



Altus Group



Q2 2018

SHAREHOLDERS' REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2018

Altus Group Limited

Shareholders' Report

June 30, 2018



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Management's Discussion & Analysis

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The following management's discussion and analysis ("MD&A") is intended to assist readers in understanding Altus Group Limited (the "Company" or "Altus Group"), its business environment, strategies, performance, and outlook and the risks applicable to Altus Group. It should be read in conjunction with our unaudited interim condensed consolidated financial statements and accompanying notes (the "financial statements") for the three and six months ended June 30, 2018, which have been prepared on the basis of International Financial Reporting Standards ("IFRS") and reported in Canadian dollars. Unless otherwise indicated herein, references to "\$" are to Canadian dollars.

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

This MD&A is dated as of August 7, 2018.

Forward-Looking Information

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

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

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information include, but are not limited to: general state of the economy; currency risk; ability to maintain profitability and manage growth; commercial real estate market; competition in the industry; acquisitions; oil and gas sector; ability to attract and retain professionals; information from multiple sources; reliance on larger enterprise transactions with longer and less predictable sales cycles; success of new product introductions; ability to respond to technological change and develop products on a timely basis; protection of intellectual property or defending against claims of intellectual property rights



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of others; ability to implement technology strategy and ensure workforce adoption; information technology governance and security, including cyber security; fixed-price and contingency engagements; appraisal and appraisal management mandates; Canadian multi-residential market; weather; legislative and regulatory changes; customer concentration and loss of material clients; interest rate risk; credit risk; income tax matters; revenue and cash flow volatility; health and safety hazards; performance of contractual obligations and client satisfaction; risk of legal proceedings; insurance limits; ability to meet solvency requirements to pay dividends; leverage and financial covenants; unpredictability and volatility of common share price; capital investment; and issuance of additional common shares diluting existing shareholders' interests, as well as those described in our publicly filed documents, including the Annual Information Form for the year ended December 31, 2017 (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.

Adoption of Recent Accounting Pronouncements

We adopted the new accounting standards for revenue recognition and financial instruments effective January 1, 2018. These new standards had a material impact on our consolidated financial statements as at and for the year ended December 31, 2017. Beginning with the first quarter of 2018, our financial results reflect adoption of the standards with prior periods restated accordingly. Refer to Note 2 – Adoption of Recent Accounting Pronouncements in the notes to financial statements for further discussion.

IFRS 15, *Revenue from Contracts with Customers*, impacts the Company if our customers choose to license our on-premise versions rather than licensing hosted versions of ARGUS software solutions. The associated revenue will shift from being recognized over the contract term for the entire contract value to a portion of the contract value being recognized at the time of the transaction and the remainder over the contract term.

IFRS 9, *Financial Instruments*, impacts the accounting for expected credit losses of financial assets, more specifically, trade receivables and contract assets for unbilled revenue on customer contracts. Under IFRS 9, the Company will apply an expected loss model that assesses the risk a financial asset will default rather than whether a loss has been incurred. This will result in losses being recognized earlier.

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



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comparable to financial measures as reported by those entities. We believe that these measures are useful supplemental measures that may assist investors in assessing an investment in our shares and provide more insight into our performance.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization, ("Adjusted EBITDA"), represents profit (loss) before income taxes adjusted for the effects of finance costs (income), amortization of intangibles, depreciation of property, plant and equipment, acquisition and related transition costs (income), restructuring costs, share of profit (loss) of associates, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on investments, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs") being hedged and other costs or income of a non-operating and/or non-recurring nature. Adjusted EBITDA margin is Adjusted EBITDA divided by revenues. Refer to page 23 for a reconciliation of Adjusted EBITDA to our financial statements.

Adjusted Earnings (Loss) per Share, ("Adjusted EPS"), represents basic earnings (loss) per share adjusted for the effects of amortization of intangibles acquired as part of business acquisitions, non-cash finance costs (income) related to the revaluation of amounts payable to U.K. unitholders, net of changes in fair value of related equity derivatives, acquisition and related transition costs (income), restructuring costs, share of profit (loss) of associates, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on investments, interest accretion on contingent consideration payables, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged and other costs or income of a non-operating and/or non-recurring nature. All of the adjustments are made net of tax. Refer to page 24 for a reconciliation of Adjusted EPS to our financial statements.

Overview of the Business

Altus Group Limited is a leading provider of independent advisory services, software and data solutions to the global commercial real estate ("CRE") industry. Our businesses, Altus Analytics and Altus Expert Services, reflect decades of experience, a range of expertise, and technology-enabled capabilities. Our solutions empower clients to analyze, gain insight and recognize value on their real estate investments. Headquartered in Canada, we have approximately 2,500 employees around the world, with operations in North America, Europe and Asia Pacific. Our clients include some of the world's largest real estate industry participants.

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

Altus Analytics

Altus Analytics provides data, analytics software and technology-related services. Our clients consist of large owners and managers of CRE assets, including public and private investment funds, pension funds, asset managers, real estate investment trusts ("REITs"), corporate investors, developers, brokers, governments and financial institutions.



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Our ARGUS software solutions are among the most recognized in the CRE industry. Our flagship ARGUS Enterprise (“AE”) software is the leading global solution for valuation and portfolio management. It provides the industry valuation standard in the U.S., the U.K. and Australia and enables global portfolio analytical capabilities with multi-currency adaptability. AE’s suite of functionality offers valuation and cash flow analysis, property budgeting and strategic planning, investment and fund structure forecasting, dynamic reporting capabilities, and scenario and risk analysis. The recent acquisition of Taliance allows ARGUS to provide collaborative business solutions to alternative investment firms globally allowing them to improve their modelling, forecasting and risk management processes in real time. Other software products include ARGUS Developer and ARGUS EstateMaster (software for development feasibility analysis), ARGUS on Demand (“AOD”) (a hosted version of AE and ARGUS Developer), and ARGUS Voyanta (a cloud-based data management solution). ARGUS branded products are sold as perpetual licenses, with ongoing maintenance, or on a subscription basis.

In addition to our global software solutions, in the U.S., we offer appraisal management solutions with data and analytics functionality that allows institutional real estate investors to perform quarterly performance reviews, benchmarking and attribution analysis of their portfolios with the use of our proprietary data analytics platforms. This offering is now also available in Europe and Asia. The contractual terms of our appraisal management agreements are generally for three to five year terms and pricing is primarily based on the number of real estate assets on our platform, adjusted for frequency of valuations and complexity. Our appraisal management teams are engaged from time to time to perform due diligence assignments in connection with CRE transactions.

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

A significant portion of Altus Analytics revenues is comprised of recurring revenues. Recurring revenues represent revenues related to software and data subscriptions, maintenance for perpetual licenses and appraisal management solutions, where the contract value for software subscriptions is recognized ratably over the contract term. Consistent with recurring revenues disclosed in prior years, this depicts the economics of our renewable contracts.

Expert Services

Expert Services consists of CRE Consulting and Geomatics.

Commercial Real Estate Consulting

CRE Consulting services - Property Tax, and Valuation and Cost Advisory services - span the life cycle of commercial real estate - feasibility, development, acquisition, management and disposition. With offices in Canada, the U.S. and the U.K., our team of Property Tax professionals help clients minimize the tax burden and reduce the cost of compliance. Our core real estate property tax services include assessment reviews, management and appeals, as well as in the U.S., personal property and state and local tax advisory services. Valuation services, which are predominantly provided in Canada, consist of appraisals of real estate portfolios, valuation of properties for transactional purposes, due diligence and litigation and economic consulting. Our Cost practice, offered in both the private and public sectors in North America and Asia Pacific, provides expert services in the areas of construction feasibility studies, budgeting, cost and loan monitoring and project management. Given the strength of our brand, our independence and quality of



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our work, we enjoy a high rate of client renewals across all of our service lines. Pricing for our services is based on a fixed fee or time and materials fee basis, and for a significant number of projects in Property Tax, on a contingency basis.

Geomatics

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

Strategy

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

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

We are developing a focused and integrated business model which scales our expert services, data, analytics and software capabilities on a global basis, and our independent and technology-enabled real estate consulting services is a critical enabler of value for our clients.

We now have over 40,000 expert services clients and over 6,000 software clients globally and tens of thousands of users. We also have strategic relationships with the largest, global CRE clients and are supporting their efforts to have common visibility, strong governance and investment knowledge on their diverse portfolios. We are organizing our business to leverage our enhanced capabilities across our full suite of software, data and expert services. We see significant expansion potential from globalization, new functionality and cloud solutions and the monetization of data across all of our products. With the strong client base of our expert services, we will continue to differentiate our offering with software and data to drive productivity for our consultants, repurpose data for productivity and aggregate data for insights and eventual monetization.



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Strategic Initiatives

1. Globalization

There is significant upside opportunity for Altus Analytics software products and services globally.

Top global firms are requiring greater insights and transparency into the performance of their CRE portfolios. Both the right technology and expert knowledge are key enablers of timely information and decisions. Our appraisal management solutions with data and analytics functionality are already a standard in the U.S. The Altus Analytics advisory team enjoys strategic relationships with the ODECE funds and over 80 of the top 100 real estate owners / investment managers in the U.S. In Canada where there is a significant number of important global players and large real estate owners we have significant market share. These relationships give us broad credentials and are a gateway for our Expert Services and Altus Analytics offerings. We plan to leverage our existing base in Luxembourg to expand our offering of these solutions across Europe. We have signed agreements with several of the largest global real estate companies to support them with Altus Analytics advisory services in continental Europe.

AE which provides global portfolio analytical capabilities with multi-currency adaptability is quickly being adopted as a solution that provides consistent visibility and data normalcy to the complex world of real estate investment. It has enjoyed strong success in the marketplace with over 3,500 AE clients and over 600 AOD clients. It has been established as the standard in North America and is in the full upgrade cycle towards becoming the standard in the U.K. with increasingly strong adoption across EMEA and Australia/Asia. Our goal is to position AE as a global standard within our Top 200 client base, and thereby continue to create a network effect throughout the industry, by increasing our sales and marketing efforts in new markets with a road map of local functionality that expands the use of AE in target markets. Our Top 200 clients are among the world's largest CRE investors, many are planning projects to deploy AE globally. We have developed support programs and partnerships to help our clients more efficiently and effectively deploy globally.

We are achieving a critical mass in every market building on our privileged position in North America. With 70 offices around the world, we are one of the leading providers of services, software and data to the global CRE markets. In the U.K., our acquisition of CVS (Commercial Valuers & Surveyors) Limited ("CVS") in our Property Tax business takes our headcount across all business units to over 2,500 employees. Our acquisition of EstateMaster Group Holdings Pty Limited ("EstateMaster") compliments our strong market position in Australia so we have critical mass and a technology client base of over 1,000 clients and the acquisition of Taliance adds a customer base of alternative investment firms and allows us to expand our position in Europe and the fund management segment of the market globally.

i. New Functionality and Cloud Solutions

We are extending our Altus Analytics advisory solutions to a wider managed service offering targeting the Top 100 global investment firms. The new service provides data aggregation and reporting, asset and portfolio management and fund and investment management. This solution will involve existing technologies such as ARGUS Voyanta, AE, Taliance, external partner capabilities, and our internal expert services. We will continue to offer and extend our application



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solutions on the AE platform including budgeting, sensitivity analysis and other capabilities. With AE, we will also ensure that we build further capability that allows the broad use of AE throughout an organization.

We have increased investment spending in our development teams and will continue to add resources as we modernize the current AE platform and develop new cloud-based applications. The early phases of our cloud strategy consist of first developing new applications that will be cloud-based but synchronize with the AE on-premise solutions and AOD product through application programming interfaces (API) and portal functionality. We believe these applications will bring new users to the AE environment. The web applications will be sold separately on a SaaS basis and should generate incremental sales to existing customers as well as bring new customers to the AE platform. We believe that as a result of cloud products and geographic expansion, as discussed above, it is our intention to extend our AE customer base from approximately 3,500 today to 8,500 in future years.

ii. Data Products

Our leading Expert Services and Altus Analytics offerings, including AE in the cloud, collect valuable and detailed CRE industry data. This provides us with a unique long-term opportunity to re-purpose and eventually monetize this data to drive differentiation, launch new products and strengthen our recurring revenue streams. We have been laying the groundwork for this opportunity by developing technology that captures and organizes the data that we collect across each of our businesses and through partnerships. In the long term, this infrastructure will enable us to better integrate our current products, to pursue more data-sharing partnerships, and to leverage the data to develop new applications and data-driven products. Our goal is to use this infrastructure and capabilities to ultimately launch new products globally.

2. Scale Global Property Tax to Market Prominence

Our Property Tax practice continues to represent an attractive growth area for our Company. With the recent acquisition of CVS, we have more than doubled our market share in the U.K. as measured by volume of appeals. Despite this increase, we believe we can still drive significantly more share through organic growth with continued sales and marketing efforts as well as through additional 'tuck-in' opportunities. In the U.S., the market remains fragmented. Our strategy is to continue to pursue acquisition opportunities as well as to invest for organic growth. We are focused on new client acquisition strategies as well as leveraging current client databases within Altus Analytics. A key strategic initiative currently underway which will provide market differentiation is the new tax platform tailored for North America. This platform will leverage our proprietary database, improve internal efficiencies and drive client value.

3. Enhance the Value Proposition of our Expert Services Through Data and Technology

We enjoy a long legacy of being a leading expert services provider in the fields in which we operate, including Property Tax, Valuation and Cost Advisory and Geomatics services. In order to enhance the value of our market leadership, we will continue to invest in these businesses with the use of data and technology. As an example, in addition to the tax platform discussed above, we are currently implementing ARGUS EstateMaster within our Australian and Canadian Cost practices. Similar



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initiatives are underway in our Valuation practice. These initiatives will have the benefit of enhancing our Expert Services capabilities, enable productivity for our consultants and will contribute data for future opportunities.



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Financial and Operating Highlights

Selected Financial Information	Three months ended June 30,		Six months ended June 30,	
	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾
<i>In thousands of dollars, except for per share amounts</i>				
Revenues	\$ 134,218	\$ 127,880	\$ 258,908	\$ 237,173
Canada	39%	43%	42%	46%
U.S.	34%	40%	34%	38%
Europe	21%	11%	18%	10%
Asia Pacific	6%	6%	6%	6%
Adjusted EBITDA	\$ 23,771	\$ 24,017	\$ 39,279	\$ 37,386
Adjusted EBITDA margin	17.7%	18.8%	15.2%	15.8%
Profit (loss)	\$ 330	\$ 104,927	\$ (1,997)	\$ 105,478
Earnings (loss) per share:				
Basic	\$0.01	\$2.75	\$(0.05)	\$2.80
Diluted	\$0.01	\$2.72	\$(0.05)	\$2.76
Adjusted	\$0.40	\$0.40	\$0.63	\$0.62
Dividends declared per share	\$0.15	\$0.15	\$0.30	\$0.30

⁽¹⁾ Restated for the impact of IFRS 15.

Financial Highlights

- Revenues** were \$134.2 million for the three months ended June 30, 2018, up 5.0% or \$6.3 million from \$127.9 million in the same period in 2017. For the six months ended June 30, 2018, revenues were \$258.9 million, up 9.2% or \$21.7 million from \$237.2 million in the same period in 2017. Acquisitions contributed 5.5% and 5.2% to revenues for the quarter and year-to-date, respectively, while organic growth contributed (0.5%) and 4.0%, respectively. Exchange rate movements against the Canadian dollar impacted revenues by (1.5%) and (1.2%) for the quarter and year-to-date, respectively. The revenue growth in the quarter was led by our global Property Tax practices in our CRE Consulting segment, offset partly by a downturn in our Geomatics business. Our Property Tax practice was up 13.4% as we experienced strong organic and acquisitive growth in the U.K. Altus Analytics grew by 3.9% on a constant currency basis. Our Valuation and Cost Advisory practices had healthy growth on the strength of our global Cost practices and Geomatics revenues declined by 12.0% for the quarter due to weaker oil and gas drilling activity.
- Adjusted EBITDA** was \$23.8 million for the three months ended June 30, 2018, down 1.0% or \$0.2 million from \$24.0 million in the same period in 2017. For the six months ended June 30, 2018, Adjusted EBITDA was \$39.3 million, up 5.1% or \$1.9 million from \$37.4 million in the same period in 2017. Exchange rate movements against the Canadian dollar impacted Adjusted EBITDA by (3.0%) and (3.1%), respectively. Earnings held steady in the quarter, despite currency headwinds and a tough compare for our Altus Analytics business.
- Profit (loss)** for the three months ended June 30, 2018 was \$0.3 million, down 99.7% or \$104.6 million from \$104.9 million in the same period in 2017. For the six months ended June 30, 2018, profit (loss) was \$(2.0) million, down 101.9% or \$107.5 million from \$105.5 million in the same period in 2017. In addition to the impacts on Adjusted EBITDA as discussed above, there were employee compensation expenses and amortization of intangibles from recent acquisitions, in addition to a gain on a partial



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deemed disposition and re-measurement of our retained interest in Real Matters Inc. ("Real Matters") that did not reoccur in 2018, offset by a decrease in income tax expense.

