacted by COVID-19. The following are management's significant estimates and assumptions that could be impacted most by COVID-19: revenue recognition and determination and allocation of the transaction price, impairment of trade receivables and contract assets, and estimated impairment of goodwill.

Discontinued Operations

A discontinued operation is a component of our business, with operations and cash flows that are distinguishable from those of the rest of the Company, and which represents a separate major line of business or geographical area of operations, and which is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively for resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the major line of business or geographical operation meets the criteria to be classified as assets held for sale or distribution. When an operation is classified as a discontinued operation, IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, requires that the comparative statements of comprehensive income (loss) are re-presented as if the operation was discontinued from the start of the comparative year. As a result, our discontinued operations are excluded from the profit (loss) from continuing operations and are presented as an amount, net of tax, as profit (loss) from discontinued operations in the statements of comprehensive income (loss). Furthermore, we have made the accounting policy choice to present net cash flows related to our discontinued operations in the notes to the interim financial statements.

Investment in Joint Venture

Joint ventures are joint arrangements over which we have joint control along with the other parties to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In June 2020, we made a joint venture investment in GeoVerra, the new company that combined our legacy Geomatics business unit with WSP's respective geomatics business unit. Our investment in the GeoVerra joint venture was initially recognized at fair value and accounted for using the equity method.

Management's Discussion & Analysis

September 30, 2020



Accordingly, our share of (profit) loss of joint venture subsequent to the initial combination is recognized in profit or loss, and our share of movements in other comprehensive income (loss), if any, is recognized in other comprehensive income (loss). Such movements are adjusted against the carrying amount of our investment in the joint venture.

Unrealized gains on transactions between us and the joint venture are eliminated to the extent of our interest in the joint venture. Unrealized losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred. The accounting policies adopted by the joint venture have been changed where necessary to ensure consistency with our accounting policies.

We review our investment in the joint venture for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If impaired, the carrying amount of our investment in the joint venture is written down to its estimated recoverable amount, being the higher of fair value less costs to sell and value in use, and charged to profit or loss.

Government Grants

Government grants that compensate or reimburse us for expenses incurred are recorded as a reduction of the related expense when there is reasonable assurance of their ultimate realization.

Adoption of Recent Accounting Pronouncements

Amendment to IFRS 16, COVID-19-Related Rent Concessions

In May 2020, the International Accounting Standards Board ("IASB") issued an amendment to permit lessees, as a practical expedient, not to assess whether particular rent concessions that reduce lease payments occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. The amendment did not have an impact on our interim financial statements.

Amendments to IFRS 3, Business Combinations

In October 2018, the IASB issued amendments to the guidance in IFRS 3, *Business Combinations*, which revise the definition of a business for acquisition accounting purposes. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. To be considered a business without outputs, there will now need to be an organized workforce present. Under the new standard, the changes to the definition of a business will likely result in more acquisitions being accounted for as asset acquisitions.

The amendments to IFRS 3 are effective for business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting periods beginning on or after January 1, 2020. We will assess the impact of this standard on a case-by-case basis upon future acquisitions performed but do not anticipate a material impact due to the nature and structure of our historical acquisitions.

Management's Discussion & Analysis

September 30, 2020



Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

In September 2019, the IASB issued amendments to IFRS 7, *Financial Instruments and Disclosures*, IFRS 9, *Financial Instruments*, and IAS 39, *Financial Instruments: Recognition and Measurement*, to provide reliefs applying to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or hedging instrument. These amendments are effective for annual periods beginning on or after January 1, 2020.

In August 2020, the IASB issued further amendments to provide a practical expedient from discontinuing hedging relationships and the related hedge accounting treatment as a result of the interest rate benchmark reform as well as additional disclosures. The disclosures are to provide additional information on the effect of the reform on our financial instruments and risk management strategy. These amendments apply retrospectively and are effective for annual periods beginning on or after January 1, 2021 with earlier application permitted; however, companies are not required to restate prior periods.

These amendments had no impact on our interim financial statements.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

These amendments are effective for annual periods beginning on or after January 1, 2020. The amendments to the definition of material did not have a significant impact on our interim financial statements.

Future Accounting Pronouncements

We have not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date

In January 2020, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether we have a right to defer settlement of a liability by at least twelve months;
- provide that management's expectations are not a relevant consideration as to whether we will exercise our rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

Management's Discussion & Analysis

September 30, 2020



On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023. We have not yet determined the impact of these amendments on our financial statements.

Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract

In May 2020, the IASB issued amendments IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, to specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract, and can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The new guidance will be effective for annual periods beginning on or after January 1, 2022 and is to be applied to contracts that have unfulfilled obligations as at the beginning of that period. We have not yet determined the impact of these amendments on our financial statements.

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 interim financial statements for external purposes in accordance with IFRS.

There have been no significant changes in our internal controls over financial reporting that occurred for the quarter ended September 30, 2020, 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 interim financial statements as at and for the three and nine months ended September 30, 2020.

Management's Discussion & Analysis

September 30, 2020



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 TSX under the symbol "AIF".



Altus Group Limited

Interim Condensed Consolidated Financial Statements

September 30, 2020 and 2019

(Unaudited)

(Expressed in Thousands of Canadian Dollars)

Altus Group Limited



Interim Condensed Consolidated Statements of Comprehensive Income (Loss) For the Three and Nine Months Ended September 30, 2020 and 2019 (Unaudited)

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

		Three months ended September 30		Nine months ended September 30	
	Notes	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
Revenues	5	\$ 134,950	\$ 126,787	\$ 421,676	\$ 387,266
Expenses					
Employee compensation		84,889	78,287	265,882	241,294
Occupancy		1,712	1,811	5,697	5,319
Office and other operating		23,383	25,243	76,626	72,749
Depreciation of right-of-use assets		2,818	3,021	8,504	9,338
Depreciation of property, plant and equipment		1,451	1,482	4,178	4,151
Amortization of intangibles		5,840	7,746	18,715	23,071
Acquisition and related transition costs (income)		72	85	(1,104)	238
Share of (profit) loss of joint venture	11	(442)	-	(450)	-
Restructuring costs (recovery)	12	1,155	-	8,610	(296)
(Gain) loss on investments		68	(63)	(22)	(158)
Finance costs (income), net - leases	6	619	672	1,910	2,027
Finance costs (income), net - other	6	835	1,768	3,422	5,136
Profit (loss) from continuing operations before income taxes		12,550	6,735	29,708	24,397
Income tax expense (recovery)	7	3,253	2,137	7,321	6,624
Profit (loss) for the period from continuing operations		\$ 9,297	\$ 4,598	\$ 22,387	\$ 17,773
Profit (loss) for the period from discontinued operations	8	(130)	438	(5,300)	149
Profit (loss) for the period attributable to shareholders		\$ 9,167	\$ 5,036	\$ 17,087	\$ 17,922
Other comprehensive income (loss):					
Items that may be reclassified to profit or loss in subsequent periods:					
Currency translation differences		(250)	(1,296)	8,422	(14,190)
Items that are not reclassified to profit or loss in subsequent periods:					
Change in fair value of FVOCI investments		-	566	(987)	1,737
Other comprehensive income (loss), net of tax		(250)	(730)	7,435	(12,453)
Total comprehensive income (loss) for the period, net of tax, attributable to shareholders		\$ 8,917	\$ 4,306	\$ 24,522	\$ 5,469
Earnings (loss) per share attributable to the shareholders of the Company during the period					
Basic earnings (loss) per share:					
Continuing operations	16	\$0.23	\$0.12	\$0.56	\$0.45
Discontinued operations	16	\$0.00	\$0.01	\$(0.13)	\$0.00
Diluted earnings (loss) per share:					
Continuing operations	16	\$0.22	\$0.11	\$0.54	\$0.45
Discontinued operations	16	\$0.00	\$0.01	\$(0.13)	\$0.00

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

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations (Notes 4, 5, 8 and 20).

