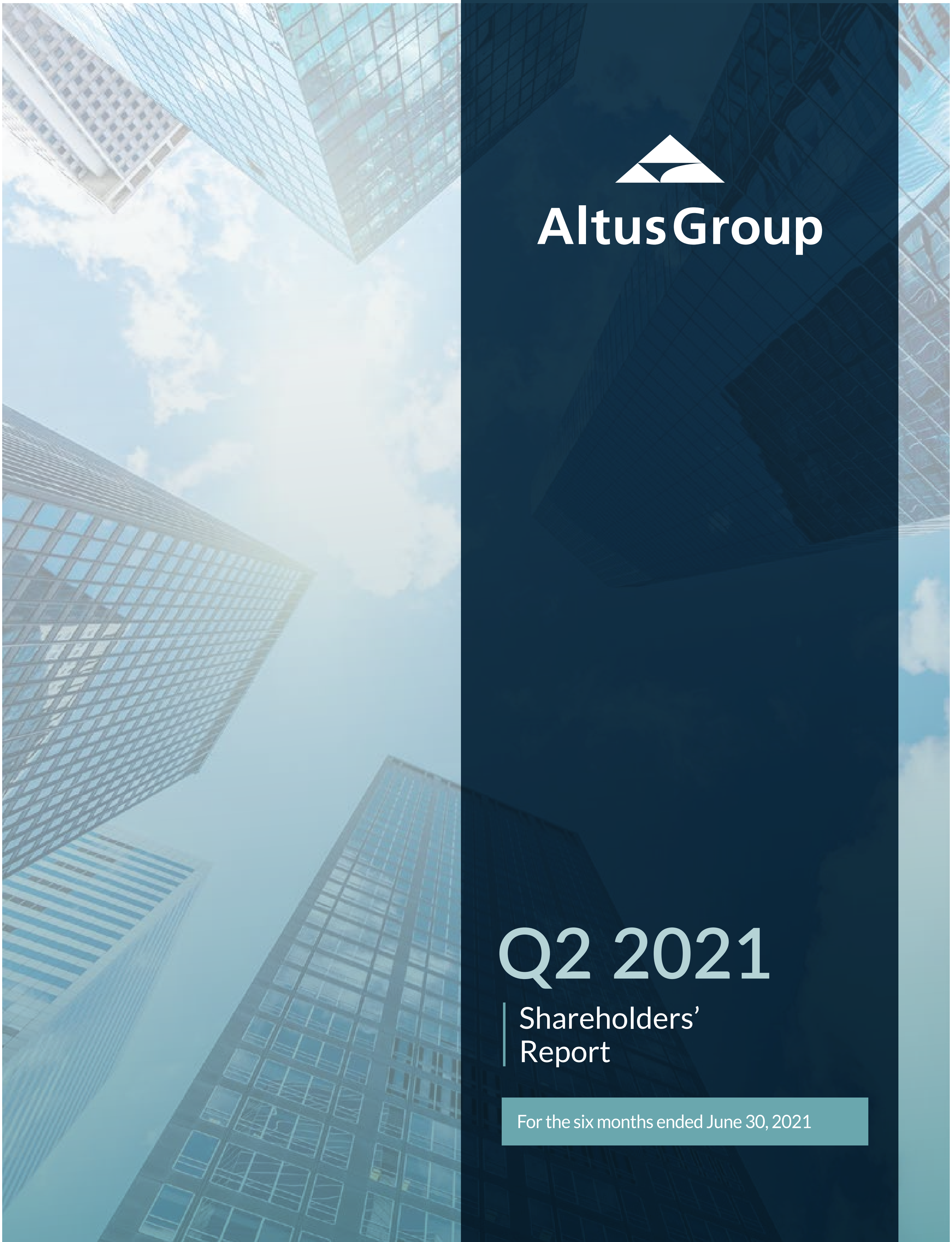

Altus Group

Q2 2021

Shareholders' Report

For the six months ended June 30, 2021

Altus Group Limited

Shareholders' Report
June 30, 2021

Contents

Management's Discussion & Analysis
June 30, 2021

The following management's discussion and analysis ("MD&A") is intended to assist readers in understanding Altus Group Limited's consolidated business, its business environment, strategies, performance, outlook and applicable risks. References to the "Company" or "Altus Group" are to the consolidated group of entities, and this should be read in conjunction with our unaudited interim condensed consolidated financial statements and accompanying notes (the "interim financial statements") as at and for the three and six months ended June 30, 2021, which have been prepared on the basis of International Financial Reporting Standards ("IFRS") and reported in Canadian dollars. Unless otherwise indicated herein, references to "$" are to Canadian dollars and percentages are in comparison to the same period in 2020. Starting in the first quarter of 2021, segmented results presented (including restated comparative figures) include variable compensation costs that are accrued and allocated directly to the Company's business units on a quarterly basis. A table detailing the comparative 2020 quarterly results under the new treatment is posted on our website under the Investor Relations section with our 2020 year-end disclosure materials.

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 12, 2021.

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, including the guidance on financial expectations, and our expectations with respect to cash flows and liquidity. Generally, forward-looking information can be identified by use of words such as "may", "will", "expect", "believe", "plan", "would", "could", "remain" and other similar terminology. All of the forward-looking information in this MD&A is qualified by this cautionary statement.

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

The COVID-19 pandemic has cast additional uncertainty on each of these factors and assumptions. There can be no assurance that they will continue to be valid. Given the rapid pace of change with respect to the

COVID-19 pandemic, it is difficult to make further assumptions about these matters. The duration, extent and severity of the impact the COVID-19 pandemic, including measures to prevent its spread, will have on our business is uncertain and difficult to predict at this time. As of the date of this MD&A, many of our offices and clients remain subject to limitations and restrictions set to reduce the spread of COVID-19, and a significant portion of our employees continue to work remotely.

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: the general state of the economy; the COVID-19 pandemic; currency; our financial performance; our financial targets; the commercial real estate market; industry competition; our acquisitions; our cloud subscriptions transition; software renewals; professional talent; third party information; enterprise transactions; new product introductions; technological change; intellectual property; technology strategy; information technology governance and security; our product pipeline; property tax appeals; legislative and regulatory changes; fixed-price and contingency engagements; appraisal and appraisal management mandates; the Canadian multi-residential market; customer concentration and the loss of material clients; interest rates; credit; income tax matters; health and safety hazards; our contractual obligations; legal proceedings; our insurance limits; our ability to meet the solvency requirements necessary to make dividend payments; leverage and financial covenants; our share price; our capital investments; and the issuance of additional common shares, as well as those described in our annual publicly filed documents, including the Annual Information Form for the year ended December 31, 2020 (which are available on SEDAR at www.sedar.com). In addition, while the investigation of the June 13, 2021 cybersecurity incident (as discussed on page 11) to date has not identified any compromise to our products, services, data or other information, and we have implemented our cybersecurity and business continuity protocols and adopted additional measures to enhance the security of our IT systems to help detect and prevent future attempts or incidents of malicious activity, we are subject to a number of risks and uncertainties in connection with the incident. Such risks and uncertainties include, but are not limited to: the outcome of the ongoing investigation into the incident; costs related to the investigation and any potential liabilities, regulatory investigation or lawsuit resulting from the incident; costs related to and the effectiveness of our mitigation and remediation efforts; our ability to recover proceeds under our insurance policies; and the potential loss of customer and other stakeholder confidence in our ability to protect their information, and the potential adverse financial impact such loss of confidence may have on our business.

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

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

Non-IFRS Measures

We use certain non-IFRS measures as indicators of financial performance. Readers are cautioned that they are not defined performance measures, and do not have any standardized meaning under IFRS and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to financial measures as reported by those entities. We believe that these measures are useful supplemental measures that may assist investors in assessing an investment in our shares and that they provide more insight into our performance. These non-IFRS measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with IFRS.

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

Adjusted EBITDA margin represents the percentage factor of Adjusted EBITDA to revenues. Refer to page 27 for a reconciliation of Adjusted EBITDA to our interim financial statements.

Adjusted Earnings (Loss) per Share ("Adjusted EPS") represents basic earnings (loss) per share from continuing operations adjusted for the effects of: occupancy costs calculated on a similar basis prior to the adoption of IFRS 16, depreciation of right-of-use assets, finance costs (income), net - leases, amortization of intangibles of acquired businesses, unrealized foreign exchange losses (gains), (gains) losses on disposal of right-of-use assets, property, plant and equipment and intangibles, non-cash share-based compensation costs, losses (gains) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged, interest accretion on contingent consideration payables, restructuring costs (recovery), losses (gains) on hedging transactions and interest expense (income) on swaps, acquisition and related transition costs (income), losses (gains) on investments, share of (profit) loss of joint venture, impairment charges, (gains) losses on derivatives, and other costs or income of a non-operating and/or non-recurring nature. The adjusted earnings (loss) reflect the above adjustments, net of tax. The basic weighted average number of shares is adjusted for the effects of weighted average number of restricted shares. Refer to page 28 for a reconciliation of Adjusted EPS to our interim financial statements.

ARGUS Enterprise ("AE") software maintenance retention rate is calculated as a percentage of AE software maintenance revenue retained upon renewal; it represents the percentage of the available renewal opportunity in a fiscal period that renews, calculated on a dollar basis, excluding any growth in user count or product expansion.

Over Time revenues is a metric consistent with IFRS 15, *Revenue from Contracts with Customers*, for the Altus Analytics business segment. Our Over Time revenues are comprised of software subscription revenues recognized on an over time basis in accordance with IFRS 15, software maintenance revenues associated with our legacy licenses sold on perpetual terms, Appraisal Management revenues, and data subscription revenues. Refer to page 18 for discussion of Over Time revenues.

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

Bookings is a new metric we introduced in the first quarter of 2021 for the Altus Analytics business segment. We define Bookings as the annual contract value ("ACV") for new sales of our recurring offerings (software, Appraisal Management solutions and data subscriptions) and the total contract value ("TCV") for one-time engagements (consulting, training and due diligence). The contract value of renewals is excluded from this metric, with the exception of additional capacity or products purchased at the time of renewal.

Constant currency allows for current financial and operational performance to be understood against comparative periods without the impact of fluctuations in foreign currency exchange rates against the Canadian dollar. The financial results and non-IFRS measures presented at constant currency within this MD&A are obtained by translating monthly results denominated in local currency (US dollars, British pound, Euro, Australian dollars, and other foreign currencies) at the foreign exchange rates of the comparable month.

Overview of the Business

Altus Group Limited is a leading provider of software, data solutions and independent advisory services to the global commercial real estate ("CRE") industry. Our businesses, Altus Analytics and Commercial Real Estate Consulting ("CRE Consulting"), reflect decades of experience, a range of expertise, and technology-enabled capabilities. Our solutions empower clients to analyze, gain insight and recognize value on their real estate investments. Headquartered in Canada, we have approximately 2,600 employees around the world, with operations in North America, Europe and Asia Pacific. Our clients include many of the world's largest CRE industry participants. Altus Group pays a quarterly dividend of $0.15 per share and our shares are traded on the Toronto Stock Exchange ("TSX") under the symbol AIF.

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

Altus Analytics
Our Altus Analytics segment primarily consists of Over Time revenues, comprising software subscriptions and maintenance, and data solutions that are made available to clients through our Appraisal Management solutions and data subscription products. A smaller portion of the segment includes non-recurring revenues primarily from software services. Altus Analytics clients predominately consist of CRE asset and investment management firms, including large owners, managers and investors of CRE assets and funds,

as well as other industry participants including service providers, brokers, appraisers, developers, financial institutions and the public sector.

Our globally sold ARGUS software solutions are among the most recognizable in the CRE industry. Our cloud-enabled product stack for global CRE asset and investment management comprises end-to-end integrated software solutions that provide visibility at the asset, portfolio and fund level to help clients enhance performance of their CRE investments. Our flagship AE software is the leading global solution for CRE valuation and portfolio management and is widely recognized as the industry property valuation standard in key CRE markets and is primarily offered on a cloud platform. AE's suite of functionality enables organizations to manage and predict the performance of their CRE assets throughout the investment cycle supporting property valuations, investments, portfolios and budgeting. In addition to AE, we also sell other cloud-based software solutions to address key workflows in the areas of fund modeling and forecasting, data management, development feasibility, and acquisitions. Following the April 1, 2021 acquisition of Finance Active SAS ("Finance Active") (as discussed on page 10), we now also offer debt management SaaS solutions for treasury and investment management. In addition to standard technology services related to education, training and implementation, we offer strategic advisory and managed services for real estate organizations' front-to-back-office strategies, processes and technology.

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

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

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

Our largest revenue contributor to CRE Consulting is our Property Tax business which operates in Canada, the U.S. and the U.K. Our team of Property Tax professionals help clients minimize the tax burden and reduce the cost of compliance. Our core real estate property tax services include assessment reviews, management and appeals, as well as in the U.S., personal property and state and local tax advisory services. The majority of our Property Tax revenues are derived on a contingency basis, representing a percentage of the savings we achieve for our clients. As such, we recognize contingency revenues when settlements are made, which in some cases could span multiple years. A smaller portion of our fees are based on a time and materials basis. Valuation services, which are predominantly provided in Canada, consist of appraisals of real estate portfolios, valuation of properties for transactional purposes, due diligence and litigation and economic consulting. Our Cost Advisory practice, offered in both the private and public sectors in Canada and Asia Pacific, provides expert services in the areas of construction feasibility studies, budgeting, cost and loan monitoring and project management. Pricing for our Valuation and Cost Advisory services is primarily based on a fixed fee or time and materials basis. Given the strength of our brand, our independence and quality of our work, we enjoy a high rate of client renewals across all of our CRE Consulting businesses.

Strategy

Commercial real estate continues to see a steady rise in investment allocation by global institutions, solidifying it as an important and well-defined asset class. Higher volumes of cross-border transactions and institutional capital flows are adding new complexity and pressure on top of increasing risk and regulatory demands. To better cope, the CRE industry is rapidly re-examining their digital strategies and demanding more sophisticated processes and data to drive returns. Customers are increasingly looking for interoperability across software applications, data and workflows in a manner that drives real-time business insights. In addition, investors, regulators and the broader CRE community are demanding greater transparency on worldwide asset and portfolio performance, valuations, risk and Environmental, Social, and Governance ("ESG") compliance, and are increasingly relying on independent expert service providers in this pursuit.