- For the three months ended June 30, 2018, earnings (loss) per share was \$0.01, basic and diluted, as compared to \$2.75, basic and \$2.72, diluted, in the same period in 2017. For the six months ended June 30, 2018, earnings (loss) per share was \$(0.05), basic and diluted, as compared to \$2.80, basic and \$2.76, diluted, in the same period in 2017. In Q2 of 2017, we benefitted from a gain of \$115.7 million on a partial deemed disposition and re-measurement of our retained interest in Real Matters that did not reoccur in 2018. As a result, our earnings (loss) per share, basic and diluted, declined as compared to the corresponding periods in 2017.
- For the three months ended June 30, 2018, Adjusted EPS was \$0.40, in line with the same period in 2017. For the six months ended June 30, 2018, Adjusted EPS was \$0.63, up 1.6% from \$0.62 in the same period in 2017.
- We returned \$5.9 million to shareholders in the quarter through quarterly dividends of \$0.15 per common share.
- As at June 30, 2018, our bank debt was \$189.2 million, representing a funded debt to EBITDA leverage ratio of 2.28 times (compared to 1.84 times as at December 31, 2017). As at June 30, 2018, cash on hand was \$48.0 million (compared to \$28.1 million as at December 31, 2017). Our bank debt and cash on hand included \$27.9 million of funds drawn in anticipation of the acquisition of Taliance which closed on July 1.

Operating Highlights

Acquisition of New Market Real Estate Group, LLC

On January 1, 2018, we acquired certain operating assets of New Market Real Estate Group, LLC ("New Market") for \$1.0 million in common shares. Based in Maryland and founded in 2001, New Market offers a full range of real estate services throughout the United States including real estate research, valuation, acquisition, investment analysis and counseling services.

Acquisition of Aspect Property Consultants LLP

On February 14, 2018, we acquired certain operating assets of Aspect Property Consultants LLP ("Aspect") for £3.0 million (CAD\$5.2 million) in cash, common shares and contingent consideration, subject to working capital adjustments, with an upward adjustment to the purchase price of £2.0 million (CAD\$3.5 million) provided for in the purchase agreement. As consideration for these assets, we paid cash of £1.8 million (CAD\$3.1 million) and common shares of £0.6 million (CAD\$1.1 million) and we estimated contingent consideration of £1.9 million (CAD\$3.3 million). The purchase agreement provides for maximum contingent consideration of £2.6 million, subject to certain performance targets being achieved over a two-year period from the closing date. With offices located in London, Heathrow and Basingstoke, U.K. and founded in 2009, Aspect is a commercial property consultancy firm specializing in the South East business space market with a particular focus on the West London warehouse market.



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Restructuring Activities

In Q1 of 2018, we undertook restructuring activities in Geomatics to reduce costs as we continue to closely monitor market conditions. This restructuring plan was completed in Q1 of 2018. In connection with these restructuring activities, a total of \$(0.1) million and \$2.9 million in restructuring costs were recorded in the quarter and year-to-date, respectively. These charges relate primarily to employee severance costs and onerous leases.

In Q2 of 2018, we undertook restructuring activities in our Property Tax practice as a result of our integration efforts in the U.K. following the acquisition of CVS. Completion of this restructuring plan is expected to be in Q3 of 2018. In connection with these restructuring activities, a total of \$3.9 million in restructuring costs were recorded in the quarter. These charges relate primarily to employee severance costs and onerous leases.

Operating Highlights – Subsequent Events

On July 1, 2018, we acquired all the issued and outstanding shares of Taliance Group SAS and its subsidiaries (“Taliance”) for €20.0 million (CAD\$30.7 million) in cash and common shares, subject to closing adjustments. On closing, €2.2 million (CAD\$3.3 million) of common shares were issued from treasury and the remainder of the purchase price was drawn from the revolving term facility.

Taliance provides cloud-based collaborative business solutions to alternative investment firms globally allowing them to improve their modelling, forecasting and risk management processes in real time. Based in Paris, Taliance also has offices in London and New York. The addition of Taliance, which can be deployed and integrated with ARGUS Enterprise, allows us to expand our position in Europe and to deliver software solutions with a comprehensive investment management capability that provides flexibility and transparency to manage the most complex investment structures and scenarios. Taliance also provides a foundation for growth in the fund management segment of the market globally.



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Discussion of Operations

Three and Six Months Ended June 30, 2018

<i>In thousands of dollars, except for per share amounts</i>	Three months ended June 30,		Six months ended June 30,	
	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾
Revenues	\$ 134,218	\$ 127,880	\$ 258,908	\$ 237,173
Expenses				
Employee compensation	83,412	77,621	165,521	148,983
Occupancy	5,244	5,051	10,651	10,068
Office and other operating	24,827	23,186	47,450	44,105
Depreciation and amortization	12,681	8,896	25,225	17,074
Acquisition and related transition costs (income)	1,339	574	2,073	868
Share of (profit) loss of associates	-	1,288	-	2,420
Restructuring costs	3,789	3,563	6,642	4,558
(Gain) loss on investments	46	(115,671)	(39)	(115,179)
Finance costs (income), net	1,690	650	3,118	1,898
Profit (loss) before income taxes	1,190	122,722	(1,733)	122,378
Income tax expense (recovery)	860	17,795	264	16,900
Profit (loss) for the period	\$ 330	\$ 104,927	\$ (1,997)	\$ 105,478

⁽¹⁾ Restated for the impact of IFRS 15.

Revenues

Revenues were \$134.2 million for the three months ended June 30, 2018, up 5.0% or \$6.3 million from \$127.9 million in the same period in 2017. For the six months ended June 30, 2018, revenues were \$258.9 million, up 9.2% or \$21.7 million from \$237.2 million in the same period in 2017. For the three and six months ended June 30, 2018, exchange rate movements against the Canadian dollar impacted revenues by (1.5%) and (1.2%), respectively. The increase in revenues in the quarter was driven by organic and acquisitive growth in our U.K. Property Tax business. Our Altus Analytics business held steady despite currency headwinds and a tough compare to prior year. Our Geomatics business continued to be negatively impacted by lower activity levels in the oil and gas sector.

Employee Compensation

Employee compensation was \$83.4 million for the three months ended June 30, 2018, up 7.5% or \$5.8 million from \$77.6 million in the same period in 2017. For the six months ended June 30, 2018, employee compensation was \$165.5 million, up 11.1% or \$16.5 million from \$149.0 million in the same period in 2017. For the three and six months ended June 30, 2018, the increase in compensation was mainly due to acquisitions, primarily CVS and EstateMaster, and headcount additions mostly to support product development within Altus Analytics. As a partial offset to the increases, there was a decline in employee compensation at Geomatics, due to reduced activity levels and headcount reductions. For the three and six months ended June 30, 2018, employee compensation as a percentage of revenues was 62.1% and 63.9%, as compared to 60.7% and 62.8% in the corresponding periods in 2017, respectively.



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Occupancy

Occupancy was \$5.2 million for the three months ended June 30, 2018, up 3.8% or \$0.1 million from \$5.1 million in the same period in 2017. For the six months ended June 30, 2018, occupancy was \$10.7 million up 5.8% or \$0.6 million from \$10.1 million in the same period in 2017. For the three and six months ended June 30, 2018, occupancy costs increased as a result of the CVS acquisition. For the three and six months ended June 30, 2018, occupancy as a percentage of revenues was 3.9% and 4.1%, as compared to 3.9% and 4.2% in the corresponding periods in 2017, respectively.

Office and Other Operating Costs

Office and other operating costs were \$24.8 million for the three months ended June 30, 2018, up 7.1% or \$1.6 million from \$23.2 million in the same period in 2017. For the six months ended June 30, 2018, office and other operating costs were \$47.5 million up 7.6% or \$3.4 million from \$44.1 million in the same period in 2017. For the three and six months ended June 30, 2018, the increase was from acquisitions. For the three and six months ended June 30, 2018, office and other operating costs as a percentage of revenues was 18.5% and 18.3%, as compared to 18.1% and 18.6% in the corresponding periods in 2017, respectively.

Depreciation and Amortization

Depreciation and amortization was \$12.7 million and \$25.2 million for the three and six months ended June 30, 2018, as compared to \$8.9 million and \$17.1 million in the corresponding periods in 2017, respectively. For the three and six months ended June 30, 2018, the increase in depreciation and amortization was due to amortization of intangibles acquired on recent acquisitions.

Acquisition and Related Transition Costs (Income)

Acquisition and related transition costs (income) was \$1.3 million and \$2.1 million for the three and six months ended June 30, 2018, as compared to \$0.6 million and \$0.9 million in the corresponding periods in 2017, respectively. For the three and six months ended June 30, 2018, expenses were primarily related to New Market, Aspect, CVS and Taliance.

Share of (Profit) Loss of Associates and (Gain) Loss on Investments

Share of (profit) loss of associates was \$Nil for the three and six months ended June 30, 2018, as compared to \$1.3 million and \$2.4 million in the corresponding periods in 2017, respectively. In 2017, the amount represents our proportionate share in the loss as well as an amortization charge on acquired intangibles for Real Matters; however, it is not applicable after its initial public offering in Q2 of 2017. (Gain) loss on investments was \$0.05 million and \$(0.04) million for the three and six months ended June 30, 2018, as compared to \$(115.7) million and \$(115.2) million in the corresponding periods in 2017, respectively. In 2017, the amount represents the net gain on a partial deemed disposition and re-measurement of our retained interest in Real Matters, as compared to revaluations of our investments in partnerships in 2018.

Restructuring Costs

In Q1 of 2018, we undertook restructuring activities in Geomatics to reduce costs as we continue to closely monitor market conditions. This restructuring plan was completed in Q1 of 2018. In connection with these restructuring activities, a total of \$(0.1) million and \$2.9 million in restructuring costs were recorded for the three and six months ended June 30, 2018, respectively. These charges relate primarily to employee severance costs and onerous leases.



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In Q2 of 2018, we undertook restructuring activities in our Property Tax practice as a result of our integration efforts in the U.K. Completion of this restructuring plan is expected to be in Q3 of 2018. In connection with these restructuring activities, a total of \$3.9 million in restructuring costs were recorded in the quarter. These charges relate primarily to employee severance costs and onerous leases.

In addition, in Q1 of 2018, restructuring provisions made in prior years in the amount of \$0.2 million were released and credited to profit (loss).

Finance Costs (Income), Net

In thousands of dollars	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Interest on borrowings	\$ 1,536	\$ 1,199	28.1%	\$ 2,904	\$ 2,394	21.3%
Unwinding of discount	178	24	641.7%	338	48	604.2%
Change in fair value of amounts payable to U.K. unitholders, net of change in fair value of related equity derivatives	-	-	-	-	32	(100.0%)
Change in fair value of interest rate swaps (not designated as cash flow hedges)	31	(520)	(106.0%)	(14)	(510)	(97.3%)
Other	(55)	(53)	3.8%	(110)	(66)	66.7%
Finance costs (income), net	\$ 1,690	\$ 650	160.0%	\$ 3,118	\$ 1,898	64.3%

Finance costs (income), net for the three months ended June 30, 2018 was \$1.7 million, up 160.0% or \$1.0 million from \$0.7 million in the same period in 2017. For the six months ended June 30, 2018, finance costs (income), net was \$3.1 million, up 64.3% or \$1.2 million from \$1.9 million in the same period in 2017. Our finance costs increased due to higher borrowings for acquisitions.

Income Tax Expense (Recovery)

Income tax expense (recovery) for the three and six months ended June 30, 2018 was \$0.9 million and \$0.3 million, as compared to \$17.8 million and \$16.9 million in the corresponding periods in 2017, respectively. A significant amount of our earnings is derived outside of Canada and as a result a change in the mix of earnings and losses in countries with differing statutory tax rates have impacted our effective tax rates for the three and six months ended June 30, 2018.

Profit (Loss)

Profit (loss) for the three months ended June 30, 2018 was \$0.3 million and \$0.01 per share, basic and diluted, as compared to \$104.9 million and \$2.75 per share, basic and \$2.72 per share, diluted, in the same period in 2017. For the six months ended June 30, 2018, profit (loss) was \$(2.0) million and \$(0.05) per share, basic and diluted, as compared to \$105.5 million and \$2.80 per share, basic and \$2.76 per share, diluted, in the same period in 2017.



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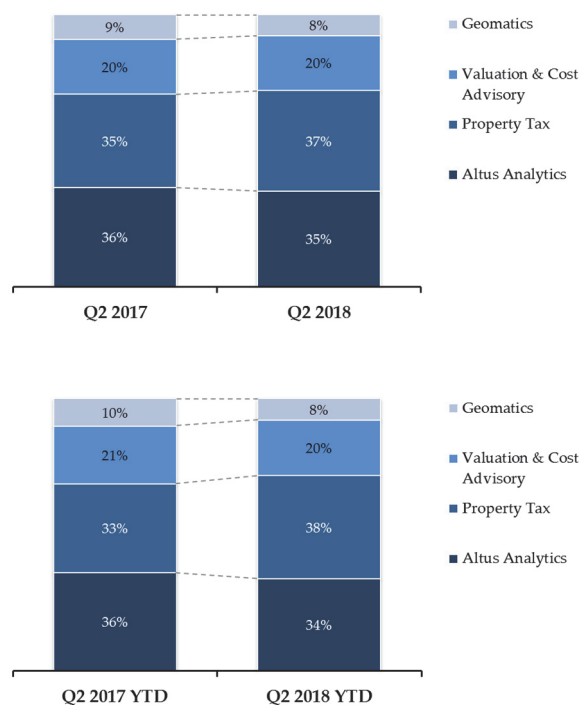
Revenues and Adjusted EBITDA by Business Unit

Revenues	Three months ended June 30,			Six months ended June 30,		
	2018	2017 ⁽¹⁾	% Change	2018	2017 ⁽¹⁾	% Change
<i>In thousands of dollars</i>						
Altus Analytics	\$ 46,972	\$ 46,497	1.0%	\$ 87,508	\$ 85,767	2.0%
Expert Services:						
Commercial Real Estate Consulting	77,062	69,824	10.4%	150,930	127,550	18.3%
Geomatics	10,367	11,775	(12.0%)	20,813	24,367	(14.6%)
Intercompany eliminations	(183)	(216)	(15.3%)	(343)	(511)	(32.9%)
Total	\$ 134,218	\$ 127,880	5.0%	\$ 258,908	\$ 237,173	9.2%

Adjusted EBITDA	Three months ended June 30,			Six months ended June 30,		
	2018	2017 ⁽¹⁾	% Change	2018	2017 ⁽¹⁾	% Change
<i>In thousands of dollars</i>						
Altus Analytics	\$ 12,870	\$ 15,496	(16.9%)	\$ 21,100	\$ 28,247	(25.3%)
Expert Services:						
Commercial Real Estate Consulting	19,128	18,398	4.0%	34,796	25,508	36.4%
Geomatics	859	726	18.3%	909	1,972	(53.9%)
Corporate	(9,086)	(10,603)	(14.3%)	(17,526)	(18,341)	(4.4%)
Total	\$ 23,771	\$ 24,017	(1.0%)	\$ 39,279	\$ 37,386	5.1%

⁽¹⁾ Restated for the impact of IFRS 15.

