



Altus Group

Q3 2019

**MANAGEMENT'S
DISCUSSION & ANALYSIS**

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2019



Altus Group Limited



Management's Discussion & Analysis September 30, 2019

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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 "financial statements") as at and for the three and nine months ended September 30, 2019, which have been prepared on the basis of International Financial Reporting Standards ("IFRS") and reported in Canadian dollars. Unless otherwise indicated herein, references to "\$" are to Canadian dollars.

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

This MD&A is dated as of November 7, 2019.

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 Property Tax 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.

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information include, but are not limited to: general state of the economy; currency risk; ability to maintain profitability and manage growth; commercial real estate market; competition in the

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industry; acquisitions; subscription contracts and transition to the cloud; oil and gas sector; ability to attract and retain professionals; information from multiple sources; reliance on larger enterprise transactions with longer and less predictable sales cycles; success of new product introductions; ability to respond to technological change and develop products on a timely basis; protection of intellectual property or defending against claims of intellectual property rights of others; ability to implement technology strategy and ensure workforce adoption; information technology governance and security, including cyber security; engagement and product pipeline opportunities do not result in sufficient definitive agreements; property tax assessment regulators do not process appeals in a manner consistent with expectations; fixed-price and contingency engagements; appraisal and appraisal management mandates; Canadian multi-residential market; weather; legislative and regulatory changes; customer concentration and loss of material clients; interest rate risk; credit risk; income tax matters; revenue and cash flow volatility; health and safety hazards; performance of contractual obligations and client satisfaction; risk of legal proceedings; insurance limits; ability to meet solvency requirements to pay dividends; leverage and financial covenants; unpredictability and volatility of common share price; capital investment; issuance of additional common shares diluting existing shareholders' interests; and financial targets, as described in our MD&A for the quarter ended June 30, 2019 (which is available on SEDAR at www.sedar.com).

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

Certain information in this MD&A may be considered as "financial outlook" within the meaning of applicable securities legislation including revenue guidance and expected Adjusted EBITDA margin and other targets and goals for Altus Analytics. 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.

Changes in Significant Accounting Policies and Estimates

Adoption of Recent Accounting Pronouncements

IFRS 16, *Leases*, supersedes IAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC-15, *Operating Leases-Incentives* and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

We adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the

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cumulative effect of initially applying the standard recognized at the date of initial application. We elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. We also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a remaining lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("low-value assets"). As such, amounts related to short-term leases, low-value assets, and variable lease payments continue to be recognized within occupancy expense.

For further discussion of the adoption of IFRS 16 and its impact on the financial statements, refer to Note 4 - Changes in Significant Accounting Policies and Estimates in the notes to financial statements and pages 15 and 16 of this MD&A.

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 provide more insight into our performance.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization, ("Adjusted EBITDA"), represents profit (loss) before income taxes adjusted for the effects of occupancy costs calculated on a consistent basis to 2018, finance costs (income), amortization of intangibles, depreciation of property, plant and equipment, depreciation of right-of-use assets, acquisition and related transition costs (income), restructuring costs, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on investments, impairment charges, non-cash Equity Compensation Plan costs, gains (losses) on derivative transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs") being hedged and other costs or income of a non-operating and/or non-recurring nature. Subsequent to the adoption of IFRS 16, on January 1, 2019, the measurement of Adjusted EBITDA has been modified to reflect occupancy costs on a consistent basis as 2018. Adjusted EBITDA margin represents the percentage factor of Adjusted EBITDA to revenues. Refer to page 25 for a reconciliation of Adjusted EBITDA to our financial statements.

Adjusted Earnings (Loss) per Share, ("Adjusted EPS"), represents basic earnings (loss) per share adjusted for the effects of occupancy costs calculated on a consistent basis to 2018, depreciation of right-of-use assets, finance costs (income), net - leases, amortization of intangibles acquired as part of business acquisitions, net of changes in fair value of related equity derivatives, acquisition and related transition costs (income), restructuring costs, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on investments, interest accretion on contingent consideration payables, impairment charges, non-cash Equity Compensation Plan costs, gains (losses) on derivative transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged and other costs or income of a non-operating and/or non-recurring nature. The basic weighted average number of shares is adjusted for the effects of weighted average number of restricted shares. All of the adjustments are made net of tax. Refer to page 26 for a reconciliation of Adjusted EPS to our financial statements.