With a global footprint, a prominent customer base, and through our Altus Analytics solutions, Property Tax and other CRE technology-enabled offerings, Altus Group is uniquely positioned to capitalize on the opportunities presented by these trends and to drive significant value for the industry. We are at the forefront of innovation in our industry and are well equipped to help our clients navigate the complexities of the CRE market to make better informed decisions and maximize the value of their real estate assets and investments.

Our vision is to be the leader for the valuation and management of risk for real estate assets by enhancing the decision making across the value chain through the use of technology, data, analytics and services.

Over the past several years, we have positioned ourselves as a leading CRE technology and technology-enabled services provider through our investments in cloud technology, the integration of our software technology stack, the expansion of our products and services into Europe and the Asia Pacific region, and the digitization of our Property Tax and other service lines. We have also initiated the transition of our Altus Analytics business to a predominately recurring revenue model by moving from on-premise software sales, sold on perpetual and subscription terms, to cloud SaaS products.

Our next phase of growth involves driving deeper penetration across the CRE value chain by accelerating cloud adoption, creating greater interoperability of customers' embedded software and data applications, providing new and adjacent data and software solutions, and further integrating our existing product and service offerings to provide end-to-end data-driven insights.

Strategic Priorities

Our 2021 strategic priorities consist of:

- Accelerating the global adoption of ARGUS Cloud and increasing the proliferation of our applications across clients' workflows and the CRE value chain;
- Expanding into the CRE debt markets through a combination of organic and acquisitive initiatives;
- Expanding our data capabilities and developing new areas of opportunities;
- Continuing to build market leadership in Property Tax; and
- Enhancing our go-to-market strategies across the Company.

Our top priority is accelerating global adoption of ARGUS Cloud. We remain focused on establishing ARGUS Cloud as the foundational enterprise platform for global CRE asset and investment management, which in the long run we envision will leverage data and predictive data analytics to deliver real-time business insights. In support of this vision, we continue our transition from high-value point solutions to a more ubiquitous model that unifies our valuation and asset management capabilities on to a single, cloud-based platform that integrates numerous key workflows and enhances data-driven insights for the CRE industry. In order to drive faster adoption, we are focused on creating a much deeper differentiation in the value proposition between our cloud and on-premise products. Future version releases will see greater functionality developed exclusively on ARGUS Cloud, including additional application programming interfaces ("APIs") and interoperability that facilitates enhanced workflows and collaboration.

Our early foray into the CRE debt markets validates that there is a significant opportunity for us in this market adjacency. Although we currently provide valuation and risk management solutions to some clients in the debt space, deeper capabilities are required to fully address this growing market segment. Our customers and the industry would derive significant value and be better equipped to manage risk performance from a fulsome 360-degree view of their assets that combines equity and debt considerations. The April 1, 2021 acquisition of Finance Active, a European provider of debt management SaaS solutions for treasury and investment management, is an important step to accelerate our growth in the CRE debt market. It provides us with the immediate benefit of approaching a much larger client segment while expanding our reach across use cases and workflows. In addition, Finance Active provides us with greater cross-sell opportunities and a strengthened footprint in Europe that we plan to leverage to further our international expansion. As part of our product roadmap, we plan to integrate Finance Active's debt management SaaS solutions with our ARGUS Cloud platform.

A key company-wide initiative in 2021 is to expand our data capabilities and develop new opportunities. The market for real-time insights from data presents a substantial opportunity. Typical industry data is complex, voluminous, and unstructured. The data that is collected and generated by our various cloud solution products and by our Appraisal Management, Property Tax, and Valuations and Cost Advisory businesses is specific, timely and precise. Our opportunity lies in the ability to provide our clients with data architecture and data model solutions, enabled by ARGUS Cloud, allowing clients to aggregate data sourced from internal systems, Altus data and potentially other third-party data providers. Such a data platform with predictive analytics and alert capabilities would enable both equity and debt stakeholders to drive investment performance and manage risk. In support of this opportunity, we have formed a dedicated team and initiated internal workstreams to establish market use cases, feasibility studies and a technology roadmap. The May 4, 2021 acquisition of certain assets of StratoDem Analytics, LLC ("StratoDem Analytics") (as discussed on page 11) is a core component to our long-term data strategy, bringing valuable data science technology and talent, and accelerating our speed to market for future data analytics products.

With market leading practices in Canada, the U.K. and the U.S., our Property Tax practice is one of the largest and fastest growing property tax advisors globally. Our global Property Tax practice continues to represent an attractive growth opportunity in a consolidating industry, driven by solid market fundamentals and our strong competitive position. We will continue to invest organically and in tuck-in acquisitions of both core tax practices and adjacencies in order to grow our market share. Additionally, we will further digitize our data and workflows to drive efficiencies, gain incremental insights, and deliver greater client value. Lastly, we are re-organizing the tax business under a centralized leadership model with a global president and chief operating officer, in order to better align our regional tax practices under a common global model, drive best practices, and accelerate digital transformation. Our strategy is centered on strengthening this business with technology and data, and in doing so, improving the repeatability and growth of our revenues and our operating leverage.

Finally, we will align and enhance our go-to-market strategies across our businesses. By leveraging investments we have made in core platforms such as Salesforce, we will re-tool and scale our sales organization to better address the market opportunities in North America and Europe. We will evolve our customer success and drive deeper marketing programs to strengthen business development and sales initiatives. Our focus on account planning will better position us to identify our clients' enterprise needs, enabling us to provide them with an enterprise solution of our various offerings, rather than taking a single point selling approach. We believe this will drive higher client value and customer satisfaction, which in turn will result in higher, recurring revenue streams.

Financial and Operating Highlights

Selected Financial Information	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars, except for per share amounts	**2021**	2020	**2021**	2020
Revenues	$ 173,523	$ 155,470	$ 310,681	$ 286,726
Canada	25%	30%	31%	34%
U.S.	33%	36%	34%	37%
Europe	38%	29%	31%	24%
Asia Pacific	4%	5%	4%	5%
Adjusted EBITDA	$ 42,239	$ 34,899	$ 59,479	$ 48,147
Adjusted EBITDA margin	24.3%	22.4%	19.1%	16.8%
Profit (loss) for the period from continuing operations	$ 16,341	$ 11,333	$ 18,978	$ 13,090
Profit (loss) for the period from discontinued operations	$ -	$ 266	$ -	$ (5,170)
Profit (loss) for the period	$ 16,341	$ 11,599	$ 18,978	$ 7,920
Earnings (loss) per share:				
Basic				
Continuing operations	$0.40	$0.28	$0.47	$0.33
Discontinued operations	$0.00	$0.01	$0.00	$(0.13)
Diluted				
Continuing operations	$0.39	$0.28	$0.45	$0.32
Discontinued operations	$0.00	$0.01	$0.00	$(0.13)
Adjusted	$0.75	$0.62	$1.09	$0.82
Dividends declared per share	$0.15	$0.15	$0.30	$0.30

Financial Highlights

- **Revenues** were $173.5 million for the three months ended June 30, 2021, up 11.6% (16.5% on a constant currency basis) or $18.0 million ($25.7 million on a constant currency basis), from $155.5 million in the same period in 2020. Organic revenue growth was 6.0% (10.9% on a constant currency basis) for the three months ended June 30, 2021. For the six months ended June 30, 2021, revenues were $310.7 million, up 8.4% (11.8% on a constant currency basis) or $24.0 million ($33.7 million on a constant currency basis), from $286.7 million in the same period in 2020. Organic revenue growth was 4.5% (7.9% on a constant currency basis) for the six months ended June 30, 2021. Revenue growth for the quarter was led by a historical high revenue quarter from Property Tax with growth of 12.8% (16.2% on a constant currency basis) and Altus Analytics, including the acquisition of Finance Active, which grew 15.7% (25.8% on a constant currency basis), helped by Over Time revenues growing 17.2% (26.6% on a constant currency basis). During the quarter, organic Bookings in Altus Analytics grew 63.4% (79.7% on a constant currency basis) over the same period in 2020.

- **Adjusted EBITDA** was $42.2 million for the three months ended June 30, 2021, up 21.0% (26.2% on a constant currency basis) or $7.3 million ($9.1 million on a constant currency basis), from $34.9 million in the same period in 2020. Organic Adjusted EBITDA growth was 22.6% (27.7% on a constant currency basis) for the three months ended June 30, 2021. For the six months ended June 30, 2021, Adjusted

EBITDA was $59.5 million, up 23.5% (27.7% on a constant currency basis) or $11.4 million ($13.3 million on a constant currency basis), from $48.1 million in the same period in 2020. Organic Adjusted EBITDA growth was 22.6% (26.7% on a constant currency basis) for the six months ended June 30, 2021. Earnings increased on account of higher revenues, and Adjusted EBITDA growth and margin improvement was largely owing to strength in our Altus Analytics and Property Tax businesses.

- **Profit (loss)** from continuing operations for the three months ended June 30, 2021 was $16.3 million, up 44.2% or $5.0 million from $11.3 million in the same period in 2020. For the six months ended June 30, 2021, profit (loss) from continuing operations was $19.0 million, up 45.0% or $5.9 million from $13.1 million in the same period in 2020. In addition to the items affecting Adjusted EBITDA as discussed above, profit (loss) from continuing operations for the three and six months ended June 30, 2021 increased as a result of lower amortization of some historical acquisition-related intangibles and lower restructuring costs related to our 2020 global restructuring program, offset by acquisition and related costs for the April 1, 2021 acquisition of Finance Active and the May 4, 2021 acquisition of StratoDem Analytics, costs related to the June 13, 2021 cybersecurity incident (as discussed on page 11), and higher income taxes on higher profit before tax.

- For the three months ended June 30, 2021, earnings (loss) per share from continuing operations was $0.40, basic and $0.39, diluted, as compared to $0.28, basic and diluted, in the same period in 2020. For the six months ended June 30, 2021, earnings (loss) per share from continuing operations was $0.47, basic and $0.45, diluted, as compared to $0.33, basic and $0.32, diluted, in the same period in 2020.

- For the three months ended June 30, 2021, Adjusted EPS was $0.75, up 21.0% from $0.62 in the same period in 2020. For the six months ended June 30, 2021, Adjusted EPS was $1.09, up 32.9% from $0.82 in the same period in 2020.

- We returned $6.2 million to shareholders in the quarter through quarterly dividends of $0.15 per common share.

- As at June 30, 2021, our bank debt was $248.8 million, representing a funded debt to EBITDA leverage ratio of 2.03 times (compared to 1.09 times as at December 31, 2020), well below our maximum ratio of 4.00 times. As at June 30, 2021, cash and cash equivalents were $74.1 million (compared to $69.6 million as at December 31, 2020).

Operating Highlights

Acquisition of Finance Active

On April 1, 2021, we acquired all of the issued and outstanding shares of Finance Active and its subsidiaries for approximately EUR106.5 million (CAD157.3 million) including a working capital payable of EUR0.1 million (CAD0.1 million). On closing, we paid a total of EUR89.2 million (CAD131.7 million) in cash, funded by drawing down on our credit facilities. In addition, we issued 303,177 common shares to the selling shareholders and certain members of Finance Active's management team valued at EUR12.4 million (CAD18.3 million) from treasury. These common shares will be held in escrow and will vest and be released over two- or three-year periods on each anniversary of the closing date, subject to compliance with certain terms and conditions. Of the shares issued, 156,405 valued at EUR6.4 million (CAD9.5 million) are also subject to continued employment over the vesting period. As part of the purchase price, EUR4.8 million

(CAD7.1 million) is also payable in cash over two years after closing. As part of the transaction, we entered into non-compete agreements with members of management of Finance Active. Founded in 2000, Finance Active is a European provider of SaaS debt management and financial risk management SaaS solutions for treasury and investment management serving public, corporate and financial institutions. Finance Active is headquartered in Paris, France, with a wide geographic footprint in Europe including over 3,000 customers ranging from small-to-medium businesses to large, global institutions. Finance Active's team of approximately 160 professionals is integrating with our Altus Analytics business. Finance Active, with its SaaS business model, will strengthen our Over Time revenues and provide additional opportunities for organic growth as we integrate our go-to-market operations.

Acquisition of StratoDem Analytics

On May 4, 2021, we acquired certain assets of StratoDem Analytics for USD24.4 million (CAD29.9 million) in cash and common shares, subject to adjustments. As part of the transaction, we entered into a non-compete agreement with members of management of StratoDem Analytics. As consideration for these assets, we paid cash of USD16.0 million (CAD19.6 million). In addition, we issued 165,320 common shares to the vendors valued at USD8.4 million (CAD10.3 million) from treasury. The common shares will be held in escrow, and will vest and be released 50% on the first anniversary and the remaining 50% equally at 25% on each of the second and third anniversary of the closing date, subject to continued employment and compliance with certain terms and conditions. Of the shares issued, 139,977 valued at USD7.1 million (CAD8.7 million) are also subject to continued employment over the vesting period. StratoDem Analytics is an early-stage company offering data-science-as-a-service for the real estate sector. The cloud-based StratoDem Analytics platform integrates vast amounts of granular local demographic and economic datasets to generate predictive models and analytical tools that enable clients to better understand the factors influencing the market and build more accurate models and forecasts. Through this acquisition, the StratoDem Analytics platform is a core component to our long-term data strategy, bringing valuable data science talent and technology, and accelerating our speed to market for future data analytics products. Based in the U.S., StratoDem Analytics' team has been integrated with our Altus Analytics business.

Cybersecurity Incident

On June 13, 2021, we discovered that we were the target of a ransomware attack, which involved the encryption of a number of our back-office systems. We took immediate action to implement our cybersecurity protocols, notified law enforcement, and engaged with cybersecurity experts and professional advisers to assist in addressing the issue as quickly as possible. A customer business continuity protocol was implemented and, as a precautionary measure, our IT back-office systems were temporarily taken offline until they were rebuilt in greenfield environments under guidance of leading cybersecurity experts with additional measures to enhance the security of our systems. In conjunction with these activities, we have taken the opportunity to advance various transformational initiatives that will modernize our applications and processes onto cloud platforms. Since discovery of the incident, our client-facing, cloud-based data and software systems remained fully operational. Investigation into the incident is ongoing, and we are still in the process of assessing the full impact of the incident. Based on the investigation to date, there is no evidence of any customer or employee data having been impacted as a result of the incident. While the cybersecurity incident caused some internal operational disruption, the impact to revenues was limited to certain areas of our business and overall was not considered material.