Revenue Contribution for the Quarter and Year-to-Date ⁽¹⁾:



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Altus Analytics

<i>In thousands of dollars</i>	Three months ended June 30,			Six months ended June 30,		
	2018	2017 ⁽¹⁾	% Change	2018	2017 ⁽¹⁾	% Change
Revenues	\$ 46,972	\$ 46,497	1.0%	\$ 87,508	\$ 85,767	2.0%
Adjusted EBITDA	\$ 12,870	\$ 15,496	(16.9%)	\$ 21,100	\$ 28,247	(25.3%)
Adjusted EBITDA Margin	27.4%	33.3%		24.1%	32.9%	

⁽¹⁾ Restated for the impact of IFRS 15.

Quarterly Discussion

Revenues were \$47.0 million for the three months ended June 30, 2018, up 1.0% or \$0.5 million from \$46.5 million in the same period in 2017. Revenue growth would have been 3.9% if the impact from foreign exchange movements was excluded. ARGUS product software revenues were flat for the quarter as compared to the second quarter of 2017, during which we saw historical high sales of AE, significantly impacted by conversions due to the end of DCF support. Due diligence assignments were lower in the quarter impacting revenues. Recurring revenues, as described above in the Overview of the Business, were \$32.6 million for the three months ended June 30, 2018, up 6.1% or \$1.9 million from \$30.7 million in the same period in 2017. Movements in the exchange rate against the Canadian dollar impacted revenues by (2.9%).

Adjusted EBITDA was \$12.9 million for the three months ended June 30, 2018, down 16.9% or \$2.6 million from \$15.5 million in the same period in 2017. Changes in foreign exchange impacted Adjusted EBITDA by (3.9%). Adjusted EBITDA decreased because of higher expenses as we made significant incremental investments for ARGUS product development activities.

Year-to-Date Discussion

Revenues were \$87.5 million for the six months ended June 30, 2018, up 2.0% or \$1.7 million from \$85.8 million in the same period in 2017. Revenue growth would have been 4.8% if the impact from foreign exchange movements was excluded. On a constant currency basis, revenue growth for the six months ended June 30, 2018 was driven by higher revenues from ARGUS software sales, Altus Data Solutions subscriptions and appraisal management, partly offset by lower revenues from due diligence assignments. Recurring revenues, as described above in the Overview of the Business, were \$62.2 million for the six months ended June 30, 2018, up 3.7% or \$2.3 million from \$59.9 million in the same period in 2017. Movements in the exchange rate against the Canadian dollar impacted revenues by (2.8%).

Adjusted EBITDA was \$21.1 million for the six months ended June 30, 2018, down 25.3% or \$7.1 million from \$28.2 million in the same period in 2017. Changes in foreign exchange impacted Adjusted EBITDA by (4.2%). Adjusted EBITDA decreased because of higher expenses as we made significant incremental investments for ARGUS product development activities.

Outlook

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



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In 2018, we expect our software revenues to be driven primarily by growth in new customer sales, especially in Europe and Asia, and additional license sales for new users and of new modules to our existing customer base of AE, ARGUS Developer and ARGUS EstateMaster as the use and adoption of our solutions become more entrenched. In addition, the recent acquisition of Taliance is expected to enhance our value proposition to investment management firms while contributing to revenue growth. We also expect continued growth in our existing cloud solutions, AOD and Voyanta, as clients trend toward cloud-based technologies. As well in 2018, we expect to see the launch of our first web application along with a cloud platform enabling further applications. We have been investing significantly in new technology and will continue to do so in order to sustain our long-term growth objectives.

We are targeting new customers in appraisal management and advisory services and see a growing opportunity for new engagements in international markets as we continue to work with the large global firms.

Given the current exchange rate environment, we expect foreign exchange tailwinds in the second half of 2018.

Commercial Real Estate Consulting

<i>In thousands of dollars</i>	Three months ended June 30,			Six months ended June 30,		
	2018	2017 ⁽¹⁾	% Change	2018	2017 ⁽¹⁾	% Change
Revenues						
Property Tax	\$ 50,059	\$ 44,127	13.4%	\$ 98,678	\$ 77,339	27.6%
Valuation and Cost Advisory	27,003	25,697	5.1%	52,252	50,211	4.1%
Revenues	\$ 77,062	\$ 69,824	10.4%	\$ 150,930	\$ 127,550	18.3%
Adjusted EBITDA						
Property Tax	\$ 15,418	\$ 15,706	(1.8%)	\$ 28,491	\$ 19,927	43.0%
Valuation and Cost Advisory	3,710	2,692	37.8%	6,305	5,581	13.0%
Adjusted EBITDA	\$ 19,128	\$ 18,398	4.0%	\$ 34,796	\$ 25,508	36.4%
Adjusted EBITDA Margin	24.8%	26.3%		23.1%	20.0%	

⁽¹⁾ Restated for the impact of IFRS 15.

Quarterly Discussion

Revenues were \$77.1 million for the three months ended June 30, 2018, up 10.4% or \$7.3 million from \$69.8 million in the same period in 2017. The growth in revenues was driven by our Property Tax business. Property Tax revenues increased by 13.4%, primarily due to strong organic and acquisitive growth from our U.K. Property Tax practice. Exchange rate fluctuations impacted Property Tax revenues by (0.8%). Our Valuation and Cost Advisory revenues increased by 5.1% on stronger performance from our global Cost Advisory practice, where we experienced growth in both Canada and Australia. Changes in exchange rates impacted CRE Consulting revenues by (0.7%).

Adjusted EBITDA was \$19.1 million for the three months ended June 30, 2018, up 4.0% or \$0.7 million from \$18.4 million in the same period in 2017, largely driven by an increase in earnings from our Valuation and Cost Advisory business. Changes in exchange rates impacted CRE Consulting Adjusted EBITDA by (0.6%).



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Year-to-Date Discussion

Revenues were \$150.9 million for the six months ended June 30, 2018, up 18.3% or \$23.3 million from \$127.6 million in the same period in 2017. Property Tax revenues increased by 27.6%, as we had a strong start to the year across our global Property Tax practices. Exchange rate fluctuations impacted Property Tax revenues by (0.3%). Our Valuation and Cost Advisory revenues increased by 4.1% on stronger performance from our global Cost practice, where we experienced growth in both Canada and Australia. Changes in exchange rates impacted CRE Consulting revenues by (0.3%).

Adjusted EBITDA was \$34.8 million for the six months ended June 30, 2018, up 36.4% or \$9.3 million from \$25.5 million in the same period in 2017, largely driven by an increase of 43.0% or \$8.6 million in Property Tax. The increase in Property Tax earnings was driven by higher revenues. Changes in exchange rates impacted CRE Consulting Adjusted EBITDA by 0.1%.

Outlook

Property Tax continues to represent an attractive growth area for our business, both in the U.S. and the U.K. Our North American platform with our existing network of offices in Canada and the U.S. provides us with enhanced capabilities geographically to service large clients anywhere across North America. In the U.K., the acquisition of CVS in 2017 substantially increased our market share and positions us well to grow our business over the course of the new cycle. However, as we are still in the early years of the valuation cycles for both Ontario and the U.K., we expect to experience the typical quarterly variability patterns in 2018 in our global Property Tax practice. In Ontario, we have a strong pipeline of work, however, new scheduling processes put in place by the assessment authorities is causing deferral of appeals settlements. Nonetheless, we expect to benefit from increasing value and volume of appeals over the course of the new cycles. The opportunities to grow market share remain vibrant in this segment both organically and through accretive acquisitions in both the U.S. and U.K.

Our Valuation and Cost Advisory practices enjoy significant market share in Canada and as a result, continue to grow modestly. We expect moderate growth in the near to medium term. Our Valuation practice, predominately operating in Canada, continues to benefit from strong client retention. Our Cost practice in North America continues to diversify its client and industry focus and in Asia Pacific, we continue to leverage our global relationships to drive opportunities.

Geomatics

<i>In thousands of dollars</i>	Three months ended June 30,			Six months ended June 30,		
	2018	2017 ⁽¹⁾	% Change	2018	2017 ⁽¹⁾	% Change
Revenues	\$ 10,367	\$ 11,775	(12.0%)	\$ 20,813	\$ 24,367	(14.6%)
Adjusted EBITDA	\$ 859	\$ 726	18.3%	\$ 909	\$ 1,972	(53.9%)
Adjusted EBITDA Margin	8.3%	6.2%		4.4%	8.1%	

⁽¹⁾ Restated for the impact of IFRS 15.

Quarterly Discussion

Revenues were \$10.4 million for the three months ended June 30, 2018, down 12.0% or \$1.4 million from \$11.8 million in the same period in 2017. We experienced lower revenues as activity levels remain depressed in oil drilling and gas exploration.



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Adjusted EBITDA was \$0.9 million for the three months ended June 30, 2018, up 18.3% or \$0.2 million from \$0.7 million in the same period in 2017. Earnings improved on headcount reductions.

Year-to-Date Discussion

Revenues were \$20.8 million for the six months ended June 30, 2018, down 14.6% or \$3.6 million from \$24.4 million in the same period in 2017. We experienced lower revenues as activity levels remain depressed in oil drilling and gas exploration.

Adjusted EBITDA was \$0.9 million for the three months ended June 30, 2018, down 53.9% or \$1.1 million from \$2.0 million in the same period in 2017. Earnings were impacted by lower revenues.

Outlook

We maintain a cautious outlook for our Geomatics business for 2018. Although oil prices have recently improved, which should translate into improved activity levels for oil drilling, gas prices remain depressed and, as a result, we are seeing lower planned capital expenditures within this segment. Furthermore, pricing pressures in our industry continue to persist. As a result, we have taken further actions to reduce costs in 2018 and will continue to closely monitor market conditions.

Corporate Costs

Quarterly Discussion

Corporate costs (recovery) were \$9.1 million for the three months ended June 30, 2018, as compared to \$10.6 million in the same period in 2017. During the quarter, corporate costs decreased on lower technology related spend and lower variable compensation. For the three months ended June 30, 2018, corporate costs as a percentage of revenues was 6.8%, as compared to 8.3% in the same period in 2017.

Year-to-Date Discussion

Corporate costs (recovery) were \$17.5 million for the six months ended June 30, 2018, as compared to \$18.3 million in the same period in 2017. Corporate costs declined on lower technology related spend and lower variable compensation. For the six months ended June 30, 2018, corporate costs as a percentage of revenues was 6.8%, as compared to 7.7% in the same period in 2017.

Liquidity and Capital Resources

Cash Flow	Three months ended June 30,		Six months ended June 30,	
<i>In thousands of dollars</i>	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾
Net cash related to operating activities	\$ 11,573	\$ 17,805	\$ 6,796	\$ 16,508
Net cash related to financing activities	20,713	(2,566)	25,484	10,181
Net cash related to investing activities	(3,248)	(8,209)	(11,612)	(24,283)
Effect of foreign currency translation	(1,644)	(342)	(728)	(471)
Change in cash position during the period	\$ 27,394	\$ 6,688	\$ 19,940	\$ 1,935
Dividends paid	\$ 5,169	\$ 5,592	\$ 10,355	\$ 11,087

⁽¹⁾ Restated for the impact of IFRS 15.

We expect to fund operations with cash derived from operating activities. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis



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with bank indebtedness or on a permanent basis with offerings of securities. Significant erosion in the general state of the economy could affect our liquidity by reducing cash generated from operating activities or by limiting access to short-term financing as a result of tightening credit markets.

Cash from Operating Activities

Working Capital			
<i>In thousands of dollars</i>	June 30, 2018		December 31, 2017⁽¹⁾
Current assets	\$	219,946	\$ 178,438
Current liabilities		100,275	105,920
Working capital	\$	119,671	\$ 72,518

⁽¹⁾ Restated for the impact of IFRS 15.

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

As at June 30, 2018, trade receivables, net and unbilled revenue on customer contracts net of deferred revenue was \$111.3 million, up 9.1% or \$9.3 million from \$102.0 million as at December 31, 2017. As a percentage of the trailing 12-month revenues, trade receivables and unbilled revenue on customer contracts net of deferred revenue, was 21.9% as at June 30, 2018, as compared to 20.7% as at December 31, 2017 (restated for the impact of IFRS 15).

Our Days Sales Outstanding ("DSO") was 74 days as at June 30, 2018, as compared to 73 days as at December 31, 2017 (restated for the impact of IFRS 15). 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 trade receivables and unbilled revenue into cash.

Current and long-term liabilities include amounts owing to the vendors of acquired businesses on account of excess working capital, deferred purchase price payments and other closing adjustments. As at June 30, 2018, the amounts owing to the vendors of acquired businesses were \$14.2 million, as compared to \$12.5 million as at December 31, 2017. We intend to satisfy the payments with the revolving term facility (as described below) or cash on hand.

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

Cash from Financing Activities

Our revolving term facility is a senior secured revolving term facility used for general corporate purposes that will mature on April 28, 2020. In June 2018, we increased our borrowing capacity under the revolving term facility from \$200.0 million to \$220.0 million in accordance with certain provisions of the agreement.



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The borrowing capacity can be further increased to \$250.0 million. All other terms of the bank credit facilities remain the same.

As at June 30, 2018, our total borrowings on our revolving term facility amounted to \$189.2 million, an increase of \$38.8 million from December 31, 2017.

We also have outstanding letters of credit under our bank credit facilities in the total amount of \$0.7 million to secure a credit facility for operating leases (December 31, 2017 - \$0.6 million).

The cost of our bank credit facilities is tied to the Canadian Prime rates, Canadian Bankers' Acceptance rates, U.S. Base rates or LIBOR rates. As at June 30, 2018, \$65.0 million was subject to interest rate swap agreements to fix the interest rate. We are obligated to pay the counterparty to the swap agreements an amount based upon a fixed interest rate of 1.48% per annum and the counterparty is obligated to pay us an amount equal to the Canadian Bankers' Acceptance rate. These agreements expire on May 15, 2020. These interest rate swaps are not designated as cash flow hedges for accounting purposes. The effective annual rate of interest for the three and six months ended June 30, 2018 on our bank credit facilities was 3.42% and 3.36%, respectively, as compared to 2.97% and 2.97% in the corresponding periods in 2017.

As at June 30, 2018, we were in compliance with the financial covenants of our bank credit facilities, which are summarized below:

	June 30, 2018
Funded debt to EBITDA (maximum of 3.00:1)	2.28:1
Fixed charge coverage (minimum of 1.20:1)	3.82:1
Funded debt to capitalization (maximum of 55%)	31%

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

Contractual Obligations ⁽¹⁾	Payments Due by Period (undiscounted)				
	Total	Less than			
<i>In thousands of dollars</i>		1 year	1 to 3 years	4 to 5 years	Over 5 years
Bank credit facilities	\$ 189,200	\$ -	\$ 189,200	\$ -	\$ -
Leasehold improvement loans	579	124	148	148	159
Operating lease obligations	106,235	18,632	30,628	23,104	33,871
Finance lease obligations	486	363	117	6	-
Contingent consideration payables	14,789	1,148	13,641	-	-
Other liabilities	71,630	62,644	4,699	516	3,771
Total contractual obligations	\$ 382,919	\$ 82,911	\$ 238,433	\$ 23,774	\$ 37,801

⁽¹⁾ Contractual obligations exclude aggregate unfunded capital contributions of \$1.6 million to certain partnerships as the amount and timing of such payments are uncertain.