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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 Altus Expert Services, reflect decades of experience, a range of expertise, and technology-enabled capabilities. Our solutions empower clients to analyze, gain insight and recognize value on their real estate investments. Headquartered in Canada, we have approximately 2,500 employees around the world, with operations in North America, Europe and Asia Pacific. Our clients include some of the world's largest CRE industry participants.

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

Altus Analytics

Our Altus Analytics segment consists of revenues from software sold under the ARGUS brand (which includes license sales, maintenance, subscriptions, and related technology services) and from data solutions (that are made available to clients through our Appraisal Management solutions, as well as through data subscription products). Altus Analytics clients predominately consist of large owners, managers and investors of CRE assets and CRE funds, as well as other CRE industry participants including service providers, brokers, and developers.

Our ARGUS software solutions are among the most recognized in the CRE industry and are sold globally. Our flagship ARGUS Enterprise ("AE") software is the leading global solution for CRE valuation and portfolio management and is widely recognized as the industry property valuation standard in key CRE markets. AE's suite of functionality enables property valuation and cash flow analysis, property budgeting and strategic planning, investment and fund structure forecasting, dynamic reporting capabilities, and scenario sensitivity and risk analysis. Beginning in the third quarter of 2019, AE is also offered on a cloud platform (in addition to on-premise), which leverages the AE calculation engine and provides clients with cloud-based infrastructure for AE, new analytics capabilities (such as benchmarking functionality), integrations with other ARGUS products, storage, access and back-up of AE files, and access to new ARGUS applications (such as ARGUS Acquire, a deal management solution for CRE acquisitions). Other ARGUS products include ARGUS Developer and ARGUS EstateMaster (software for development feasibility analysis), ARGUS on Demand ("AOD") (a hosted version of AE and ARGUS Developer), ARGUS Voyanta (a cloud-based data management solution), and ARGUS Taliance (cloud-based solutions for alternative investment firms). In addition to standard technology services related to education, training and implementation, we also offer advisory and managed services for real estate organizations' front-to-back-office strategies, processes and technology. ARGUS Enterprise, ARGUS Developer and ARGUS EstateMaster are currently sold either as perpetual licenses with ongoing maintenance for existing customers only, or on a subscription basis, and all of our other software products are sold on a subscription basis only. Starting in January 2020, we plan to sell all of our software products on a subscription basis only.

In addition to our global software solutions, we offer Appraisal Management solutions (primarily in the U.S., and expanding into Europe and Asia Pacific) with data and analytics functionality that allow institutional real estate investors to perform quarterly performance reviews, benchmarking and attribution analysis of their portfolios with the use of our proprietary data analytics platform. Through our Appraisal

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Management solutions, we manage the entire valuation process on behalf of our institutional clients, providing independent oversight and expertise while leveraging our data analytics platform. Our Appraisal Management clients primarily consist of open and closed real estate funds, including large pension funds. The contractual terms of our Appraisal Management agreements are generally for three years and pricing is primarily based on the number of real estate assets on our platform, adjusted for frequency of valuations and complexity. 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.

In Canada, Altus Analytics also includes data subscription products, such as RealNet and Altus InSite, which provide comprehensive real estate information on the Canadian residential, office, industrial and investment markets. Our Canadian data covers new homes, investment transactions and commercial market inventory in key markets, and also provides intelligence on the national housing market and consumer home buying and borrowing patterns.

A significant portion of Altus Analytics' revenues are comprised of recurring revenues. Recurring revenues represent revenues related to software and data subscriptions (where the contract value for software subscriptions is recognized ratably over the contract term), maintenance for perpetual licenses, and Appraisal Management contracts. Consistent with recurring revenues disclosed in prior years, this depicts the economic value of our renewable contracts.