While the investigation to date has not identified any compromise to our products, services, data or other information, and we have implemented our cybersecurity and business continuity protocols and adopted additional measures to enhance the security of our IT systems to help detect and prevent future attempts or incidents of malicious activity, we are subject to a number of risks and uncertainties in connection with the incident. We confirm that all of our software and anti-malware programs are up to date, complete and current.

Discussion of Operations

Three and Six Months Ended June 30, 2021

	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars	**2021**	2020	**2021**	2020
Revenues	$ 173,523	$ 155,470	$ 310,681	$ 286,726
Expenses				
Employee compensation	101,627	92,638	194,847	180,993
Occupancy	2,026	1,914	3,896	3,985
Office and other operating	31,031	26,361	54,728	53,243
Depreciation of right-of-use assets	3,042	2,814	5,810	5,686
Depreciation and amortization	9,164	7,885	15,936	15,602
Acquisition and related transition costs (income)	1,898	-	7,080	(1,176)
Share of (profit) loss of joint venture	96	(8)	485	(8)
Restructuring costs (recovery)	270	7,480	221	7,455
(Gain) loss on investments	(315)	35	(503)	(90)
Finance costs (income), net - leases	582	631	1,152	1,291
Finance costs (income), net - other	933	1,080	1,511	2,587
Profit (loss) from continuing operations before income taxes	23,169	14,640	25,518	17,158
Income tax expense (recovery)	6,828	3,307	6,540	4,068
Profit (loss) for the period from continuing operations	$ 16,341	$ 11,333	$ 18,978	$ 13,090
Profit (loss) for the period from discontinued operations	-	266	-	(5,170)
Profit (loss) for the period attributable to shareholders	$ 16,341	$ 11,599	$ 18,978	$ 7,920

Revenues

Revenues were $173.5 million for the three months ended June 30, 2021, up 11.6% (16.5% on a constant currency basis) or $18.0 million ($25.7 million on a constant currency basis), from $155.5 million in the same period in 2020. Organic revenue growth was 6.0% (10.9% on a constant currency basis) for the three months ended June 30, 2021. For the six months ended June 30, 2021, revenues were $310.7 million, up 8.4% (11.8% on a constant currency basis) or $24.0 million ($33.7 million on a constant currency basis), from $286.7 million in the same period in 2020. Organic revenue growth was 4.5% (7.9% on a constant currency basis) for the six months ended June 30, 2021. The increase in revenues for the quarter was driven by a historical record performance from Property Tax, strong growth in Over Time revenues in Altus Analytics and the acquisition of Finance Active. Property Tax performance benefitted from the annuity billings in the U.K.

Employee Compensation

Employee compensation was $101.6 million for the three months ended June 30, 2021, up 9.7% or $9.0 million from $92.6 million in the same period in 2020. For the six months ended June 30, 2021, employee compensation was $194.8 million, up 7.7% or $13.8 million from $181.0 million in the same period in 2020.

For the three and six months ended June 30, 2021, the increase in compensation was mainly due to headcount additions within Altus Analytics and Property Tax and the acquisitions of Property Tax Assistance Company Inc. ("PTA"), Finance Active and StratoDem Analytics. For the three and six months ended June 30, 2021, employee compensation as a percentage of revenues was 58.6% and 62.7%, as compared to 59.6% and 63.1% in the corresponding periods in 2020, respectively.

Occupancy
Occupancy represents amounts pertaining to short-term leases, low-value assets, and variable lease payments and was $2.0 million for the three months ended June 30, 2021, up 5.9% or $0.1 million from $1.9 million in the same period in 2020. For the six months ended June 30, 2021, occupancy was $3.9 million, down 2.2% or $0.1 million from $4.0 million in the same period in 2020. For the three and six months ended June 30, 2021, the impacts of IFRS 16 decreased occupancy costs by $3.3 million and $6.4 million, as compared to $3.2 million and $6.2 million in the corresponding periods in 2020, respectively. Without the impact of IFRS 16, occupancy costs for the three and six months ended June 30, 2021 increased moderately. For the three and six months ended June 30, 2021, occupancy as a percentage of revenues was 1.2% and 1.3%, as compared to 1.2% and 1.4% in the corresponding periods in 2020, respectively. Without the impact of IFRS 16, occupancy as a percentage of revenues would have been 3.1% and 3.3% for the three and six months ended June 30, 2021, as compared to 3.3% and 3.6% in the corresponding periods in 2020, respectively.

Office and Other Operating Costs
Office and other operating costs were $31.0 million for the three months ended June 30, 2021, up 17.7% or $4.6 million from $26.4 million in the same period in 2020. For the six months ended June 30, 2021, office and other operating costs were $54.7 million, up 2.8%% or $1.5 million from $53.2 million in the same period in 2020. For the three months ended June 30, 2021, the increase was due to acquisitions, professional fees for strategic advisory work, and costs related to the cybersecurity incident. For the six months ended June 30, 2021, the decrease was due to savings on travel, conference related costs and lower subcontractor disbursements, partly offset by acquisitions, higher professional fees for strategic advisory work, and costs related to the cybersecurity incident. For the three and six months ended June 30, 2021, office and other operating costs as a percentage of revenues were 17.9% and 17.6%, as compared to 17.0% and 18.6% in the corresponding periods in 2020, respectively.

Depreciation of Right-of-Use Assets
Depreciation of right-of-use assets was $3.0 million and $5.8 million for the three and six months ended June 30, 2021, as compared to $2.8 million and $5.7 million in the corresponding periods in 2020, respectively. The increase is primarily due to the acquisition of Finance Active office leases.

Depreciation and Amortization
Depreciation and amortization were $9.2 million and $15.9 million for the three and six months ended June 30, 2021, as compared to $7.9 million and $15.6 million in the corresponding periods in 2020, respectively. The increase is mainly due to the recognition and the amortization of intangible assets related to recent acquisitions.

Acquisition and Related Transition Costs (Income)
Acquisition and related transition costs (income) were $1.9 million and $7.1 million for the three and six months ended June 30, 2021, as compared to $nil and $(1.2) million in the corresponding periods in 2020,

respectively. Costs incurred for the periods ended June 30, 2021 were related to the April 1, 2021 acquisition of Finance Active and the May 4, 2021 acquisition of StratoDem Analytics. The income recorded for the six months ended June 30, 2020 was due to a downward revaluation of our acquisition-related contingent consideration payables on historical acquisitions.

Share of (Profit) Loss of Joint Venture

Share of (profit) loss of joint venture represents our share of the profit/loss in GeoVerra Inc. ("GeoVerra") and was $0.1 million and $0.5 million for the three and six months ended June 30, 2021, as compared to $nil in the corresponding periods in 2020, respectively, as it was launched on June 27, 2020.

Restructuring Costs (Recovery)

Restructuring costs (recovery) were $0.3 million and $0.2 million for the three and six months ended June 30, 2021 related to true-ups for the settlement of charges pertaining to the global restructuring program initiated in the second quarter of 2020, as compared to $7.5 million in the corresponding periods in 2020, respectively.

(Gain) Loss on Investments

(Gain) loss on investments was $(0.3) million and $(0.5) million for the three and six months ended June 30, 2021, as compared to $nil and $(0.1) million in the corresponding periods in 2020, respectively. The amount represents changes in the fair value of our investments in partnerships.

Finance Costs (Income), Net

	Three months ended June 30,			Six months ended June 30,		
In thousands of dollars	**2021**	2020	% Change	**2021**	2020	% Change
Interest on borrowings	$ 861	$ 1,052	(18.2%)	$ 1,461	$ 2,377	(38.5%)
Interest on lease liabilities	582	631	(7.8%)	1,152	1,291	(10.8%)
Unwinding of discounts	32	67	(52.2%)	35	130	(73.1%)
Interest - other	59	-	100.0%	59	-	100.0%
Change in fair value of interest rate swaps	-	(16)	(100.0%)	-	138	100.0%
Finance income	(19)	(23)	(17.4%)	(44)	(58)	(24.1%)
Finance costs (income), net	$ 1,515	$ 1,711	(11.5%)	$ 2,663	$ 3,878	(31.3%)

Finance costs (income), net for the three months ended June 30, 2021 was $1.5 million, down 11.5% or $0.2 million from $1.7 million in the same period in 2020. For the six months ended June 30, 2021, finance costs (income), net was $2.7 million, down 31.3% or $1.2 million from $3.9 million in the same period in 2020. Our finance costs decreased mainly due to the lower interest on our bank credit facilities and leases, and the lower change in fair value recognized in relation to our $65.0 million interest rate swap which was settled in the second quarter of 2020.

Income Tax Expense (Recovery)

Income tax expense (recovery) for the three and six months ended June 30, 2021 was $6.8 million and $6.5 million, as compared to $3.3 million and $4.1 million in the corresponding periods in 2020, 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 period ended June 30, 2021.

Profit (Loss) from Continuing Operations

Profit (loss) from continuing operations for the three months ended June 30, 2021 was $16.3 million and $0.40 per share, basic and $0.39 per share, diluted, as compared to $11.3 million and $0.28 per share, basic and diluted, in the same period in 2020. For the six months ended June 30, 2021, profit (loss) from continuing operations was $19.0 million and $0.47 per share, basic and $0.45 per share, diluted, as compared to $13.1 million and $0.33 per share, basic and $0.32 per share, diluted, in the same period in 2020.

Profit (Loss) from Discontinued Operations

Profit (loss) from discontinued operations for the three months ended June 30, 2021 was $nil and $0.00 per share, basic and diluted, as compared to $0.3 million and $0.01 per share, basic and diluted, in the same period in 2020. For the six months ended June 30, 2021, profit (loss) from discontinued operations was $nil and $0.00 per share, basic and diluted, as compared to $(5.2) million and $(0.13) per share, basic and diluted, in the same period in 2020. This was due mainly to the contribution of our Geomatics discontinued operations into the GeoVerra joint venture in the second quarter of 2020.

Profit (Loss)

Profit (loss) for the three months ended June 30, 2021 was $16.3 million and $0.40 per share, basic and $0.39 per share, diluted, as compared to $11.6 million and $0.29 per share, basic and $0.28 per share, diluted, in the same period in 2020. For the six months ended June 30, 2021, profit (loss) was $19.0 million and $0.47 per share, basic and $0.45 per share, diluted, as compared to $7.9 million and $0.20 per share, basic and $0.19 per share, diluted, in the same period in 2020.

Revenues and Adjusted EBITDA by Business Unit

Revenues	Three months ended June 30,				Six months ended June 30,			
In thousands of dollars	**2021**	2020	% Change	Constant Currency % Change	**2021**	2020	% Change	Constant Currency % Change
Altus Analytics	$ 59,336	$ 51,296	15.7%	25.8%	$ 113,576	$ 103,015	10.3%	17.4%
Commercial Real Estate Consulting	114,263	104,253	9.6%	12.0%	197,256	183,864	7.3%	8.6%
Intercompany eliminations	(76)	(79)	3.8%	3.8%	(151)	(153)	1.3%	1.3%
Total	$ 173,523	$ 155,470	11.6%	16.5%	$ 310,681	$ 286,726	8.4%	11.8%

Adjusted EBITDA	Three months ended June 30,				Six months ended June 30,			
In thousands of dollars	**2021**	2020 [(1)]	% Change	Constant Currency % Change	**2021**	2020 [(1)]	% Change	Constant Currency % Change
Altus Analytics	$ 8,929	$ 8,153	9.5%	24.2%	$ 19,141	$ 16,442	16.4%	26.6%
Commercial Real Estate Consulting	42,402	33,965	24.8%	26.9%	57,408	45,707	25.6%	26.6%
Corporate	(9,092)	(7,219)	25.9%	(27.4%)	(17,070)	(14,002)	21.9%	(21.9%)
Total	$ 42,239	$ 34,899	21.0%	26.2%	$ 59,479	$ 48,147	23.5%	27.7%

[(1)] Comparative figures have been restated to reflect accrued variable compensation costs within the respective business units. Refer to Note 5 of the interim financial statements.

Altus Analytics

In thousands of dollars	Three months ended June 30, 2021	2020	% Change	Constant Currency % Change	Six months ended June 30, 2021	2020	% Change	Constant Currency % Change
Revenues	$ 59,336	$ 51,296	15.7%	25.8%	$ 113,576	$ 103,015	10.3%	17.4%
Adjusted EBITDA (1)	$ 8,929	$ 8,153	9.5%	24.2%	$ 19,141	$ 16,442	16.4%	26.6%
Adjusted EBITDA Margin (1)	15.0%	15.9%			16.9%	16.0%		
Selected Metrics (2)								
Bookings	$ 22,123	$ 12,838	72.3%	88.7%	$ 43,421	$ 27,819	56.1%	68.0%
Over Time revenues	$ 50,123	$ 42,756	17.2%	26.6%	$ 92,911	$ 82,839	12.2%	19.0%
AE software maintenance retention rate	94%	95%			94%	96%		
Geographical revenue split								
North America	72%	83%			76%	83%		
International	28%	17%			24%	17%		
Cloud adoption rate (as at end of period)					26%	8%		

(1) Comparative figures have been restated to reflect accrued variable compensation costs within the respective business units. Refer to Note 5 of the interim financial statements.

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

Quarterly Discussion

Revenues were $59.3 million for the three months ended June 30, 2021, up 15.7% (25.8% on a constant currency basis) or $8.0 million ($13.2 million on a constant currency basis), from $51.3 million in the same period in 2020. Organic revenues were down 0.3% (up 9.8% on a constant currency basis). The acquisitions of Finance Active and StratoDem Analytics represented 16.0% of the 15.7% revenue growth. Total revenue growth benefitted from Over Time revenue growth on higher subscription revenues and increased year-over-year revenue from a rebound in software consulting services.

