

## Altus Group Announces Agreement to Sell Property Tax Business to Ryan, LLC

- *Accelerates transformation to a pure-play CRE software, data and analytics platform*
- *Altus to drive high single-digit consolidated revenue growth for FY 2026, with expanding margins and increasing cash flows*
- *Analytics business unit to drive double-digit revenue growth and ~35% Adjusted EBITDA margin\* for FY 2026*
- *Proceeds to fund investment in the Analytics business unit, a C\$250 million share buyback program and pay down debt to target*
- *Conference call scheduled for today at 8:00 am ET*

**TORONTO** (July 9, 2024) - Altus Group Limited ("Altus Group" or "the Company") (TSX: AIF), a leading provider of asset and fund intelligence for commercial real estate ("CRE"), announced today that the Company has signed a definitive agreement to sell its global Property Tax business to Ryan, LLC ("Ryan"), a leading global tax services and software provider, for total cash consideration of C\$700 million. In addition to the definitive agreement, Ryan has also committed to enter a C\$15 million Altus Market Insights subscription agreement at the close of the transaction, with an initial three-year term of C\$5 million per year.

"This transaction strategically positions Altus Group to focus on the substantial growth opportunities in our core Analytics business unit to enhance revenue growth, expand margins, and increase cash flows," said Jim Hannon, Chief Executive Officer of Altus Group. "We are monetizing the value of our Property Tax business today so that we can invest in higher-value growth opportunities at a time when market demand for asset intelligence is accelerating and CRE investment activity is set to pick up. In addition to significantly transforming our Company, this transaction improves our financial and strategic flexibility to drive growth and return capital to our shareholders."

"Altus Group has built an impressive property tax business that is highly regarded as a trusted advisor in the industry," commented G. Brint Ryan, Chairman and Chief Executive Officer of Ryan. "We believe we are the perfect home for its many talented employees and loyal customers who will benefit from our combined platform to effectively manage their property tax liabilities. This acquisition, along with the commercial subscription for Altus Group's Market Insights offer, significantly bolsters our growing Property Tax practice."

### **Strategic Rationale for Divestiture**

Altus Group and its board of directors routinely consider strategic alternatives to maximize shareholder value. Following a robust review of options for Property Tax, the Company engaged in a sale process to unlock value for Altus Group's shareholders and to find the right long-term home for its Property Tax business.

Strategic merits of this transaction for Altus Group include:

- **Sharpens strategic focus on Analytics:** Concentrate resources on higher-growth Analytics business unit, delivering more resilient Organic Revenue\* growth and more predictable cash generation. With focused operations, Altus Group can accelerate its strategic plan to lead CRE asset intelligence with new advanced analytics.
- **Enhances financial and operational flexibility:** Enables Altus Group to invest organically and via acquisitions in Analytics, return capital to shareholders, including through a significantly expanded share buyback program, and pay down debt to target levels. Additionally, Altus Group will benefit from more streamlined operations and a reduced corporate cost structure.

- **Strengthens financial profile:** Altus Group's revenue predictability will improve due to reduced jurisdictional cyclicalities and volatility associated with the timing of tax appeal processing. Earnings quality will improve with an increased mix of high margin Recurring Revenue\*, a reduced debt balance and lower interest expense. Pro forma financial performance is expected to be in-line with other leading software, data and analytics companies.

### **Transaction Details**

The C\$700 million total cash consideration represents a 10.1x 2023 Adjusted EBITDA multiple for the business segment and over 16x 2023 Free Cash Flow\* (over 14x net proceeds). After taxes, fees and restructuring expenses, net proceeds are estimated to be approximately C\$600 million.

At closing Ryan will also enter into a C\$5 million per year Altus Market Insights subscription agreement with Altus Group, with an initial term of three years.

Altus Group expects the transaction to close in the first half of 2025, subject to customary closing conditions, including receipt of regulatory approvals. The closing of the transaction is not subject to any financing conditions.

Evercore is serving as financial advisor to Altus Group and provided a fairness opinion to Altus Group's board of directors. Stikeman Elliott LLP and Cravath, Swaine & Moore LLP are serving as legal counsel to Altus Group.