Commercial Real Estate Consulting

Our CRE Consulting segment consists of the Property Tax and 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 data systems. 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. 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 North America and Asia Pacific, provides expert services in the areas of construction feasibility studies, budgeting, cost and loan monitoring and project management. Given the strength of our brand, our independence and quality of our work, we enjoy a high rate of client renewals across all of our CRE Consulting businesses. Pricing for our services is based on a fixed fee or time and materials fee basis, and for a significant number of projects in Property Tax, on a contingency basis.

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Geomatics

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

Strategy

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

We remain competitively positioned to capitalize on the growing demand for CRE technology, data and advisory solutions. Our key competitive strengths in the marketplace are comprised of our industry expertise, our data and software solutions, and the depth and diversity of our offerings that position us to address a wide range of client needs in the CRE market and our customer base. Our global scale, existing client relationships with some of the world's largest CRE companies, and independence from brokers and asset owners/investors are also key differentiators that enhance our reputation.

Our established industry position and favourable market trends support our long-term growth objectives and our determination to sustain our global leadership in information and data analytics to the CRE market. Our strategy consists of various initiatives that contribute to our broader objective of scaling Altus Group globally with multi-product end-to-end solutions for the CRE market.

Strategic Initiatives

Across the business, we continually identify opportunities and capitalize on growth prospects to enhance all of our client offerings and internal capabilities. We have a disciplined approach to pursuing investments and prioritize opportunities that support our longer-term growth objectives and help us sustain our market leadership. While we continue to focus on enhancing every business (specifically through data and technology), we are especially focused on the following strategic initiatives for 2019:

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Altus Analytics

Our long-term objective is to transition Altus Analytics from a collection of high value point solutions to an enterprise-grade software and data analytics market leader that unifies valuation and asset management capabilities into a single, cloud-based platform for the CRE industry. To achieve this, we will continue to expand the global adoption of AE while developing a product roadmap aimed at integrating our solutions onto a cloud-based platform that will further enhance recurring revenues.

Our “ARGUS Everywhere” strategy encompasses:

- a) Increasing customer wallet share by broadening the use of AE across the organization and through additional AE modules and ARGUS branded solutions (add-on sales were a significant contributor to total license sales in 2018);
- b) Leveraging our large customer base to drive global adoption of AE, specifically focusing on our largest customers (especially on our Top 200 global clients, the majority of which have not yet deployed AE globally across their organizations); and
- c) Expanding into new markets (with a specific focus on strengthening our presence in Germany, France and Asia, where our market penetration remains modest).

This strategy complements our focus on pursuing large global enterprise transactions leveraging our multi-product stack for asset and investment management clients who require end-to-end solutions. These transactions are usually subscription-based contributions to our recurring revenues which we have targeted to represent 90% of total revenues by 2021. Our global large client transactions will increasingly include Appraisal Management solutions. Our product roadmap will continue to focus on integration across all of our capabilities and reflect the addition of functionality, data and applications that will encourage clients to increasingly move to a cloud environment. The early phases of our cloud strategy consist of migrating our on-premise software customers to the cloud by offering them additional functionality and developing new cloud-based applications that address key business areas. As customers convert their existing contracts to cloud subscriptions, the pricing will reflect the additional value and the new web applications will be sold separately on a subscription basis.

Additionally, we remain focused on growing our Appraisal Management solutions where favourable market trends support our organic growth initiatives in the U.S., while expanding our market presence in Europe and Asia Pacific by leveraging our global U.S. relationships. Consistent with past years, we expect growth will be driven by both current customers increasing the number of assets on our platform and new client additions, both in the U.S. and internationally.

Property Tax

Our Property Tax practice continues to represent an attractive growth area. Our objective is to grow and scale our Property Tax business to a leading, independent global property tax advisory practice that leverages technology and data. Our data and expert knowledge combine to make us a leader in the industry.

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Our strategic initiatives comprise of the following:

- a) Organic growth by leveraging Altus Analytics relationships, and by increasing business development and marketing efforts aimed at increasing market share;
- b) Pursuit of financially accretive acquisitions when opportunities arise, specifically in the U.S. where the market remains fragmented; and
- c) Enhancement of our service offering with technology and data to enhance client value while improving internal efficiencies by automating workflows.