Over Time revenues, as described above in the "Overview of the Business" section, were $50.1 million for the three months ended June 30, 2021, up 17.2% (26.6% on a constant currency basis) or $7.4 million ($11.4 million on a constant currency basis), from $42.8 million in the same period in 2020. On an organic basis, Over Time revenues were down 1.1% (up 8.3% on a constant currency basis). Over Time revenues benefitted from the acquisition of Finance Active, as well as higher subscription revenue for our software and data solutions, and steady performance from our Appraisal Management solutions. Sequentially, Over Time revenues grew 17.1% (19.7% on a constant currency basis) or $7.3 million ($8.4 million on a constant currency basis), from $42.8 million in the first quarter of 2021, primarily driven by the acquisition of Finance Active. On an organic basis, Over Time Revenues were down 1.2% (up 1.4% on a constant currency basis) from the first quarter of 2021 on higher subscription revenues.

Bookings in the quarter increased by 72.3% year-over-year (88.7% on a constant currency basis), from $12.8 million to $22.1 million and we finished the quarter with a growing pipeline of future opportunities. Organic growth in Bookings was 63.4% (79.7% on a constant currency basis) from the same period in 2020.

Our transition to AE cloud subscriptions continues to progress at a healthy pace. In the second quarter, we continued the momentum in migrating existing customers from the on-premise product and selling cloud-enabled AE to new customers. At the end of the second quarter of 2021, 26% of our total AE user base had been contracted on ARGUS Cloud, compared to 22% the previous quarter, 14% at the end of 2020, and 8% at the end of the second quarter of 2020.

Adjusted EBITDA was $8.9 million for the three months ended June 30, 2021, up 9.5% (24.2% on a constant currency basis) or $0.7 million ($2.0 million on a constant currency basis), from $8.2 million in the same period in 2020. Organic Adjusted EBITDA growth was 5.9% (20.6% on a constant currency basis). Adjusted EBITDA improved on higher revenues, however was impacted by the purchase price accounting adjustment of $1.4 million to Finance Active's deferred revenues as well as higher investment related to accelerating our data strategy. The purchase price accounting adjustment had a 2% impact to Adjusted EBITDA margin.

Year-to-Date Discussion

Revenues were $113.6 million for the six months ended June 30, 2021, up 10.3% (17.4% on a constant currency basis) or $10.6 million ($17.9 million on a constant currency basis), from $103.0 million in the same period in 2020. Organic revenues growth was 2.3% (9.4% on a constant currency basis). The acquisitions of Finance Active and StratoDem Analytics represented 8.0% revenue growth. Total revenue growth benefitted from Over Time revenue growth on higher subscription revenues and increased year-over-year revenue from a rebound in software consulting services.

Over Time revenues, as described above in the "Overview of the Business" section, were $92.9 million for the six months ended June 30, 2021, up 12.2% (19.0% on a constant currency basis) or $10.1 million ($15.7 million on a constant currency basis), from $82.8 million in the same period in 2020. On an organic basis, Over Time revenues were up 2.7% (up 9.5% on a constant currency basis). Over Time revenues increased on higher subscription revenue and robust growth generated by our Appraisal Management solutions from new clients and additional assets from existing clients and the acquisition of Finance Active.

Bookings in the six months ended June 30, 2021 increased by 56.1% year-over-year (68.0% on a constant currency basis) from $27.8 million to $43.4 million and we finished the quarter with a growing pipeline of future opportunities.

Adjusted EBITDA was $19.1 million for the six months ended June 30, 2021, up 16.4% (26.6% on a constant currency basis) or $2.7 million ($4.4 million on a constant currency basis), from $16.4 million in the same period in 2020. Organic Adjusted EBITDA growth was 14.6% (24.8% on a constant currency basis). Adjusted EBITDA improved on higher revenues and improved operating margins, however was impacted by the purchase price accounting adjustment of $1.4 million to Finance Active's deferred revenues as well as higher investment related to accelerating our data strategy. The purchase price accounting adjustment had a 1% impact to Adjusted EBITDA margin.

Outlook

Our Altus Analytics business continues to have an attractive growth outlook, supported by favourable market trends of growing global demand for CRE-related technology and data solutions. We remain well positioned to deliver sustained growth over the long term through the execution of our multi-year strategy. The successful execution of our annual strategic initiatives is expected to drive sustained year-over-year revenue growth in 2021, particularly double-digit growth in our Over Time revenues on a constant currency basis, and a double-digit year-over-year improvement in our Adjusted EBITDA on a constant currency basis. Taking into consideration the purchase price accounting adjustment to Finance Active's deferred revenues, combined with our investment to accelerate our data strategy (including building out the recently acquired StratoDem Analytics platform), we expect our full year Adjusted EBITDA margins will be similar to full year 2020 before they start to increase in 2022.

In 2021, we expect organic growth in our Over Time revenues from higher software subscription license sales and continued strength from our Appraisal Management and data subscription solutions. Software subscription license sales should benefit from sustained customer expansion through our dedicated focus on customer success, and the steady addition of new software clients globally. Having fully shifted to a subscription model since the start of 2020, in 2021 we will benefit from the full year impact of past subscription deals given the stacking effect of a subscription model, and the comparative year no longer including upfront perpetual deals. Consistent with the growth momentum from 2020, our Appraisal Management practice is expected to benefit from new client additions, customer expansion as more assets are added on our platform or as new funds are launched, and our ongoing expansion into the European and Asia Pacific markets. Additionally, our data subscription products continue to be favourably positioned as new product functionality, the addition of the StratoDem Analytics platform, and new partnership opportunities provide us with additional prospects for growth. We also expect acquisitive growth in Over Time revenues from our acquisition of Finance Active and StratoDem Analytics, as well as enhanced cross-sell opportunities. As many of our solutions are considered to be mission critical by our customers, we expect our gross retention rates for AE (maintenance and subscriptions) as well as the Finance Active SaaS solutions will remain in the industry leading mid-90's range and that our renewal rates for our Appraisal Management engagements and data subscription products will remain exceptionally strong. This will be supported by our revamped customer success programs.

The ongoing COVID-19 pandemic has both spurred demand for some of our analytics solutions and challenged certain parts of our software business. The initial impact, which is less pronounced today, was mainly to our software consulting and training services, and to a lesser degree also impacted the volume of license sales in the SMB segment and extended the sales cycles for our larger transactions. However, based on recent trends and some planned changes to our go-to-market strategies, we remain optimistic about improvements for 2021. Our Bookings pipeline is building and remains robust. Overall, we anticipate a lesser impact as a result of the COVID-19 pandemic in 2021 than we experienced in 2020. By and large, demand for our Altus Analytics solutions remains robust. As the global economy starts to recover from the impacts of the pandemic, activity levels have started to rebound as companies worldwide push for more data-driven visibility on their CRE assets, endeavor to streamline operations with technology and prioritize cloud-based solutions.

The migration of on-premise AE users to cloud-based subscription contracts is ongoing, and we expect to make significant progress in 2021. As planned, early adoption continues to be led by SMB firms as they are much easier to transition and typically have less complex IT infrastructure requirements. Our latest enhancements to cloud-enabled AE and the integration with APIs are an important catalyst for many larger firms and we expect a greater volume of our larger customers to begin their migration journey. Our progress should be reflected in our growing cloud adoption rate and the growth in Over Time revenues. We continue to expect that the significant majority of our AE users will be contracted to the cloud by the end of 2023.

As we move into the second half of the year, with the strong Bookings growth as an indicator of future revenue growth, we anticipate robust revenue growth in the second half of the year. For context, our organic Bookings in the first half of this year amount to more than two-thirds of what we did in all of 2020.

Based on current rates, we expect foreign exchange will continue to be a headwind in the third quarter of 2021.

We remain committed to our aspirational long-term goal of achieving revenues of $400 million by the end of 2023. We have multiple paths to accelerate our revenue growth over the next three years, including driving double digit organic revenue growth and accelerating our expansion into strategic adjacencies in debt and data analytics through both internal and acquisitive investments.

Commercial Real Estate Consulting

	Three months ended June 30,				Six months ended June 30,			
In thousands of dollars	**2021**	2020	% Change	Constant Currency % Change	**2021**	2020	% Change	Constant Currency % Change
Revenues								
Property Tax	$ 86,693	$ 76,874	12.8%	16.2%	$ 141,363	$ 129,470	9.2%	11.5%
Valuation and Cost Advisory	27,570	27,379	0.7%	1.2%	55,893	54,394	2.8%	3.8%
Revenues	$ 114,263	$ 104,253	9.6%	12.0%	$ 197,256	$ 183,864	7.3%	8.6%
Adjusted EBITDA (1)								
Property Tax	$ 39,684	$ 31,256	27.0%	29.3%	$ 50,798	$ 40,570	25.2%	26.5%
Valuation and Cost Advisory	2,718	2,709	0.3%	1.5%	6,610	5,137	28.7%	30.2%
Adjusted EBITDA	$ 42,402	$ 33,965	24.8%	26.9%	$ 57,408	$ 45,707	25.6%	26.6%
Adjusted EBITDA Margin	37.1%	32.6%			29.1%	24.9%		

(1) Comparative figures have been restated to reflect accrued variable compensation costs within the respective business units. Refer to Note 5 of the interim financial statements.

Quarterly Discussion

Revenues were $114.3 million for the three months ended June 30, 2021, up 9.6% (12.0% on a constant currency basis) or $10.0 million ($12.5 million on a constant currency basis), from $104.3 million in the same period in 2020. Organic revenue growth was 9.1% (11.5% on a constant currency basis). The growth in revenues was driven by our Property Tax business, which set another historic record for quarterly revenues.

Property Tax revenues were $86.7 million, up 12.8% (16.2% on a constant currency basis), benefitting from double-digit growth in the U.K. and single-digit growth in the U.S., partly offset by a decline in Canada. Organic revenue growth in Property Tax was 12.1% (15.5% on a constant currency basis). The cyclical/seasonal annuity billing in the U.K. was a significant contributor, representing $25.7 million in revenues (compared to $15.0 million in the second quarter of 2020), the increase reflecting the higher cumulative number of the 2017 cycle cases settled. While strong, the U.K. annuity billing was impacted by a COVID-19 government subsidy program which provides a temporary tax relief for companies in the retail, hospitality, and leisure sectors. In the U.S., we benefitted from increased seasonal case settlements in

Texas, as well as a catch up on COVID-19 related delays from prior quarters. In Canada, revenues were lower, primarily impacted by timing of Ontario settlements (some of which were pulled forward into the first quarter), as well as lower year-over-year comparative performance in Montreal and Manitoba which were more favourably positioned in their cycles in the prior year, partly offset by a significant multi-year case settlement in Saskatchewan.

Revenue from our Valuation and Cost Advisory businesses were higher as underlying activity levels were higher from prior year. However, the cyber incident which occurred late in the quarter caused projects to be deferred and impacted revenues by approximately $1.6 million.

Adjusted EBITDA was $42.4 million for the three months ended June 30, 2021, up 24.8% (26.9% on a constant currency basis) or $8.4 million ($9.1 million on a constant currency basis), from $34.0 million in the same period in 2020. Organic Adjusted EBITDA growth was 27.3% (29.4% on a constant currency basis). The increase in earnings resulted from higher revenues from Property Tax.

Year-to-Date Discussion

Revenues were $197.3 million for the six months ended June 30, 2021, up 7.3% (8.6% on a constant currency basis) or $13.4 million ($15.8 million on a constant currency basis), from $183.9 million in the same period in 2020. Organic revenue growth was 5.8% (7.1% on a constant currency basis). The growth in revenues was driven by our Property Tax business and our Valuation practice.

Property Tax revenues were $141.4 million, up 9.2% (11.5% on a constant currency basis) and were higher as a result of annuity billings in the U.K. and a healthy start to the year in Western Canada, offset by COVID-19 delayed settlement activity in the U.S. in the first quarter of this year, and the negative currency impact from a weaker U.S. dollar. Organic revenue growth in Property Tax was 7.0% (9.3% on a constant currency basis). Consistent with seasonal patterns, the U.S. continues to build its pipeline that is expected to benefit future quarters. Our Valuation and Cost Advisory business grew on increased activity levels.

Adjusted EBITDA was $57.4 million for the six months ended June 30, 2021, up 25.6% (26.6% on a constant currency basis) or $11.7 million ($12.2 million on a constant currency basis), from $45.7 million in the same period in 2020. Organic Adjusted EBITDA growth was 25.2% (26.2% on a constant currency basis). The increase in earnings resulted from higher revenues from Property Tax.

Outlook

Our global Property Tax practice is one of the largest and fastest growing property tax practices and continues to represent an attractive growth opportunity in a consolidating industry, driven by solid market fundamentals, our strong competitive position, and resilient demand for our specialized services.

Following our best-ever performance in 2020, we remain well positioned to deliver another record revenue year in 2021. Our outlook is supported by a healthy pipeline of cases to be settled, catch up from COVID-19 related delays experienced in 2020 and in the first quarter of 2021, and higher annuity billings in the U.K. Given the seasonal and cyclical variations of the Property Tax business (as discussed in more detail on page 29 of this MD&A), we expect to experience typical quarterly variability in our financial performance, including the second quarter being our seasonally strongest quarter. The ongoing COVID-19 pandemic has and could continue to potentially impact some of these typical variations, and cause some short-term disruption related to the anticipated timing of settlements.

Our Valuation and Cost Advisory practices enjoy significant market share and, as a result, have been growing modestly. We have enhanced these businesses with the use of technology and expect that to drive operational efficiencies. Although the COVID-19 pandemic has had some impact on activity levels, business resumption in key jurisdictions mitigates against further declines. A significant portion of the Valuation business consists of periodic valuations of CRE portfolios, which are expected to remain stable or in some cases increase in frequency. Our Cost Advisory business depends to a large extent on an active CRE developer market, which appears to be stable. Aside from any short-term disruptions, the long-term opportunity associated with this business remains intact as many engagements are multi-year. Although the cybersecurity incident impacted revenues in the second quarter, we expect to return to normalized levels for the balance of the year.

Corporate Costs

Quarterly Discussion

Corporate costs were $9.1 million for the three months ended June 30, 2021, as compared to $7.2 million (restated to reflect accrued variable compensation costs within the respective business units) in the same period in 2020. Corporate costs increased primarily due to higher consulting fees for professional advisory. Starting in the first quarter of 2021, we accrued and allocated variable compensation costs for the business units directly on a quarterly basis, versus the former treatment of accruing under the Corporate segment and reallocating in the fourth quarter. A table detailing the 2020 quarterly results under the new treatment is posted on our website under the Investor Relations section.