### **Use of Proceeds**

Post closing, the Company intends to use proceeds from the Property Tax divestiture to:

- **Strengthen balance sheet:** Pay down its outstanding bank debt (C\$328.6 million as at the end of March 31, 2024) to target 2.5x pro forma Funded debt to EBITDA ratio.
- **Facilitate value-creating growth investments:** Pursue organic investments to accelerate the commercialization of advanced analytics offerings and continue evaluating high-quality, strategic acquisitions.
- **Return capital to shareholders:** Following closing, the board of directors intends to expand the Company's share buyback program from approximately C\$72 million\*\* today to C\$250 million and evaluate other options to return excess capital. The Company intends to maintain its existing quarterly dividend payments of C\$0.15 per share.
- **Restructure corporate overhead:** With a more streamlined business unit structure, Altus Group will simplify back-office operations and ensure no stranded costs related to this transaction.

*\*\* Based on the purchase of the remaining number of shares available under Altus' current Normal Course Issuer Bid (NCIB) as of Q1 2024 at yesterday's closing price.*

### **FY 2026 Targets for Pro Forma Consolidated Financial Profile**

Following the divestiture of Property Tax, Altus Group expects its new pro forma financial profile for FY 2026 will be:

- Consolidated revenue growth in the high single-digits;
- Recurring Revenue mix of ~75%;

- Consolidated Adjusted EBITDA margin between 24-26%; and
- Adjusted EBITDA to Free Cash Flow conversion between 65-70%.

“Sharpening our focus on the Analytics business unit is expected to drive double-digit revenue growth and ~35% Adjusted EBITDA margin for the segment in 2026,” added Pawan Chhabra, Chief Financial Officer of Altus Group. “With simplified and scaled operations, Altus Group will continue to optimize for peak performance.”

*All FY 2026 targets are presented in Constant Currency\* and on an organic basis.*

*Forecasting future results or trends is inherently difficult for any business and actual results or trends may vary significantly. The FY 2026 targets are forward-looking information that is based upon the assumptions and subject to the material risks discussed under the “Forward-Looking Information” section. Key assumptions for the FY 2026 targets assume that Altus Group has successfully divested the Property Tax business in the first half of 2025 and achieved its cost action plans, including the associated restructuring activities, as well as the following assumptions by segment: Analytics: consistency and growth in number of assets on the Valuation Management Solutions platform, continued ARGUS cloud conversions, new sales (including New Bookings converting to revenue within Management’s expected timeline), client and software retention consistent with 2023 levels, pricing action, improved operating leverage, as well as consistent and increasingly stable economic conditions in financial and CRE markets. Appraisal & Development Advisory: improved client profitability and improved operating leverage.*

### **Planned Investor Updates**

- The Company will host a conference call and webcast today (July 9, 2024) at 8:00 am Eastern Time to discuss the transaction.
- Altus Group also plans to host a conference call on August 8, 2024 at 5:00 pm Eastern Time to discuss its second quarter 2024 financial results.
- Following the close of the transaction, Altus Group plans to host an investor day to discuss its go-forward strategy and capital allocation priorities in more detail.

#### **Property Tax Disposition Announcement Conference Call & Webcast:**

Date: Tuesday, July 9, 2024  
 Time: 8:00 am (ET)  
 Webcast: <https://events.q4inc.com/attendee/993376720>  
 Live Call: 1-888-660-6785 (North America toll-free) (Conference ID: 8366990)

#### **Q2 2024 Financial Results Conference Call & Webcast:**

Date: Thursday, August 8, 2024  
 Time: 5:00 pm (ET)  
 Webcast: <https://events.q4inc.com/attendee/948580796>  
 Live Call: 1-888-660-6785 (North America toll-free) (Conference ID: 8366990)

*A replay of both webcasts will be available on the Company’s website.*

*\*Altus Group uses certain non-GAAP financial measures including total of segments measures such as Adjusted EBITDA; capital management measures such as Free Cash Flow; and supplementary financial and other measures such as Constant Currency, Adjusted EBITDA margin, Organic Revenue and Recurring Revenue. Refer to the "Non-GAAP and Other Measures" section in the Company's most recent MD&A report for more information on each measure and a reconciliation of Adjusted EBITDA to Profit (Loss) and Free Cash Flow to Net cash provided by (used in) operating activities.*

## **About Altus Group**

Altus Group is a leading provider of asset and fund intelligence for commercial real estate. We deliver intelligence as a service to our global client base through a connected platform of industry-leading technology, advanced analytics, and advisory services. Trusted by the largest CRE leaders, our capabilities help commercial real estate investors, developers, proprietors, lenders, and advisors manage risks and improve performance returns throughout the asset and fund lifecycle. Altus Group is a global company headquartered in Toronto with approximately 3,000 employees across North America, EMEA and Asia Pacific. For more information about Altus Group (TSX: AIF) please visit [altusgroup.com](http://altusgroup.com).