Altus Group Limited



Interim Condensed Consolidated Balance Sheets As at September 30, 2020 and December 31, 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Notes	September 30, 2020	December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		\$ 91,110	\$ 60,262
Trade receivables and other	9	189,482	181,955
Income taxes recoverable		3,209	2,403
Derivative financial instruments		3,102	1,449
		286,903	246,069
Non-current assets			
Trade receivables and other	9	1,284	3,696
Derivative financial instruments		10,987	5,975
Investments	10	10,703	11,481
Investment in joint venture	11	15,300	-
Deferred tax assets		22,136	22,163
Right-of-use assets		53,765	63,729
Property, plant and equipment		21,533	29,037
Intangibles		75,865	92,595
Goodwill		261,499	260,380
		473,072	489,056
Total Assets		\$ 759,975	\$ 735,125
Liabilities			
Current liabilities			
Trade payables and other	12	\$ 118,710	\$ 128,566
Income taxes payable		6,848	4,548
Lease liabilities		11,496	12,564
Borrowings	13	-	137,929
		137,054	283,607
Non-current liabilities			
Trade payables and other	12	17,926	16,197
Lease liabilities		54,413	63,419
Borrowings	13	152,864	334
Deferred tax liabilities		10,618	11,916
		235,821	91,866
Total Liabilities		372,875	375,473
Shareholders' Equity			
Share capital	14	527,687	509,646
Contributed surplus		27,589	24,447
Accumulated other comprehensive income (loss)		47,680	40,245
Retained earnings (deficit)		(215,856)	(214,686)
Total Shareholders' Equity		387,100	359,652
Total Liabilities and Shareholders' Equity		\$ 759,975	\$ 735,125

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

Altus Group Limited



Interim Condensed Consolidated Statements of Changes in Equity For the Nine Months Ended September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Notes	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Shareholders' Equity
As at January 1, 2019		\$ 491,542	\$ 21,882	\$ 54,558	\$ (209,556)	\$ 358,426
Profit (loss) for the period		-	-	-	17,922	17,922
Other comprehensive income (loss), net of tax:						
Currency translation differences		-	-	(14,190)	-	(14,190)
Change in fair value of FVOCI investments		-	-	1,737	-	1,737
Total comprehensive income (loss) for the period		-	-	(12,453)	17,922	5,469
Transfer of loss on disposal of FVOCI investments		-	-	(633)	633	-
Transactions with owners:						
Dividends declared		-	-	-	(17,944)	(17,944)
Share-based compensation		-	7,277	-	-	7,277
Dividend Reinvestment Plan		4,194	-	-	-	4,194
Shares issued on exercise of options		7,563	(1,197)	-	-	6,366
Shares issued on acquisitions		3,442	-	-	-	3,442
Shares issued under the Equity Compensation Plan		5,243	(2,891)	-	-	2,352
Treasury shares reserved for share-based compensation		(7,705)	-	-	-	(7,705)
Release of treasury shares under the Restricted Share Plan		3,169	(2,989)	-	-	180
Gain (loss) on sale of RSs and shares held in escrow		-	(46)	-	-	(46)
		15,906	154	(633)	(17,311)	(1,884)
As at September 30, 2019		\$ 507,448	\$ 22,036	\$ 41,472	\$ (208,945)	\$ 362,011
As at January 1, 2020		\$ 509,646	\$ 24,447	\$ 40,245	\$ (214,686)	\$ 359,652
Profit (loss) for the period		-	-	-	17,087	17,087
Other comprehensive income (loss), net of tax:						
Currency translation differences		-	-	8,422	-	8,422
Change in fair value of FVOCI investments		-	-	(987)	-	(987)
Total comprehensive income (loss) for the period		-	-	7,435	17,087	24,522
Transactions with owners:						
Dividends declared	17	-	-	-	(18,257)	(18,257)
Share-based compensation	15	-	12,140	-	-	12,140
Dividend Reinvestment Plan	14	1,553	-	-	-	1,553
Shares issued on exercise of options	14, 15	13,354	(2,037)	-	-	11,317
Shares issued under the Long-Term Equity Incentive Plan	14, 15	2,608	(2,098)	-	-	510
Treasury shares reserved for share-based compensation	14, 15	(4,527)	-	-	-	(4,527)
Release of treasury shares under the Restricted Share Plan	14, 15	5,053	(4,871)	-	-	182
Gain (loss) on sale of RSs and shares held in escrow		-	8	-	-	8
		18,041	3,142	-	(18,257)	2,926
As at September 30, 2020		\$ 527,687	\$ 27,589	\$ 47,680	\$ (215,856)	\$ 387,100

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

Altus Group Limited



Interim Condensed Consolidated Statements of Cash Flows For the Nine Months Ended September 30, 2020 and 2019 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

		Nine months ended September 30	
	Notes	2020	2019
Cash flows from operating activities			
Profit (loss) before income taxes from continuing operations		\$ 29,708	\$ 24,397
Profit (loss) before income taxes from discontinued operations	8	(5,300)	149
Profit (loss) before income taxes		\$ 24,408	\$ 24,546
Adjustments for:			
Depreciation of right-of-use assets		8,556	10,222
Depreciation of property, plant and equipment		4,289	5,585
Amortization of intangibles		18,716	23,525
Finance costs (income), net - leases	6	1,975	2,160
Finance costs (income), net - other	6	3,408	5,136
Share-based compensation	15	12,140	7,277
Unrealized foreign exchange (gain) loss		(217)	1,379
(Gain) loss on investments	10	(22)	(158)
(Gain) loss on disposal of property, plant and equipment and intangibles		69	342
(Gain) loss on equity derivatives and interest rate swaps		(6,803)	(7,810)
Share of (profit) loss of joint venture	11	(450)	-
Impairment charge - leases		36	-
Fair value loss (gain) on net assets directly associated with discontinued operations	8	5,224	-
(Gain) loss on sale of the discontinued operations	8	(483)	-
Net changes in operating working capital		(19,449)	(27,732)
Net cash generated by (used in) operations		51,397	44,472
Less: interest paid on borrowings		(2,898)	(3,800)
Less: interest paid on leases		(1,975)	(2,160)
Less: income taxes paid		(9,249)	(12,848)
Add: income taxes refunded		2,331	2,761
Net cash provided by (used in) operating activities		39,606	28,425
Cash flows from financing activities			
Proceeds from exercise of options	14, 15	11,317	6,366
Financing fees paid		(710)	-
Proceeds from borrowings	13	38,135	21,600
Repayment of borrowings	13	(22,765)	(4,848)
Payments of principal on lease liabilities		(10,974)	(8,732)
Dividends paid	17	(16,628)	(13,621)
Treasury shares purchased under the Restricted Share Plan	14, 15	(4,017)	(5,353)
Net cash provided by (used in) financing activities		(5,642)	(4,588)
Cash flows from investing activities			
Purchase of investments	10	(259)	(620)
Cash contribution to investment in joint venture	8	(1,190)	-
Purchase of intangibles		(66)	(149)
Purchase of property, plant and equipment		(2,648)	(4,610)
Proceeds from disposal of property, plant and equipment and intangibles		96	102
Acquisitions, net of cash acquired		-	(11,654)
Net cash provided by (used in) investing activities		(4,067)	(16,931)
Effect of foreign currency translation		951	370
Net increase (decrease) in cash and cash equivalents		30,848	7,276
Cash and cash equivalents, beginning of period		60,262	48,738
Cash and cash equivalents, end of period		\$ 91,110	\$ 56,014