Year-to-Date Discussion

Corporate costs were $17.1 million for the six months ended June 30, 2021, as compared to $14.0 million (restated to reflect accrued variable compensation costs within the respective business units) in the same period in 2020. Corporate costs increased primarily due to higher consulting fees for professional advisory. Starting in the first quarter of 2021, we accrued and allocated variable compensation costs for the business units directly on a quarterly basis, versus the former treatment of accruing under the Corporate segment and reallocating in the fourth quarter. A table detailing the 2020 quarterly results under the new treatment is posted on our website under the Investor Relations section.

Liquidity and Capital Resources

Cash Flow	**Three months ended June 30,**		**Six months ended June 30,**	
In thousands of dollars	**2021**	2020 [(1)]	**2021**	2020 [(1)]
Net cash related to operating activities	$ 36,204	$ 26,321	$ 39,935	$ 9,909
Net cash related to financing activities	116,321	(24,306)	114,469	5,430
Net cash related to investing activities	(146,171)	(1,886)	(147,644)	(2,961)
Effect of foreign currency translation	(1,347)	(931)	(2,318)	1,426
Change in cash position during the period	$ 5,007	$ (802)	$ 4,442	$ 13,804
Dividends paid	$ 5,166	$ 5,980	$ 10,603	$ 11,320

(1) The net cash flows provided by (used in) the operating, financing, and investing activities of the Geomatics discontinued operations for the three months ended June 30, 2020 were $1.6 million, $(0.4) million, and $(1.3) million, respectively. For the six months ended June 30, 2020, the net cash flows provided by (used in) the operating, financing, and investing activities of the Geomatics discontinued operations were $3.1 million, $(0.7) million, and $(1.4) million, respectively. The Geomatics discontinued operations was contributed into the GeoVerra joint venture in the second quarter of 2020.

We expect to fund operations with cash on hand and cash derived from operating activities. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities. Whilst we continue to generate strong cash flows from our operating activities, significant erosion in the general state of the economy or further prolonged impacts of the COVID-19 pandemic or the cybersecurity incident could affect our liquidity by reducing future cash generated from operating activities or by limiting access to short-term financing as a result of tightening credit markets.

Cash from Operating Activities

Working Capital				
In thousands of dollars		**June 30, 2021**		December 31, 2020
Current assets	$	284,009	$	268,571
Current liabilities		172,941		153,184
Working capital	$	111,068	$	115,387

Current assets are composed primarily of cash and cash equivalents and trade receivables and other (including a $1.8 million related party receivable from our GeoVerra joint venture related mainly to the settlement of our initial contributions, which as a related party transaction, is described in the notes to our 2020 annual financial statements). It also includes income taxes recoverable and derivative financial instruments for our equity hedges on RSUs and DSUs. The increase is primarily due to the generation of cash and cash equivalents through collection of trade receivables from operations.

Current liabilities are composed primarily of trade payables and other (including a $0.3 million related party payable to our GeoVerra joint venture related mainly to customer payments received on its behalf), lease liabilities. It also includes income taxes payable and derivative financial instruments in a liability position. The increase in current liabilities is mainly due to the increase in accrued expenses and the contract liabilities (deferred revenue) and deferred consideration payables resulting from the Finance Active acquisition, offset by continued payment of restructuring provisions related to our 2020 global restructuring program.

As at June 30, 2021, trade receivables, net and contract assets (unbilled revenue on customer contracts) net of contract liabilities (deferred revenue) was $124.0 million, down 7.2% or $9.6 million from $133.6 million as at December 31, 2020. As a percentage of the trailing 12-month revenues, trade receivables and unbilled revenue on customer contracts net of deferred revenue, for continuing operations, was 20.0% as at June 30, 2021, as compared to 23.4% as at December 31, 2020.

Our Days Sales Outstanding ("DSO") from continuing operations was 77 days as at June 30, 2021, as compared to 84 days as at December 31, 2020. We calculate DSO by taking the five-quarter average balance of trade receivables, net and unbilled revenue on customer contracts net of deferred revenue and the result is then divided by the trailing 12-month revenues plus any pre-acquisition revenues, as applicable, and multiplied by 365 days. Our method of calculating DSO may differ from the methods used by other issuers and, accordingly, may not be comparable to similar measures used by other issuers. We believe this measure is useful to investors as it demonstrates our ability to convert revenue into cash.

Current and long-term liabilities include amounts owing to the vendors of acquired businesses on account of excess working capital, deferred purchase price payments and other closing adjustments. As at June 30, 2021, the amounts owing to the vendors of acquired businesses were $8.7 million, as compared to $3.7 million as at December 31, 2020. We intend to satisfy the payments with cash on hand.

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

Cash from Financing Activities

Our revolving bank credit facilities are unsecured and used for general corporate purposes and the funding of our acquisitions. In March 2020, we amended our bank credit facilities to further strengthen our financial and liquidity position, increasing our borrowing capacity from $200.0 million to $275.0 million, with certain provisions that allow us to further increase the limit to $350.0 million. The bank credit facilities have a three year term expiring March 24, 2023, with an additional two-year extension available at our option.

As at June 30, 2021, our total borrowings on our bank credit facilities amounted to $248.8 million, an increase of $120.8 million from December 31, 2020.

Loans under the bank credit facilities bear interest at a floating rate, based on the Canadian Prime rates, Canadian Bankers' Acceptance rates, U.S. Base rates or LIBOR rates plus, in each case, an applicable margin to those rates. The applicable margin for Canadian Bankers' Acceptance and LIBOR borrowings depends on a trailing four-quarter calculation of the funded debt to EBITDA ratio. The weighted average effective rate of interest for the three and six months ended June 30, 2021 on our bank credit facilities was 1.28% and 2.56%, as compared to 2.37% and 2.84% in the corresponding periods in 2020, respectively.

The bank credit facilities require us to comply with the following financial ratios:

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

In addition, the Company and certain of its subsidiaries, collectively the guarantors, must account for at least 80% of consolidated revenues on a trailing 12-month basis. The bank credit facilities require repayment of the principal at such time as we receive proceeds of insurance, equity or debt issuances, or sale of assets in excess of certain thresholds. Letters of credit are also available on customary terms for bank credit facilities of this nature.

We also have outstanding letters of credit under our bank credit facilities in the total amount of $1.1 million (December 31, 2020 - $1.1 million).

As at June 30, 2021, we have guaranteed up to $1.5 million in connection with vehicle leases and related services entered into by GeoVerra (December 31, 2020 - $1.5 million).

As at June 30, 2021, we were in compliance with the financial covenants of our amended bank credit facilities, which are summarized below:

	June 30, 2021
Funded debt to EBITDA (maximum of 4.00:1)	2.03:1
Interest coverage (minimum of 3.00:1)	42.12:1

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

Contractual Obligations [1]	**Payments Due by Period (undiscounted)**				
In thousands of dollars	**Total**	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years
Bank credit facilities	**$ 248,839**	$ -	$ 248,839	$ -	$ -
Lease obligations	**79,816**	14,780	28,923	18,658	17,455
Deferred consideration payables	**8,691**	4,369	4,322	-	-
Due to GeoVerra	**314**	314	-	-	-
Other liabilities	**161,699**	143,514	7,054	847	10,284
Total contractual obligations	**$ 499,359**	$ 162,977	$ 289,138	$ 19,505	$ 27,739

(1) Contractual obligations exclude aggregate unfunded capital contributions of $2.3 million to certain partnerships as the amount and timing of such payments are uncertain.

Cash from Investing Activities

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

Capital expenditures are reconciled as follows:

Capital Expenditures	**Three months ended June 30,**		**Six months ended June 30,**	
In thousands of dollars	**2021**	2020 [1]	**2021**	2020 [1]
Property, plant and equipment additions	$ 1,241	$ 740	$ 1,730	$ 1,660
Intangibles additions	1,319	3	2,267	66
Proceeds from disposal of property, plant and equipment and intangibles	-	(43)	-	(96)
Capital expenditures	$ 2,560	$ 700	$ 3,997	$ 1,630

(1) Capital expenditures related to the Geomatics discontinued operations for the three and six months ended June 30, 2020 were $0.2 million and $0.3 million, respectively. The Geomatics discontinued operations was contributed into the GeoVerra joint venture in the second quarter of 2020.

Reconciliation of Adjusted EBITDA to Profit (Loss)

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

	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars	**2021**	2020	**2021**	2020
Adjusted EBITDA	$ 42,239	$ 34,899	$ 59,479	$ 48,147
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 [(1)]	3,309	3,194	6,428	6,236
Depreciation of right-of-use assets	(3,042)	(2,814)	(5,810)	(5,686)
Depreciation of property, plant and equipment and amortization of intangibles	(9,164)	(7,885)	(15,936)	(15,602)
Acquisition and related transition (costs) income	(1,898)	-	(7,080)	1,176
Unrealized foreign exchange gain (loss) [(2)]	(323)	(836)	(742)	(64)
Gain (loss) on disposal of right-of-use assets, property, plant and equipment and intangibles [(2)]	5	(10)	243	(24)
Share of profit (loss) of joint venture	(96)	8	(485)	8
Non-cash share-based compensation costs [(3)]	(4,980)	(2,353)	(7,412)	(3,868)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged [(3)]	(449)	67	176	(697)
Restructuring (costs) recovery	(270)	(7,480)	(221)	(7,455)
Gain (loss) on investments [(4)]	315	(35)	503	90
Impairment charge - leases	-	(36)	-	(36)
Other non-operating and/or non-recurring income (costs) [(5)]	(962)	(368)	(962)	(1,189)
Earnings (loss) from continuing operations before finance costs and income taxes	24,684	16,351	28,181	21,036
Finance (costs) income, net - leases	(582)	(631)	(1,152)	(1,291)
Finance (costs) income, net - other	(933)	(1,080)	(1,511)	(2,587)
Profit (loss) from continuing operations before income taxes	23,169	14,640	25,518	17,158
Income tax (expense) recovery	(6,828)	(3,307)	(6,540)	(4,068)
Profit (loss) for the period from continuing operations	$ 16,341	$ 11,333	$ 18,978	$ 13,090
Profit (loss) for the period from discontinued operations	-	266	-	(5,170)
Profit (loss) for the period	$ 16,341	$ 11,599	$ 18,978	$ 7,920

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

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

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

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

(5) Other non-operating and/or non-recurring income (costs) for the three and six months ended June 30, 2021 relate to (i) costs relating to the June 13, 2021 cybersecurity incident. For the three months ended June 30, 2020, other non-operating and/or non-recurring income (costs) relate to (i) legal, advisory, and other consulting costs related to a Board strategic initiative, and (ii) transaction and other related costs. For the six months ended June 30, 2020, other non-operating and/or non-recurring income (costs) also includes transitional costs related to the departure of a senior executive. These are included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

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

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

	Three months ended June 30,		Six months ended June 30,	
In thousands of dollars, except for per share amounts	**2021**	2020	**2021**	2020
Profit (loss) for the period	$ 16,341	$ 11,599	$ 18,978	$ 7,920
(Profit) loss for the period from discontinued operations	-	(266)	-	5,170
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 (1)	(3,309)	(3,194)	(6,428)	(6,236)
Depreciation of right-of-use assets	3,042	2,814	5,810	5,686
Finance costs (income), net - leases	582	631	1,152	1,291
Amortization of intangibles of acquired businesses	7,971	6,028	13,488	12,205
Unrealized foreign exchange loss (gain)	323	836	742	64
Loss (gain) on disposal of right-of-use assets, property, plant and equipment and intangibles	(5)	10	(243)	24
Non-cash share-based compensation costs	4,980	2,353	7,412	3,868
Loss (gain) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged	449	(67)	(176)	697
Interest accretion on contingent consideration payables	-	57	-	102
Restructuring costs (recovery)	270	7,480	221	7,455
Loss (gain) on hedging transactions, including currency forward contracts and interest expense (income) on swaps	-	(16)	-	138
Acquisition and related transition costs (income)	1,898	-	7,080	(1,176)
Loss (gain) on investments	(315)	35	(503)	(90)
Share of loss (profit) of joint venture	96	(8)	485	(8)
Impairment charge - leases	-	36	-	36
Other non-operating and/or non-recurring costs (income)	962	368	962	1,189
Tax impact on above	(2,006)	(3,577)	(3,942)	(5,058)
Adjusted earnings (loss) for the period	$ 31,279	$ 25,119	$ 45,038	$ 33,277
Weighted average number of shares - basic	41,049,045	40,114,805	40,801,797	40,005,374
Weighted average number of restricted shares	586,221	337,341	491,652	380,208
Weighted average number of shares - adjusted	41,635,266	40,452,146	41,293,449	40,385,582
Adjusted earnings (loss) per share	$0.75	$0.62	$1.09	$0.82

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

Summary of Quarterly Results

	2021		2020					2019		
In thousands of dollars, except for per share amounts	**Jun 30**	Mar 31	Fiscal 2020	Dec 31	Sep 30	Jun 30	Mar 31	Fiscal 2019	Dec 31	Sep 30
Results of Operations										
Revenues	$ 173,523	$ 137,158	$ 561,156	$ 139,480	$ 134,950	$ 155,470	$ 131,256	$ 525,717	$ 138,451	$ 126,787
Adjusted EBITDA	$ 42,239	$ 17,240	$ 98,928	$ 26,734	$ 24,047	$ 34,899	$ 13,248	$ 84,709	$ 22,331	$ 18,785
Adjusted EBITDA margin	24.3%	12.6%	17.6%	19.2%	17.8%	22.4%	10.1%	16.1%	16.1%	14.8%
Profit (loss) for the period from continuing operations	$ 16,341	$ 2,637	$ 27,009	$ 4,622	$ 9,297	$ 11,333	$ 1,757	$ 23,891	$ 6,118	$ 4,598
Profit (loss) for the period from discontinued operations	$ -	$ -	$ (5,576)	$ (276)	$ (130)	$ 266	$ (5,436)	$ (5,697)	$ (5,846)	$ 438
Basic earnings (loss) per share:										
Continuing operations	$0.40	$0.07	$0.67	$0.11	$0.23	$0.28	$0.04	$0.61	$0.15	$0.12
Discontinued operations	$0.00	$0.00	$(0.14)	$(0.01)	$0.00	$0.01	$(0.14)	$(0.14)	$(0.15)	$0.01
Diluted earnings (loss) per share:										
Continuing operations	$0.39	$0.06	$0.66	$0.11	$0.22	$0.28	$0.04	$0.60	$0.15	$0.11
Discontinued operations	$0.00	$0.00	$(0.14)	$(0.01)	$0.00	$0.01	$(0.13)	$(0.14)	$(0.14)	$0.01
Adjusted earnings (loss) per share	$0.75	$0.34	$1.67	$0.44	$0.40	$0.62	$0.20	$1.43	$0.42	$0.28
Weighted average number shares ('000s):										
Basic	41,049	40,552	40,159	40,380	40,240	40,115	39,896	39,461	39,787	39,643
Diluted	42,116	41,642	41,209	41,532	41,348	41,039	40,869	40,084	40,653	40,411

