



Altus Group

Q3 2021

| **Financial Statements**

For the nine months ended September 30, 2021

Altus Group Limited



Interim Condensed Consolidated Financial Statements

September 30, 2021 and 2020

(Unaudited)

(Expressed in Thousands of Canadian Dollars)

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Interim Condensed Consolidated Statements of Comprehensive Income (Loss) For the Three and Nine Months Ended September 30, 2021 and 2020 (Unaudited)

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

		Three months ended September 30		Nine months ended September 30	
	Notes	2021	2020	2021	2020
Revenues	5	\$ 151,797	\$ 134,950	\$ 462,478	\$ 421,676
Expenses					
Employee compensation		99,274	84,889	294,121	265,882
Occupancy		1,922	1,712	5,818	5,697
Office and other operating		36,041	23,383	90,769	76,626
Depreciation of right-of-use assets		3,100	2,818	8,910	8,504
Depreciation of property, plant and equipment		1,419	1,451	3,867	4,178
Amortization of intangibles		7,293	5,840	20,781	18,715
Acquisition and related transition costs (income)		1,032	72	8,112	(1,104)
Share of (profit) loss of joint venture		(927)	(442)	(442)	(450)
Restructuring costs (recovery)	10	32	1,155	253	8,610
(Gain) loss on investments		(1,336)	68	(1,839)	(22)
Finance costs (income), net - leases	6	552	619	1,704	1,910
Finance costs (income), net - other	6	1,297	835	2,808	3,422
Profit (loss) from continuing operations before income taxes		2,098	12,550	27,616	29,708
Income tax expense (recovery)	7	2,393	3,253	8,933	7,321
Profit (loss) for the period from continuing operations		\$ (295)	\$ 9,297	\$ 18,683	\$ 22,387
Profit (loss) for the period from discontinued operations		-	(130)	-	(5,300)
Profit (loss) for the period attributable to shareholders		\$ (295)	\$ 9,167	\$ 18,683	\$ 17,087
Other comprehensive income (loss):					
Items that may be reclassified to profit or loss in subsequent periods:					
Currency translation differences		4,717	(250)	(3,425)	8,422
Items that are not reclassified to profit or loss in subsequent periods:					
Change in fair value of FVOCI investments, net of tax		173	-	2,272	(987)
Other comprehensive income (loss), net of tax		4,890	(250)	(1,153)	7,435
Total comprehensive income (loss) for the period, net of tax, attributable to shareholders		\$ 4,595	\$ 8,917	\$ 17,530	\$ 24,522
Earnings (loss) per share attributable to the shareholders of the Company during the period					
Basic earnings (loss) per share:					
Continuing operations	14	\$ (0.01)	\$ 0.23	\$ 0.46	\$ 0.56
Discontinued operations	14	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.13)
Diluted earnings (loss) per share:					
Continuing operations	14	\$ (0.01)	\$ 0.22	\$ 0.44	\$ 0.54
Discontinued operations	14	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.13)

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

Interim Condensed Consolidated Balance Sheets As at September 30, 2021 and December 31, 2020 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Notes	September 30, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		\$ 66,368	\$ 69,637
Trade receivables and other	8	223,504	193,072
Income taxes recoverable		1,653	3,385
Derivative financial instruments		4,613	2,477
		296,138	268,571
Non-current assets			
Trade receivables and other	8	1,546	1,370
Derivative financial instruments		12,179	8,800
Investments	9	18,869	10,356
Investment in joint venture		15,751	15,309
Deferred tax assets		19,979	19,930
Right-of-use assets		59,874	51,690
Property, plant and equipment		20,275	20,376
Intangibles		176,105	77,928
Goodwill		338,292	261,070
		662,870	466,829
Total Assets		\$ 959,008	\$ 735,400
Liabilities			
Current liabilities			
Trade payables and other	10	\$ 167,186	\$ 140,294
Income taxes payable		2,666	1,190
Lease liabilities		13,065	11,700
		182,917	153,184
Non-current liabilities			
Trade payables and other	10	22,323	17,206
Lease liabilities		58,044	51,883
Borrowings	11	246,425	122,432
Deferred tax liabilities		30,625	7,246
Non-controlling interest	4	2,797	-
		360,214	198,767
Total Liabilities		543,131	351,951
Shareholders' Equity			
Share capital	12	556,245	529,866
Contributed surplus		37,681	30,428
Accumulated other comprehensive income (loss)		39,638	40,791
Retained earnings (deficit)		(217,687)	(217,636)
Total Shareholders' Equity		415,877	383,449
Total Liabilities and Shareholders' Equity		\$ 959,008	\$ 735,400