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Cash from Investing Activities

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

Capital expenditures are reconciled as follows:

Capital Expenditures	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
<i>In thousands of dollars</i>				
Property, plant and equipment additions	\$ 2,987	\$ 4,017	\$ 6,788	\$ 4,639
Intangibles additions	327	163	354	371
Proceeds from disposal of property, plant and equipment and intangibles	(90)	(283)	(90)	(312)
Capital expenditures	\$ 3,224	\$ 3,897	\$ 7,052	\$ 4,698



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Reconciliation of Adjusted EBITDA to Profit (Loss)

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

<i>In thousands of dollars</i>	Three months ended June 30,		Six months ended June 30,	
	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾
Adjusted EBITDA	\$ 23,771	\$ 24,017	\$ 39,279	\$ 37,386
Depreciation and amortization	(12,681)	(8,896)	(25,225)	(17,074)
Acquisition and related transition (costs) income	(1,339)	(574)	(2,073)	(868)
Share of profit (loss) of associates	-	(1,288)	-	(2,420)
Unrealized foreign exchange gain (loss) ⁽²⁾	(242)	(526)	807	(297)
Gain (loss) on disposal of property, plant and equipment ⁽²⁾	(713)	203	(1,092)	(116)
Non-cash Executive Compensation Plan costs ⁽³⁾	(1,588)	(1,279)	(2,811)	(2,113)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽³⁾	(667)	(355)	(1,050)	(805)
Gain (loss) on hedging transactions ⁽²⁾	224	-	272	-
Restructuring costs	(3,789)	(3,563)	(6,642)	(4,558)
Gain (loss) on investments ⁽⁴⁾	(46)	115,671	39	115,179
Other non-operating and/or non-recurring income (costs) ⁽⁵⁾	(50)	(38)	(119)	(38)
Finance (costs) income, net	(1,690)	(650)	(3,118)	(1,898)
Profit (loss) before income taxes	1,190	122,722	(1,733)	122,378
Income tax recovery (expense)	(860)	(17,795)	(264)	(16,900)
Profit (loss) for the period	\$ 330	\$ 104,927	\$ (1,997)	\$ 105,478

⁽¹⁾ Restated for the impact of IFRS 15.

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

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

⁽⁴⁾ Gain (loss) on investments for the three and six months ended June 30, 2018 relate to changes in fair value of investments in partnerships. Gain (loss) on investments for the three and six months ended June 30, 2017 relate to the partial deemed disposition of our investment in Real Matters and re-measurement of our retained interest.

⁽⁵⁾ Other non-operating and/or non-recurring income (costs) for the three and six months ended June 30, 2018 relate to (i) non-recurring legal matters and related costs and (ii) transactional costs for tax planning and restructuring of legal entities within the group. Other non-operating and/or non-recurring income (costs) for the three and six months ended June 30, 2017 relate to non-recurring legal matters and 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

June 30, 2018



Adjusted Earnings (Loss) Per Share

<i>In thousands of dollars, except for per share amounts</i>	Three months ended June 30,		Six months ended June 30,	
	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾
Profit (loss) for the period	\$ 330	\$ 104,927	\$ (1,997)	\$ 105,478
Amortization of intangibles of acquired businesses	10,304	6,711	20,294	12,351
Non-cash finance costs (income) related to amounts payable to U.K. unitholders, net of changes in fair value of related equity derivatives	-	-	-	32
Share of loss (profit) of associates	-	1,288	-	2,420
Unrealized foreign exchange loss (gain)	242	526	(807)	297
Loss (gain) on disposal of property, plant and equipment	713	(203)	1,092	116
Non-cash Executive Compensation Plan costs	1,588	1,279	2,811	2,113
Loss (gain) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged	667	355	1,050	805
Interest accretion on contingent consideration payables	175	22	333	44
Restructuring costs	3,789	3,563	6,642	4,558
Loss (gain) on hedging transactions, including currency forward contracts and interest expense (income) on swaps not designated as cash flow hedges	(193)	(520)	(286)	(510)
Acquisition and related transition costs (income)	1,339	574	2,073	868
Loss (gain) on investments	46	(115,671)	(39)	(115,179)
Other non-operating and/or non-recurring (income) costs	50	38	119	38
Tax impact on above	(3,574)	12,461	(6,907)	10,248
Adjusted earnings (loss) for the period	\$ 15,476	\$ 15,350	\$ 24,378	\$ 23,679
Weighted average number of shares - basic	38,700,049	38,108,467	38,600,800	37,693,037
Weighted average number of restricted shares	312,488	347,702	315,217	350,291
Weighted average number of shares - adjusted	39,012,537	38,456,169	38,916,017	38,043,328
Adjusted earnings (loss) per share	\$0.40	\$0.40	\$0.63	\$0.62

⁽¹⁾ Restated for the impact of IFRS 15.



Management's Discussion & Analysis

June 30, 2018



Summary of Quarterly Results

In thousands of dollars, except for per share amounts	2018		2017					2016		
	Jun 30	Mar 31	Fiscal 2017 ⁽¹⁾	Dec 31 ⁽¹⁾	Sep 30 ⁽¹⁾	Jun 30 ⁽¹⁾	Mar 31 ⁽¹⁾	Fiscal 2016 ⁽²⁾	Dec 31 ⁽²⁾	Sep 30 ⁽²⁾
Results of Operations										
Revenues	\$ 134,218	\$ 124,690	\$ 476,562	\$ 122,317	\$ 117,072	\$ 127,880	\$ 109,293	\$ 442,891	\$ 115,334	\$ 110,899
Adjusted EBITDA	\$ 23,771	\$ 15,508	\$ 80,645	\$ 19,949	\$ 23,310	\$ 24,017	\$ 13,369	\$ 74,088	\$ 22,120	\$ 21,298
Adjusted EBITDA margin	17.7%	12.4%	16.9%	16.3%	19.9%	18.8%	12.2%	16.7%	19.2%	19.2%
Profit (loss) for the period	\$ 330	\$ (2,327)	\$ 109,417	\$ (3,388)	\$ 7,327	\$ 104,927	\$ 551	\$ 14,268	\$ 8,892	\$ (5,071)
Earnings (loss) per share:										
Basic	\$0.01	\$(0.06)	\$2.88	\$(0.09)	\$0.19	\$2.75	\$0.01	\$0.39	\$0.24	\$(0.14)
Diluted	\$0.01	\$(0.06)	\$2.83	\$(0.09)	\$0.19	\$2.72	\$0.01	\$0.38	\$0.23	\$(0.14)
Adjusted	\$0.40	\$0.23	\$1.11	\$0.15	\$0.34	\$0.40	\$0.22	\$1.15	\$0.38	\$0.31
Weighted average number shares ('000s):										
Basic	38,700	38,500	38,028	38,389	38,324	38,108	37,273	36,810	37,059	36,884
Diluted	39,085	38,500	38,656	39,100	38,872	38,591	37,755	37,484	38,537	36,884

⁽¹⁾ Restated for the impact of IFRS 15.

⁽²⁾ Reported financial information has not been restated for the impact of IFRS 15, *Revenue from Contracts with Customers*. Refer to Note 2 - Adoption of Recent Accounting Pronouncements to the financial statements for further discussion.

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

- Geomatics' projects tend to be on remote undeveloped land in Western Canada which is most accessible in the winter and summer months and least accessible in the spring months when ground conditions are soft and wet. Revenues for Geomatics tend to peak in the third and fourth quarters of the year in line with higher activity levels during these periods.
- Our global Property Tax practice can experience significant fluctuations on a quarterly basis as a result of the timing of contingency settlements and other factors.
- Our Altus Analytics business experiences some seasonality. ARGUS software products sold as perpetual licenses tend to have a stronger fourth quarter in revenues, a trend that is common in many other software companies. Also, appraisal management could experience some seasonal patterns around the second and fourth quarters, associated with some clients' practices of bi-annual and annual appraisals.



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Share Data

As at July 31, 2018, 38,911,362 common shares were outstanding and are net of 308,923 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 June 30, 2018, there were 1,469,397 share options outstanding (December 31, 2017 - 946,708 share options outstanding) at a weighted average exercise price of \$27.97 per share (December 31, 2017 - \$25.70 per share) and 462,568 share options were exercisable (December 31, 2017 - 268,038). All share options are exercisable into common shares on a one-for-one basis.

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

Pursuant to the DRIP, and in the case where common shares are issued from treasury, cash dividends will be reinvested in additional Altus Group common shares at the weighted average market price of our common shares for the five trading days immediately preceding the relevant dividend payment date, less a discount, currently set at 4%. In the case where common shares will be purchased on the open market, cash dividends will be reinvested in additional Altus Group common shares at the relevant average market price paid in respect of satisfying this reinvestment plan.

For the three and six months ended June 30, 2018, 22,226 and 40,141 common shares (2017 - 4,364 and 8,532 common shares, respectively) were issued under the DRIP, respectively.

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 June 30, 2018 consist of cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts and prepayments), trade payables and other (excluding lease inducements and 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, promissory note receivable 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.

The fair value of the liabilities for cash-settled plans as at June 30, 2018 was approximately \$9.4 million, based on the published trading price on the TSX for our common shares.



Management's Discussion & Analysis

June 30, 2018



The fair value of our investment in Real Matters as at June 30, 2018 was approximately \$59.6 million, based on the published trading price on the TSX for their common shares.

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

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

In 2015, we entered into interest rate swap agreements for a total notional amount of \$65.0 million and a fixed interest rate of 1.48% per annum. This agreement expires on May 15, 2020. As at June 30, 2018, we have a total notional amount of \$65.0 million outstanding and the fair value of these swaps were \$0.9 million in our favor.

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

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

As at June 30, 2018, we have equity derivatives relating to RSUs and DSUs outstanding with a notional amount of \$9.6 million. The fair value of these derivatives is \$3.0 million in our favor.

As at June 30, 2018, we have currency forward contracts outstanding with a notional amount of USD\$32.0 million. The fair value of these currency forward contracts is \$2.3 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 Asia, it is often common business practice to pay invoices over an extended period of time and/or at the completion of the project. The risk of non-collection of trade receivables is greater in Asia Pacific compared to North American or European countries.

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 review and approve our operating and capital budgets, as well as any material transactions outside the ordinary course of business, including proposals on mergers, acquisitions or other major investments.

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



Management's Discussion & Analysis

June 30, 2018



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 unaudited interim condensed consolidated financial statements.

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

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

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

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

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

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

Management has limited the scope of the design of DC&P and ICFR, consistent with previous practice, to exclude controls, policies and procedures of CVS acquired on November 1, 2017.

Financial information of the business acquired is summarized below.

Balance sheet data for CVS*:

<i>In thousands of dollars</i>		June 30, 2018
Assets	\$	58,261
Liabilities		10,541
Equity		47,720



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June 30, 2018



Income statement data for CVS*:

<i>In thousands of dollars</i>	Three months ended June 30, 2018	Six months ended June 30, 2018
Revenues	\$ 6,279	\$ 10,418
Expenses	8,916	17,764
Profit (loss)	(2,637)	(7,346)

* Financial information reported under legacy CVS operations.

There have been no significant changes in our internal controls over financial reporting that occurred for the quarter ended June 30, 2018, the most recently completed interim period, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

We implemented internal controls to ensure we adequately evaluated our contracts and properly assessed the impact of the new accounting standards related to revenue recognition and financial instruments on our financial statements to facilitate their adoption on January 1, 2018. There were no significant changes to our internal control over financial reporting due to the adoption of the new standards.

The audit committee and our Board of Directors have reviewed and approved this MD&A and the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2018.

Additional Information

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

Our common shares trade on the Toronto Stock Exchange under the symbol "AIF".



Altus Group Limited

Interim Condensed Consolidated Financial Statements

June 30, 2018 and 2017

(Unaudited)

(Expressed in Thousands of Canadian Dollars)



Interim Condensed Consolidated Statements of Comprehensive Income (Loss) For the Three and Six Months Ended June 30, 2018 and 2017 (Unaudited)

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

	Notes	Three months ended June 30		Six months ended June 30	
		2018	Restated (Note 2) 2017	2018	Restated (Note 2) 2017
Revenues	5	\$ 134,218	\$ 127,880	\$ 258,908	\$ 237,173
Expenses					
Employee compensation		83,412	77,621	165,521	148,983
Occupancy		5,244	5,051	10,651	10,068
Office and other operating		24,827	23,186	47,450	44,105
Amortization of intangibles		10,686	7,171	21,421	13,765
Depreciation of property, plant and equipment		1,995	1,725	3,804	3,309
Acquisition and related transition costs (income)	4	1,339	574	2,073	868
Share of (profit) loss of associates		-	1,288	-	2,420
Restructuring costs	10	3,789	3,563	6,642	4,558
(Gain) loss on investments		46	(115,671)	(39)	(115,179)
Finance costs (income), net	6	1,690	650	3,118	1,898
Profit (loss) before income taxes		1,190	122,722	(1,733)	122,378
Income tax expense (recovery)	7	860	17,795	264	16,900
Profit (loss) for the period attributable to equity holders		\$ 330	\$ 104,927	\$ (1,997)	\$ 105,478
Other comprehensive income (loss):					
Items that may be reclassified to profit or loss in subsequent periods:					
Currency translation differences	14	1,053	(4,879)	9,056	(6,584)
Share of other comprehensive income (loss) of associates	14	-	37	-	(46)
Change in fair value of available-for-sale investments	14	-	(21,272)	-	(21,272)
Items that are not reclassified to profit or loss in subsequent periods:					
Change in fair value through other comprehensive income investment reserves	14	(14,392)	-	(39,646)	-
Other comprehensive income (loss), net of tax		(13,339)	(26,114)	(30,590)	(27,902)
Total comprehensive income (loss) for the period, net of tax, attributable to equity holders		\$ (13,009)	\$ 78,813	\$ (32,587)	\$ 77,576
Earnings (loss) per share attributable to the equity holders of the Company during the period					
Basic earnings (loss) per share	16	\$0.01	\$2.75	\$(0.05)	\$2.80
Diluted earnings (loss) per share	16	\$0.01	\$2.72	\$(0.05)	\$2.76

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



Interim Condensed Consolidated Balance Sheets As at June 30, 2018 and December 31, 2017 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Notes	June 30, 2018	Restated (Note 2) December 31, 2017
Assets			
Current assets			
Cash and cash equivalents		\$ 48,010	\$ 28,070
Trade receivables and other	8	159,527	143,667
Income taxes recoverable		8,789	5,680
Derivative financial instruments		3,620	1,021
		219,946	178,438
Non-current assets			
Trade receivables and other	8	1,246	4,967
Derivative financial instruments		2,626	6,029
Investments	9	63,945	108,073
Deferred income taxes		15,419	15,285
Property, plant and equipment		33,019	30,374
Intangibles		120,050	132,959
Goodwill		257,397	249,990
		493,702	547,677
Total Assets		\$ 713,648	\$ 726,115
Liabilities			
Current liabilities			
Trade payables and other	10	\$ 98,528	\$ 101,454
Income taxes payable		1,287	2,887
Borrowings	11	460	661
Derivative financial instruments		-	918
		100,275	105,920
Non-current liabilities			
Trade payables and other	10	33,312	30,422
Borrowings	11	188,972	150,135
Deferred income taxes		19,278	27,576
		241,562	208,133
Total Liabilities		341,837	314,053
Shareholders' Equity			
Share capital	12	484,626	479,181
Contributed surplus	13	17,895	18,550
Accumulated other comprehensive income (loss)	14	(20,160)	10,402
Deficit		(110,550)	(96,071)
Total Shareholders' Equity		371,811	412,062
Total Liabilities and Shareholders' Equity		\$ 713,648	\$ 726,115