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

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020 and 2019

(Unaudited)

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

1. Business and Structure

Altus Group Limited (the “Company”) is a leading provider of software, data solutions and independent advisory services to the global commercial real estate (“CRE”) industry. The Company’s businesses, Altus Analytics and Commercial Real Estate Consulting, reflect decades of experience, a range of expertise, and technology-enabled capabilities. The Company’s solutions empower clients to analyze, gain insight and recognize value on their real estate investments. Headquartered in Canada, the Company has approximately 2,200 employees around the world, with operations in North America, Europe and Asia Pacific. The Company’s clients include many of the world’s largest CRE industry participants.

During the period, the Company conducted its business through three business units: Altus Analytics, Commercial Real Estate Consulting and Geomatics. Effective June 27, 2020, the Company combined its Geomatics business segment with WSP Global Inc.’s (“WSP”) respective geomatics business unit. The combined entity launched as GeoVerra Inc. (“GeoVerra”), forming a Canadian geomatics firm with employees in offices in Western Canada and Ontario, with the Company receiving a 49.5% equity interest and 50% of the voting rights (Note 11). Accordingly, Geomatics is presented as discontinued operations (Note 8). The Company continues to conduct its business through its two remaining business units: Altus Analytics and Commercial Real Estate Consulting.

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”) under the symbol AIF and is domiciled in Canada.

“Altus Group” refers to the consolidated operations of the Company.

2. Basis of Preparation

These interim condensed consolidated financial statements (“interim financial statements”) as at and for the period ended September 30, 2020 follow the same accounting policies and methods of their application as those used in the Company’s most recent audited annual consolidated financial statements as at and for the year ended December 31, 2019, except for those identified under Changes in Significant Accounting Policies and Estimates (Note 4).

These interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. Accordingly, they do not include all of the information and disclosures required in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), and should be read in conjunction with the Company’s audited annual consolidated financial statements as at and for the year ended December 31, 2019.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

2. Basis of Preparation, cont'd

These interim financial statements were approved by the Board of Directors for issue on November 12, 2020.

3. Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. It also requires management to exercise judgment in applying the Company's accounting policies and the reported amounts of assets and liabilities, revenue and expenses, and related disclosures. Estimates and judgments are continually evaluated and are based on current facts, historical experience and other factors, including expectations of future events that are believed are reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. The following are management's most significant estimates and assumptions in determining the value of assets and liabilities and the most significant judgments in applying its accounting policies: revenue recognition and determination and allocation of the transaction price, impairment of trade receivables and contract assets, estimated impairment of goodwill, determination of purchase price allocations and contingent consideration, and income taxes.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The continued spread of this contagious disease outbreak and related public health developments have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn and to legislative and regulatory changes that has impacted the Company's business and operations. The duration and magnitude of the impact of the outbreak and its potential adverse effects on the Company's business or results of operations continue to be uncertain and will depend on future developments. Judgments made in these interim financial statements reflect management's best estimates as of the period end, taking into consideration the most significant judgments that may be directly impacted by COVID-19. The following are management's significant estimates and assumptions that could be impacted most by COVID-19: revenue recognition and determination and allocation of the transaction price, impairment of trade receivables and contract assets, and estimated impairment of goodwill.

Refer to Note 4, "Changes in Significant Accounting Policies and Estimates", for a discussion of newly adopted accounting pronouncements and accounting policies.

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020 and 2019

(Unaudited)

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

4. Changes in Significant Accounting Policies and Estimates

Discontinued Operations

A discontinued operation is a component of the Company's business, with operations and cash flows that are distinguishable from those of the rest of the Company, and which represents a separate major line of business or geographical area of operations, and which is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively for resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the major line of business or geographical operation meets the criteria to be classified as assets held for sale or distribution. When an operation is classified as a discontinued operation, IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, requires that the comparative statements of comprehensive income (loss) are re-presented as if the operation was discontinued from the start of the comparative year. As a result, the Company's discontinued operations are excluded from the profit (loss) from continuing operations and are presented as an amount, net of tax, as profit (loss) from discontinued operations in the statements of comprehensive income (loss). Furthermore, the Company has made the accounting policy choice to present net cash flows related to its discontinued operations in the notes to the interim financial statements.

Investment in Joint Venture

Joint ventures are joint arrangements over which the Company has joint control along with the other parties to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Company's investment in its joint venture, GeoVerra, was initially recognized at fair value and accounted for using the equity method.

Accordingly, the Company's share of (profit) loss of joint venture subsequent to the initial combination is recognized in profit or loss, and its share of movements in other comprehensive income (loss), if any, is recognized in other comprehensive income (loss). Such movements are adjusted against the carrying amount of the Company's investment in joint venture.

Unrealized gains on transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the joint venture. Unrealized losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred. The accounting policies adopted by the joint venture have been changed where necessary to ensure consistency with the Company's accounting policies.

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020 and 2019

(Unaudited)

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

4. Changes in Significant Accounting Policies and Estimates, cont'd

The Company reviews its investment in joint venture for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If impaired, the carrying amount of the Company's investment in joint venture is written down to its estimated recoverable amount, being the higher of fair value less costs to sell and value in use, and charged to profit or loss.

Government Grants

Government grants that compensate or reimburse the Company for expenses incurred are recorded as a reduction of the related expense when there is reasonable assurance of their ultimate realization.

Adoption of Recent Accounting Pronouncements

Amendment to IFRS 16, COVID-19-Related Rent Concessions

In May 2020, the International Accounting Standards Board ("IASB") issued an amendment to permit lessees, as a practical expedient, not to assess whether particular rent concessions that reduce lease payments occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. The amendment did not have an impact on the interim financial statements.

Amendments to IFRS 3, Business Combinations

In October 2018, the IASB issued amendments to the guidance in IFRS 3, *Business Combinations*, which revise the definition of a business for acquisition accounting purposes. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. To be considered a business without outputs, there will now need to be an organized workforce present. Under the new standard, the changes to the definition of a business will likely result in more acquisitions being accounted for as asset acquisitions.

The amendments to IFRS 3 are effective for business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting periods beginning on or after January 1, 2020. The Company will assess the impact of this standard on a case-by-case basis upon future acquisitions performed but does not anticipate a material impact due to the nature and structure of its historical acquisitions.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

4. Changes in Significant Accounting Policies and Estimates, cont'd

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

In September 2019, the IASB issued amendments to IFRS 7, *Financial Instruments and Disclosures*, IFRS 9, *Financial Instruments*, and IAS 39, *Financial Instruments: Recognition and Measurement*, to provide reliefs applying to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or hedging instrument. These amendments are effective for annual periods beginning on or after January 1, 2020.