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

Interim Condensed Consolidated Statements of Changes in Equity For the Nine Months Ended September 30, 2021 and 2020 (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, 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		-	-	-	(18,257)	(18,257)
Share-based compensation		-	12,140	-	-	12,140
Dividend Reinvestment Plan		1,553	-	-	-	1,553
Shares issued on exercise of options		13,354	(2,037)	-	-	11,317
Shares issued for share-based compensation		2,608	(2,098)	-	-	510
Treasury shares reserved for share-based compensation		(4,527)	-	-	-	(4,527)
Release of treasury shares		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
As at January 1, 2021		\$ 529,866	\$ 30,428	\$ 40,791	\$ (217,636)	\$ 383,449
Profit (loss) for the period		-	-	-	18,683	18,683
Other comprehensive income (loss), net of tax:						
Currency translation differences		-	-	(3,425)	-	(3,425)
Change in fair value of FVOCI investments		-	-	2,272	-	2,272
Total comprehensive income (loss) for the period		-	-	(1,153)	18,683	17,530
Transactions with owners:						
Dividends declared	15	-	-	-	(18,734)	(18,734)
Share-based compensation	13	-	16,596	-	-	16,596
Dividend Reinvestment Plan	12	2,600	-	-	-	2,600
Shares issued on exercise of options	12, 13	14,094	(2,144)	-	-	11,950
Shares issued for share-based compensation	12, 13	23,171	(2,585)	-	-	20,586
Treasury shares reserved for share-based compensation	12, 13	(26,811)	-	-	-	(26,811)
Shares issued on acquisition	12, 13	8,362	-	-	-	8,362
Release of treasury shares	12, 13	4,963	(4,689)	-	-	274
Gain (loss) on sale of RSs and shares held in escrow		-	75	-	-	75
		26,379	7,253	-	(18,734)	14,898
As at September 30, 2021		\$ 556,245	\$ 37,681	\$ 39,638	\$ (217,687)	\$ 415,877

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

Interim Condensed Consolidated Statements of Cash Flows For the Nine Months Ended September 30, 2021 and 2020 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

		Nine months ended September 30	
	Notes	2021	2020
Cash flows from operating activities			
Profit (loss) from continuing operations before income taxes		\$ 27,616	\$ 29,708
Profit (loss) from discontinued operations before income taxes		-	(5,300)
Profit (loss) before income taxes		\$ 27,616	\$ 24,408
Adjustments for:			
Depreciation of right-of-use assets		8,910	8,556
Depreciation of property, plant and equipment		3,867	4,289
Amortization of intangibles		20,781	18,716
Finance costs (income), net - leases	6	1,704	1,975
Finance costs (income), net - other	6	2,808	3,408
Share-based compensation	13	16,596	12,140
Unrealized foreign exchange (gain) loss		1,249	(217)
(Gain) loss on investments		(1,839)	(22)
(Gain) loss on disposal of right-of-use assets, property, plant and equipment and intangibles		(248)	69
(Gain) loss on derivatives		(5,515)	(6,803)
Share of (profit) loss of joint venture		(442)	(450)
Impairment charge - leases		-	36
Fair value loss (gain) on net assets directly associated with discontinued operations		-	5,224
(Gain) loss on sale of the discontinued operations		-	(483)
Net changes in operating working capital		(13,895)	(19,449)
Net cash generated by (used in) operations		61,592	51,397
Less: interest paid on borrowings		(2,313)	(2,898)
Less: interest paid on leases		(1,704)	(1,975)
Less: income taxes paid		(14,834)	(9,249)
Add: income taxes refunded		2,794	2,331
Net cash provided by (used in) operating activities		45,535	39,606
Cash flows from financing activities			
Proceeds from exercise of options	12, 13	11,950	11,317
Financing fees paid		(136)	(710)
Proceeds from borrowings	11	148,113	38,135
Repayment of borrowings	11	(22,606)	(22,765)
Payments of principal on lease liabilities		(8,671)	(10,974)
Dividends paid	15	(15,971)	(16,628)
Treasury shares purchased for share-based compensation	12, 13	(6,150)	(4,017)
Net cash provided by (used in) financing activities		106,529	(5,642)
Cash flows from investing activities			
Purchase of investments	9	(3,512)	(259)
Cash contribution to investment in joint venture		-	(1,190)
Purchase of intangibles		(3,208)	(66)
Purchase of property, plant and equipment		(3,374)	(2,648)
Proceeds from disposal of property, plant and equipment and intangibles		-	96
Proceeds from investment		307	-
Acquisitions, net of cash acquired		(143,850)	-
Net cash provided by (used in) investing activities		(153,637)	(4,067)
Effect of foreign currency translation		(1,696)	951
Net increase (decrease) in cash and cash equivalents		(3,269)	30,848
Cash and cash equivalents, beginning of period		69,637	60,262
Cash and cash equivalents, end of period		\$ 66,368	\$ 91,110

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

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2021 and 2020

(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 2,600 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.

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, 2021 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, 2020.

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, 2020.

These interim financial statements were approved by the Board of Directors for issue on November 11, 2021.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

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 to be 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 have 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. Management's significant estimates and assumptions that could be impacted most by COVID-19 are: revenue recognition and determination and allocation of the transaction price, impairment of trade receivables and contract assets, and estimated impairment of goodwill.

On June 13, 2021, the Company experienced a cybersecurity incident impacting some of its IT back-office systems. As part of the Company's cybersecurity and business continuity protocols, manual instances of controls and processes were adopted where automated integrations or systems access were temporarily unavailable. As a result, there were no significant changes in the Company's controls or significant assumptions and estimates that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting or interim financial statements.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

4. Acquisitions

Acquisition of Finance Active SAS

On April 1, 2021, the Company acquired all of the issued and outstanding shares of Finance Active SAS ("Finance Active") and its subsidiaries for approximately EUR106,524 (CAD157,288) including a working capital payable of EUR96 (CAD141). On closing, the Company paid a total of EUR89,211 (CAD131,866) in cash, funded by drawing down on the Company's credit facilities. In addition, the Company issued 303,177 common shares to the selling shareholders and certain members of Finance Active's management team valued at EUR12,410 (CAD18,324) from treasury. These common shares will be held in escrow and will vest and be released over two- or three-year periods on each anniversary of the closing date, subject to compliance with certain terms and conditions. Of the shares issued, 156,405 valued at EUR6,402 (CAD9,453) are also subject to continued employment over the vesting period. As part of the purchase price, EUR4,807 (CAD7,098) is also payable in cash over three years after closing. As part of the transaction, the Company entered into non-compete agreements with members of management of Finance Active. Founded in 2000, Finance Active is a European provider of SaaS debt management and financial risk management SaaS solutions for treasury and investment management serving public, corporate and financial institutions. Finance Active is headquartered in Paris, France, with a wide geographic footprint in Europe including over 3,000 customers ranging from small-to-medium businesses to large, global institutions. Finance Active's team of approximately 160 professionals is integrating with the Company's Altus Analytics business.