Our global Property Tax practice (which made up approximately 50% of total consolidated revenues in Q2 2021) is subject to seasonal and cyclical variations which may impact overall quarterly results, which could potentially be more pronounced during the COVID-19 pandemic. Significant fluctuations on a quarterly basis arise as a result of the timing of contingency settlements and other factors, such as the wide-ranging variety of tax cycles across our various jurisdictions (which range from annual to seven-year cycles). We also experience some seasonal peaks in the U.K. and U.S. markets. In the U.K., the second quarter benefits from annuity billing starting in the second year of a new cycle, and in the U.S. we tend to experience higher volumes of settlements in the second and third quarters. We perform annuity billing in the U.K. for a significant number of our contracts that occur each April starting in the second year of the cycle. The revenues from the annuity billings are expected to grow cumulatively over the cycle as more cases are settled and as the volume of billable clients increases concurrent with case settlements. It should also be noted that since a higher portion of our revenues come from contingency contracts, the front-end of a cycle typically requires a ramp-up period in preparation for the appeals and therefore tends to have lower earnings than later in the cycles when more settlements are made and those revenues flow directly to the bottom line.

Share Data

As at August 10, 2021, 41,151,606 common shares were outstanding and are net of 638,376 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, 2021, there were 1,612,157 share options outstanding (December 31, 2020 - 1,791,682 share options outstanding) at a weighted average exercise price of $40.08 per share (December 31, 2020 - $35.78 per share) and 511,828 share options were exercisable (December 31, 2020 - 453,517). All share options are exercisable into common shares on a one-for-one basis.

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

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

For the three and six months ended June 30, 2021, 17,384 and 32,027 common shares, respectively (2020 - 2,325 and 19,863 common shares, respectively) were issued under the DRIP.

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, 2021 consist of cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts and prepayments), trade payables and other (excluding contract liabilities), income taxes recoverable and payable, investments, borrowings and derivative financial instruments. We do not enter into financial instrument arrangements for speculative purposes.

The fair values of the short-term financial instruments approximate their carrying values. The fair values of borrowings are not significantly different than their carrying values, as these instruments bear interest at rates comparable to current market rates. The fair values of other long-term assets and liabilities, and contingent consideration payables are measured using a discounted cash flow analysis of expected cash flows in future periods. The investments in equity instruments are measured based on valuations of the respective entities. Investments in partnerships are measured in relation to the fair value of assets in the respective partnerships.

The fair value of the liabilities for our RSUs and DSUs as at June 30, 2021 was approximately $21.8 million, based on the published trading price on the TSX for our common shares.

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

To mitigate our exposure to interest rate fluctuations, we monitor interest rates and consider entering into interest rate swap agreements in connection with our bank credit facilities.

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

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

As at June 30, 2021, we have equity derivatives relating to RSUs and DSUs outstanding with a notional amount of $14.8 million. The net fair value of these derivatives is $15.0 million in our favour.

We are exposed to credit risk with respect to our cash and cash equivalents, trade receivables and other and derivative financial instruments. Credit risk is not concentrated with any particular customer. In certain parts of our business, it is often common business practice of our customers to pay invoices over an extended period of time and/or at the completion of the project or on receipt of funds. In addition, the COVID-19 pandemic has introduced additional credit risk. We assess lifetime expected credit losses for all trade receivables and contract assets for unbilled revenue on customer contracts by grouping customers with shared credit risk characteristics, the days past due, and by incorporating forward-looking information as applicable.

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

Contingencies

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

In the ordinary course of business, we are subject to tax audits from various government agencies relating to income and commodity taxes. As a result, from time to time, the tax authorities may disagree with the positions and conclusions we made in our tax filings, which could lead to assessments and reassessments.

These assessments and reassessments may have a material adverse effect on our financial position or results of operations.

Changes in Significant Accounting Policies and Estimates

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The continued spread of this contagious disease outbreak and related public health developments have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn and to legislative and regulatory changes that have impacted our business and operations. The duration and magnitude of the impact of the outbreak and its potential adverse effects on our business or results of operations continue to be uncertain and will depend on future developments. Judgments made in the June 30, 2021 interim financial statements reflect management's best estimates as of the period end, taking into consideration the most significant judgments that may be directly impacted by COVID-19. Management's significant estimates and assumptions that could be impacted most by COVID-19 are: revenue recognition and determination and allocation of the transaction price, impairment of trade receivables and contract assets, and estimated impairment of goodwill.

On June 13, 2021, we experienced a cybersecurity incident impacting some of our IT back-office systems (as discussed on page 11). As part of our cybersecurity and business continuity protocols, a select number of controls and processes were adapted where automated integrations or systems access were temporarily unavailable. As a result, there were no significant changes in our controls or significant assumptions and estimates that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting or interim financial statements for the second quarter.

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 the applicable securities legislation.

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

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 PTA acquired on December 1, 2020, Finance Active acquired on April 1, 2021 and StratoDem Analytics acquired on May 4, 2021.

Financial information of the businesses acquired is summarized below.

Income statement data for PTA:

In thousands of dollars	Three months ended June 30, 2021	Six months ended June 30, 2021
Revenues	$ 511	$ 2,818
Expenses	2,372	4,699
Profit (loss)	(1,861)	(1,881)
Adjusted EBITDA	(834)	182

Balance sheet data for Finance Active:

In thousands of dollars	June 30, 2021
Assets	$ 190,447
Liabilities	(49,248)
Equity	141,199

Income statement data for Finance Active:

In thousands of dollars	Three and six months ended June 30, 2021
Revenues	$ 8,087
Expenses	10,378
Profit (loss)	(2,291)
Adjusted EBITDA	427

Income statement data for StratoDem Analytics:

In thousands of dollars	Three and six months ended June 30, 2021
Revenues	$ 124
Expenses	545
Profit (loss)	(421)
Adjusted EBITDA	(136)

There have been no significant changes in our internal controls over financial reporting that occurred for the quarter ended June 30, 2021, the most recently completed interim period, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

The audit committee and our Board of Directors have reviewed and approved this MD&A and the interim financial statements as at and for the three and six months ended June 30, 2021.

Additional Information

Additional information relating to Altus Group Limited, including our Annual Information Form, is available on SEDAR at www.sedar.com and on our corporate website at www.altusgroup.com under the Investors tab. Our common shares trade on the TSX under the symbol "AIF".

Altus Group Limited

Interim Condensed Consolidated Financial Statements
June 30, 2021 and 2020
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

Altus Group Limited

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)
For the Three and Six Months Ended June 30, 2021 and 2020
(Unaudited)
(Expressed in Thousands of Canadian Dollars, Except for Per Share Amounts)

	Notes	Three months ended June 30		Six months ended June 30	
		2021	2020	**2021**	2020
Revenues	5	**$ 173,523**	$ 155,470	**$ 310,681**	$ 286,726
Expenses					
Employee compensation		**101,627**	92,638	**194,847**	180,993
Occupancy		**2,026**	1,914	**3,896**	3,985
Office and other operating		**31,031**	26,361	**54,728**	53,243
Depreciation of right-of-use assets		**3,042**	2,814	**5,810**	5,686
Depreciation of property, plant and equipment		**1,193**	1,404	**2,448**	2,727
Amortization of intangibles		**7,971**	6,481	**13,488**	12,875
Acquisition and related transition costs (income)		**1,898**	-	**7,080**	(1,176)
Share of (profit) loss of joint venture		**96**	(8)	**485**	(8)
Restructuring costs (recovery)	10	**270**	7,480	**221**	7,455
(Gain) loss on investments		**(315)**	35	**(503)**	(90)
Finance costs (income), net - leases	6	**582**	631	**1,152**	1,291
Finance costs (income), net - other	6	**933**	1,080	**1,511**	2,587
Profit (loss) from continuing operations before income taxes		**23,169**	14,640	**25,518**	17,158
Income tax expense (recovery)	7	**6,828**	3,307	**6,540**	4,068
Profit (loss) for the period from continuing operations		**$ 16,341**	$ 11,333	**$ 18,978**	$ 13,090
Profit (loss) for the period from discontinued operations		**-**	266	**-**	(5,170)
Profit (loss) for the period attributable to shareholders		**$ 16,341**	$ 11,599	**$ 18,978**	$ 7,920
Other comprehensive income (loss):					
Items that may be reclassified to profit or loss in subsequent periods:					
Currency translation differences		**(3,633)**	(12,994)	**(8,142)**	8,672
Items that are not reclassified to profit or loss in subsequent periods:					
Change in fair value of FVOCI investments, net of tax		**2,357**	263	**2,099**	(987)
Other comprehensive income (loss), net of tax		**(1,276)**	(12,731)	**(6,043)**	7,685
Total comprehensive income (loss) for the period, net of tax, attributable to shareholders		**$ 15,065**	$ (1,132)	**$ 12,935**	$ 15,605

Earnings (loss) per share attributable to the shareholders of the Company during the period					
Basic earnings (loss) per share:					
Continuing operations	14	**$0.40**	$0.28	**$0.47**	$0.33
Discontinued operations	14	**$0.00**	$0.01	**$0.00**	$(0.13)
Diluted earnings (loss) per share:					
Continuing operations	14	**$0.39**	$0.28	**$0.45**	$0.32
Discontinued operations	14	**$0.00**	$0.01	**$0.00**	$(0.13)

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

Altus Group Limited

Interim Condensed Consolidated Balance Sheets
As at June 30, 2021 and December 31, 2020
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

	Notes	June 30, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		$ **74,079**	$ 69,637
Trade receivables and other	8	**203,261**	193,072
Income taxes recoverable		**2,056**	3,385
Derivative financial instruments		**4,613**	2,477
		284,009	268,571
Non-current assets			
Trade receivables and other	8	**1,625**	1,370
Derivative financial instruments		**10,532**	8,800
Investments	9	**17,028**	10,356
Investment in joint venture		**14,824**	15,309
Deferred tax assets		**19,026**	19,930
Right-of-use assets		**61,362**	51,690
Property, plant and equipment		**19,889**	20,376
Intangibles		**180,563**	77,928
Goodwill		**335,613**	261,070
		660,462	466,829
Total Assets		$ **944,471**	$ 735,400
Liabilities			
Current liabilities			
Trade payables and other	10	$ **152,349**	$ 140,294
Income taxes payable		**7,660**	1,190
Lease liabilities		**12,932**	11,700
		172,941	153,184
Non-current liabilities			
Trade payables and other	10	**21,365**	17,206
Lease liabilities		**59,714**	51,883
Borrowings	11	**248,398**	122,432
Derivative financial instruments		**125**	-
Deferred tax liabilities		**32,131**	7,246
Non-controlling interest	4	**2,797**	-
		364,530	198,767
Total Liabilities		**537,471**	351,951
Shareholders' Equity			
Share capital	12	**552,336**	529,866
Contributed surplus		**31,021**	30,428
Accumulated other comprehensive income (loss)		**34,748**	40,791
Retained earnings (deficit)		**(211,105)**	(217,636)
Total Shareholders' Equity		**407,000**	383,449
Total Liabilities and Shareholders' Equity		$ **944,471**	$ 735,400

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

Altus Group Limited

Interim Condensed Consolidated Statements of Changes in Equity
For the Six Months Ended June 30, 2021 and 2020
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

	Notes	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Shareholders' Equity
As at January 1, 2020		$ 509,646	$ 24,447	$ 40,245	$ (214,686)	$ 359,652
Profit (loss) for the period		-	-	-	7,920	7,920
Other comprehensive income (loss), net of tax:						
Currency translation differences		-	-	8,672	-	8,672
Change in fair value of FVOCI investments		-	-	(987)	-	(987)
Total comprehensive income (loss) for the period		-	-	7,685	7,920	15,605
Transactions with owners:						
Dividends declared		-	-	-	(12,152)	(12,152)
Share-based compensation		-	6,342	-	-	6,342
Dividend Reinvestment Plan		781	-	-	-	781
Shares issued on exercise of options		8,336	(1,283)	-	-	7,053
Shares issued for share-based compensation		2,608	(2,098)	-	-	510
Treasury shares reserved for share-based compensation		(4,527)	-	-	-	(4,527)
Release of treasury shares		3,645	(3,489)	-	-	156
Gain (loss) on sale of RSs and shares held in escrow		-	8	-	-	8
		10,843	(520)	-	(12,152)	(1,829)
As at June 30, 2020		$ 520,489	$ 23,927	$ 47,930	$ (218,918)	$ 373,428
As at January 1, 2021		$ 529,866	$ 30,428	$ 40,791	$ (217,636)	$ 383,449
Profit (loss) for the period		-	-	-	18,978	18,978
Other comprehensive income (loss), net of tax:						
Currency translation differences		-	-	(8,142)	-	(8,142)
Change in fair value of FVOCI investments		-	-	2,099	-	2,099
Total comprehensive income (loss) for the period		-	-	(6,043)	18,978	12,935
Transactions with owners:						
Dividends declared	15	-	-	-	(12,447)	(12,447)
Share-based compensation	13	-	9,543	-	-	9,543
Dividend Reinvestment Plan	12	1,702	-	-	-	1,702
Shares issued on exercise of options	12, 13	11,049	(1,688)	-	-	9,361
Shares issued for share-based compensation	12, 13	20,771	(2,585)	-	-	18,186
Treasury shares reserved for share-based compensation	12, 13	(24,186)	-	-	-	(24,186)
Shares issued on acquisition	12, 13	8,363	-	-	-	8,363
Release of treasury shares	12, 13	4,771	(4,677)	-	-	94
		22,470	593	-	(12,447)	10,616
As at June 30, 2021		**$ 552,336**	**$ 31,021**	**$ 34,748**	**$ (211,105)**	**$ 407,000**