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



Interim Condensed Consolidated Statements of Changes in Equity For the Six Months Ended June 30, 2018 and 2017 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Notes	Share Capital	Equity Component of Convertible Debentures	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Shareholders' Equity
As at January 1, 2017		\$ 460,003	\$ 231	\$ 18,476	\$ 46,781	\$ (184,898)	\$ 340,593
Adjustment on adoption of IFRS 15	2	-	-	-	-	2,555	2,555
As at January 1, 2017		460,003	231	18,476	46,781	(182,343)	343,148
Profit (loss) for the period		-	-	-	-	105,478	105,478
Other comprehensive income (loss), net of tax:							
Currency translation differences		-	-	-	(6,584)	-	(6,584)
Change in fair value of AFS investments		-	-	-	(21,272)	-	(21,272)
Share of other comprehensive income (loss) of associates		-	-	-	(46)	-	(46)
Total comprehensive income (loss) for the period		-	-	-	(27,902)	105,478	77,576
Transactions with owners:							
Dividends declared		-	-	-	-	(11,519)	(11,519)
Share-based compensation		-	-	3,743	-	-	3,743
Dividend Reinvestment Plan		248	-	-	-	-	248
Shares issued on exercise of options		2,418	-	(335)	-	-	2,083
Shares issued on acquisitions		3,679	-	-	-	-	3,679
Shares issued under the Equity Compensation Plan		7,623	-	(4,278)	-	-	3,345
Treasury shares reserved for share-based compensation		(6,886)	-	-	-	-	(6,886)
Shares issued on conversion of convertible debentures		5,924	(216)	-	-	-	5,708
Release of treasury shares under the Restricted Share Plan		2,892	-	(2,604)	-	-	288
Gain (loss) on sale of RSs and shares held in escrow		-	-	(57)	-	-	(57)
Equity component of convertible debentures that were redeemed		-	(15)	15	-	-	-
		15,898	(231)	(3,516)	-	(11,519)	632
As at June 30, 2017		\$ 475,901	\$ -	\$ 14,960	\$ 18,879	\$ (88,384)	\$ 421,356
As at December 31, 2017		\$ 479,181	\$ -	\$ 18,550	\$ 10,558	\$ (97,985)	\$ 410,304
Adjustment on adoption of IFRS 15	2	-	-	-	(156)	1,914	1,758
As at December 31, 2017 - Restated		479,181	-	18,550	10,402	(96,071)	412,062
Adjustment on adoption of IFRS 9	2	-	-	-	28	(771)	(743)
As at January 1, 2018		479,181	-	18,550	10,430	(96,842)	411,319
Profit (loss) for the period		-	-	-	-	(1,997)	(1,997)
Other comprehensive income (loss), net of tax:							
Currency translation differences	14	-	-	-	9,056	-	9,056
Change in fair value of FVOCI investments	14	-	-	-	(39,646)	-	(39,646)
Total comprehensive income (loss) for the period		-	-	-	(30,590)	(1,997)	(32,587)
Transactions with owners:							
Dividends declared	17	-	-	-	-	(11,711)	(11,711)
Share-based compensation	13, 15	-	-	4,512	-	-	4,512
Dividend Reinvestment Plan	12	1,316	-	-	-	-	1,316
Shares issued on exercise of options	12, 13, 15	543	-	(87)	-	-	456
Shares issued on acquisitions	4, 12	1,411	-	-	-	-	1,411
Shares issued under the Equity Compensation Plan	12, 13, 15	2,496	-	(2,496)	-	-	-
Treasury shares purchased for share-based compensation	12, 15	(2,966)	-	-	-	-	(2,966)
Release of treasury shares under the Restricted Share Plan	12, 13, 15	2,645	-	(2,575)	-	-	70
Gain (loss) on sale of RSs and shares held in escrow	13	-	-	(9)	-	-	(9)
		5,445	-	(655)	-	(11,711)	(6,921)
As at June 30, 2018		\$ 484,626	\$ -	\$ 17,895	\$ (20,160)	\$ (110,550)	\$ 371,811

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



Interim Condensed Consolidated Statements of Cash Flows For the Six Months Ended June 30, 2018 and 2017 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Notes	Six months ended June 30	
		2018	Restated (Note 2) 2017
Cash flows from operating activities			
Profit (loss) before income taxes		\$ (1,733)	\$ 122,378
Adjustments for:			
Amortization of intangibles		21,421	13,765
Depreciation of property, plant and equipment		3,804	3,309
Amortization of lease inducements		142	(487)
Amortization of capitalized software development costs		-	217
Finance costs (income), net	6	3,118	1,898
Share-based compensation	13, 15	4,512	3,743
Unrealized foreign exchange (gain) loss		(807)	297
(Gain) loss on investments		(39)	(115,179)
(Gain) loss on disposal of property, plant and equipment		1,092	116
(Gain) loss on equity derivatives and currency forward contracts		(100)	1,103
Share of (profit) loss of associates		-	2,420
Net changes in operating working capital		(14,655)	(9,553)
Net cash generated by (used in) operations		16,755	24,027
Less: interest paid		(2,580)	(2,064)
Less: income taxes paid		(8,360)	(6,022)
Add: income taxes received		981	567
Net cash provided by (used in) operating activities		6,796	16,508
Cash flows from financing activities			
Proceeds from exercise of options	12, 13, 15	456	2,083
Redemption of Altus UK LLP Class B and D units		-	(883)
Proceeds from borrowings		46,701	38,407
Repayment of borrowings		(8,352)	(14,798)
Dividends paid	17	(10,355)	(11,087)
Treasury shares purchased under the Restricted Share Plan	12, 15	(2,966)	(3,541)
Net cash provided by (used in) financing activities		25,484	10,181
Cash flows from investing activities			
Purchase of investments	9	(1,487)	(4,310)
Purchase of intangibles		(354)	(371)
Purchase of property, plant and equipment		(6,788)	(4,639)
Proceeds from disposal of property, plant and equipment and intangibles		90	312
Acquisitions, net of cash acquired	4	(3,073)	(15,275)
Net cash provided by (used in) investing activities		(11,612)	(24,283)
Effect of foreign currency translation		(728)	(471)
Net increase (decrease) in cash and cash equivalents		19,940	1,935
Cash and cash equivalents			
Beginning of period		28,070	43,673
End of period		\$ 48,010	\$ 45,608

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



Notes to Interim Condensed Consolidated Financial Statements June 30, 2018 and 2017 (Unaudited)

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

1. Basis of Preparation and Summary of Significant Accounting Policies

The interim condensed consolidated financial statements for the period ended June 30, 2018 follow the same accounting policies and methods of their application as those used in Altus Group Limited's (the "Company") audited consolidated financial statements for the year ended December 31, 2017, except for those identified under Adoption of Recent Accounting Pronouncements (Note 2) and Critical Accounting Estimates and Judgments (Note 3). These interim condensed consolidated financial statements are in compliance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the Company's most recent audited annual consolidated financial statements for the year ended December 31, 2017.

These interim condensed consolidated financial statements were approved by the Board of Directors for issue on August 7, 2018.

Revenue Recognition

The accounting policies applicable to revenue recognition for both the interim and comparative periods are outlined.

Revenue is recognized upon transfer of control of the promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Performance obligations are satisfied and revenue is recognized, either over time or at a point in time.

Unbilled revenue on customer contracts, which are contract assets under IFRS 15, relate to conditional rights to consideration for satisfied performance obligations of contracts with customers. Trade receivables are recognized when the right to consideration becomes unconditional. Deferred revenue, which are contract liabilities under IFRS 15, relate to payments received in advance of performance under contracts with customers. Contract liabilities are recognized as revenue as (or when) the Company satisfies its performance obligations under the contracts.



Notes to Interim Condensed Consolidated Financial Statements

June 30, 2018 and 2017

(Unaudited)

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

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

For arrangements where the timing of revenue recognition differs from the timing of invoicing, it is not considered to be a significant financing component. Invoicing terms are intended to provide customers with predictability to manage their business. In addition, billing schedules may be established for certain arrangements. Payment terms vary by contract type; however, terms are generally 30 to 60 days. Customer deposits are included in trade payables and other and represent customer payments made in advance for services for which the Company will recognize as revenue upon transfer of control of the promised services. At contract inception, the Company expects that the period between when the Company transfers control of a promised good or service to a customer and when the customer pays for that good or service will be one year or less. As a practical expedient, the consideration is not adjusted for the effects of a significant financing component. In addition, for contingency arrangements, the consideration promised by the customer is variable subject to the occurrence or non-occurrence of a future event that is not substantially within the control of the customer or the Company.

Costs to obtain customer contracts represent commissions incurred and such commissions would not have been incurred if the contracts had not been obtained. These costs are incremental and the Company expects to recover these costs. The asset is amortized over the term of the specific contract it relates to, consistent with the associated pattern of revenue recognition, and is recorded in employee compensation expenses. As a practical expedient, incremental costs of obtaining a contract have been expensed when incurred if the amortization period of the asset is one year or less.

Services

The Company provides services on a time and materials basis, fixed fee basis or contingency basis. Services are offered by all segments of the Company.

Performance obligations for services on a time and materials or fixed fee basis are typically satisfied over time as services are rendered. In contracts where the Company is not entitled to payment until the performance obligations are satisfied, revenue is recognized at a point in time.

Revenue is recognized based on the extent of progress towards completion of the performance obligation, on a project-by-project basis. The method used to measure progress depends on the nature of the services. Revenue is recognized on the basis of time and materials incurred to date relative to the total budgeted inputs. The output method on the basis of milestones is used when the contractual terms align the Company's performance with measurements of value to the customer. Revenue is recognized for services performed to date based on contracted rates and/or milestones that correspond to the amount the Company is entitled to invoice.



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

Performance obligations for contingency arrangements are satisfied at a point in time upon completion of the services. The consideration is performance-based and variable. The estimated variable consideration to include in the transaction price considers the extent that it is highly probable that a significant reversal of revenue will not occur when the uncertainty is resolved. This is reassessed at the end of each reporting period.

Contracts are generally billed subsequent to revenue recognition and result in contract assets. In some contracts, customer deposits render contract liabilities to the extent that they exceed the contract assets, on a project-by-project basis.

Software and data products

Altus Analytics offers customers access to software and data products over a specified contract term. Software and data products are provided on either a subscription or usage basis. Revenue for software and data products provided on a subscription basis is recognized ratably over the contract term and contracts are billed upfront and prior to revenue recognition, which results in contract liabilities. Revenue for software products provided on a usage basis, such as the quantity of transactions processed or assets on the Company's platform, is recognized based on the customer utilization of such services. Such contracts are billed subsequent to revenue recognition which results in contract assets.

Licenses for on-premise software offered by Altus Analytics provide the customer with a right to use the software as it exists when the license is granted to the customer. Customers may purchase perpetual licenses or subscribe to licenses, which provide customers with the same functionality and differ mainly in the duration over which the customer benefits from the software. Revenue from distinct on-premise licenses is recognized upfront at the point in time when the software is delivered to the customer. Perpetual licenses are initially sold with one year of ongoing maintenance and the option to renew thereafter. Support services are sold with subscriptions in all cases. Revenue allocated to ongoing maintenance or support services is recognized ratably over the term of the contract. The standard warranty period is 30 days and it is not considered to be a distinct performance obligation. Contracts related to perpetual licenses and ongoing maintenance are billed upfront and prior to revenue recognition and result in contract liabilities. Contracts related to licenses sold on a subscription basis and support services will vary depending on the contractual terms.

Financial Assets and Liabilities

The accounting policies applicable to financial instruments from the date of initial application of IFRS 9 on January 1, 2018 are outlined. The accounting policies applicable to the comparatives are outlined in the most recent audited annual consolidated financial statements for the year ended December 31, 2017.



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(Unaudited)

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

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

From January 1, 2018, the Company classifies its financial assets in the following subsequent measurement categories:

- amortized cost;
- fair value through other comprehensive income ("FVOCI"); or
- fair value through profit or loss ("FVPL").

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, the classification will depend on the business model in which the investment is held and contractual terms of the cash flows. The Company reclassifies debt investments when and only when its business model for managing those assets changes, which is expected to be infrequent. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Company classifies its financial liabilities as subsequently measured at amortized cost or FVPL. Financial liabilities are subsequently measured at amortized cost, except for those at FVPL such as derivative financial instruments and contingent consideration payables.

The FVPL option can be elected for financial liabilities if:

- it eliminates or significantly reduces an accounting mismatch;
- the financial liability is part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract.

This irrevocable election is made at initial recognition and these financial liabilities cannot be reclassified out of the category while they are held or issued.

Financial liabilities are classified in a similar manner as under IAS 39, except that financial liabilities measured at FVPL will recognize changes in fair value attributable to the Company's own credit risk in other comprehensive income instead of profit or loss, unless this would create an accounting mismatch.



Notes to Interim Condensed Consolidated Financial Statements

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(Unaudited)

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

Classification of financial assets at amortized cost

The Company classifies its financial assets at amortized cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Classification of financial assets at fair value through other comprehensive income

The Company classifies its equity investments at FVOCI for which are not held for trading and the Company has made an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss as these are strategic investments. Upon disposal of these equity investments, any balance within the other comprehensive income reserve for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss. In addition, the other comprehensive income reserve for an impaired equity investment is not reclassified to profit or loss.

The Company classifies its debt investments at FVOCI where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

Classification of financial assets at fair value through profit or loss

The Company classifies the following financial assets at FVPL:

- debt investments that do not qualify for measurement at either amortized cost or at FVOCI;
- equity investments that are held for trading;
- equity investments for which the Company has not elected to recognize fair value gains and losses through other comprehensive income; and
- derivative financial instruments.

Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and contract assets for unbilled revenue on customer contracts, the Company applies the simplified approach permitted by IFRS 9 (5.5.15), which requires expected lifetime losses to be recognized from initial recognition of the financial assets.



Notes to Interim Condensed Consolidated Financial Statements

June 30, 2018 and 2017

(Unaudited)

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

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

Financial assets, subject to the expected credit loss model, are trade receivables and contract assets for unbilled revenue on customer contracts.

The criteria used to determine risk of default and to estimate expected credit losses include:

- delinquencies in payments;
- significant financial difficulty of the debtor;
- it becomes probable that the debtor will enter bankruptcy; or
- significant changes in macroeconomic factors that indicate future defaults will vary and measurable changes in estimated future cash flows will result, provided that such information is observable and available without undue cost or effort.

Seasonality

Certain segments of the Company's operations are subject to seasonal variations which may impact overall quarterly results. Geomatics' projects tend to be on remote undeveloped land in Western Canada which is most accessible in the winter and summer months and least accessible in the spring months when ground conditions are soft and wet. Revenues for Geomatics tend to peak in the third and fourth quarters of the year in line with higher activity levels during these periods. In the global Property Tax practice, the Company can experience significant fluctuations on a quarterly basis as a result of the timing of contingency settlements and other factors. The Altus Analytics business experiences some seasonality. ARGUS software products sold as perpetual licenses tend to have a stronger fourth quarter in revenues, a trend that is common in many other software companies. Also, appraisal management could experience some seasonal patterns around the second and fourth quarters, associated with some clients' practices of bi-annual and annual appraisals.

Future Accounting Pronouncements

International Financial Reporting Standard 16, Leases

IFRS 16, *Leases*, which was issued in January 2016, will replace International Accounting Standard 17, *Leases*. IFRS 16 was issued to increase transparency and comparability. Lessees are required to recognize nearly all leases on the balance sheet with right-of-use assets and lease liabilities for those leases classified as operating leases under the current standard, with limited exceptions. Under the new standard, enhanced disclosures are expected to give users of financial statements a basis to assess the effects of leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, using either a full or modified retrospective application. The standard will impact the operating leases for offices and equipment as disclosed in Note 19. The Company continued its implementation efforts with its advisor in order to finalize the accounting policy and quantify the impact of this standard to the opening balance sheet, which is expected to be material. The Company intends to apply this standard on a modified retrospective basis.



Notes to Interim Condensed Consolidated Financial Statements

June 30, 2018 and 2017

(Unaudited)

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

2. Adoption of Recent Accounting Pronouncements

International Financial Reporting Standard 15, Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers*, which was issued in May 2014, has superseded the revenue recognition requirements under IAS 18, *Revenue*, IAS 11, *Construction Contracts* and related interpretations. IFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

The Company applied this standard on a full retrospective basis using the practical expedients in paragraph C5, under which the Company:

- did not restate completed contracts, including completed contracts at the beginning of the earliest period presented and those that commenced and ended within the same annual reporting period;
- used the transaction price at the date the contract was completed rather than estimating the variable consideration amounts in the comparative reporting periods; and
- did not disclose the amount of consideration allocated to the remaining performance obligations and an explanation of when the Company expects to recognize that amount as revenue for all reporting periods presented before the date of initial application.

The Company implemented the system functionality and internal controls required to support the change in accounting for revenues.

The most significant impact of the standard relates to the accounting for on-premise ARGUS software solutions sold on a subscription basis in a right to use license arrangement. A portion of the revenues will be recognized at the time of delivery of the distinct license rather than ratably over the term of the subscription. This is expected to result in more variability in revenues based on the timing of contracts. Certain arrangements are for a right to access and revenues will continue to be recognized ratably over the term of the subscription. Revenue recognition may vary based on contract specific terms. The treatment of the related costs to obtain customer contracts is also impacted; however, the impact of the treatment for the previously reported results is not material.

Revenue recognition, including the treatment of the related costs to obtain customer contracts, for the other Altus Analytics offerings, Commercial Real Estate Consulting and Geomatics will remain substantially unchanged.