For accounting purposes, the 156,405 common shares granted and subject to continued employment are held as treasury shares. As these common shares vest, the fair value of the award will be recognized as employee compensation expense with a corresponding amount recognized in contributed surplus. When these common shares are released, the amounts recognized in contributed surplus will be transferred to share capital within shareholders' equity. In addition, the Company recognized the settlement of a put option derivative liability with the selling shareholders of Finance Active of EUR1,500 (CAD2,215) on the acquisition date as part of the consideration transferred.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

4. Acquisitions, cont'd

Acquisition of StratoDem Analytics

On May 4, 2021, the Company acquired certain assets of StratoDem Analytics, LLC ("StratoDem Analytics") for USD24,350 (CAD29,916) in cash and common shares, subject to adjustments. As part of the transaction, the Company entered into a non-compete agreement with members of management of StratoDem Analytics. As consideration for these assets, the Company paid cash of USD15,950 (CAD19,596). In addition, the Company issued 165,320 common shares to the vendors valued at USD8,400 (CAD10,320) from treasury. The common shares will be held in escrow, and will vest and be released 50% on the first anniversary and the remaining 50% equally at 25% on each of the second and third anniversary of the closing date, subject to compliance with certain terms and conditions. Of the shares issued, 139,977 valued at USD7,112 (CAD8,738) are also subject to continued employment over the vesting period. StratoDem Analytics is an early-stage company offering data-science-as-a-service for the real estate sector. The cloud-based StratoDem Analytics platform integrates vast amounts of granular local demographic and economic datasets to generate predictive models and analytical tools that enable clients to better understand the factors influencing the market and build more accurate models and forecasts. Through this acquisition, the StratoDem Analytics platform is a core component to the Company's long-term data strategy, bringing valuable data science talent and technology, and accelerating the Company's speed to market for future data analytics products. Based in the U.S., StratoDem Analytics' team has integrated with the Company's Altus Analytics business unit.

For accounting purposes, the 139,977 common shares granted and subject to continued employment are held as treasury shares. As these common shares vest, the fair value of the award will be recognized as employee compensation expense with a corresponding amount recognized in contributed surplus. When these common shares are released, the amounts recognized in contributed surplus will be transferred to share capital within shareholders' equity.

Acquisition of ArGil Property Tax Services Paralegal Professional Corporation

On August 16, 2021, the Company acquired certain assets of ArGil Property Tax Services Paralegal Professional Corporation ("ArGil") for CAD6,148 including a working capital payable of CAD2,148. As part of the transaction, the Company entered into a non-compete agreement with members of management of ArGil. As consideration for these assets, the Company paid cash of CAD1,400 and will pay to the vendors excess working capital of CAD2,148. In addition, the Company issued 40,023 common shares to the vendors valued at CAD2,400 from treasury. The common shares will be held in escrow, and will vest and be released equally over three years on each anniversary of the closing date, subject to compliance with certain terms and conditions. The shares issued are also subject to continued employment over the vesting period. The purchase agreement also provides for contingent consideration of CAD200, subject to certain performance targets being achieved over a three-year period from the closing date. ArGil provides Property Tax Advisory services in Ontario, Canada. Based in Canada, the ArGil team has integrated with the Company's Property Tax business.

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2021 and 2020

(Unaudited)

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

4. Acquisitions, cont'd

For accounting purposes, the 40,023 common shares granted and subject to continued employment are held as treasury shares. As these common shares vest, the fair value of the award will be recognized as employee compensation expense with a corresponding amount recognized in contributed surplus. When these common shares are released, the amounts recognized in contributed surplus will be transferred to share capital within shareholders' equity.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

4. Acquisitions, cont'd

The purchase price allocations, subject to finalization, are based on management's best estimate of fair value, and at the acquisition dates are as follows:

	September 30, 2021			
	Finance Active	StratoDem Analytics	ArGil	Total
Acquisition-related costs (included in acquisition and related transition costs (income) in the consolidated statements of comprehensive income (loss))	\$ 6,587	\$ 802	\$ 109	\$ 7,498
Consideration:				
Cash (including working capital payable)	\$ 131,866	\$ 19,596	\$ 3,548	\$ 155,010
Common shares	18,324	10,320	2,400	31,044
Deferred consideration	7,098	-	-	7,098
Contingent consideration	-	-	200	200
	157,288	29,916	6,148	193,352
Less: common shares subject to be recognized as employee compensation expense	(9,453)	(8,738)	(2,400)	(20,591)
Less: discount on shares	(1,774)	(316)	-	(2,090)
Less: discount on deferred consideration	(356)	-	-	(356)
Less: discount on contingent consideration	-	-	(27)	(27)
Less: settlement of put option derivative	(2,215)	-	-	(2,215)
	143,490	20,862	3,721	168,073
Less: consideration transferred for non-compete agreements	(738)	(2,146)	(164)	(3,048)
Consideration transferred for acquired business	142,752	18,716	3,557	165,025
Recognized amounts of identifiable assets acquired and liabilities assumed:				
Cash and cash equivalents	11,160	-	-	11,160
Trade receivables and other	10,585	14	2,398	12,997
Investment in equity instruments	155	-	-	155
Property, plant and equipment	749	6	6	761
Trade payables and other	(22,774)	(270)	-	(23,044)
Right-of-use assets	4,756	-	-	4,756
Intangibles	105,721	7,262	562	113,545
Lease liabilities	(4,511)	-	-	(4,511)
Deferred taxes, net	(27,805)	-	-	(27,805)
Non-controlling interest	(2,805)	-	-	(2,805)
Total identifiable net assets of acquired business	75,231	7,012	2,966	85,209
Goodwill	\$ 67,521	\$ 11,704	\$ 591	\$ 79,816
Goodwill and intangibles expected to be deductible for tax purposes	\$ -	\$ 30,149	\$ 3,744	\$ 33,893