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

Altus Group Limited

Interim Condensed Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2021 and 2020
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

		Six months ended June 30	
	Notes	2021	2020
Cash flows from operating activities			
Profit (loss) from continuing operations before income taxes		$ 25,518	$ 17,158
Profit (loss) from discontinued operations before income taxes		-	(5,170)
Profit (loss) before income taxes		$ 25,518	$ 11,988
Adjustments for:			
Depreciation of right-of-use assets		5,810	5,738
Depreciation of property, plant and equipment		2,448	2,838
Amortization of intangibles		13,488	12,876
Finance costs (income), net - leases	6	1,152	1,356
Finance costs (income), net - other	6	1,511	2,576
Share-based compensation	13	9,543	6,342
Unrealized foreign exchange (gain) loss		742	64
(Gain) loss on investments		(503)	(90)
(Gain) loss on disposal of right-of-use assets, property, plant and equipment and intangibles		(243)	24
(Gain) loss on derivatives		(3,743)	(573)
Share of (profit) loss of joint venture		485	(8)
Impairment charge - leases		-	36
Fair value loss (gain) on net assets directly associated with discontinued operations		-	5,224
(Gain) loss on sale of the discontinued operations		-	(483)
Net changes in operating working capital		(12,626)	(30,585)
Net cash generated by (used in) operations		43,582	17,323
Less: interest paid on borrowings		(1,334)	(2,138)
Less: interest paid on leases		(1,152)	(1,356)
Less: income taxes paid		(3,706)	(4,559)
Add: income taxes refunded		2,545	639
Net cash provided by (used in) operating activities		39,935	9,909
Cash flows from financing activities			
Proceeds from exercise of options	12, 13	9,361	7,053
Financing fees paid		-	(553)
Proceeds from borrowings	11	141,113	38,135
Repayment of borrowings	11	(13,933)	(16,264)
Payments of principal on lease liabilities		(5,486)	(7,604)
Dividends paid	15	(10,603)	(11,320)
Treasury shares purchased for share-based compensation	12, 13	(5,983)	(4,017)
Net cash provided by (used in) financing activities		114,469	5,430
Cash flows from investing activities			
Purchase of investments	9	(3,345)	(181)
Cash contribution to investment in joint venture		-	(1,150)
Purchase of intangibles		(2,267)	(66)
Purchase of property, plant and equipment		(1,730)	(1,660)
Proceeds from disposal of property, plant and equipment and intangibles		-	96
Acquisitions, net of cash acquired		(140,302)	-
Net cash provided by (used in) investing activities		(147,644)	(2,961)
Effect of foreign currency translation		(2,318)	1,426
Net increase (decrease) in cash and cash equivalents		4,442	13,804
Cash and cash equivalents, beginning of period		69,637	60,262
Cash and cash equivalents, end of period		$ 74,079	$ 74,066

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

1. Business and Structure

Altus Group Limited (the "Company") is a leading provider of software, data solutions and independent advisory services to the global commercial real estate ("CRE") industry. The Company's businesses, Altus Analytics and Commercial Real Estate Consulting, reflect decades of experience, a range of expertise, and technology-enabled capabilities. The Company's solutions empower clients to analyze, gain insight and recognize value on their real estate investments. Headquartered in Canada, the Company has approximately 2,600 employees around the world, with operations in North America, Europe and Asia Pacific. The Company's clients include many of the world's largest CRE industry participants.

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

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

2. Basis of Preparation

These interim condensed consolidated financial statements ("interim financial statements") as at and for the period ended June 30, 2021 follow the same accounting policies and methods of their application as those used in the Company's most recent audited annual consolidated financial statements as at and for the year ended December 31, 2020.

These interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Accordingly, they do not include all of the information and disclosures required in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended December 31, 2020.

These interim financial statements were approved by the Board of Directors for issue on August 12, 2021.

3. Critical Accounting Estimates and Judgments

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

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

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

4. Acquisitions

Acquisition of Finance Active SAS

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

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

4. Acquisitions, cont'd

Acquisition of StratoDem Analytics

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

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

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

4. **Acquisitions,** cont'd

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

			June 30, 2021
	Finance Active	StratoDem Analytics	**Total**
Acquisition-related costs (included in acquisition and related transition costs (income) in the consolidated statements of comprehensive income (loss))	$ 6,562	$ 518	**$ 7,080**
Consideration:			
Cash (including working capital payable)	$ 131,866	$ 19,596	**$ 151,462**
Common shares	18,324	10,320	**28,644**
Deferred consideration	7,098	-	**7,098**
	157,288	29,916	**187,204**
Less: common shares subject to be recognized as employee compensation expense	(9,453)	(8,738)	**(18,191)**
Less: discount on shares	(1,774)	(316)	**(2,090)**
Less: discount on deferred consideration	(356)	-	**(356)**
Less: settlement of put option derivative	(2,215)	-	**(2,215)**
	143,490	20,862	**164,352**
Less: consideration transferred for non-compete agreements	(738)	(2,146)	**(2,884)**
Consideration transferred for acquired business	142,752	18,716	**161,468**
Recognized amounts of identifiable assets acquired and liabilities assumed:			
Cash and cash equivalents	11,160	-	**11,160**
Trade receivables and other	10,585	14	**10,599**
Investment in equity instruments	155	-	**155**
Property, plant and equipment	749	6	**755**
Trade payables and other	(22,774)	(270)	**(23,044)**
Right-of-use assets	4,756	-	**4,756**
Intangibles	105,721	7,262	**112,983**
Lease liabilities	(4,511)	-	**(4,511)**
Deferred taxes, net	(27,805)	-	**(27,805)**
Non-controlling interest	(2,805)	-	**(2,805)**
Total identifiable net assets of acquired business	75,231	7,012	**82,243**
Goodwill	$ 67,521	$ 11,704	**$ 79,225**
Goodwill and intangibles deductible for tax purposes	$ -	$ 21,428	**$ 21,428**

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

4. Acquisitions, cont'd

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

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

Intangibles acquired are as follows:

			June 30, 2021
	Finance Active	StratoDem Analytics	**Total**
Finite life assets			
Brands of acquired businesses	$ 12,846	$ -	**$ 12,846**
Customer lists	62,163	446	**62,609**
Custom application software	30,712	6,590	**37,302**
Customer backlog	-	226	**226**
Non-compete agreements	738	2,146	**2,884**
	$ 106,459	$ 9,408	**$ 115,867**

Revenues and profit (loss) for Finance Active for the period from April 1, 2021 to June 30, 2021 included in the consolidated statements of comprehensive income (loss) are $8,087 and $(2,291), respectively.

Revenues and profit (loss) for StratoDem Analytics for the period from May 4, 2021 to June 30, 2021 included in the consolidated statements of comprehensive income (loss) are $124 and $(421), respectively.

5. Segmented Information

The segmentation reflects the way the Chief Executive Officer ("CEO") allocates resources and assesses performance. The CEO considers the business from a core service perspective. The areas of core service are Altus Analytics and Commercial Real Estate Consulting.

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

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

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

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

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

5. Segmented Information, cont'd

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

	Three months ended June 30		Six months ended June 30	
	2021	2020	**2021**	2020
Adjusted EBITDA	**$ 42,239**	$ 34,899	**$ 59,479**	$ 48,147
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 (1)	**3,309**	3,194	**6,428**	6,236
Depreciation of right-of-use assets	**(3,042)**	(2,814)	**(5,810)**	(5,686)
Depreciation of property, plant and equipment and amortization of intangibles	**(9,164)**	(7,885)	**(15,936)**	(15,602)
Acquisition and related transition (costs) income	**(1,898)**	-	**(7,080)**	1,176
Unrealized foreign exchange gain (loss) (2)	**(323)**	(836)	**(742)**	(64)
Gain (loss) on disposal of right-of-use assets, property, plant and equipment and intangibles (2)	**5**	(10)	**243**	(24)
Share of profit (loss) of joint venture	**(96)**	8	**(485)**	8
Non-cash share-based compensation costs (3)	**(4,980)**	(2,353)	**(7,412)**	(3,868)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged (3)	**(449)**	67	**176**	(697)
Restructuring (costs) recovery	**(270)**	(7,480)	**(221)**	(7,455)
Gain (loss) on investments (4)	**315**	(35)	**503**	90
Impairment charge - leases	**-**	(36)	**-**	(36)
Other non-operating and/or non-recurring income (costs) (5)	**(962)**	(368)	**(962)**	(1,189)
Earnings (loss) from continuing operations before finance costs and income taxes	**24,684**	16,351	**28,181**	21,036
Finance (costs) income, net - leases	**(582)**	(631)	**(1,152)**	(1,291)
Finance (costs) income, net - other	**(933)**	(1,080)	**(1,511)**	(2,587)
Profit (loss) from continuing operations before income taxes	**23,169**	14,640	**25,518**	17,158
Income tax (expense) recovery	**(6,828)**	(3,307)	**(6,540)**	(4,068)
Profit (loss) for the period from continuing operations	**$ 16,341**	$ 11,333	**$ 18,978**	$ 13,090
Profit (loss) for the period from discontinued operations	**-**	266	**-**	(5,170)
Profit (loss) for the period	**$ 16,341**	$ 11,599	**$ 18,978**	$ 7,920

(1) Management uses the non-GAAP occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 when analyzing financial and operating performance.
(2) Included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).
(3) Included in employee compensation expenses in the interim condensed consolidated statements of comprehensive income (loss).
(4) Gain (loss) on investments relates to changes in the fair value of investments in partnerships.
(5) Other non-operating and/or non-recurring income (costs) for the three and six months ended June 30, 2021 relate to (i) costs relating to the June 13, 2021 cybersecurity incident. For the three months ended June 30, 2020, other non-operating and/or non-recurring income (costs) relate to (i) legal, advisory, and other consulting costs related to a Board strategic initiative, and (ii) transaction and other related costs. For the six months ended June 30, 2020, other non-operating and/or non-recurring income (costs) also includes transitional costs related to the departure of a senior executive. These are included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

(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, 2021
	Altus Analytics	Commercial Real Estate Consulting			Corporate [1]	Eliminations	**Total**
		Property Tax	Valuation and Cost Advisory	Total			
Revenues from external customers	$ 59,235	$ 86,689	$ 27,599	$ 114,288	$ -	$ -	**$ 173,523**
Inter-segment revenues	102	3	(29)	(26)	-	(76)	**-**
Total segment revenues	59,336	86,693	27,570	114,263	-	(76)	**173,523**
Adjusted EBITDA [2]	8,929	39,684	2,718	42,402	(9,092)	-	**42,239**
Depreciation of right-of-use assets	1,561	728	607	1,335	146	-	**3,042**
Depreciation of property, plant and equipment and amortization of intangibles	5,512	3,133	308	3,441	211	-	**9,164**
Finance costs (income), net - leases	128	179	123	302	152	-	**582**
Finance costs (income), net - other	-	-	-	-	933	-	**933**
Income tax expense (recovery)	-	-	-	-	6,828	-	**6,828**

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

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

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

5. Segmented Information, cont'd

							Three months ended June 30, 2020
	Altus Analytics	Commercial Real Estate Consulting			Corporate [1]	Eliminations	Total
		Property Tax	Valuation and Cost Advisory	Total			
Revenues from external customers	$ 51,157	$ 76,873	$ 27,440	$ 104,313	$ -	$ -	$ 155,470
Inter-segment revenues	139	1	(61)	(60)	-	(79)	-
Total segment revenues	51,296	76,874	27,379	104,253	-	(79)	155,470
Adjusted EBITDA [2]	8,153	31,256	2,709	33,965	(7,219)	-	34,899
Depreciation of right-of-use assets	1,218	831	693	1,524	72	-	2,814
Depreciation of property, plant and equipment and amortization of intangibles	3,643	3,253	603	3,856	386	-	7,885
Finance costs (income), net - leases	42	190	157	347	242	-	631
Finance costs (income), net - other	-	-	-	-	1,080	-	1,080
Income tax expense (recovery)	-	-	-	-	3,307	-	3,307

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

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

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

5. Segmented Information, cont'd

							Six months ended June 30, 2021
	Altus Analytics	Commercial Real Estate Consulting			Corporate [(1)]	Eliminations	**Total**
		Property Tax	Valuation and Cost Advisory	Total			
Revenues from external customers	$ 113,351	$ 141,360	$ 55,970	$ 197,330	$ -	$ -	**$ 310,681**
Inter-segment revenues	225	3	(77)	(74)	-	(151)	**-**
Total segment revenues	113,576	141,363	55,893	197,256	-	(151)	**310,681**
Adjusted EBITDA [(2)]	19,141	50,798	6,610	57,408	(17,070)	-	**59,479**
Depreciation of right-of-use assets	2,775	1,468	1,277	2,745	290	-	**5,810**
Depreciation of property, plant and equipment and amortization of intangibles	8,643	6,249	596	6,845	448	-	**15,936**
Finance costs (income), net - leases	245	341	258	599	308	-	**1,152**
Finance costs (income), net - other	-	-	-	-	1,511	-	**1,511**
Income tax expense (recovery)	-	-	-	-	6,540	-	**6,540**

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

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

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

5. Segmented Information, cont'd

	Six months ended June 30, 2020						
	Altus Analytics	Commercial Real Estate Consulting			Corporate [1]	Eliminations	Total
		Property Tax	Valuation and Cost Advisory	Total			
Revenues from external customers	$ 102,746	$ 129,469	$ 54,511	$ 183,980	$ -	$ -	$ 286,726
Inter-segment revenues	269	1	(117)	(116)	-	(153)	-
Total segment revenues	103,015	129,470	54,394	183,864	-	(153)	286,726
Adjusted EBITDA [2]	16,442	40,570	5,137	45,707	(14,002)	-	48,147
Depreciation of right-of-use assets	2,308	1,703	1,396	3,099	279	-	5,686
Depreciation of property, plant and equipment and amortization of intangibles	6,931	6,726	1,193	7,919	752	-	15,602
Finance costs (income), net - leases	265	388	319	707	319	-	1,291
Finance costs (income), net - other	-	-	-	-	2,587	-	2,587
Income tax expense (recovery)	-	-	-	-	4,068	-	4,068