Data Opportunity

Our leading Altus Analytics and CRE Consulting businesses collect valuable and detailed CRE industry data on various asset classes and for many major CRE markets. As ARGUS users increasingly move into a cloud environment, the depth of our data strengthens. This provides us with a unique long-term opportunity to re-purpose and eventually monetize this data to drive differentiation, launch new products and strengthen our recurring revenue streams. We have been laying the groundwork for this opportunity by developing technology that captures and organizes the data that we collect across each of our businesses and through strategic partnerships. In the long term, this infrastructure will enable us to better integrate our current products, to pursue more data-sharing partnerships, and to leverage the data to develop new applications and data-driven products in cloud-based environments.

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Financial and Operating Highlights

Selected Financial Information	Three months ended		Nine months ended	
	September 30,		September 30,	
<i>In thousands of dollars, except for per share amounts</i>	2019	2018	2019	2018
Revenues	\$ 136,994	\$ 120,636	\$ 418,646	\$ 379,544
Canada	39%	40%	39%	41%
U.S.	38%	38%	36%	35%
Europe	17%	15%	19%	18%
Asia Pacific	6%	7%	6%	6%
Adjusted EBITDA	\$ 19,820	\$ 16,504	\$ 64,674	\$ 55,783
Adjusted EBITDA margin	14.5%	13.7%	15.4%	14.7%
Profit (loss)	\$ 5,036	\$ (1,723)	\$ 17,922	\$ (3,720)
Earnings (loss) per share:				
Basic	\$0.13	\$(0.04)	\$0.46	\$(0.10)
Diluted	\$0.12	\$(0.04)	\$0.45	\$(0.10)
Adjusted	\$0.30	\$0.22	\$1.04	\$0.84
Dividends declared per share	\$0.15	\$0.15	\$0.45	\$0.45

Financial Highlights

- Revenues** were \$137.0 million for the three months ended September 30, 2019, up 13.6% or \$16.4 million from \$120.6 million in the same period in 2018. Acquisitions represented 3.5% of the 13.6% revenue growth for the quarter. For the nine months ended September 30, 2019, revenues were \$418.6 million, up 10.3% or \$39.1 million from \$379.5 million in the same period in 2018. Acquisitions represented 2.1% of the 10.3% revenue growth for the nine months ended September 30, 2019. Exchange rate movements against the Canadian dollar impacted revenues by (0.5%) and 0.5% for the quarter and year-to-date, respectively. The revenue growth was led by Property Tax and healthy performance from Altus Analytics. Property Tax revenues increased by 26.5%, primarily due to continued strength of our U.K. business, as well as double-digit growth in Canada. Altus Analytics grew by 14.4% driven by double-digit growth from our Appraisal Management solutions, higher software maintenance and subscription revenues, and strong software services revenues following the July 2019 acquisition of One11 Advisors, LLC ("One11"). Our Valuation and Cost Advisory businesses showed modest growth. Our Geomatics business had lower revenues.
- Adjusted EBITDA** was \$19.8 million for the three months ended September 30, 2019, up 20.1% or \$3.3 million from \$16.5 million in the same period in 2018. For the nine months ended September 30, 2019, Adjusted EBITDA was \$64.7 million, up 15.9% or \$8.9 million from \$55.8 million in the same period in 2018. Exchange rate movements against the Canadian dollar benefitted Adjusted EBITDA by 0.6% and 1.7% for the quarter and year-to-date, respectively. Earnings increased in the quarter as a result of the strong revenue increase in our Property Tax business.
- Profit (loss)** for the three months ended September 30, 2019 was \$5.0 million, up 392.3% or \$6.7 million from \$(1.7) million in the same period in 2018. For the nine months ended September 30, 2019, profit (loss) was \$17.9 million, up 581.8% or \$21.6 million from \$(3.7) million in the same period in 2018. In addition to the impacts on Adjusted EBITDA as discussed above, for the three months ended

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September 30, 2019, profit (loss) improved as a result of lower amortization of intangibles, gains on derivatives, and a decrease in one-time non-operating costs incurred in 2018, partly offset by incremental depreciation and finance costs on the implementation of IFRS 16, as well as higher income tax expense on higher earnings. For the nine months ended September 30, 2019, profit (loss) improved as a result of lower amortization of intangibles, non-recurring restructuring costs incurred in 2018, gains on derivatives, a decrease in non-recurring non-operating costs incurred in 2018, and lower acquisition costs, partly offset by incremental depreciation and finance costs on the implementation of IFRS 16, as well as higher income tax expense on higher earnings.