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

4. Acquisitions, cont'd

Non-controlling interest for the Finance Active acquisition represents the fair value of the exercise price of a put and call option derivative liability related to a 30% minority interest in a limited partnership in Germany, Verifino GmbH & Co.KG, which is exercisable beginning in 2022.

Goodwill arising from the acquisitions relates to expected synergies with the existing businesses and the opportunities to strengthen and complement offerings with greater breadth and depth to both existing and acquired clients.

Intangibles acquired are as follows:

	September 30, 2021			
	Finance Active	StratoDem Analytics	ArGil	Total
Finite life assets				
Brands of acquired businesses	\$ 12,846	\$ -	\$ -	\$ 12,846
Customer lists	62,163	446	415	63,024
Custom application software	30,712	6,590	-	37,302
Customer backlog	-	226	147	373
Non-compete agreements	738	2,146	164	3,048
	\$ 106,459	\$ 9,408	\$ 726	\$ 116,593

Revenues and profit (loss) for Finance Active for the period from April 1, 2021 to September 30, 2021 included in the consolidated statements of comprehensive income (loss) are \$16,778 and \$(3,956), respectively.

Revenues and profit (loss) for StratoDem Analytics for the period from May 4, 2021 to September 30, 2021 included in the consolidated statements of comprehensive income (loss) are \$240 and \$(4,459), respectively.

ArGil has been fully integrated into the operations of Property Tax and the stand-alone revenues and profit (loss) could not be determined.

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2021 and 2020

(Unaudited)

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

5. Segmented Information

The segmentation reflects the way the Chief Executive Officer (“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.

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 improving the visibility and flow of information throughout critical processes.

Commercial Real Estate Consulting provides Property Tax, and Valuation and Cost Advisory solutions 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 right-of-use assets, property, plant and equipment and intangibles, share of (profit) loss of joint venture, impairment charges, non-cash share-based compensation 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.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (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	
	2021	2020	2021	2020
Adjusted EBITDA	\$ 24,415	\$ 24,047	\$ 83,894	\$ 72,194
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 ⁽¹⁾	3,294	3,023	9,722	9,259
Depreciation of right-of-use assets	(3,100)	(2,818)	(8,910)	(8,504)
Depreciation of property, plant and equipment and amortization of intangibles	(8,712)	(7,291)	(24,648)	(22,893)
Acquisition and related transition (costs) income	(1,032)	(72)	(8,112)	1,104
Unrealized foreign exchange gain (loss) ⁽²⁾	(507)	281	(1,249)	217
Gain (loss) on disposal of right-of-use assets, property, plant and equipment and intangibles ⁽²⁾	5	21	248	(3)
Share of profit (loss) of joint venture	927	442	442	450
Non-cash share-based compensation costs ⁽³⁾	(5,865)	(4,260)	(13,277)	(8,128)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽³⁾	829	2,463	1,005	1,766
Restructuring (costs) recovery	(32)	(1,155)	(253)	(8,610)
Gain (loss) on investments ⁽⁴⁾	1,336	(68)	1,839	22
Impairment charge - leases	-	-	-	(36)
Other non-operating and/or non-recurring income (costs) ⁽⁵⁾	(7,611)	(609)	(8,573)	(1,798)
Earnings (loss) from continuing operations before finance costs and income taxes	3,947	14,004	32,128	35,040
Finance (costs) income, net - leases	(552)	(619)	(1,704)	(1,910)
Finance (costs) income, net - other	(1,297)	(835)	(2,808)	(3,422)
Profit (loss) from continuing operations before income taxes	2,098	12,550	27,616	29,708
Income tax (expense) recovery	(2,393)	(3,253)	(8,933)	(7,321)
Profit (loss) for the period from continuing operations	\$ (295)	\$ 9,297	\$ 18,683	\$ 22,387
Profit (loss) for the period from discontinued operations	-	(130)	-	(5,300)
Profit (loss) for the period	\$ (295)	\$ 9,167	\$ 18,683	\$ 17,087

⁽¹⁾ Management uses the non-GAAP occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 when analyzing financial and operating performance.

⁽²⁾ Included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

⁽³⁾ Included in employee compensation expenses in the interim condensed consolidated statements of comprehensive income (loss).

⁽⁴⁾ Gain (loss) on investments relates to changes in the fair value of investments in partnerships.

⁽⁵⁾ Other non-operating and/or non-recurring income (costs) for the three and nine months ended September 30, 2021 relate to (i) costs relating to the June 13, 2021 cybersecurity incident net of insurance proceeds received or receivable, and (ii) transaction and other related costs. For the three and nine months ended September 30, 2020, other non-operating and/or non-recurring income (costs) 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).