Notes to Interim Condensed Consolidated Financial Statements

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(Unaudited)

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

2. Adoption of Recent Accounting Pronouncements, cont'd

The Company is required to restate certain previously reported results on adoption of the standard on a full retrospective basis, including the recognition of a decrease in revenues and a decrease in income tax. In addition, adoption of the standard resulted in an increase in trade receivables and other, and a decrease in deferred revenue within trade payables and other, driven by upfront revenue recognition at the time of delivery of the distinct license and unbilled revenue on customer contracts. This resulted in corresponding impacts to deferred income taxes and income taxes recoverable. Adoption of the standard had no impact on net cash provided by (used in) operating activities, financing activities or investing activities.

Impacts to Previously Reported Results

Consolidated Statements of Comprehensive Income (Loss)

Expressed in thousands of Canadian dollars, except for per share amounts

	Three months ended June 30, 2017		
	As Reported	IFRS 15 Adjustments	As Restated
	Revenues	\$ 128,815	\$ (935)
Income tax expense (recovery)	18,160	(365)	17,795
Profit (loss) for the period attributable to equity holders	105,497	(570)	104,927
Other comprehensive income (loss)	(25,992)	(122)	(26,114)
Basic earnings (loss) per share	\$2.77	\$(0.02)	\$2.75
Diluted earnings (loss) per share	\$2.73	\$(0.01)	\$2.72

	Six months ended June 30, 2017		
	As Reported	IFRS 15 Adjustments	As Restated
	Revenues	\$ 238,022	\$ (849)
Income tax expense (recovery)	17,237	(337)	16,900
Profit (loss) for the period attributable to equity holders	105,990	(512)	105,478
Other comprehensive income (loss)	(27,785)	(117)	(27,902)
Basic earnings (loss) per share	\$2.81	\$(0.01)	\$2.80
Diluted earnings (loss) per share	\$2.78	\$(0.02)	\$2.76



Notes to Interim Condensed Consolidated Financial Statements

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(Unaudited)

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

2. Adoption of Recent Accounting Pronouncements, cont'd

	Year ended December 31, 2017		
	As Reported	IFRS 15 Adjustments	As Restated
Revenues	\$ 478,137	\$ (1,575)	\$ 476,562
Income tax expense (recovery)	29,378	(934)	28,444
Profit (loss) for the year attributable to equity holders	110,058	(641)	109,417
Other comprehensive income (loss)	(36,223)	(156)	(36,379)
Basic earnings (loss) per share	\$2.89	\$(0.01)	\$2.88
Diluted earnings (loss) per share	\$2.85	\$(0.02)	\$2.83

Consolidated Balance Sheets

Expressed in thousands of Canadian dollars

	January 1, 2017		
	As Reported	IFRS 15 Adjustments	As Restated
Trade receivables and other (current)	\$ 137,398	\$ (361)	\$ 137,037
Trade receivables and other (non-current)	613	517	1,130
Income taxes recoverable	4,530	(94)	4,436
Deferred income taxes (asset)	21,962	(1,694)	20,268
Trade payables and other (current)	91,573	(4,459)	87,114
Trade payables and other (non-current)	18,924	392	19,316
Deferred income taxes (liability)	9,375	(120)	9,255
Deficit	(184,898)	2,555	(182,343)



Notes to Interim Condensed Consolidated Financial Statements

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(Unaudited)

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

2. Adoption of Recent Accounting Pronouncements, cont'd

	December 31, 2017		
	As Reported	IFRS 15 Adjustments ⁽¹⁾	As Restated
Trade receivables and other (current)	\$ 143,626	\$ 41	\$ 143,667
Trade receivables and other (non-current)	4,601	366	4,967
Income taxes recoverable	5,741	(61)	5,680
Deferred income taxes (asset)	15,933	(648)	15,285
Trade payables and other (current)	103,450	(1,996)	101,454
Trade payables and other (non-current)	30,422	-	30,422
Deferred income taxes (liability)	27,640	(64)	27,576
Accumulated other comprehensive income (loss)	10,558	(156)	10,402
Deficit	(97,985)	1,914	(96,071)

⁽¹⁾ Adjustments include the cumulative impact for the beginning of the earliest period presented, January 1, 2017.

International Financial Reporting Standard 9, Financial Instruments

The Company adopted IFRS 9, *Financial Instruments*, issued in July 2014 with a date of initial application of January 1, 2018. The standard introduces a model for the classification and measurement of financial instruments, a single, forward-looking expected-loss impairment model that will require more timely recognition of expected credit losses and a substantially reformed approach for hedge accounting, with enhanced disclosures about risk management activity. Currently, the Company does not apply hedge accounting and will not be impacted by those changes. IFRS 9 also removes the volatility in profit or loss that is caused by changes in an entity's own credit risk for liabilities elected to be measured at fair value. The requirements of IFRS 9 represent a significant change from IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7, *Financial Instruments: Disclosures*. In accordance with the transitional provisions in IFRS 9 (7.2.15), comparative figures have not been restated.

The most significant impact of the standard relates to the accounting for expected credit losses on the financial assets, more specifically, trade receivables and contract assets for unbilled revenue on customer contracts. Under IFRS 9, the Company applies an expected loss model that assesses the risk a financial asset will default rather than whether a loss has been incurred. This results in losses being recognized earlier.



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(Unaudited)

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2. Adoption of Recent Accounting Pronouncements, cont'd

The impact of the IFRS 9 adoption on the Company's retained earnings (deficit) as at January 1, 2018 is as follows:

	January 1, 2018
Opening retained earnings (deficit) - IAS 39 ⁽¹⁾	\$ (96,071)
Reclassify investments in partnerships from AFS to FVPL	(28)
Increase in provision for trade receivables and contract assets for unbilled revenue on customer contracts	(1,008)
Increase in deferred tax assets relating to impairment provisions	265
Adjustment to retained earnings (deficit) on adoption of IFRS 9	(771)
Opening retained earnings (deficit) - IFRS 9	\$ (96,842)

⁽¹⁾ Opening retained earnings (deficit) after adoption of IFRS 15.



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(Unaudited)

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

2. Adoption of Recent Accounting Pronouncements, cont'd

Classification and measurement of financial instruments

On the date of initial application, the financial instruments with reclassifications were as follows:

	January 1, 2018			
	Classification and Measurement Category		Carrying Amount	
	IAS 39	IFRS 9	IAS 39	IFRS 9
Assets as per Consolidated Balance Sheet:				
Cash and cash equivalents	FVPL	Amortized cost	\$ 28,070	\$ 28,070
Trade receivables and other (excluding deferred costs to obtain customer contracts, contract assets, prepayments and promissory note receivable)	Loans and receivables - amortized cost	Amortized cost	102,004	102,004
Contract assets: unbilled revenue on customer contracts ⁽¹⁾	Loans and receivables - amortized cost	Asset within scope of IFRS 15	32,815	31,807
Promissory note receivable	FVPL	FVPL	3,914	3,914
Investment in Real Matters	AFS	FVOCI	105,418	105,418
Investments in equity instruments	AFS	FVOCI	1,883	1,883
Investments in partnerships	AFS	FVPL	772	772
Derivative financial instruments	FVPL	FVPL	7,050	7,050
Liabilities as per Consolidated Balance Sheet:				
Trade payables and other (excluding lease inducements, contract liabilities, RSU Plan and DSU Plan payables and contingent consideration payables)	Other liabilities - amortized cost	Amortized cost	68,870	68,870
RSU Plan and DSU Plan payables	FVPL	FVPL	11,872	11,872
Contingent consideration payables	FVPL	FVPL	10,437	10,437
Borrowings	Other liabilities - amortized cost	Amortized cost	150,796	150,796
Derivative financial instruments	FVPL	FVPL	918	918

⁽¹⁾ Restated for the impact of IFRS 15.



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2. Adoption of Recent Accounting Pronouncements, cont'd

On January 1, 2018, the Company's management assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 and classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from the reclassifications are as follows:

						January 1, 2018	
Financial Assets	Notes	FVPL	FVOCI (AFS in 2017)	Amortized cost (Loans and receivables in 2017) ⁽¹⁾			Total
Opening balance - IAS 39		\$ 39,034	\$ 108,073	\$ 133,811	\$		280,918
Reclassify cash and cash equivalents from FVPL to amortized cost	(i)	(28,070)	-	28,070			-
Reclassify investments in partnerships from AFS to FVPL	(ii)	772	(772)	-			-
Reclassify investments from AFS to FVOCI	(iii)	-	-	-			-
Opening balance - IFRS 9		\$ 11,736	\$ 107,301	\$ 161,881	\$		280,918

⁽¹⁾ Includes contract assets for unbilled revenue on customer contracts. Restated for the impact of IFRS 15.

The impact of these changes on the Company's retained earnings (deficit) is as follows:

					January 1, 2018	
	Notes	Effect on AFS reserves	Effect on FVOCI reserves			Effect on retained earnings (deficit) ⁽¹⁾
Opening balance - IAS 39		\$ (26,460)	\$ -	\$		(96,071)
Reclassify investments in partnerships from AFS to FVPL	(ii)	28	-			(28)
Reclassify investments from AFS to FVOCI	(iii)	26,432	(26,432)			-
Opening balance - IFRS 9		\$ -	\$ (26,432)	\$		(96,099)

⁽¹⁾ Before adjustment to retained earnings (deficit) on adoption of IFRS 9 and after adoption of IFRS 15.



Notes to Interim Condensed Consolidated Financial Statements

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

2. Adoption of Recent Accounting Pronouncements, cont'd

(i) *Reclassification from FVPL to amortized cost*

Cash and cash equivalents have been reclassified from FVPL to amortized cost. Cash and cash equivalents are deposits held with reputable financial institutions that pose minimal credit risk. The deposits are repayable on demand and interest, if any, is at a fixed or floating market rate. The Company's business model objective is to hold the deposits and the contractual cash flows represent solely payments of principal and interest. The fair value of cash and cash equivalents approximates its carrying value at amortized cost.

(ii) *Reclassification from available-for-sale to FVPL*

Investments in partnerships of \$772 were reclassified from available-for-sale ("AFS") to financial assets at FVPL. They do not meet the criteria for amortized cost because their cash flows do not represent solely payments of principal and interest. The related fair value losses of \$28 were reclassified from the AFS reserves to retained earnings on January 1, 2018.

(iii) *Equity investments previously classified as AFS*

The Company elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as AFS because these investments are not held for trading. The investments meet the definition of an equity instrument under IAS 32, *Financial Instruments: Presentation*. As such, an irrevocable election was made in accordance with IFRS 9 (5.7.5) to recognize dividend income to profit (loss), with no recycling of changes in fair value accumulated in equity through other comprehensive income. As a result, assets with a fair value of \$107,301 were reclassified from AFS to financial assets at FVOCI and the related fair value losses of \$26,432 were reclassified from AFS reserves to financial assets at FVOCI reserves on January 1, 2018.

Impairment of financial assets

Financial assets subject to the impairment requirements related to the accounting for expected credit losses under IFRS 9 include trade receivables and contract assets for unbilled revenue on customer contracts. The Company applied the simplified approach to estimate expected credit losses which requires the loss allowance to be measured for lifetime expected credit losses. The Company applied the impairment guidance under IFRS 9 and the impact was an increase of \$1,008 to the provision.



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3. Critical Accounting Estimates and Judgments

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions concerning the future. It also requires management to exercise its judgment in applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on 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 discussion sets forth management's most significant estimates and assumptions in determining the value of assets and liabilities and the most significant judgments in applying accounting policies.

Revenue recognition and distinct performance obligations

Contracts may include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately or together requires significant judgment. A product or service is distinct if the customer can benefit from the product or service either on its own or together with other resources that are readily available to the customer and the Company's promise to transfer the product or service to the customer is separately identifiable from other promises in the contract. Such judgments could impact the timing of revenue recognition.

Revenue recognition and determination and allocation of the transaction price

The Company estimates variable consideration for contingency arrangements on a project-by-project basis. Variable consideration is not constrained only to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved, which is when savings are realized by the customer, unless the contractual terms provide for an enforceable right to payment for performance completed.

The transaction price is allocated on the basis of the relative standalone selling prices for contracts with more than one performance obligation. The Company uses the observable price of a good or service sold separately in similar circumstances and to similar customers as evidence of the standalone selling price for each performance obligation; however, when one is not available, the standalone selling price is estimated. Based on the specific facts and circumstances, either the adjusted market assessment or expected cost plus a margin approach is applied. The determination of the standalone selling prices requires significant judgment. Estimation of the standalone selling price involves reasonably available data points, market conditions, entity-specific factors and information about the customer or class of customer.

Such estimates and judgments could impact the timing of revenue recognition.



Notes to Interim Condensed Consolidated Financial Statements

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(Unaudited)

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

3. Critical Accounting Estimates and Judgments, cont'd

Revenue recognition and satisfaction of performance obligations

The Company reviews its unbilled revenue for each project on a monthly basis to determine whether it reflects the extent of progress towards completion of the performance obligation and the amount that will be invoiced in respect of the project. Where the review determines that the value of unbilled revenue exceeds the extent of progress and the amount that will be invoiced, adjustments are made. The valuation of the unbilled revenue involves estimates of the amount of work required to complete the project to determine the extent of progress. Such estimates could impact the timing of revenue recognition.

Impairment of financial assets

The impairment provisions for financial assets disclosed in Note 18 are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past history, existing market conditions and forward-looking estimates at the end of each reporting period. Such estimates and judgments could impact trade receivables, contract assets for unbilled revenue on customer contracts and office and other operating expenses.

4. Acquisitions

Acquisition of New Market Real Estate Group, LLC

On January 1, 2018, the Company acquired certain operating assets of New Market Real Estate Group, LLC ("New Market") for \$1,004 in common shares. The common shares will be held in escrow and released on the third anniversary of the closing date, subject to compliance with certain terms and conditions. As part of the transaction, the Company entered into a non-compete agreement with a key member of management of New Market. Based in Maryland and founded in 2001, New Market offers a full range of real estate services throughout the United States including real estate research, valuation, acquisition, investment analysis and counselling services. The addition of New Market strengthens the Company's real estate advisory services offerings by enhancing the Company's depth of valuation expertise to better serve its large institutional investors.

For accounting purposes, the consideration transferred for the acquired business includes a discount on the value of the common shares to reflect the trading restrictions placed on these common shares. Further, the non-compete agreement is valued separately from the acquired business.



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4. Acquisitions, cont'd

Acquisition of Aspect Property Consultants LLP

On February 14, 2018, the Company acquired certain operating assets of Aspect Property Consultants LLP ("Aspect") for £4,250 (CAD\$7,421) in cash, common shares and contingent consideration. As part of the transaction, the Company entered into non-compete agreements with key management of Aspect. With offices located in London, Heathrow and Basingstoke, U.K. and founded in 2009, Aspect is a commercial property consultancy firm specializing in the South East business space market with a particular focus on the West London warehouse market. The addition of Aspect expands the Company's market share and strengthens the Company's offerings with complementary service lines in the U.K. in support of the Company's current growth initiatives. As consideration for these assets, the Company paid cash of £1,760 (CAD\$3,073) and common shares of £620 (CAD\$1,083) and the Company estimated contingent consideration of £1,870 (CAD\$3,265). The purchase agreement provides for maximum contingent consideration of £2,620, subject to certain performance targets being achieved over a two-year period from the closing date. The common shares will be held in escrow and released in three annual installments commencing on the first anniversary of the closing date, subject to compliance with certain terms and conditions.

For accounting purposes, the consideration transferred for the acquired business includes a discount on the value of the common shares to reflect the trading restrictions placed on these common shares. In addition, the consideration transferred for the acquired business includes a discount on the contingent consideration payable to reflect the time value of money. Further, the non-compete agreements are valued separately from the acquired business.