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

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

6. Finance Costs (Income), Net

	Three months ended June 30		Six months ended June 30	
	2021	2020	**2021**	2020
Interest on bank credit facilities	**$ 861**	$ 1,052	**$ 1,461**	$ 2,377
Interest on lease liabilities	**582**	631	**1,152**	1,291
Contingent consideration payables: unwinding of discount	**30**	57	**30**	102
Provisions: unwinding of discount (Note 10)	**2**	10	**5**	28
Interest - other	**59**	-	**59**	-
Change in fair value of interest rate swaps	**-**	(16)	**-**	138
Finance costs	**1,534**	1,734	**2,707**	3,936
Finance income	**(19)**	(23)	**(44)**	(58)
Finance costs (income), net	**$ 1,515**	$ 1,711	**$ 2,663**	$ 3,878

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

7. Income Taxes

	Three months ended June 30		Six months ended June 30	
	2021	2020	**2021**	2020
Income tax expense (recovery)				
Current	**$ 8,576**	$ 5,116	**$ 9,191**	$ 4,500
Deferred	**(1,748)**	(1,809)	**(2,651)**	(432)
	$ 6,828	$ 3,307	**$ 6,540**	$ 4,068

8. Trade Receivables and Other

	June 30, 2021	December 31, 2020
Trade receivables	**$ 115,716**	$ 145,427
Less: loss allowance provision	**(20,847)**	(16,869)
Trade receivables, net	**94,869**	128,558
Contract assets: unbilled revenue on customer contracts [(1)]	**83,285**	48,120
Deferred costs to obtain customer contracts	**1,663**	2,205
Prepayments	**14,423**	13,229
Due from related party (GeoVerra)	**1,755**	1,675
Other receivables	**8,891**	655
	204,886	194,442
Less: non-current portion	**(1,625)**	(1,370)
	$ 203,261	$ 193,072

[(1)] On June 30, 2021, contract assets are stated net of expected credit losses of $1,283 (December 31, 2020 - $670).

For the three and six months ended June 30, 2021, $535 and $1,002, respectively, of amortization associated with deferred costs to obtain customer contracts was expensed to the interim condensed consolidated statements of comprehensive income (loss) (2020 - $344 and $781, respectively). For the three and six months ended June 30, 2021 and 2020, no impairment losses on deferred costs were recognized.

9. Investments

	June 30, 2021	December 31, 2020
Investments in equity instruments	**$ 12,834**	$ 7,811
Investments in partnerships	**4,194**	2,545
	$ 17,028	$ 10,356

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

9. Investments, cont'd

During the six months ended June 30, 2021, the Company purchased $2,153 of preferred shares as equity instruments (2020 - $nil) and contributed $1,192 towards capital in various partnerships (2020 - $181).

10. Trade Payables and Other

		June 30, 2021		December 31, 2020
Trade payables	$	8,296	$	7,596
Accrued expenses		92,476		94,354
Contract liabilities: deferred revenue		54,167		43,032
Deferred consideration payables		8,691		47
Dividends payable (Note 15)		6,266		6,124
Provisions		3,504		6,018
Due to related party (GeoVerra)		314		329
		173,714		157,500
Less non-current portion:				
Accrued expenses		15,407		15,449
Contract liabilities: deferred revenue		1,190		681
Deferred consideration payables		4,322		-
Provisions		446		1,076
		21,365		17,206
	$	152,349	$	140,294

Provisions consist of:

		Restructuring		Other		Total
Balance as at January 1, 2021	$	5,800	$	218	$	6,018
Charged to profit or loss:						
Additional provisions, net of releases		221		(24)		197
Unwinding of discount (Note 6)		-		5		5
Used during the period		(2,656)		(3)		(2,659)
Exchange differences		(45)		(12)		(57)
Balance as at June 30, 2021		3,320		184		3,504
Less: non-current portion		(262)		(184)		(446)
	$	3,058	$	-	$	3,058

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

11. Borrowings

		June 30, 2021		December 31, 2020
Bank credit facilities	**$**	**248,839**	$	123,000
Less: deferred financing fees		**(441)**		(568)
	$	**248,398**	$	122,432

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

	June 30, 2021
Funded debt to EBITDA (maximum of 4.00:1)	**2.03:1**
Interest coverage (minimum of 3.00:1)	**42.12:1**

12. Share Capital

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

		Common Shares	
	Number of Shares		Amount
Balance as at January 1, 2021	40,429,117	$	529,866
Issued on exercise of options (Note 13)	336,961		11,049
Issued under the Dividend Reinvestment Plan	32,027		1,702
Issued for share-based compensation (Note 13)	408,227		20,771
Treasury shares reserved for share-based compensation (Note 13)	(357,110)		(24,186)
Shares issued on acquisition	172,115		8,363
Release of treasury shares (Note 13)	114,318		4,771
Balance as at June 30, 2021	**41,135,655**	**$**	**552,336**

The 41,135,655 common shares as at June 30, 2021 are net of 638,376 treasury shares with a carrying value of $38,952 that are being held by the Company until vesting conditions are met (Note 13).

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

13. Share-based Compensation

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

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

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

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

	Number of Options Outstanding	Weighted Average Exercise Price
Balance as at January 1, 2021	1,791,682	$35.78
Granted	202,464	$58.14
Exercised	(336,961)	$27.81
Expired/Forfeited	(45,028)	$41.95
Balance as at June 30, 2021	**1,612,157**	**$40.08**

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

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
$19.67 - $29.72	312,653	2.23 years	164,234
$30.70 - $37.93	483,351	2.27 years	244,885
$45.11 - $59.15	816,153	4.05 years	102,709
$40.08	**1,612,157**	**3.16 years**	**511,828**

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

13. Share-based Compensation, cont'd

The options granted vest over a period of up to 48 months. The fair value of the options granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2021
Risk-free interest rate	0.78%
Expected dividend yield	1.0%
Expected volatility	30.11% - 32.92%
Expected option life	3.00 - 4.50 years
Weighted average exercise price	$58.14
Weighted average grant-date fair value per option	$11.39 - $14.25

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

	Number of common shares
Balance as at January 1, 2021	116,309
Settled	(60,790)
Forfeited	(1,567)
Balance as at June 30, 2021	**53,952**

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

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

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

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

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

13. Share-based Compensation, cont'd

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

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

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

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

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

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

	Number of RSs
Balance as at January 1, 2021 (all unvested)	-
Granted	17,576
Balance as at June 30, 2021 (all unvested)	**17,576**

In 2021, the Company granted a total value of $1,757 under the LTIRS Plan and purchased 17,576 common shares in the open market (through the facilities of the TSX or by private agreement).

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

13. Share-based Compensation, cont'd

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

	Number of RSUs
Balance as at January 1, 2021 (all unvested)	-
Granted	45,332
Settled	(259)
Forfeited	(864)
Balance as at June 30, 2021 (all unvested)	**44,209**

(iii) Deferred Compensation Plans

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

	Number of RSs
Balance as at January 1, 2021 (all unvested)	194,654
Granted	43,152
Settled	(52,012)
Forfeited	(2,125)
Balance as at June 30, 2021 (all unvested)	**183,669**

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

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

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

	Number of RSUs
Balance as at January 1, 2021 (all unvested)	302,325
Granted	81,060
Settled	(66,905)
Forfeited	(23,207)
Balance as at June 30, 2021 (all unvested)	**293,273**

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

13. Share-based Compensation, cont'd

(iv) Deferred Share Unit Plans

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

	Number of DSUs
Balance as at January 1, 2021	173,836
Granted	11,035
Balance as at June 30, 2021	**184,871**

(v) Other Share-Based Awards

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

	Number of common shares
Balances as at January 1, 2021	84,341
Granted	296,382
Balance as at June 30, 2021	**380,723**

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

13. Share-based Compensation, cont'd

(vi) Compensation Expense by Plan

	Three months ended June 30		Six months ended June 30	
	2021	2020	**2021**	2020
Share Option Plan	**$ -**	$ 13	**$ -**	$ 26
Equity Compensation Plan	**117**	427	**379**	735
Long-Term Equity Incentive Plan	**1,703**	1,980	**3,303**	3,207
LTIRS Plan	**131**	-	**168**	-
LTIRSU Plan (1)	**154**	-	**193**	-
RS Plan	**985**	1,310	**1,964**	2,374
RSU Plan (2)	**(264)**	1,978	**3,428**	3,106
DSU Plans (3)	**(91)**	1,004	**2,193**	1,286
Other share-based awards	**3,159**	-	**3,729**	-

(1) For the three and six months ended June 30, 2021, the Company recorded mark-to-market adjustments of $nil and $2, respectively (2020 - $nil and $nil, respectively).
(2) For the three and six months ended June 30, 2021, the Company recorded mark-to-market adjustments of $(577) and $2,267, respectively (2020 - $1,121 and $1,278, respectively).
(3) For the three and six months ended June 30, 2021, the Company recorded mark-to-market adjustments of $(515) and $1,361, respectively (2020 - $698 and $655, respectively).

For the three and six months ended June 30, 2020, included in compensation expense above are amounts related to the Geomatics discontinued operations totalling $177 and $238, respectively.

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

	June 30, 2021	December 31, 2020
LTIRSU Plan	**$ 178**	$ -
RSU Plan	**11,810**	11,412
DSU Plans	**9,715**	7,537

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

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

14. Earnings (Loss) per Share

For the three and six months ended June 30, 2021, 302,317 and 347,453 share options, respectively, and 53,710 and 17,747 restricted shares (including common shares issued in escrow as part of the LTIRS Plan), respectively, were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

For the three and six months ended June 30, 2020, 568,199 and 522,199 share options, respectively, and 82,134 restricted shares (including common shares issued in escrow as part of the Equity Compensation Plan and Long-Term Equity Incentive Plan) were excluded from the diluted earnings (loss) per share calculations as the impact would have been anti-dilutive.

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

	Three months ended June 30		Six months ended June 30	
	2021	2020	**2021**	2020
Profit (loss) for the period from continuing operations - basic and diluted	**$ 16,341**	$ 11,333	**$ 18,978**	$ 13,090
Profit (loss) for the period from discontinued operations - basic and diluted	**-**	266	**-**	(5,170)
Profit (loss) for the period - basic and diluted	**$ 16,341**	$ 11,599	**$ 18,978**	$ 7,920
Weighted average number of common shares outstanding - basic	**41,049,045**	40,114,805	**40,801,797**	40,005,374
Dilutive effect of share options	**475,556**	350,393	**436,326**	357,117
Dilutive effect of equity awards and PSUs	**375,333**	385,760	**366,053**	376,557
Dilutive effect of restricted shares	**216,073**	188,092	**243,924**	214,281
Weighted average number of common shares outstanding - diluted	**42,116,007**	41,039,050	**41,848,100**	40,953,329
Earnings (loss) per share:				
Basic				
Continuing operations	**$0.40**	$0.28	**$0.47**	$0.33
Discontinued operations	**$0.00**	$0.01	**$0.00**	$(0.13)
Diluted				
Continuing operations	**$0.39**	$0.28	**$0.45**	$0.32
Discontinued operations	**$0.00**	$0.01	**$0.00**	$(0.13)

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

15. Dividends Payable

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

16. Financial Instruments and Fair Values

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

Financial Instruments by Category

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

			June 30, 2021			December 31, 2020
	Fair Value Through Profit or Loss	Fair Value Through Other Comprehensive Income	Amortized Cost	Fair Value Through Profit or Loss	Fair Value Through Other Comprehensive Income	Amortized Cost
Assets as per Consolidated Balance Sheet:						
Cash and cash equivalents	$ -	$ -	$ 74,079	$ -	$ -	$ 69,637
Trade receivables and other (excluding deferred costs to obtain customer contracts, and prepayments)	-	-	188,800	-	-	179,008
Investments in equity instruments	-	12,834	-	-	7,811	-
Investments in partnerships	4,194	-	-	2,545	-	-
Derivative financial instruments	15,145	-	-	11,277	-	-
	$ 19,339	$ 12,834	$ 262,879	$ 13,822	$ 7,811	$ 248,645

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

16. Financial Instruments and Fair Values, cont'd

	June 30, 2021		December 31, 2020	
	Fair Value Through Profit or Loss	Amortized Cost	Fair Value Through Profit or Loss	Amortized Cost
Liabilities as per Consolidated Balance Sheet:				
Trade payables and other (excluding contract liabilities, LTIRSU Plan, RSU Plan and DSU Plans payables and deferred consideration payables)	**$ -**	**$ 89,153**	$ -	$ 95,472
Deferred consideration payables	**8,691**	**-**	47	-
Derivative financial instruments	**125**	**-**	-	-
Borrowings	**-**	**248,398**	-	122,432
	$ 8,816	**$ 337,551**	$ 47	$ 217,904

Fair Values

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

				June 30, 2021
	Level 1	Level 2	Level 3	**Total**
Assets:				
Investments in equity instruments	$ 4,988	$ -	$ 7,846	**$ 12,834**
Investments in partnerships	-	-	4,194	**4,194**
Derivative financial instruments	-	15,145	-	**15,145**
Liabilities:				
Borrowings	-	248,839	-	**248,839**
Deferred consideration payables	-	-	8,691	**8,691**
Derivative financial instruments	-	125	-	**125**

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

16. Financial Instruments and Fair Values, cont'd

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

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

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

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

17. Commitments and Contingencies

As at June 30, 2021, the Company provided letters of credit of approximately $1,093 to its lessors (December 31, 2020 - $1,107).

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

As at June 30, 2021, the Company has committed to aggregate capital contributions of $2,305 (Note 9) to certain partnerships (December 31, 2020 - $418).

17. Commitments and Contingencies, cont'd

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

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

LISTINGS

Toronto Stock Exchange
Stock trading symbol: AIF

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