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(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, 2021						
	Altus Analytics	Commercial Property Tax	Real Estate Valuation and Cost Advisory	Consulting Total	Corporate ⁽¹⁾	Eliminations	Total
Revenues from external customers	\$ 64,963	\$ 58,488	\$ 28,346	\$ 86,834	\$ -	\$ -	\$ 151,797
Inter-segment revenues	138	-	(63)	(63)	-	(75)	-
Total segment revenues	65,101	58,488	28,283	86,771	-	(75)	151,797
Adjusted EBITDA ⁽²⁾	11,728	18,596	3,882	22,478	(9,791)	-	24,415
Depreciation of right-of-use assets	1,592	747	610	1,357	151	-	3,100
Depreciation of property, plant and equipment and amortization of intangibles	4,803	3,319	371	3,690	219	-	8,712
Finance costs (income), net - leases	121	172	116	288	143	-	552
Finance costs (income), net - other	-	-	-	-	1,297	-	1,297
Income tax expense (recovery)	-	-	-	-	2,393	-	2,393

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net - other and income tax expense (recovery).

⁽²⁾ Up until 2020, variable compensation costs were accrued in the Corporate segment and, upon determination at year-end, were allocated accordingly. Starting in the first quarter of 2021, the Company accrues variable compensation costs for the business units directly.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

5. Segmented Information, cont'd

	Three months ended September 30, 2020						Total
	Altus Analytics	Commercial Real Estate	Valuation and Cost Advisory	Consulting	Corporate ⁽¹⁾	Eliminations	
		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 ⁽²⁾	9,588	18,270	3,904	22,174	(7,715)	-	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).

⁽²⁾ Up until 2020, variable compensation costs were accrued in the Corporate segment and, upon determination at year-end, were allocated accordingly. Starting in the first quarter of 2021, the Company accrues variable compensation costs for the business units directly. As such, comparative figures have been restated to reflect accrued variable compensation costs within the respective business units.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

5. Segmented Information, cont'd

	Nine months ended September 30, 2021						
	Altus Analytics	Commercial Real Estate	Consulting	Corporate ⁽¹⁾	Eliminations	Total	
		Property Tax	Valuation and Cost Advisory	Total			
Revenues from external customers	\$ 178,314	\$ 199,848	\$ 84,316	\$ 284,164	\$ -	\$ -	\$ 462,478
Inter-segment revenues	363	3	(140)	(137)	-	(226)	-
Total segment revenues	178,677	199,851	84,176	284,027	-	(226)	462,478
Adjusted EBITDA ⁽²⁾	30,869	69,394	10,492	79,886	(26,861)	-	83,894
Depreciation of right-of-use assets	4,368	2,216	1,886	4,102	440	-	8,910
Depreciation of property, plant and equipment and amortization of intangibles	13,446	9,568	967	10,535	667	-	24,648
Finance costs (income), net - leases	366	513	374	887	451	-	1,704
Finance costs (income), net - other	-	-	-	-	2,808	-	2,808
Income tax expense (recovery)	-	-	-	-	8,933	-	8,933

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net - other and income tax expense (recovery).

⁽²⁾ Up until 2020, variable compensation costs were accrued in the Corporate segment and, upon determination at year-end, were allocated accordingly. Starting in the first quarter of 2021, the Company accrues variable compensation costs for the business units directly.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (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 Property Tax	Real Estate Valuation and Cost Advisory	Consulting Total	Corporate ⁽¹⁾	Eliminations	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 ⁽²⁾	26,030	58,840	9,041	67,881	(21,717)	-	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).

⁽²⁾ Up until 2020, variable compensation costs were accrued in the Corporate segment and, upon determination at year-end, were allocated accordingly. Starting in the first quarter of 2021, the Company accrues variable compensation costs for the business units directly. As such, comparative figures have been restated to reflect accrued variable compensation costs within the respective business units.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (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	
	2021	2020	2021	2020
Interest on bank credit facilities	\$ 1,044	\$ 843	\$ 2,505	\$ 3,220
Interest on lease liabilities	552	619	1,704	1,910
Contingent consideration payables: unwinding of discount	32	-	62	102
Provisions: unwinding of discount (Note 10)	-	3	5	31
Interest - other	234	-	293	-
Change in fair value of interest rate swaps	-	-	-	138
Finance costs	1,862	1,465	4,569	5,401
Finance income	(13)	(11)	(57)	(69)
Finance costs (income), net	\$ 1,849	\$ 1,454	\$ 4,512	\$ 5,332

7. Income Taxes

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Income tax expense (recovery)				
Current	\$ 5,810	\$ 4,079	\$ 15,001	\$ 8,579
Deferred	(3,417)	(826)	(6,068)	(1,258)
	\$ 2,393	\$ 3,253	\$ 8,933	\$ 7,321

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

8. Trade Receivables and Other

	September 30, 2021	December 31, 2020
Trade receivables	\$ 163,050	\$ 145,427
Less: loss allowance provision	(20,052)	(16,869)
Trade receivables, net	142,998	128,558
Contract assets: unbilled revenue on customer contracts ⁽¹⁾	59,006	48,120
Deferred costs to obtain customer contracts	1,594	2,205
Prepayments	15,803	13,229
Due from related party (GeoVerra)	1,755	1,675
Other receivables	3,894	655
	225,050	194,442
Less: non-current portion	(1,546)	(1,370)
	\$ 223,504	\$ 193,072

⁽¹⁾ On September 30, 2021, contract assets are stated net of expected credit losses of \$883 (December 31, 2020 - \$670).