In August 2020, the IASB issued further amendments to provide a practical expedient from discontinuing hedging relationships and the related hedge accounting treatment as a result of the interest rate benchmark reform as well as additional disclosures. The disclosures are to provide additional information on the effect of the reform on the Company's financial instruments and risk management strategy. These amendments apply retrospectively and are effective for annual periods beginning on or after January 1, 2021 with earlier application permitted; however, companies are not required to restate prior periods.

These amendments had no impact on the interim financial statements.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

These amendments are effective for annual periods beginning on or after January 1, 2020. The amendments to the definition of material did not have a significant impact on the interim financial statements.

Future Accounting Pronouncements

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020 and 2019

(Unaudited)

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

4. Changes in Significant Accounting Policies and Estimates, cont'd

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date

In January 2020, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months;
- provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its financial statements.

Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, to specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract, and can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The new guidance will be effective for annual periods beginning on or after January 1, 2022 and is to be applied to contracts that have unfulfilled obligations as at the beginning of that period. The Company has not yet determined the impact of these amendments on its financial statements.

5. Segmented Information

The segmentation reflects the way the CEO allocates resources and assesses performance. The CEO considers the business from a core service perspective. The areas of core service are Altus Analytics and Commercial Real Estate Consulting. As the Company combined its Geomatics business segment with WSP's respective business unit to launch GeoVerra on June 27, 2020, the Geomatics business is no longer considered core and is presented as discontinued operations in these interim financial statements (Notes 4, 8 and 20). Accordingly, the results of the Geomatics business are not reflected in the segmented information presented.

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020 and 2019

(Unaudited)

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

5. Segmented Information, cont'd

Altus Analytics provides data, analytics software and technology-related services. Proprietary data and data analytics platforms provide comprehensive real estate information and enable performance reviews, benchmarking and attribution analysis of commercial real estate portfolios. Software, such as ARGUS branded products, represents comprehensive global solutions for managing commercial real estate portfolios and improve the visibility and flow of information throughout critical processes.

Commercial Real Estate Consulting services provides Property Tax, and Valuation and Cost Advisory services that span 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 services in the areas of construction feasibility studies, budgeting, cost and loan monitoring and project management.

The accounting policies of the segments are the same as those applied in these interim financial statements. Revenue transactions between segments are valued at market rates and eliminated on consolidation. Revenues represent those recognized from contracts with customers.

The CEO assesses the performance of the operating segments based on a measure of Adjusted EBITDA. This measurement basis represents profit (loss) from continuing operations before income taxes, adjusted for the effects of: occupancy costs calculated on a similar basis prior to the adoption of IFRS 16, finance costs (income), net - other, depreciation of property, plant and equipment and amortization of intangibles, depreciation of right-of-use assets, finance costs (income), net - leases, acquisition and related transition costs (income), unrealized foreign exchange (gains) losses, (gains) losses on disposal of property, plant and equipment and intangibles, share of (profit) loss of joint venture, impairment charges, non-cash Equity Compensation Plan and Long-Term Equity Incentive Plan costs, (gains) losses on equity derivatives net of mark-to-market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs") being hedged, (gains) losses on derivatives, restructuring costs (recovery), (gains) losses on investments, (gains) losses on hedging transactions, and other costs or income of a non-operating and/or non-recurring nature.

Subsequent to the classification of the Geomatics business as discontinued operations and the launch of GeoVerra, the measurement of Adjusted EBITDA has been modified to reflect adjustments for: profit (loss) from discontinued operations and share of (profit) loss of joint venture.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

5. Segmented Information, cont'd

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

	Three months ended September 30		Nine months ended September 30	
	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
Adjusted EBITDA	\$ 24,047	\$ 18,785	\$ 72,194	\$ 62,378
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 ⁽²⁾	3,023	3,274	9,259	9,394
Depreciation of right-of-use assets	(2,818)	(3,021)	(8,504)	(9,338)
Depreciation of property, plant and equipment and amortization of intangibles	(7,291)	(9,228)	(22,893)	(27,222)
Acquisition and related transition (costs) income	(72)	(85)	1,104	(238)
Unrealized foreign exchange gain (loss) ⁽³⁾	281	(252)	217	(1,379)
Gain (loss) on disposal of property, plant and equipment and intangibles ⁽³⁾	21	(61)	(3)	(376)
Share of profit (loss) of joint venture	442	-	450	-
Non-cash Equity Compensation Plan and Long-Term Equity Incentive Plan costs ⁽⁴⁾	(4,260)	(1,577)	(8,128)	(4,291)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽⁴⁾	2,463	1,312	1,766	2,247
Restructuring (costs) recovery	(1,155)	-	(8,610)	296
Gain (loss) on investments ⁽⁵⁾	(68)	63	22	158
Impairment charge - leases	-	(35)	(36)	(69)
Other non-operating and/or non-recurring income (costs) ⁽⁶⁾	(609)	-	(1,798)	-
Earnings (loss) from continuing operations before finance costs and income taxes	14,004	9,175	35,040	31,560
Finance (costs) income, net - leases	(619)	(672)	(1,910)	(2,027)
Finance (costs) income, net - other	(835)	(1,768)	(3,422)	(5,136)
Profit (loss) from continuing operations before income taxes	12,550	6,735	29,708	24,397
Income tax (expense) recovery	(3,253)	(2,137)	(7,321)	(6,624)
Profit (loss) for the period from continuing operations	\$ 9,297	\$ 4,598	\$ 22,387	\$ 17,773
Profit (loss) for the period from discontinued operations	(130)	438	(5,300)	149
Profit (loss) for the period	\$ 9,167	\$ 5,036	\$ 17,087	\$ 17,922

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations (Notes 4, 8 and 20).

⁽²⁾ Management uses the non-GAAP occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 when analyzing operating performance, which may provide useful information to investors in measuring the Company's financial performance.

⁽³⁾ Included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

⁽⁴⁾ Included in employee compensation expenses in the interim condensed consolidated statements of comprehensive income (loss).

⁽⁵⁾ Gain (loss) on investments relates to changes in the fair value of investments in partnerships.