- For the three months ended September 30, 2019, earnings (loss) per share was \$0.13, basic and \$0.12, diluted, as compared to \$(0.04), basic and diluted, in the same period in 2018. For the nine months ended September 30, 2019, earnings (loss) per share was \$0.46, basic and \$0.45, diluted, as compared to \$(0.10) per share, basic and diluted, in the same period in 2018.
- For the three months ended September 30, 2019, Adjusted EPS was \$0.30, up 36.4% from \$0.22 in the same period in 2018. For the nine months ended September 30, 2019, Adjusted EPS was \$1.04, up 23.8% from \$0.84 in the same period in 2018.
- We returned \$6.0 million to shareholders in the quarter through quarterly dividends of \$0.15 per common share.
- As at September 30, 2019, our bank debt was \$146.0 million, representing a funded debt to EBITDA leverage ratio of 1.72 times (compared to 1.79 times as at December 31, 2018). As at September 30, 2019, cash and cash equivalents was \$56.0 million (compared to \$48.7 million as at December 31, 2018). Our bank credit facilities mature on April 28, 2020 and hence, have been presented as current liabilities. We are in the process of reviewing and renewing our bank credit facilities. We expect to complete this prior to maturity.

Operating Highlights

Product Enhancements

In July 2019, we launched AE 12, a new version of AE powered by ARGUS Cloud. AE 12 builds on the strength of our industry leading CRE valuation capabilities and now includes cloud-only deployment and multi-instance support of AE, new benchmarking and dashboard functionality, enhanced workflows through integration with ARGUS Taliance and ARGUS Voyanta, and support for German and French market valuations.

Acquisition of One11 Advisors, LLC

On July 1, 2019, we acquired all the issued and outstanding shares of One11 and its subsidiaries for USD11.0 million (CAD14.4 million) in cash and common shares, subject to closing adjustments. As part of the transaction, we entered into non-compete agreements with key members of management of One11. On closing, we paid cash of USD7.7 million (CAD10.1 million). Subsequent to September 30, 2019, we paid USD0.6 million (CAD0.8 million) as working capital adjustments. Common shares valued at USD3.3 million (CAD4.3 million) were issued from treasury. The common shares will be held in escrow and released on the fourth anniversary of the closing date, subject to compliance with certain terms and conditions. One11 is a U.S.-based real estate software consulting firm that provides integrated advisory

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and managed services for real estate organizations' front to back office strategies, processes and technology. The addition of One11, and its 20 employees, strengthens our software services offering in the Altus Analytics business.

Acquisition of Caruthers & Associates, Inc.

On July 1, 2019, we acquired certain operating assets of Caruthers & Associates, Inc. ("Caruthers") for USD4.0 million (CAD5.2 million) in cash, common shares and contingent consideration, subject to working capital adjustments. As part of the transaction, we entered into a non-compete agreement with a key member of management of Caruthers. As consideration for these assets, we paid cash of USD2.0 million (CAD2.6 million), issued common shares valued at USD1.0 million (CAD1.3 million) from treasury. Subsequent to September 30, 2019, we paid USD0.1 million (CAD0.2 million) as working capital adjustments. The common shares will be held in escrow and released on the third anniversary of the closing date, subject to compliance with certain terms and conditions. The purchase agreement provides for contingent consideration of USD1.0 million (CAD1.3 million), subject to certain performance targets being achieved over a 30-month period from the closing date. If mutually agreed upon, the contingent consideration may be settled in cash or by the issuance of common shares. Caruthers is a U.S.-based property tax consulting firm. Its team of seven employees based out of Memphis has been integrated with our U.S. Property Tax business, expanding our geographic footprint in tax services in the U.S.