For the three and nine months ended September 30, 2021, \$731 and \$1,733, respectively, of amortization associated with deferred costs to obtain customer contracts was expensed to the interim condensed consolidated statements of comprehensive income (loss) (2020 - \$404 and \$1,185, respectively). For the three and nine months ended September 30, 2021 and 2020, no impairment losses on deferred costs were recognized.

9. Investments

	September 30, 2021	December 31, 2020
Investments in equity instruments	\$ 13,544	\$ 7,811
Investments in partnerships	5,325	2,545
	\$ 18,869	\$ 10,356

During the nine months ended September 30, 2021, the Company purchased \$2,153 of preferred shares and \$148 of common shares as equity instruments (2020 - \$nil) and contributed \$1,211 towards capital in various partnerships (2020 - \$259).

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

10. Trade Payables and Other

	September 30, 2021	December 31, 2020
Trade payables	\$ 13,607	\$ 7,596
Accrued expenses	100,998	94,354
Contract liabilities: deferred revenue	54,420	43,032
Deferred consideration payables	10,844	47
Contingent consideration payables	174	-
Dividends payable (Note 15)	6,287	6,124
Provisions	2,865	6,018
Due to related party (GeoVerra)	314	329
	189,509	157,500
Less non-current portion:		
Accrued expenses	17,092	15,449
Contract liabilities: deferred revenue	1,155	681
Deferred consideration payables	3,540	-
Contingent consideration payables	174	-
Provisions	362	1,076
	22,323	17,206
	\$ 167,186	\$ 140,294

Provisions consist of:

	Restructuring	Other	Total
Balance as at January 1, 2021	\$ 5,800	\$ 218	\$ 6,018
Charged to profit or loss:			
Additional provisions, net of releases	253	(25)	228
Unwinding of discount (Note 6)	-	5	5
Used during the period	(3,346)	(4)	(3,350)
Exchange differences	(21)	(15)	(36)
Balance as at September 30, 2021	2,686	179	2,865
Less: non-current portion	(183)	(179)	(362)
	\$ 2,503	\$ -	\$ 2,503

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

11. Borrowings

	September 30, 2021	December 31, 2020
Bank credit facilities	\$ 246,939	\$ 123,000
Less: deferred financing fees	(514)	(568)
	\$ 246,425	\$ 122,432

Amendments to bank credit facilities

The Company's bank credit agreement permits the Company to increase its bank credit facilities from \$275,000 to \$350,000. On September 24, 2021, 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 \$315,000 from \$275,000 with certain provisions that allow the Company to further increase the limit to \$365,000.

In addition, in anticipation of the replacement of the LIBOR rates, interest rates under the Company's credit facilities that were benchmarked to LIBOR rates have been amended to be benchmarked to SONIA, SOFR and €STR rates.

As at September 30, 2021, the Company was in compliance with the financial covenants of the amended bank credit facilities, which are summarized below:

	September 30, 2021
Funded debt to EBITDA (maximum of 4.00:1)	2.05:1
Interest coverage (minimum of 3.00:1)	38.47:1

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

12. Share Capital

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

	Common Shares	
	Number of Shares	Amount
Balance as at January 1, 2021	40,429,117	\$ 529,866
Issued on exercise of options (Note 13)	418,349	14,094
Issued under the Dividend Reinvestment Plan	47,978	2,600
Issued for share-based compensation (Note 13)	448,250	23,171
Treasury shares reserved for share-based compensation (Note 13)	(398,873)	(26,811)
Shares issued on acquisition	172,115	8,362
Release of treasury shares (Note 13)	118,365	4,963
Balance as at September 30, 2021	41,235,301	\$ 556,245

The 41,235,301 common shares as at September 30, 2021 are net of 676,092 treasury shares with a carrying value of \$41,386 that are being held by the Company until vesting conditions are met (Note 13).

13. 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

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

Movements in the number of options outstanding and the weighted average exercise price are as follows:

	Number of Options Outstanding	Weighted Average Exercise Price
Balance as at January 1, 2021	1,791,682	\$35.78
Granted	226,891	\$58.95
Exercised	(418,349)	\$28.59
Expired/Forfeited	(67,263)	\$41.21
Balance as at September 30, 2021	1,532,961	\$40.93

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

13. Share-based Compensation, cont'd

Information about the Company's share options outstanding and exercisable as at September 30, 2021 is as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
\$19.67 - \$29.72	299,039	1.98 years	153,619
\$30.70 - \$37.93	408,941	2.04 years	198,200
\$45.11 - \$52.84	606,631	3.59 years	124,263
\$56.49 - \$65.67	218,350	4.53 years	-
\$40.93	1,532,961	3.00 years	476,082

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:

	2021
Risk-free interest rate	0.77% - 0.78%
Expected dividend yield	1.0%
Expected volatility	30.11% - 32.92%
Expected option life	3.00 - 4.50 years
Weighted average exercise price	\$58.95
Weighted average grant-date fair value per option	\$11.39 - \$15.38

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:

	Number of common shares
Balance as at January 1, 2021	116,309
Settled	(60,790)
Forfeited	(2,520)
Balance as at September 30, 2021	52,999

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

13. Share-based Compensation, cont'd

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:

	Number of common shares
Settled in March 2020	54,707
Settled in March 2021	111,845

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

	Number of PSUs
Granted in 2020	172,350
Granted in 2021	101,709

(ii) Long-Term Incentive Restricted Share Plan and Long-Term Incentive Restricted Share Unit Plan

In March 2021, the Board of Directors approved two new long-term incentive plans, the Long-Term Incentive Restricted Share Plan (“LTIRS Plan”) and Long-Term Incentive Restricted Share Unit Plan (“LTIRSU Plan”), to complement the existing Long-Term Equity Incentive Plan.