⁽⁶⁾ Other non-operating and/or non-recurring income (costs) for the three and nine months ended September 30, 2020 relate to (i) transitional costs related to the departure of senior executives, (ii) legal, advisory, and other consulting costs related to a Board strategic initiative, and (iii) transaction and other related costs. These are included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

5. 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, 2020							
	Altus Analytics	Commercial Real Estate	Valuation and Cost Advisory	Consulting	Corporate ⁽¹⁾	Eliminations	Total	
		Property Tax			Total			
Revenues from external customers	\$ 49,078	\$ 58,214	\$ 27,658	\$ 85,872	\$ -	\$ -	\$	134,950
Inter-segment revenues	99	1	(24)	(23)	-	(76)		-
Total segment revenues	49,177	58,215	27,634	85,849	-	(76)		134,950
Adjusted EBITDA	11,136	20,201	4,604	24,805	(11,894)	-		24,047
Depreciation of right-of-use assets	1,188	780	693	1,473	157	-		2,818
Depreciation of property, plant and equipment and amortization of intangibles	3,304	3,131	469	3,600	387	-		7,291
Finance costs (income), net - leases	128	183	152	335	156	-		619
Finance costs (income), net - other	-	-	-	-	835	-		835
Income tax expense (recovery)	-	-	-	-	3,253	-		3,253

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net - other and income tax expense (recovery). For the three months ended September 30, 2020, Corporate also includes accrued bonuses that relate to the Company's continuing operations. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

5. Segmented Information, cont'd

	Three months ended September 30, 2019						
	Altus Analytics	Commercial Property Tax	Real Estate Valuation and Cost Advisory	Consulting Total	Corporate ⁽¹⁾⁽²⁾	Eliminations	Total ⁽²⁾
Revenues from external customers	\$ 50,297	\$ 49,263	\$ 27,227	\$ 76,490	\$ -	\$ -	\$ 126,787
Inter-segment revenues	129	-	(44)	(44)	-	(85)	-
Total segment revenues	50,426	49,263	27,183	76,446	-	(85)	126,787
Adjusted EBITDA	10,430	14,766	3,812	18,578	(10,223)	-	18,785
Depreciation of right-of-use assets ⁽³⁾	1,066	925	772	1,697	258	-	3,021
Depreciation of property, plant and equipment and amortization of intangibles	3,609	4,582	602	5,184	435	-	9,228
Finance costs (income), net - leases ⁽³⁾	202	213	173	386	84	-	672
Finance costs (income), net - other	-	-	-	-	1,768	-	1,768
Income tax expense (recovery)	-	-	-	-	2,137	-	2,137

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net - other and income tax expense (recovery). For the three months ended September 30, 2019, Corporate also includes accrued bonuses that relate to the Company's continuing operations. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

⁽²⁾ Comparative figures have been restated to reflect discontinued operations (Notes 4, 8 and 20).

⁽³⁾ Comparative figures have been restated to reflect the allocation to various business units for Corporate and shared leases previously reported within Corporate.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

5. Segmented Information, cont'd

	Nine months ended September 30, 2020						
	Altus Analytics	Commercial Real Estate	Valuation and Cost Advisory	Consulting	Corporate ⁽¹⁾	Eliminations	Total
		Property Tax		Total			
Revenues from external customers	\$ 151,824	\$ 187,683	\$ 82,169	\$ 269,852	\$ -	\$ -	\$ 421,676
Inter-segment revenues	368	2	(141)	(139)	-	(229)	-
Total segment revenues	152,192	187,685	82,028	269,713	-	(229)	421,676
Adjusted EBITDA	30,059	64,719	10,699	75,418	(33,283)	-	72,194
Depreciation of right-of-use assets	3,496	2,483	2,089	4,572	436	-	8,504
Depreciation of property, plant and equipment and amortization of intangibles	10,235	9,857	1,662	11,519	1,139	-	22,893
Finance costs (income), net - leases	393	571	471	1,042	475	-	1,910
Finance costs (income), net - other	-	-	-	-	3,422	-	3,422
Income tax expense (recovery)	-	-	-	-	7,321	-	7,321

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net - other and income tax expense (recovery). For the nine months ended September 30, 2020, Corporate also includes accrued bonuses that relate to the Company's continuing operations. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

5. Segmented Information, cont'd

Nine months ended September 30, 2019							
	Altus Analytics	Commercial Real Estate Property Tax	Consulting Valuation and Cost Advisory	Total	Corporate ⁽¹⁾⁽²⁾	Eliminations	Total ⁽²⁾
Revenues from external customers	\$ 146,949	\$ 159,249	\$ 81,068	\$ 240,317	\$ -	\$ -	\$ 387,266
Inter-segment revenues	421	-	(132)	(132)	-	(289)	-
Total segment revenues	147,370	159,249	80,936	240,185	-	(289)	387,266
Adjusted EBITDA	31,457	52,880	9,797	62,677	(31,756)	-	62,378
Depreciation of right-of-use assets ⁽³⁾	3,201	2,848	2,469	5,317	820	-	9,338
Depreciation of property, plant and equipment and amortization of intangibles	10,175	13,794	1,943	15,737	1,310	-	27,222
Finance costs (income), net - leases ⁽³⁾	602	622	539	1,161	264	-	2,027
Finance costs (income), net - other	-	-	-	-	5,136	-	5,136
Income tax expense (recovery)	-	-	-	-	6,624	-	6,624

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net - other and income tax expense (recovery). For the nine months ended September 30, 2019, Corporate also includes accrued bonuses that relate to the Company's continuing operations. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

⁽²⁾ Comparative figures have been restated to reflect discontinued operations (Notes 4, 8 and 20).

⁽³⁾ Comparative figures have been restated to reflect the allocation to various business units for Corporate and shared leases previously reported within Corporate.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

6. Finance Costs (Income), Net

	Three months ended September 30		Nine months ended September 30	
	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
Interest on bank credit facilities	\$ 843	\$ 1,551	\$ 3,220	\$ 4,264
Interest on lease liabilities	619	672	1,910	2,027
Contingent consideration payables: unwinding of discount (Note 18)	-	149	102	464
Provisions: unwinding of discount (Note 12)	3	28	31	97
Change in fair value of interest rate swaps	-	40	138	450
Finance costs	1,465	2,440	5,401	7,302
Finance income	(11)	-	(69)	(139)
Finance costs (income), net	\$ 1,454	\$ 2,440	\$ 5,332	\$ 7,163

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations (Notes 4, 5, 8 and 20).

7. Income Taxes

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Income tax expense (recovery)				
Current	\$ 4,079	\$ 3,215	\$ 8,579	\$ 9,504
Deferred	(826)	(1,078)	(1,258)	(2,880)
	\$ 3,253	\$ 2,137	\$ 7,321	\$ 6,624

8. Discontinued Operations

On January 21, 2020, the Company announced its intention to combine its Geomatics business segment with WSP's respective geomatics business unit. Effective June 27, 2020, the combined entity launched as GeoVerra Inc., forming a Canadian geomatics firm with employees in offices in Western Canada and Ontario, with the Company receiving a 49.5% equity interest and 50% of the voting rights (Note 11). Accordingly, the comparative interim condensed consolidated statement of comprehensive income (loss) has been re-presented separately between continuing and discontinued operations. Furthermore, the Geomatics segment is no longer presented in the segmented information (Note 5), and the Company has made an accounting policy choice to present details of net cash flows from discontinued operations in this note to the interim financial statements. Unless otherwise specified, all other notes to the interim financial statements do not include amounts from discontinued operations.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

8. Discontinued Operations, cont'd

Financial information relating to the discontinued operations for the period is set out below.

The results of the Geomatics business presented as profit (loss) for the period from discontinued operations in the interim condensed consolidated statements of comprehensive income (loss) are as follows:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Revenues	\$ -	\$ 10,207	\$ 13,962	\$ 31,380
Expenses				
Employee compensation ⁽¹⁾	-	6,411	8,227	20,004
Occupancy	-	204	325	619
Office and other operating	8	2,346	4,398	7,860
Depreciation of right-of-use assets	-	252	52	884
Depreciation of property, plant and equipment	-	506	111	1,434
Amortization of intangibles	-	7	1	454
Restructuring costs (recovery)	125	-	1,356	(157)
Finance costs (income), net - leases	-	43	65	133
Finance costs (income), net - other	(3)	-	(14)	-
Fair value loss (gain) on net assets directly associated with discontinued operations	-	-	5,224	-
(Gain) loss on sale of the discontinued operations	-	-	(483)	-
Profit (loss) for the period from discontinued operations	\$ (130)	\$ 438	\$ (5,300)	\$ 149

⁽¹⁾ During the nine months ended September 30, 2020, the Geomatics business recorded government grants related to COVID-19 wage subsidies of \$2,571 as a reduction to employee compensation expense.