## **Forward-looking Information**

Certain information in this press release may constitute "forward-looking information" within the meaning of applicable securities legislation. All information contained in this press release, other than statements of current and historical fact, is forward-looking information. Forward-looking information includes, but is not limited to, the discussion of the Company's business, strategies and expectations of future performance, including any guidance on financial expectations, use of net proceeds from the transaction contemplated in this press release and its expectations with respect to enhance revenue growth, margin expansion and increased cash flows and liquidity, debt repayment, organic investments and return of capital to shareholders. Generally, forward-looking information can be identified by use of words such as "may", "will", "expect", "believe", "anticipate", "estimate", "intend", "plan", "would", "could", "should", "continue", "goal", "objective", "remain" and other similar terminology.

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 not be known and 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 the Company identified and applied in drawing conclusions or making forecasts or projections set out in the forward-looking information (including the "FY 2026 Organic Targets for Pro Forma Consolidated Financial Profile") include, but are not limited to the ones listed above under "FY 2026 Organic Targets for Pro Forma Consolidated Financial Profile" as well as: engagement and product pipeline opportunities in Analytics will result in associated definitive agreements; continued adoption of cloud subscriptions by the Company's customers; retention of material clients and bookings; sustaining the Company's software and subscription renewals; development or acquisition of advanced analytics applications; successful execution of the Company's business strategies; consistent and stable economic conditions or conditions in the financial markets including stable interest rates and credit availability for CRE; consistent and stable legislation in the various countries in which the Company operate; consistent and stable foreign exchange conditions; no disruptive changes in the technology environment; opportunity to acquire accretive businesses and the absence of negative financial and other impacts resulting from strategic investments or acquisitions on short term results; successful integration of acquired businesses; continued availability of qualified professionals; successful completion of the transaction contemplated by this press release in accordance with the term thereof, unamended, absence of any material purchase price adjustment for working capital or otherwise; and execution of Altus Market Insights subscription agreement. In addition, any return of capital initiative will be dependent on various factors present at the time, including share price, tax impacts, absence of any other capital allocation priorities, and receipt

of any regulatory approvals. As such, this press release does not constitute an offer to buy or the solicitation of an offer to sell any shares or an intention to conduct an issuer bid.

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause the Company's 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 include, but are not limited to: the commercial real estate market, the general state of the economy; the Company's financial performance; the Company's financial targets; the Company's international operations; acquisitions; business interruption events; third party information and data; cybersecurity; industry competition; professional talent; the Company's subscription renewals; the Company's sales pipeline; client concentration and loss of material clients; the Company's cloud transition; product enhancements and new product introductions; technological strategy; intellectual property; property tax appeals and seasonality; compliance with laws and regulations; privacy and data protection; artificial intelligence; the Company's use of technology; the Company's leverage and financial covenants; interest rates; inflation; the Company's brand and reputation; fixed price and contingency engagements; currency fluctuations; credit; tax matters; health and safety hazards; the Company's contractual obligations; legal proceedings; regulatory review; the Company's insurance limits; the Company's ability to meet the solvency requirements necessary to make dividend payments and repurchase shares; the Company's share price; the Company's capital investments; the issuance of additional common shares and debt, the Company's internal and disclosure controls; environmental, social and governance ("ESG") matters; climate risk; and geopolitical risks, as well as those described in the Company's annual publicly filed documents, including the Annual Information Form for the year ended December 31, 2023 (which are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca)).

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 The Company has 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 press release and, except as required under applicable law, we do not undertake to update or revise it to reflect new events or circumstances. Additionally, the Company undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of Altus Group, the Company's financial or operating results, or the Company's securities.

Certain information in this press release, including sections entitled "FY 2026 Organic Targets for Pro Forma Consolidated Financial Profile", 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.

**FOR FURTHER INFORMATION PLEASE CONTACT:**

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