Restricted shares (“RSs”) and restricted share units (“RSUs”) granted under these plans will not be available to the employee until three years following the grant date. After three years from the date of grant, the RSs and RSUs will be released, provided, subject to certain exceptions such as retirement, disability or death, that the individual is employed with the Company at the time of the release. Participants are entitled to receive cash dividends or notional distributions that are paid on common shares, respectively. If an employee resigned from the Company or is terminated for cause, all RSs and RSUs that have not yet been released from the three-year restriction period will be forfeited.

With respect to RSs that are equity-settled, the Company contributes funds to purchase common shares in the open market (through the facilities of the TSX or by private agreement) and are held by the Company as treasury shares until they vest. This amount is shown as a reduction in the carrying value of the Company’s common shares. The Company recognizes the fair value of the award when granted as employee compensation expense with a corresponding credit to contributed surplus over a three-year period from the date of grant. As RSs are released, the portion of the contributed surplus relating to the RSs is credited to share capital within shareholders’ equity.

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

13. Share-based Compensation, cont'd

With respect to RSUs that are cash-settled, the Company recognizes the fair value of the award when granted as employee compensation expense with a corresponding credit to trade payables and other over a three-year period from the date of grant. Changes in the liability subsequent to the grant date and prior to settlement due to changes in fair value of the Company's common shares are recorded as employee compensation expense in the period incurred.

The following is a summary of the Company's LTIRS Plan activity:

	Number of RSs
Balance as at January 1, 2021 (all unvested)	-
Granted	19,316
Balance as at September 30, 2021 (all unvested)	19,316

In 2021, the Company granted a total value of \$1,982 under the LTIRS Plan and purchased 19,316 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 LTIRSU Plan activity:

	Number of RSUs
Balance as at January 1, 2021 (all unvested)	-
Granted	55,419
Settled	(475)
Forfeited	(2,122)
Balance as at September 30, 2021 (all unvested)	52,822

(iii) 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, 2021 (all unvested)	194,654
Granted	43,152
Settled	(52,053)
Forfeited	(2,994)
Balance as at September 30, 2021 (all unvested)	182,759

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

13. Share-based Compensation, cont'd

In connection with the 2020 performance year, the Company granted a total value of \$4,191 under the RS Plan. In March 2021, the Company purchased 42,705 common shares in the open market (through the facilities of the TSX or by private agreement).

In connection with the 2019 performance year, the Company granted a total value 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).

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

	Number of RSUs
Balance as at January 1, 2021 (all unvested)	302,325
Granted	81,060
Settled	(89,259)
Forfeited	(29,276)
Balance as at September 30, 2021 (all unvested)	264,850

(iv) 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, 2021	173,836
Granted	16,293
Balance as at September 30, 2021	190,129

(v) Other Share-Based Awards

The following is a summary of the activity related to common shares held in escrow related to the Company's acquisition of Property Tax Assistance Company Inc. in December 2020, Finance Active in April 2021, StratoDem Analytics in May 2021 and ArGil in August 2021:

	Number of common shares
Balances as at January 1, 2021	84,341
Granted	336,405
Balance as at September 30, 2021	420,746

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

13. Share-based Compensation, cont'd

(vi) Compensation Expense by Plan

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Share Option Plan	\$ -	\$ 56	\$ -	\$ 82
Equity Compensation Plan	145	521	524	1,256
Long-Term Equity Incentive Plan	1,832	3,697	5,135	6,904
LTIRS Plan	222	-	390	-
LTIRSU Plan ⁽¹⁾	249	-	442	-
RS Plan	964	1,524	2,928	3,898
RSU Plan ⁽²⁾	2,143	3,550	5,571	6,656
DSU Plans ⁽³⁾	955	1,963	3,148	3,249
Other share-based awards	3,889	-	7,618	-

⁽¹⁾ For the three and nine months ended September 30, 2021, the Company recorded mark-to-market adjustments of \$21 and \$23, respectively (2020 - \$nil and \$nil, respectively).

⁽²⁾ For the three and nine months ended September 30, 2021, the Company recorded mark-to-market adjustments of \$891 and \$3,158, respectively (2020 - \$2,512 and \$3,790, respectively).

⁽³⁾ For the three and nine months ended September 30, 2021, the Company recorded mark-to-market adjustments of \$536 and \$1,897, respectively (2020 - \$1,659 and \$2,314, respectively).

For the three and nine months ended September 30, 2020, included in compensation expense above are amounts related to the Geomatics discontinued operations totalling \$22 and \$260, respectively.

(vii) Liabilities for Cash-settled Plans ⁽¹⁾

	September 30, 2021	December 31, 2020
LTIRSU Plan	\$ 413	\$ -
RSU Plan	11,945	11,412
DSU Plans	10,671	7,537

⁽¹⁾ The carrying value of the liability related to these Plans is recorded in accrued expenses within trade payables and other.

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

14. Earnings (Loss) per Share

For the three months ended September 30, 2021, 1,532,961 share options and 675,820 restricted shares (including common shares issued in escrow as part of the LTIRS plan) and 441,851 PSUs 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, 2021, 218,350 share options and 19,487 restricted shares (including common shares issued in escrow as part of the LTIRS Plan) were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

For the three and nine months ended September 30, 2020, 630,593 share options and 10,272 and 26,726 restricted shares, respectively, (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.