Following the classification of the Geomatics business segment as discontinued operations on January 21, 2020 to its disposal on June 27, 2020 in exchange for the Company's investment in GeoVerra, fair value losses of \$5,224 were recognized in profit (loss) from discontinued operations during the period to reduce the carrying value of the assets held for sale to the lower of their carrying value or their fair value less costs to sell.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

8. Discontinued Operations, cont'd

The net cash flows provided by (used in) the Geomatics discontinued operations to the date of disposal are as follows:

	Nine months ended September 30	
	2020	2019
Net cash provided by (used in) operating activities	\$ 3,184	\$ 3,693
Net cash provided by (used in) financing activities	(651)	(911)
Net cash provided by (used in) investing activities	(1,468)	(1,662)
Cash flows from discontinued operations	\$ 1,065	\$ 1,120

The assets and liabilities disposed of in connection with the Geomatics business in exchange for the Company's interest in GeoVerra on June 27, 2020 (Note 11), subject to closing adjustments and final agreement with WSP, are as follows:

	June 27, 2020
Consideration received:	
Common shares of joint venture	\$ 14,850
Assets and liabilities contributed:	
Cash and cash equivalents	1,190
Trade receivables and other	10,883
Right-of-use assets	2,912
Property, plant and equipment	5,134
Intangibles	9
Trade payables and other	(2,093)
Lease liabilities	(3,395)
Borrowings	(273)
Total net assets contributed	\$ 14,367
Gain on sale of the discontinued operations	\$ 483

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

9. Trade Receivables and Other

	September 30, 2020	December 31, 2019
Trade receivables	\$ 141,098	\$ 127,462
Less: loss allowance provision	17,369	10,924
Trade receivables, net	123,729	116,538
Contract assets: unbilled revenue on customer contracts ⁽¹⁾	52,106	53,136
Deferred costs to obtain customer contracts	1,874	1,745
Prepayments	10,327	12,516
Due from related party (GeoVerra)	1,839	-
Other receivables	891	1,716
	190,766	185,651
Less: non-current portion	1,284	3,696
	\$ 189,482	\$ 181,955

⁽¹⁾ On September 30, 2020, contract assets are stated net of expected credit losses of \$1,350 (2019 - \$1,364).

For the three and nine months ended September 30, 2020, \$404 and \$1,185 respectively, of amortization associated with deferred costs to obtain customer contracts was expensed to the interim condensed consolidated statements of comprehensive income (loss) (2019 - \$326 and \$682, respectively). For the three and nine months ended September 30, 2020 and 2019, no impairment losses on deferred costs were recognized.

10. Investments

	September 30, 2020	December 31, 2019
Investments in equity instruments	\$ 8,193	\$ 9,288
Investments in partnerships	2,510	2,193
	\$ 10,703	\$ 11,481

During the nine months ended September 30, 2020, the Company contributed \$259 towards capital in various partnerships.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

11. Investment in Joint Venture

On June 27, 2020, the Company obtained a 49.5% interest (that provides joint control through an equal 50% of the voting rights) in GeoVerra, a joint venture offering a broad variety of geomatics services across Canada, by contributing certain assets and liabilities of the Company's Geomatics discontinued operations (Note 8). WSP contributed an equal amount of net assets that have a similar nature to those contributed by the Company. The activity in the Company's investment in GeoVerra during the year is as follows:

	Amount
Balance as at January 1, 2020	\$ -
Investment in joint venture on June 27, 2020 (Note 8)	14,850
Share of profit (loss)	450
Balance as at September 30, 2020	\$ 15,300

A summary of GeoVerra's financial information is as follows:

	September 30, 2020
Current assets, including cash and cash equivalents of \$2,381	\$ 41,675
Non-current assets	21,120
Current liabilities, including financial liabilities of \$9,408	(21,554)
Non-current liabilities, including financial liabilities of \$10,331	(10,331)
Equity	\$ 30,910
Company's share of equity - 49.5%	\$ 15,300

	Period from June 27, 2020 to September 30, 2020
Revenues	\$ 24,069
Expenses, including depreciation and amortization of \$1,493; finance costs of \$204; income tax expense of \$362	23,159
Profit (loss) and total comprehensive income (loss)	\$ 910

As at September 30, 2020, GeoVerra has commitments of \$4,549.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

12. Trade Payables and Other

	September 30, 2020	December 31, 2019
Trade payables	\$ 8,114	\$ 9,936
Accrued expenses	80,003	79,689
Contract liabilities: deferred revenue	37,556	40,321
Due to related party (GeoVerra)	156	-
Contingent consideration payables (Note 18)	51	7,667
Dividends payable (Note 17)	6,105	6,029
Provisions	4,651	1,121
	136,636	144,763
Less non-current portion:		
Accrued expenses	15,146	11,937
Contract liabilities: deferred revenue	2,342	1,458
Contingent consideration payables	-	2,289
Provisions	438	513
	17,926	16,197
	\$ 118,710	\$ 128,566

Provisions consist of:

	Restructuring	Other	Total
Balance as at January 1, 2020	\$ 953	\$ 168	\$ 1,121
Charged to profit or loss:			
Additional provisions, net of releases ⁽¹⁾	9,966	-	9,966
Unwinding of discount (Note 6) ⁽²⁾	27	9	36
Used during the period	(6,506)	-	(6,506)
Exchange differences	28	6	34
Balance as at September 30, 2020	4,468	183	4,651
Less: non-current portion	(255)	(183)	(438)
	\$ 4,213	\$ -	\$ 4,213

⁽¹⁾ During the three and nine months ended September 30, 2020, \$125 and \$1,356 were charged to restructuring costs (recovery) in discontinued operations (Note 8).

⁽²⁾ During the three and nine months ended September 30, 2020, \$nil and \$5 were charged to finance costs (income), net - other in discontinued operations (Note 8).

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020 and 2019

(Unaudited)

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

12. Trade Payables and Other, cont'd

Restructuring

Beginning in the second quarter of 2020, the Company initiated a global restructuring program across all of its business segments which resulted in restructuring costs of \$1,155 and \$8,610 for the three and nine months ended September 30, 2020, respectively, of which a total of \$3,969 related to Altus Analytics and the balance to CRE Consulting and Corporate segments. These costs relate primarily to employee severance costs. The restructuring was planned as part of the Company's strategy to focus and invest in technology and information services platforms.

13. Borrowings

	September 30, 2020	December 31, 2019
Bank credit facilities	\$ 153,500	\$ 138,000
Leasehold improvement loans	-	403
Less: deferred financing fees	636	140
	152,864	138,263
Less non-current portion:		
Bank credit facilities	153,500	-
Leasehold improvement loans	-	334
Less: deferred financing fees	636	-
	152,864	334
	\$ -	\$ 137,929

Amendment to bank credit facilities

On March 24, 2020, the Company amended its bank credit facilities to further strengthen its financial and liquidity position. The amended credit facilities increase the Company's borrowing capacity to \$275,000 from \$200,000, with certain provisions that allow the Company to further increase the limit to \$350,000. The amended agreement extends the term by three years expiring March 24, 2023, with an additional two-year extension at the Company's option. The other significant amendment is that the bank credit facilities are unsecured.