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Discussion of Operations

Three and Nine Months Ended September 30, 2019

<i>In thousands of dollars</i>	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Revenues	\$ 136,994	\$ 120,636	\$ 418,646	\$ 379,544
Expenses				
Employee compensation	84,698	78,043	261,298	243,564
Occupancy	2,015	5,290	5,938	15,941
Office and other operating	27,589	23,684	80,609	71,134
Depreciation of right-of-use assets	3,273	-	10,222	-
Depreciation and amortization	9,741	12,635	29,110	37,860
Acquisition and related transition costs (income)	85	184	238	2,257
Restructuring costs (recovery)	-	(184)	(453)	6,458
(Gain) loss on investments	(63)	(42)	(158)	(81)
Finance costs (income), net - leases	715	-	2,160	-
Finance costs (income), net - other	1,768	1,738	5,136	4,856
Profit (loss) before income taxes	7,173	(712)	24,546	(2,445)
Income tax expense (recovery)	2,137	1,011	6,624	1,275
Profit (loss) for the period	\$ 5,036	\$ (1,723)	\$ 17,922	\$ (3,720)

Revenues

Revenues were \$137.0 million for the three months ended September 30, 2019, up 13.6% or \$16.4 million from \$120.6 million in the same period in 2018. Acquisitions represented 3.5% of the 13.6% revenue growth for the three months ended September 30, 2019. For the nine months ended September 30, 2019, revenues were \$418.6 million, up 10.3% or \$39.1 million from \$379.5 million in the same period in 2018. Acquisitions represented 2.1% of the 10.3% revenue growth for the nine months ended September 30, 2019. For the three and nine months ended September 30, 2019, exchange rate movements against the Canadian dollar impacted revenues by (0.5%) and 0.5%, respectively. The increase in revenues in the quarter was driven by a strong quarter in our Property Tax business and healthy performance at Altus Analytics. Property Tax performance continued on the strength of our U.K. business and in Ontario, both seeing increasing volumes of case settlements. Altus Analytics revenue growth was driven by growth from our Appraisal Management solutions, higher software maintenance and subscription revenues and strong software services revenues. The acquisition of One11 contributed to improvements in software services revenues. Our Valuation and Cost Advisory businesses showed modest growth. Our Geomatics business was lower due to reduced oil and gas activity levels.

Employee Compensation

Employee compensation was \$84.7 million for the three months ended September 30, 2019, up 8.5% or \$6.7 million from \$78.0 million in the same period in 2018. For the nine months ended September 30, 2019, employee compensation was \$261.3 million, up 7.3% or \$17.7 million from \$243.6 million in the same period in 2018. For the three and nine months ended September 30, 2019, the increase in compensation was mainly due to headcount additions within Altus Analytics, increased accruals for variable compensation and

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acquisitions. For the three and nine months ended September 30, 2019, employee compensation as a percentage of revenues was 61.8% and 62.4%, as compared to 64.7% and 64.2% in the corresponding periods in 2018, respectively.

Occupancy

Occupancy was \$2.0 million for the three months ended September 30, 2019, down 61.9% or \$3.3 million from \$5.3 million in the same period in 2018. For the nine months ended September 30, 2019, occupancy was \$5.9 million, down 62.8% or \$10.0 million from \$15.9 million in the same period in 2018. For the three and nine months ended September 30, 2019, the impacts of IFRS 16 decreased occupancy costs by \$3.5 million and \$10.2 million, respectively, and the remaining amounts recognized in occupancy costs pertain to short-term leases, low-value assets, and variable lease payments. Without the impact of IFRS 16, occupancy costs for the three months ended September 30, 2019 increased slightly due to acquisitions, partly offset by office rationalization in our U.K. operations subsequent to the acquisition of Commercial Valuers & Surveyors Limited ("CVS") and for the nine months ended September 30, 2019, occupancy decreased as the savings from office rationalization in the U.K. offset the incremental occupancy costs from acquisitions. For the three and nine months ended September 30, 2019, occupancy as a percentage of revenues was 1.5% and 1.4%, as compared to 4.4% and 4.2% in the corresponding periods in 2018, respectively. Without the impact of IFRS 16, occupancy as a percentage of revenues would have been 4.0% and 3.8% for three and nine months ended September 30, 2019, as compared to 4.4% and 4.2% in the corresponding periods in 2018, respectively.