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	
	2021	2020	2021	2020
Profit (loss) for the period from continuing operations - basic and diluted	\$ (295)	\$ 9,297	\$ 18,683	\$ 22,387
Profit (loss) for the period from discontinued operations - basic and diluted	-	(130)	-	(5,300)
Profit (loss) for the period - basic and diluted	\$ (295)	\$ 9,167	\$ 18,683	\$ 17,087
Weighted average number of common shares outstanding - basic	41,158,776	40,240,402	40,922,098	40,084,289
Dilutive effect of share options	-	421,874	426,438	360,721
Dilutive effect of equity awards and PSUs	-	476,289	339,177	447,076
Dilutive effect of restricted shares	-	209,434	297,720	227,961
Weighted average number of common shares outstanding - diluted	41,158,776	41,347,999	41,985,433	41,120,047
Earnings (loss) per share:				
Basic				
Continuing operations	\$ (0.01)	\$ 0.23	\$ 0.46	\$ 0.56
Discontinued operations	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.13)
Diluted				
Continuing operations	\$ (0.01)	\$ 0.22	\$ 0.44	\$ 0.54
Discontinued operations	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.13)

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

15. Dividends Payable

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

16. Financial Instruments and Fair Values

The Company's financial instruments consist of cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts, and prepayments), investments in equity instruments, investments in partnerships, derivative financial instruments, trade payables and other (excluding contract liabilities, LTIRSU Plan, RSU Plan and DSU Plans payables, and contingent consideration payables), deferred consideration payables, and borrowings.

Financial Instruments by Category

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

	September 30, 2021			December 31, 2020		
	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	\$ -	\$ -	\$ 66,368	\$ -	\$ -	\$ 69,637
Trade receivables and other (excluding deferred costs to obtain customer contracts, and prepayments)	-	-	207,653	-	-	179,008
Investments in equity instruments	-	13,544	-	-	7,811	-
Investments in partnerships	5,325	-	-	2,545	-	-
Derivative financial instruments	16,792	-	-	11,277	-	-
	\$ 22,117	\$ 13,544	\$ 274,021	\$ 13,822	\$ 7,811	\$ 248,645

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

16. Financial Instruments and Fair Values, cont'd

	September 30, 2021		December 31, 2020	
	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, LTIRSU Plan, RSU Plan and DSU Plans payables, deferred consideration payables and contingent consideration payables)	\$ -	\$ 101,042	\$ -	\$ 95,472
Deferred consideration payables	10,844	-	47	-
Contingent consideration payables	174	-	-	-
Borrowings	246,425	-	-	122,432
	\$ 257,443	\$ 101,042	\$ 47	\$ 217,904

Fair Values

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

	September 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in equity instruments	\$ 4,812	\$ -	\$ 8,732	\$ 13,544
Investments in partnerships	-	-	5,325	5,325
Derivative financial instruments	-	16,792	-	16,792
Liabilities:				
Borrowings	-	246,939	-	246,939
Deferred consideration payables	-	10,844	-	10,844
Contingent consideration payables	-	174	-	174

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

16. Financial Instruments and Fair Values, cont'd

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in equity instruments	\$ -	\$ -	\$ 7,811	\$ 7,811
Investments in partnerships	-	-	2,545	2,545
Derivative financial instruments	-	11,277	-	11,277
Liabilities:				
Borrowings	-	123,000	-	123,000
Contingent consideration payables	-	-	47	47

For the three and nine months ended September 30, 2021, there was a transfer within investments in equity instruments from Level 3 to Level 1 in the hierarchy due to the completion of the initial public offering of Procore Technologies Inc., which is now listed on the New York Stock Exchange.

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, LTIRSU Plan, RSU Plan and DSU Plans payables, deferred consideration 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.

17. Commitments and Contingencies

As at September 30, 2021, the Company provided letters of credit of approximately \$1,089 to its lessors (December 31, 2020 - \$1,107).

As at September 30, 2021, the Company has guaranteed up to \$1,500 in connection with vehicle leases and related services entered into by GeoVerra (December 31, 2020 - \$1,500).

As at September 30, 2021, the Company has committed to aggregate capital contributions of \$2,320 (Note 9) to certain partnerships (December 31, 2020 - \$418).

Notes to Interim Condensed Consolidated Financial Statements September 30, 2021 and 2020 (Unaudited)

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

17. Commitments and Contingencies, cont'd

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.

18. Events After the Reporting Period

\$172,546 bought deal equity financing

On October 4, 2021, the Company completed a \$172,546 bought deal equity financing. A total of 2,783,000 common shares were sold pursuant to the Company's bought deal financing at a price of \$62.00 per common share for gross proceeds of \$172,546, including the full exercise of the underwriters' over-allotment option to purchase an additional 363,000 common shares at the same price.

Acquisition of Scryer, Inc. (d/b/a Reonomy) ("Reonomy")

On November 11, 2021, the Company signed a definitive agreement to acquire Reonomy, a fast growing, AI-powered data platform for the CRE industry, for USD201,500 (approximately CAD249,500) (on a cash-free debt-free basis), subject to adjustments.

On closing, the Company will pay USD198,500 (approximately CAD245,800) in cash, funded by cash on hand and borrowings under the Company's credit facilities. In addition, the Company will issue common shares to Reonomy's employees valued at USD3,000 (CAD3,700). These common shares will be held in escrow and will vest and be released equally over two years on each anniversary of the issuance date, subject to continued employment and compliance with certain terms and conditions.

Amendment to bank credit facilities

On November 4, 2021, the Company amended its bank credit facilities. The amended credit facilities increase the Company's borrowing capacity to \$400,000 from \$315,000 with certain provisions that allow the Company to further increase the limit to \$450,000.

LISTINGS

Toronto Stock Exchange
Stock trading symbol: AIF

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