Loans bear interest at a floating rate, based on the Canadian Prime rates, Canadian Bankers' Acceptance rates, U.S. Base rates or LIBOR rates plus, in each case, an applicable margin to those rates. The applicable margin for Canadian Bankers' Acceptance and LIBOR borrowings depends on a trailing four-quarter calculation of the funded debt to EBITDA ratio. The amended bank credit facilities require the Company to comply with the following financial ratios:

- Maximum Funded Debt to EBITDA ratio: maximum of 4.00:1
- Minimum Interest Coverage ratio: minimum of 3.00:1

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

13. Borrowings, cont'd

As at September 30, 2020, the Company was in compliance with the financial covenants of the amended bank credit facilities, which are summarized below:

	September 30, 2020
Funded debt to EBITDA (maximum of 4.00:1)	1.49:1
Interest coverage (minimum of 3.00:1)	22.27:1

In addition, the Company and certain of its subsidiaries, collectively the guarantors, must account for at least 80% of consolidated revenues on a trailing 12-month basis.

14. 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:

	Number of Shares	Common Shares	
			Amount
Balance as at January 1, 2020	39,826,600	\$	509,646
Issued on exercise of options (Note 15)	406,068		13,354
Issued under the Dividend Reinvestment Plan	39,560		1,553
Issued under the Long-Term Equity Incentive Plan	66,013		2,608
Treasury shares reserved under the Restricted Share Plan	(55,543)		(4,017)
Treasury shares reserved under the Long-Term Equity Incentive Plan	(7,007)		(510)
Release of treasury shares	105,924		5,053
Balance as at September 30, 2020	40,381,615	\$	527,687

The 40,381,615 common shares as at September 30, 2020 are net of 321,490 treasury shares with a carrying value of \$15,670 that are being held by the Company until vesting conditions are met (Note 15).

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020 and 2019

(Unaudited)

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

15. Share-based Compensation

The activity in the Company's share-based compensation plans during the period is as follows:

(i) Executive Compensation Plan and Long-Term Equity Incentive Plan

On May 6, 2020, the Company's shareholders approved a resolution to increase the number of authorized common shares to be reserved for issuance under the Company's Long-Term Equity Incentive Plan and to ratify the grant of awards made under it to executives and key employees. The resolution increases the maximum number of common shares reserved for issuance by 1,850,000 to 4,075,000.

The following is a summary of the Company's share option activity:

	Number of Options Outstanding	Weighted Average Exercise Price
Balance as at January 1, 2020	1,579,283	\$28.98
Granted	630,593	\$46.44
Exercised	(406,068)	\$27.88
Expired/Forfeited	(17,702)	\$29.48
Balance as at September 30, 2020	1,786,106	\$35.39

Information about the Company's share options outstanding and exercisable as at September 30, 2020 is as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
\$19.29 - \$19.67	121,584	1.17 years	121,584
\$26.04 - \$29.72	476,693	2.97 years	141,491
\$30.70 - \$37.93	557,236	2.98 years	170,348
\$45.11 - \$52.84	630,593	4.53 years	-
\$35.39	1,786,106	3.40 years	433,423

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020 and 2019

(Unaudited)

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

15. Share-based Compensation, cont'd

The options granted vest over a period of up to 48 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:

	2020
Risk-free interest rate	0.31% - 0.67%
Expected dividend yield	1.1% - 1.3%
Expected volatility	25.42% - 31.92%
Expected option life	3.00 - 4.50 years
Exercise price	\$45.11 - \$52.84
Weighted average grant-date fair value per option	\$7.19 - \$12.09

The following is a summary of the activity related to common shares held in escrow under the Equity Compensation Plan and Long-Term Equity Incentive Plan:

	Common shares
Balance as at January 1, 2020	126,096
Granted	7,007
Settled	(10,551)
Forfeited	(2,793)
Balance as at September 30, 2020	119,759

The Company settled vested Performance Share Units ("PSUs") under the Equity Compensation Plan and Long-Term Equity Incentive Plan through the issuance of common shares:

	Common shares
Settled in March 2019	162,086
Settled in March 2020	54,707

The Company granted the following PSUs under the Long-Term Equity Incentive Plan:

	Number of PSUs
Granted in 2019	186,542
Granted in 2020	161,713

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

15. Share-based Compensation, cont'd

(ii) Deferred Compensation Plans

The following is a summary of the Company's Restricted Share Plan ("RS Plan") activity:

	Number of RSs
Balance as at January 1, 2020 (all unvested)	239,200
Granted	55,543
Settled	(91,236)
Forfeited	(1,776)
Balance as at September 30, 2020 (all unvested)	201,731

In connection with the 2019 performance year, the Company granted a total of \$4,017 under the RS Plan. In March 2020, the Company purchased 55,543 common shares in the open market (through the facilities of the TSX or by private agreement).

In connection with the 2018 performance year, the Company granted a total of \$4,128 under the RS Plan. In March 2019, the Company purchased 100,482 common shares in the open market (through the facilities of the TSX or by private agreement).

The following is a summary of the Company's Restricted Share Unit Plan ("RSU Plan") activity:

	Number of RSUs
Balance as at January 1, 2020 (all unvested)	327,591
Granted	84,102
Settled	(78,685)
Forfeited	(7,192)
Balance as at September 30, 2020 (all unvested)	325,816

(iii) Deferred Share Unit Plans

The following is a summary of the Company's Deferred Share Unit Plans ("DSU Plans") activity:

	Number of DSUs
Balance as at January 1, 2020	161,662
Granted	48,184
Redeemed	(41,503)
Balance as at September 30, 2020	168,343

Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

15. Share-based Compensation, cont'd

(iv) Compensation Expense by Plan

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Share Option Plan	\$ 56	\$ 15	\$ 82	\$ 43
Equity Compensation Plan	521	277	1,256	909
Long-Term Equity Incentive Plan	3,697	1,324	6,904	3,555
RS Plan	1,524	922	3,898	2,752
RSU Plan ⁽¹⁾	3,550	2,391	6,656	5,844
DSU Plans ⁽²⁾	1,963	1,382	3,249	3,204

⁽¹⁾ For the three and nine months ended September 30, 2020, the Company recorded mark-to-market adjustments of \$2,512 and \$3,790, respectively (2019 - \$1,242 and \$2,977, respectively).

⁽²⁾ For the three and nine months ended September 30, 2020, the Company recorded mark-to-market adjustments of \$1,659 and \$2,314, respectively (2019 - \$1,107 and \$2,415, respectively).

Included in compensation expense above, for the three and nine months ended September 30, 2020, are amounts related to the Geomatics discontinued operations totalling \$22 and \$260, respectively (2019 - \$67 and \$321, respectively).