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4. Acquisitions, cont'd

	Six months ended June 30, 2018		
	New Market	Aspect	Total
Acquisition-related costs (included in acquisition and related transition costs (income) in the interim condensed consolidated statements of comprehensive income (loss))	\$ 40	\$ 104	\$ 144
Consideration:			
Cash	\$ -	\$ 3,073	\$ 3,073
Common shares	1,004	1,083	2,087
Contingent consideration	-	3,265	3,265
	1,004	7,421	8,425
Less: discount on common shares	(351)	(325)	(676)
Less: discount on contingent consideration	-	(315)	(315)
	653	6,781	7,434
Less: consideration transferred for non-compete agreements	(238)	(2,064)	(2,302)
Consideration transferred for acquired businesses	415	4,717	5,132
Recognized amounts of identifiable assets acquired and liabilities assumed:			
Deferred income taxes, net	-	(813)	(813)
Intangibles	78	2,718	2,796
Total identifiable net assets of acquired businesses	78	1,905	1,983
Goodwill	\$ 337	\$ 2,812	\$ 3,149
Goodwill and intangibles deductible for tax purposes	\$ 1,004	\$ -	\$ 1,004

Goodwill arising from the acquisitions relate 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.

New Market has been fully integrated with Altus Analytics and the stand-alone revenues and profit (loss) cannot be determined.

Revenues for Aspect for the period from February 14, 2018 to June 30, 2018 that are included in the interim condensed consolidated statement of comprehensive income (loss) are \$1,196. Expenses for Aspect have been fully integrated with Property Tax and the stand-alone profit (loss) cannot be determined.



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4. Acquisitions, cont'd

The pro-forma revenues and profit (loss) of the combined entity for the six months ended June 30, 2018 would have been \$259,664 and \$(1,618), respectively, assuming the acquisitions were completed on January 1, 2018.

For all acquisitions, the intangibles acquired are as follows:

	Six months ended June 30, 2018		
	New Market	Aspect	Total
Finite-life assets			
Non-compete agreements	\$ 238	\$ 2,064	\$ 2,302
Customer lists	-	1,992	1,992
Customer backlog	78	726	804
	\$ 316	\$ 4,782	\$ 5,098

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, Commercial Real Estate Consulting and Geomatics.

The accounting policies of the segments are the same as those applied in these interim condensed consolidated financial statements. Revenue transactions between segments are valued at market rates and eliminated on consolidation. 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) before income taxes adjusted for the effects of finance costs (income), amortization of intangibles, depreciation of property, plant and equipment, acquisition and related transition costs (income), restructuring costs, share of profit (loss) of associates, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on investments, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged and other costs or income of a non-operating and/or non-recurring nature.



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

5. Segmented Information, cont'd

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

	Three months ended June 30		Six months ended June 30	
	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾
Adjusted EBITDA for reportable segments	\$ 23,771	\$ 24,017	\$ 39,279	\$ 37,386
Depreciation of property, plant and equipment	(1,995)	(1,725)	(3,804)	(3,309)
Amortization of intangibles	(10,686)	(7,171)	(21,421)	(13,765)
Acquisition and related transition (costs) income	(1,339)	(574)	(2,073)	(868)
Share of profit (loss) of associates	-	(1,288)	-	(2,420)
Unrealized foreign exchange gain (loss) ⁽²⁾	(242)	(526)	807	(297)
Gain (loss) on disposal of property, plant and equipment ⁽²⁾	(713)	203	(1,092)	(116)
Non-cash Executive Compensation Plan costs ⁽³⁾	(1,588)	(1,279)	(2,811)	(2,113)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽³⁾	(667)	(355)	(1,050)	(805)
Gain (loss) on hedging transactions ⁽²⁾	224	-	272	-
Restructuring costs	(3,789)	(3,563)	(6,642)	(4,558)
Gain (loss) on investments ⁽⁴⁾	(46)	115,671	39	115,179
Other non-operating and/or non-recurring income (costs) ⁽⁵⁾	(50)	(38)	(119)	(38)
Finance (costs) income, net	(1,690)	(650)	(3,118)	(1,898)
Profit (loss) before income taxes	1,190	122,722	(1,733)	122,378
Income tax recovery (expense)	(860)	(17,795)	(264)	(16,900)
Profit (loss) for the period	\$ 330	\$ 104,927	\$ (1,997)	\$ 105,478

⁽¹⁾ Restated for the impact of IFRS 15 (Note 2).

⁽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 for the three and six months ended June 30, 2018 relate to changes in fair value of investments in partnerships. Gain (loss) on investments for the three and six months ended June 30, 2017 relate to the partial deemed disposition of the Company's investment in Real Matters Inc. ("Real Matters") and re-measurement of the Company's retained interest.

⁽⁵⁾ Other non-operating and/or non-recurring income (costs) for the three and six months ended June 30, 2018 relate to (i) non-recurring legal matters and related costs and (ii) transactional costs for tax planning and restructuring of legal entities within the group. Other non-operating and/or non-recurring income (costs) for the three and six months ended June 30, 2017 relate to non-recurring legal matters and 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 June 30, 2018							
	Altus Analytics	Commercial Property Tax	Real Estate and Cost Advisory	Consulting Total	Geomatics	Corporate ⁽¹⁾	Eliminations	Total
Revenues from external customers	\$ 46,784	\$ 50,059	\$ 27,008	\$ 77,067	\$ 10,367	\$ -	\$ -	\$ 134,218
Inter-segment revenues	188	-	(5)	(5)	-	-	(183)	-
Total segment revenues	46,972	50,059	27,003	77,062	10,367	-	(183)	134,218
Adjusted EBITDA	12,870	15,418	3,710	19,128	859	(9,086)	-	23,771
Depreciation and amortization	3,460	7,143	682	7,825	904	492	-	12,681
Income tax expense (recovery)	-	-	-	-	-	860	-	860
Finance costs (income), net	-	-	-	-	-	1,690	-	1,690

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income) and income tax expense (recovery). For the three months ended June 30, 2018, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year-end and allocated at that time accordingly.



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

5. Segmented Information, cont'd

	Three months ended June 30, 2017 ⁽¹⁾							
	Altus Analytics	Commercial Real Estate	Property Valuation and Cost Advisory	Consulting	Geomatics	Corporate ⁽²⁾	Eliminations	Total
Revenues from external customers	\$ 46,170	\$ 44,125	\$ 25,812	\$ 69,937	\$ 11,773	\$ -	\$ -	\$ 127,880
Inter-segment revenues	327	2	(115)	(113)	2	-	(216)	-
Total segment revenues	46,497	44,127	25,697	69,824	11,775	-	(216)	127,880
Adjusted EBITDA	15,496	15,706	2,692	18,398	726	(10,603)	-	24,017
Depreciation and amortization	3,773	2,914	595	3,509	1,025	589	-	8,896
Income tax expense (recovery)	-	-	-	-	-	17,795	-	17,795
Finance costs (income), net	-	-	-	-	-	650	-	650
Share of (profit) loss of associates	-	-	-	-	-	1,288	-	1,288

⁽¹⁾ Restated for the impact of IFRS 15 (Note 2).

⁽²⁾ Corporate includes global corporate office costs, finance costs (income), share of (profit) loss of associates and income tax expense (recovery). For the three months ended June 30, 2017, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year-end and allocated at that time accordingly.



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

5. Segmented Information, cont'd

	Six months ended June 30, 2018							
	Altus Analytics	Commercial Real Estate	Valuation and Cost Advisory	Consulting	Geomatics	Corporate ⁽¹⁾	Eliminations	Total
		Property Tax		Total				
Revenues from external customers	\$ 87,108	\$ 98,678	\$ 52,313	\$ 150,991	\$ 20,809	\$ -	\$ -	\$ 258,908
Inter-segment revenues	400	-	(61)	(61)	4	-	(343)	-
Total segment revenues	87,508	98,678	52,252	150,930	20,813	-	(343)	258,908
Adjusted EBITDA	21,100	28,491	6,305	34,796	909	(17,526)	-	39,279
Depreciation and amortization	6,925	14,157	1,347	15,504	1,823	973	-	25,225
Income tax expense (recovery)	-	-	-	-	-	264	-	264
Finance costs (income), net	-	-	-	-	-	3,118	-	3,118

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income) and income tax expense (recovery). For the six months ended June 30, 2018, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year-end and allocated at that time accordingly.



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5. Segmented Information, cont'd

	Six months ended June 30, 2017 ⁽¹⁾							
	Altus Analytics	Commercial Real Estate	Valuation and Cost Property Tax Advisory	Consulting	Geomatics	Corporate ⁽²⁾	Eliminations	Total
Revenues from external customers	\$ 85,147	\$ 77,333	\$ 50,331	\$ 127,664	\$ 24,362	\$ -	\$ -	\$ 237,173
Inter-segment revenues	620	6	(120)	(114)	5	-	(511)	-
Total segment revenues	85,767	77,339	50,211	127,550	24,367	-	(511)	237,173
Adjusted EBITDA	28,247	19,927	5,581	25,508	1,972	(18,341)	-	37,386
Depreciation and amortization	7,045	5,754	1,126	6,880	1,976	1,173	-	17,074
Income tax expense (recovery)	-	-	-	-	-	16,900	-	16,900
Finance costs (income), net	-	-	-	-	-	1,898	-	1,898
Share of (profit) loss of associates	-	-	-	-	-	2,420	-	2,420

⁽¹⁾ Restated for the impact of IFRS 15 (Note 2).

⁽²⁾ Corporate includes global corporate office costs, finance costs (income), share of (profit) loss of associates and income tax expense (recovery). For the six months ended June 30, 2017, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

Segment Assets

	Altus Analytics	Commercial Real Estate	Valuation and Cost Property Tax Advisory	Consulting	Geomatics	Corporate	Total
June 30, 2018	\$ 196,800	\$ 231,700	\$ 96,807	\$ 328,507	\$ 43,399	\$ 144,942	\$ 713,648
December 31, 2017 ⁽¹⁾	\$ 197,739	\$ 212,754	\$ 99,276	\$ 312,030	\$ 44,304	\$ 172,042	\$ 726,115

⁽¹⁾ Restated for the impact of IFRS 15 (Note 2).



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6. Finance Costs (Income)

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Interest on bank credit facilities	\$ 1,526	\$ 1,138	\$ 2,881	\$ 2,166
Interest on convertible debentures	-	37	-	180
Interest on finance lease liabilities	10	24	23	48
Contingent consideration payables: unwinding of discount (Note 18)	175	22	333	44
Provisions: unwinding of discount (Note 10)	3	2	5	4
Change in fair value of Altus UK LLP Class B and D units, net of change in fair value of related equity derivative	-	-	-	32
Change in fair value of interest rate swaps (not designated as cash flow hedges)	31	(520)	(14)	(510)
Finance costs	1,745	703	3,228	1,964
Finance income	(55)	(53)	(110)	(66)
Finance costs (income), net	\$ 1,690	\$ 650	\$ 3,118	\$ 1,898

7. Income Taxes

	Three months ended June 30		Six months ended June 30	
	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾
Income tax expense (recovery)				
Current	\$ 3,286	\$ 6,999	\$ 2,792	\$ 6,227
Deferred	(2,426)	10,796	(2,528)	10,673
	\$ 860	\$ 17,795	\$ 264	\$ 16,900

⁽¹⁾ Restated for the impact of IFRS 15 (Note 2).



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8. Trade Receivables and Other

	June 30, 2018	December 31, 2017 ⁽¹⁾
Trade receivables	\$ 113,624	\$ 108,741
Less: allowance for doubtful accounts (Note 18)	9,692	7,846
Trade receivables, net	103,932	100,895
Contract assets: unbilled revenue on customer contracts (Note 18)	42,068	32,815
Deferred costs to obtain customer contracts	454	-
Prepayments	9,839	9,901
Promissory note receivable	4,192	3,914
Other receivables	288	1,109
Balance as at June 30, 2018	160,773	148,634
Less non-current portion:		
Contract assets: unbilled revenue on customer contracts	344	366
Deferred costs to obtain customer contracts	179	-
Prepayments	723	687
Promissory note receivable	-	3,914
	1,246	4,967
	\$ 159,527	\$ 143,667

⁽¹⁾ Restated for the impact of IFRS 15 (Note 2).

For the three and six months ended June 30, 2018, amortization of deferred costs to obtain customer contracts was \$116 and \$255, respectively (2017 - \$nil and \$nil, respectively). For the three and six months ended June 30, 2018, no impairment losses were recognized (2017 - \$nil and \$nil, respectively).

Contract assets increased primarily as a result of timing differences between work performed and billings in the Commercial Real Estate Consulting and Altus Analytics segments.

9. Investments

	June 30, 2018	December 31, 2017
Investment in Real Matters	\$ 59,611	\$ 105,418
Investments in equity instruments	3,282	1,883
Investments in partnerships	1,052	772
	\$ 63,945	\$ 108,073



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10. Trade Payables and Other

	June 30, 2018	December 31, 2017 ⁽¹⁾
Trade payables	\$ 9,589	\$ 8,203
Accrued expenses	49,777	62,780
Contract liabilities: deferred revenue	34,717	31,733
Contingent consideration payables (Note 18)	13,883	10,437
Dividends payable (Note 17)	5,858	5,818
Lease inducements	11,885	9,670
Provisions	6,131	3,235
Balance as at June 30, 2018	131,840	131,876
Less non-current portion:		
Accrued expenses	6,571	10,115
Contract liabilities: deferred revenue	808	1,440
Contingent consideration payables	12,739	9,294
Lease inducements	10,960	8,939
Provisions	2,234	634
	33,312	30,422
	\$ 98,528	\$ 101,454

⁽¹⁾ Restated for the impact of IFRS 15 (Note 2).

Contract liabilities increased primarily in the Altus Analytics and Commercial Real Estate Consulting segments, which relates to the timing of subscription billings and annual fees.

Revenue recognized in relation to contract liabilities

	Six months ended June 30	
	2018	2017 ⁽¹⁾
Revenue recognized that was included in the contract liabilities balance at the beginning of the period	\$ 21,287	\$ 21,379
Revenue recognized from performance obligations satisfied or partially satisfied in previous periods	5,004	1,100

⁽¹⁾ Restated for the impact of IFRS 15 (Note 2).



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10. Trade Payables and Other, cont'd

Provisions comprise:

	Restructuring		Other		Total
Balance as at January 1, 2018	\$	2,773	\$	462	\$ 3,235
Charged (credited) to profit or loss:					
Additional provisions		6,642		6	6,648
Unwinding of discount (Note 6)		-		5	5
Used during the period		(3,665)		(89)	(3,754)
Exchange differences		(13)		10	(3)
Balance as at June 30, 2018		5,737		394	6,131
Less: non-current portion		(2,026)		(208)	(2,234)
	\$	3,711	\$	186	\$ 3,897

Restructuring

In Q1 of 2018, the Company undertook restructuring activities in Geomatics to reduce costs as it continues to closely monitor market conditions. This restructuring plan was completed in Q1 of 2018. In connection with these restructuring activities, a total of \$(93) and \$2,918 in restructuring costs were recorded in the three and six months ended June 30, 2018, respectively. These charges relate primarily to employee severance costs and onerous leases.

In Q2 of 2018, the Company undertook restructuring activities in Property Tax as a result of its integration efforts in the U.K. following the acquisition of CVS. Completion of this restructuring plan is expected to be in Q3 of 2018. In connection with these restructuring activities, a total of \$3,882 in restructuring costs were recorded in the quarter. These charges relate primarily to employee severance costs and onerous leases.

In addition, in Q1 of 2018, restructuring provisions made in prior years in the amount of \$158 were released and credited to profit (loss).

Other

Other includes onerous leases and asset retirement obligations.



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11. Borrowings

	June 30, 2018	December 31, 2017
Borrowings (current):		
Leasehold improvement loans	\$ 117	\$ 125
Finance lease liabilities	343	536
	460	661
Borrowings (non-current):		
Bank credit facilities	189,200	150,400
Leasehold improvement loans	438	491
Finance lease liabilities	117	241
Less: deferred financing fees	(783)	(997)
	188,972	150,135
Total borrowings	\$ 189,432	\$ 150,796

In June 2018, the Company increased its borrowing capacity under the revolving term facility from \$200,000 to \$220,000 in accordance with certain provisions of the agreement. The borrowing capacity can be further increased to \$250,000. All other terms of the bank credit facilities remain the same.

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:

	Number of Shares	Common Shares Amount
Balance as at January 1, 2018	38,449,029	\$ 479,181
Issued on exercise of options (Note 15)	22,500	543
Issued under the Dividend Reinvestment Plan	40,141	1,316
Issued on acquisitions (Note 4)	58,897	1,411
Issued under the Equity Compensation Plan (Note 15)	144,881	2,496
Treasury shares purchased under the Restricted Share Plan (Note 15)	(60,560)	(2,966)
Release of treasury shares (Note 15)	87,419	2,645
Balance as at June 30, 2018	38,742,307	\$ 484,626

The 38,742,307 common shares as at June 30, 2018 are net of 310,528 treasury shares with a carrying value of \$12,818 that are being held by the Company until vesting conditions are met (Note 15).