(v) Liabilities for Cash-settled Plans

	September 30, 2020	December 31, 2019
RSU Plan - carrying value of liability recorded within trade payables and other	\$ 11,923	\$ 8,832
DSU Plans - carrying value of liability recorded within trade payables and other	7,555	6,257

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020 and 2019

(Unaudited)

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

16. Earnings (Loss) per Share

For the three months ended September 30, 2020, 630,593 share options and 10,272 RSs (including common shares issued in escrow as part of the Equity Compensation Plan and Long-Term Equity Incentive Plan) were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

For the nine months ended September 30, 2020, 630,593 share options and 26,726 RSs (including common shares issued in escrow as part of the Equity Compensation Plan and Long-Term Equity Incentive Plan) were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

For the three months ended September 30, 2019, 193,433 share options and 19,922 RSs (including common shares issued in escrow as part of the Equity Compensation Plan and Long-Term Equity Incentive Plan) were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

For the nine months ended September 30, 2019, 1,081,254 share options and 23,227 RSs (including common shares issued in escrow as part of the Equity Compensation Plan and Long-Term Equity Incentive Plan) were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020 and 2019

(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	
	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
Profit (loss) for the period from continuing operations - basic and diluted	\$ 9,297	\$ 4,598	\$ 22,387	\$ 17,773
Profit (loss) for the period from discontinued operations - basic and diluted	(130)	438	(5,300)	149
Profit (loss) for the period - basic and diluted	\$ 9,167	\$ 5,036	\$ 17,087	\$ 17,922
Weighted average number of common shares outstanding - basic	40,240,402	39,642,560	40,084,289	39,350,460
Dilutive effect of share options	421,874	259,189	360,721	93,073
Dilutive effect of equity awards and PSUs	476,289	338,902	447,076	277,729
Dilutive effect of RSs	209,434	170,752	227,961	136,067
Weighted average number of common shares outstanding - diluted	41,347,999	40,411,403	41,120,047	39,857,329
Earnings (loss) per share:				
Basic				
Continuing operations	\$0.23	\$0.12	\$0.56	\$0.45
Discontinued operations	\$0.00	\$0.01	\$(0.13)	\$0.00
Diluted				
Continuing operations	\$0.22	\$0.11	\$0.54	\$0.45
Discontinued operations	\$0.00	\$0.01	\$(0.13)	\$0.00

⁽¹⁾ Comparative figures have been restated to reflect discontinued operations (Notes 4, 5, 8 and 20).

17. Dividends Payable

The Company declared a \$0.15 dividend per common share to shareholders of record on the last business day of each quarter, and dividends were paid on the 15th day of the month following quarter end. Dividends are declared and paid in Canadian dollars.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020 and 2019

(Unaudited)

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

18. Financial Instruments and Fair Values

Financial Instruments by Category

The tables below indicate the carrying values of financial assets and liabilities for each of the following categories:

	September 30, 2020			December 31, 2019		
	Fair Value Through Profit or Loss	Fair Value Through Other Comprehensive Income	Amortized Cost	Fair Value Through Profit or Loss	Fair Value Through Other Comprehensive Income	Amortized Cost
Assets as per Consolidated Balance Sheet:						
Cash and cash equivalents	\$ -	\$ -	\$ 91,110	\$ -	\$ -	\$ 60,262
Trade receivables and other (excluding deferred costs to obtain customer contracts, and prepayments)	-	-	178,565	-	-	171,390
Investments in equity instruments	-	8,193	-	-	9,288	-
Investments in partnerships	2,510	-	-	2,193	-	-
Derivative financial instruments	14,089	-	-	7,424	-	-
	\$ 16,599	\$ 8,193	\$ 269,675	\$ 9,617	\$ 9,288	\$ 231,652

	September 30, 2020		December 31, 2019	
	Fair Value Through Profit or Loss	Amortized Cost	Fair Value Through Profit or Loss	Amortized Cost
Liabilities as per Consolidated Balance Sheet:				
Trade payables and other (excluding contract liabilities, RSU Plan and DSU Plans payables and contingent consideration payables)	\$ -	\$ 79,551	\$ -	\$ 81,686
Contingent consideration payables	51	-	7,667	-
Borrowings	-	152,864	-	138,263
	\$ 51	\$ 232,415	\$ 7,667	\$ 219,949

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

18. Financial Instruments and Fair Values, cont'd

Fair Values

The following tables present the fair value hierarchy under which the Company's financial instruments are valued:

	September 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in equity instruments	\$ -	\$ -	\$ 8,193	\$ 8,193
Investments in partnerships	-	-	2,510	2,510
Derivative financial instruments	-	14,089	-	14,089
Liabilities:				
Borrowings	-	153,500	-	153,500
Contingent consideration payables	-	-	51	51
	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in equity instruments	\$ -	\$ -	\$ 9,288	\$ 9,288
Investments in partnerships	-	-	2,193	2,193
Derivative financial instruments	-	7,424	-	7,424
Liabilities:				
Borrowings	-	138,403	-	138,403
Contingent consideration payables	-	-	7,667	7,667

For the three and nine months ended September 30, 2020, there were no transfers between the levels in the hierarchy.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements September 30, 2020 and 2019 (Unaudited)

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

18. Financial Instruments and Fair Values, cont'd

The following table summarizes the movement in the Company's contingent consideration payables:

	Contingent Consideration Payables (Discounted)
Balance as at January 1, 2020	\$ 7,667
Changes in expected payment recorded through profit or loss	(1,176)
Unwinding of discount (Note 6)	102
Settlements	(6,635)
Exchange differences	93
Balance as at September 30, 2020	\$ 51

A 1% increase or decrease in the discount rate could decrease or increase the Company's determination of fair value by approximately \$nil as at September 30, 2020.

The estimated contractual amount of contingent consideration payables as at September 30, 2020 was \$51 (December 31, 2019 - \$7,919), net of a discount of \$nil (December 31, 2019 - \$252).

Cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts, contract assets, and prepayments) due within one year, and trade payables and other (excluding contract liabilities, RSU Plan and DSU Plans payables, and contingent consideration payables) due within one year, are all short-term in nature and, as such, their carrying values approximate their fair values. The fair values of non-current trade receivables and other and trade payables and other are estimated by discounting the future contractual cash flows at the cost of borrowing to the Company, which approximate their carrying values.

The fair value of the bank credit facilities approximates its carrying value, as the instruments bear interest at rates comparable to current market rates.

19. Commitments and Contingencies

As at September 30, 2020, the Company provided letters of credit of approximately \$1,114 to its lessors (December 31, 2019 - \$1,074).

As at September 30, 2020, the Company has guaranteed up to \$1,500 in connection with vehicle leases and related services entered into by GeoVerra.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements

September 30, 2020 and 2019

(Unaudited)

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

19. Commitments and Contingencies, cont'd

The Company committed to aggregate capital contributions of \$542 (Note 10) to certain partnerships (December 31, 2019 - \$682).

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 final 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 Company's financial position or results of operations and have been adequately provided for in these interim 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. Comparative Information

Certain prior year amounts have been restated or re-presented for consistency with the current year presentation requirements under IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, to re-present the comparative interim condensed consolidated statement of comprehensive income (loss) upon classification and disposal of the Geomatics business as discontinued operations.



Altus Group

LISTINGS

Toronto Stock Exchange
Stock trading symbol: AIF

AUDITORS

ERNST & YOUNG LLP

TRANSFER AGENT

AST TRUST COMPANY (CANADA)
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.astfinancial.com/ca-en
Email: inquiries@astfinancial.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