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13. Contributed Surplus

	Amount
Balance as at January 1, 2018	\$ 18,550
Share-based compensation	4,512
Gain (loss) on sale of RSs and shares held in escrow	(9)
Shares issued on exercise of options (Note 15)	(87)
Release of treasury shares under the Restricted Share Plan (Note 15)	(2,575)
Shares issued under the Equity Compensation Plan (Note 15)	(2,496)
Balance as at June 30, 2018	\$ 17,895

14. Accumulated Other Comprehensive Income (Loss)

	Currency Translation Reserve	AFS Investments Reserves	FVOCI Investments Reserves	Total
Balance as at December 31, 2017	\$ 37,018	\$ (26,460)	\$ -	\$ 10,558
Adjustment on adoption of IFRS 15	(156)	-	-	(156)
Balance as at December 31, 2017 - Restated	36,862	(26,460)	-	10,402
Adjustment on adoption of IFRS 9	-	26,460	(26,432)	28
Balance as at January 1, 2018	36,862	-	(26,432)	10,430
Currency translation differences	9,056	-	-	9,056
Change in fair value of FVOCI investments	-	-	(39,646)	(39,646)
Balance as at June 30, 2018	\$ 45,918	\$ -	\$ (66,078)	\$ (20,160)



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15. Share-based Compensation

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

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

	Number of Options	Weighted Average Exercise Price
Balance as at January 1, 2018	946,708	\$25.70
Granted on March 6, 2018	546,439	\$31.59
Exercised	(22,500)	\$20.28
Forfeited	(1,250)	\$31.59
Balance as at June 30, 2018	1,469,397	\$27.97

Information about the Company's options outstanding and exercisable as at June 30, 2018 is as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
\$21.23	7,500	0.87 years	7,500
\$23.85	74,500	1.96 years	74,500
\$21.37	23,676	2.14 years	23,676
\$19.29	138,450	2.89 years	138,450
\$20.28	34,332	3.42 years	17,666
\$19.64	153,385	2.69 years	94,582
\$30.70	50,000	4.42 years	16,667
\$29.72	362,365	4.69 years	89,527
\$31.86	30,000	5.13 years	-
\$35.83	50,000	5.42 years	-
\$31.59	545,189	4.68 years	-
\$27.97	1,469,397	4.11 years	462,568



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(Unaudited)

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15. Share-based Compensation, cont'd

The options granted in 2018 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:

	March 2018 Grant
Risk-free interest rate	1.96%
Expected dividend yield	1.9%
Expected volatility	20.49% - 25.58%
Expected option life	3.00 - 4.50 years
Weighted average grant-date fair value per option	\$5.03 - \$5.89

In March 2018, as part of the Long-Term Incentive Plan, the Company granted PSUs equivalent to 118,856 common shares. The number of PSUs that will vest may be higher or lower than the number of PSUs originally granted, ranging from 0% to 200% based on the Company's total shareholder return ("TSR") relative to the average TSR of a defined peer group.

In March 2018, as part of the Equity Compensation Plan, the Company settled the vested equity awards granted in 2015 through an issuance of 144,881 common shares from treasury.

(ii) Deferred Compensation Plans

In connection with the 2017 performance year, the Company granted a total of \$2,956 under the RS Plan. In March 2018, the Company purchased 60,394 common shares with a cost of \$2,956 in the open market (through the facilities of the Toronto Stock Exchange or by private agreement). This amount has been shown as a reduction in the carrying value of the Company's common shares (Note 12).

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

	Number of RSs	Number of RSUs
Balance as at January 1, 2018 (all unvested)	263,215	318,018
Granted	60,560	77,805
Released	(87,276)	(76,362)
Balance as at June 30, 2018 (all unvested)	236,499	319,461



Notes to Interim Condensed Consolidated Financial Statements

June 30, 2018 and 2017

(Unaudited)

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

15. Share-based Compensation, cont'd

(iii) Directors' Deferred Share Unit Plan

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

	Number of DSUs
Balance as at January 1, 2018	103,375
Granted	14,541
Redeemed	(10,427)
Balance as at June 30, 2018	107,489

(iv) Compensation Expense by Plan

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Share Option Plan	\$ 55	\$ 142	\$ 135	\$ 365
Equity Compensation Plan	459	707	904	1,181
Long-Term Incentive Plan	1,074	430	1,772	567
RS Plan	694	507	1,522	1,520
RSU Plan ⁽¹⁾	192	490	44	1,021
DSU Plan ⁽²⁾	(55)	69	(308)	54

⁽¹⁾ For the three and six months ended June 30, 2018, the Company recorded mark-to-market adjustments of \$(410) and \$(1,246), respectively (2017 - \$(41) and \$(186), respectively).

⁽²⁾ For the three and six months ended June 30, 2018, the Company recorded mark-to-market adjustments of \$(293) and \$(807), respectively (2017 - \$(40) and \$(164), respectively).

(v) Liabilities for Cash-settled Plans

	June 30, 2018	December 31, 2017
RSU Plan - carrying value of liability recorded within trade payables and other	\$ 6,207	\$ 8,074
DSU Plan - carrying value of liability recorded within trade payables and other	3,158	3,798



Notes to Interim Condensed Consolidated Financial Statements

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(Unaudited)

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

16. Earnings (Loss) per Share

For the three months ended June 30, 2018, 1,037,554 share options, 134,106 RSs (including common shares issued in escrow as part of the Equity Compensation Plan) and 78,693 equity awards and PSUs were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

For the six months ended June 30, 2018, 1,469,397 share options, 310,528 RSs (including common shares issued in escrow as part of the Equity Compensation Plan) and 262,854 equity awards and PSUs were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

For the three and six months ended June 30, 2017, 418,982 share options and 77,652 RSs (including common shares issued in escrow as part of the Equity Compensation Plan) were excluded from the diluted earnings (loss) per share calculation 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 June 30		Six months ended June 30	
	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾
Profit (loss) for the period - basic and diluted	\$ 330	\$ 104,927	\$ (1,997)	\$ 105,478
Weighted average number of common shares outstanding - basic	38,700,049	38,108,467	38,600,800	37,693,037
Dilutive effect of share options	138,690	160,237	-	160,555
Dilutive effect of equity awards and PSUs	131,318	186,422	-	175,938
Dilutive effect of RSs	114,614	136,117	-	137,245
Weighted average number of common shares outstanding - diluted	39,084,671	38,591,243	38,600,800	38,166,775
Earnings (loss) per share:				
Basic	\$0.01	\$2.75	\$(0.05)	\$2.80
Diluted	\$0.01	\$2.72	\$(0.05)	\$2.76

⁽¹⁾ Restated for the impact of IFRS 15 (Note 2).



Notes to Interim Condensed Consolidated Financial Statements

June 30, 2018 and 2017

(Unaudited)

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

17. Dividends

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.

18. Financial Instruments and Fair Values

Financial Instruments by Category

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

	June 30, 2018			December 31, 2017 ⁽¹⁾		
	Fair Value Through Profit or Loss	Fair Value Through Other Comprehensive Income	Amortized Cost	Fair Value Through Profit or Loss	Available-for-sale	Loans and Receivables
Assets as per Balance Sheet:						
Cash and cash equivalents	\$ -	\$ -	\$ 48,010	\$ 28,070	\$ -	\$ -
Trade receivables and other (excluding deferred costs to obtain customer contracts, prepayments and promissory note receivable)	-	-	146,288	-	-	134,819
Promissory note receivable	4,192	-	-	3,914	-	-
Investment in Real Matters	-	59,611	-	-	105,418	-
Investments in equity instruments	-	3,282	-	-	1,883	-
Investments in partnerships	1,052	-	-	-	772	-
Derivative financial instruments	6,246	-	-	7,050	-	-
	\$ 11,490	\$ 62,893	\$ 194,298	\$ 39,034	\$ 108,073	\$ 134,819

⁽¹⁾ Restated for the impact of IFRS 15 (Note 2).



Notes to Interim Condensed Consolidated Financial Statements

June 30, 2018 and 2017

(Unaudited)

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

18. Financial Instruments and Fair Values, cont'd

	June 30, 2018		December 31, 2017	
	Fair Value Through Profit or Loss	Amortized Cost	Fair Value Through Profit or Loss	Other Liabilities
Liabilities as per Balance Sheet:				
Trade payables and other (excluding lease inducements, contract liabilities, RSU Plan and DSU Plan payables and contingent consideration payables)	\$ -	\$ 61,990	\$ -	\$ 68,164
RSU Plan and DSU Plan payables	9,365	-	11,872	-
Contingent consideration payables	13,883	-	10,437	-
Borrowings	-	189,432	-	150,796
Derivative financial instruments	-	-	918	-
	\$ 23,248	\$ 251,422	\$ 23,227	\$ 218,960

Fair Values

The tables below present financial instruments that are measured at fair value.

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Promissory note receivable	\$ -	\$ -	\$ 4,192	\$ 4,192
Investment in Real Matters	59,611	-	-	59,611
Investments in equity instruments	-	-	3,282	3,282
Investments in partnerships	-	-	1,052	1,052
Derivative financial instruments	-	6,246	-	6,246
Liabilities:				
RSU Plan and DSU Plan payables	9,365	-	-	9,365
Contingent consideration payables	-	-	13,833	13,833
Derivative financial instruments	-	-	-	-



Notes to Interim Condensed Consolidated Financial Statements June 30, 2018 and 2017 (Unaudited)

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

18. Financial Instruments and Fair Values, cont'd

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 28,070	\$ -	\$ -	\$ 28,070
Promissory note receivable	-	-	3,914	3,914
Investment in Real Matters	105,418	-	-	105,418
Investments in equity instruments	-	-	1,883	1,883
Investments in partnerships	-	-	772	772
Derivative financial instruments	-	7,050	-	7,050
Liabilities:				
RSU Plan and DSU Plan payables	11,872	-	-	11,872
Contingent consideration payables	-	-	10,437	10,437
Derivative financial instruments	-	918	-	918

For the three and six months ended June 30, 2018, there were no transfers between the levels in the hierarchy.

	Contingent Consideration Payables (Discounted)
Balance as at January 1, 2018	\$ 10,437
Contingent arrangements entered into during the period (Note 4)	2,950
Unwinding of discount (Note 6)	333
Settlements	(57)
Exchange differences	220
Balance as at June 30, 2018	\$ 13,883

A 1% increase or decrease in the discount rate could decrease or increase the Company's determination of fair value by approximately \$166 as at June 30, 2018.



Notes to Interim Condensed Consolidated Financial Statements

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(Unaudited)

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

18. Financial Instruments and Fair Values, cont'd

The estimated contractual amount of contingent consideration payables as at June 30, 2018 was \$14,789 (December 31, 2017 - \$11,337), net of a discount of \$906 (December 31, 2017 - \$900).

Cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts, contract assets, prepayments, and promissory note receivable) due within one year, and trade payables and other (excluding lease inducements, contract liabilities, RSU Plan and DSU Plan 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, trade payables and other, leasehold improvement loans and finance lease liabilities 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 instrument bear interest at rates comparable to current market rates.

Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

The Company does not enter into derivative financial instruments for speculative purposes.

Credit Risk

The Company is exposed to credit risk with respect to its cash and cash equivalents, trade receivables and other and derivative financial instruments. Credit risk is not concentrated with any particular customer. In certain parts of Asia, it is often common business practice to pay invoices over an extended period of time and/or at the completion of the project. The risk of non-collection of trade receivables is greater in Asia Pacific compared to North American or European countries. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets for unbilled revenue on customer contracts. To measure the expected credit losses, trade receivables and contract assets for unbilled revenue on customer contracts have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at June 30, 2018 is determined as follows; the expected credit losses also incorporate forward-looking information.



Notes to Interim Condensed Consolidated Financial Statements

June 30, 2018 and 2017

(Unaudited)

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

18. Financial Instruments and Fair Values, cont'd

	June 30, 2018			
	0 to 120 days past due	121 to 365 days past due	More than 365 days past due	Total
Expected loss rate	1.73%	22.69%	93.77%	6.93%
Gross carrying amount	\$137,641	\$13,415	\$5,822	\$156,878
Loss allowance provision	\$(2,375)	\$(3,044)	\$(5,459)	\$(10,878)

Changes in the gross carrying amount of trade receivables and contract assets for unbilled revenue on customer contracts contributed to the changes in the loss allowance provision. The gross carrying amount was impacted by revenue recognized and amounts invoiced, offset by amounts written off as not recoverable or uncollectible. Expected loss rates are determined on a portfolio basis. The expected loss rate for the Company will differ based on the contribution of balances by portfolio and age of those balances. For the three and six months ended June 30, 2018, no significant changes were made to the expected loss rates on a portfolio basis.

The loss allowance provision for trade receivables and contract assets for unbilled revenue on customer contracts as at June 30, 2018 reconciles to the opening loss allowance provision as follows:

	June 30, 2018
As at December 31, 2017 - under IAS 39	\$ 7,846
Adjustment on adoption of IFRS 9	1,008
As at January 1, 2018 - under IFRS 9	8,854
Charges during the period	3,895
Amounts written off as not recoverable or uncollectible	(1,955)
Exchange differences	84
As at June 30, 2018	\$ 10,878

The movement of the loss allowance provision has been included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss). In the event collectability of trade receivables is in question, an adjustment is made to the corresponding contract asset for unbilled revenue on customer contracts. In addition, contract assets for unbilled revenue on customer contracts are assessed for impairment under IFRS 9. Amounts charged to the provision are generally written off when there are no expectations of recovering additional cash. The Company's maximum exposure to credit risk at the reporting date, assuming no mitigating factors, is the carrying value of its cash and cash equivalents, trade receivables and other and derivative financial instruments. The Company does not hold any collateral as security.



Notes to Interim Condensed Consolidated Financial Statements

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

19. Commitments and Contingencies

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

	June 30, 2018	December 31, 2017
No later than 1 year	\$ 18,632	\$ 18,428
Later than 1 year and no later than 5 years	53,732	54,179
Later than 5 years	33,871	38,811
Total	\$ 106,235	\$ 111,418

The future aggregate minimum sublease payments to be received under non-cancellable subleases as at June 30, 2018 were \$4,400 (December 31, 2017 - \$3,877).

As at June 30, 2018, the Company provided letters of credit of approximately \$706 to its lessors (December 31, 2017 - \$574).

In connection with the acquisition of Integrated Real Estate Resources, Inc. ("INTRER") completed on December 1, 2015, the Company committed to grant a total of 250,000 options, subject to conditions customary to the Company's share-based compensation plans, over a five-year period to be distributed to INTRER employees. As at June 30, 2018, the Company granted a total of 150,000 options (December 31, 2017 - 150,000 options) pursuant to this arrangement.

The Company committed to aggregate capital contributions of \$1,624 (Note 9) to certain partnerships (December 31, 2017 - \$1,781).

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 condensed consolidated financial statements.

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



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20. Events After the Reporting Period

On July 1, 2018, the Company acquired all the issued and outstanding shares of Taliance Group SAS and its subsidiaries (“Taliance”) for €20,000 (CAD\$30,668) in cash and common shares, subject to closing adjustments. On closing, €2,160 (CAD\$3,312) of common shares were issued from treasury and the remainder of the purchase price was drawn from the revolving term facility.

Taliance provides cloud-based collaborative business solutions to alternative investment firms globally allowing them to improve their modelling, forecasting and risk management processes in real time. Based in Paris, Taliance also has offices in London and New York. The addition of Taliance, which can be deployed and integrated with ARGUS Enterprise, allows the Company to expand its position in Europe and to deliver software solutions with a comprehensive investment management capability that provides flexibility and transparency to manage the most complex investment structures and scenarios. Taliance also provides a foundation for growth in the fund management segment of the market globally.

As of the date of issuance of these interim condensed consolidated financial statements, the initial accounting for this transaction has not been completed.





Altus Group

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Toronto Stock Exchange
Stock trading symbol: AIF

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