Office and Other Operating Costs

Office and other operating costs were \$27.6 million for the three months ended September 30, 2019, up 16.5% or \$3.9 million from \$23.7 million in the same period in 2018. For the nine months ended September 30, 2019, office and other operating costs were \$80.6 million, up 13.3% or \$9.5 million from \$71.1 million in the same period in 2018. For the three months ended September 30, 2019, the increase in expenses is primarily from acquisitions, subcontractor disbursements for client projects and additional expenditures for software subscriptions. For the nine months ended September 30, 2019, the increase in expenses is primarily from additional expenditures for software subscriptions, professional advisory fees and unrealized foreign exchange translation amounts. For the three and nine months ended September 30, 2019, office and other operating costs as a percentage of revenues was 20.1% and 19.3%, as compared to 19.6% and 18.7% in the corresponding periods in 2018, respectively.

Depreciation of Right-of-Use Assets

Depreciation of right-of-use assets was \$3.3 million and \$10.2 million for the three and nine months ended September 30, 2019, respectively. This reflects the impact of the adoption of IFRS 16, *Leases*, effective beginning January 1, 2019. Other impacts of IFRS 16 are explained in the "Changes in Significant Accounting Policies and Estimates" section on pages 2, 15 and 16 of this MD&A or Note 4 in the financial statements.

Depreciation and Amortization - Other

Depreciation and amortization was \$9.7 million and \$29.1 million for the three and nine months ended September 30, 2019, as compared to \$12.6 million and \$37.9 million in the corresponding periods in 2018, respectively. The decrease is mainly due to the completion of the amortization period for some acquisition-related intangibles.

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Acquisition and Related Transition Costs (Income)

Acquisition and related transition costs (income) were \$0.1 million and \$0.2 million for the three and nine months ended September 30, 2019, as compared to \$0.2 million and \$2.3 million in the corresponding periods in 2018, respectively.

Restructuring Costs (Recovery)

Restructuring costs were \$nil and \$(0.5) million for the three and nine months ended September 30, 2019, as compared to \$(0.2) million and \$6.5 million in the corresponding periods in 2018, respectively. In Q2 2019, certain restructuring provisions related to employee severance costs and onerous leases were reversed. In Q1 2018, we undertook and completed restructuring activities primarily consisting of employee severance costs and onerous leases in Geomatics.

(Gain) Loss on Investments

(Gain) loss on investments was \$(0.1) million and \$(0.2) million for the three and nine months ended September 30, 2019, as compared to \$nil and \$(0.1) million in the corresponding periods in 2018, respectively. The amount represents changes in fair value of our investments in partnerships.

Finance Costs (Income), Net

<i>In thousands of dollars</i>	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	% Change	2019	2018	% Change
Interest on borrowings	\$ 1,551	\$ 1,779	(12.8%)	\$ 4,264	\$ 4,660	(8.5%)
Interest on lease liabilities	715	-	100.0%	2,160	-	100.0%
Interest on finance leases	-	7	(100.0%)	-	30	(100.0%)
Unwinding of discounts	177	169	4.7%	561	507	10.7%
Change in fair value of interest rate swaps	40	(135)	(129.6%)	450	(149)	402.0%
Finance income	-	(82)	(100.0%)	(139)	(192)	(27.6%)
Finance costs (income), net	\$ 2,483	\$ 1,738	42.9%	\$ 7,296	\$ 4,856	50.2%

Finance costs (income), net for the three months ended September 30, 2019 was \$2.5 million, up 42.9% or \$0.8 million from \$1.7 million in the same period in 2018. For the nine months ended September 30, 2019, finance costs (income), net was \$7.3 million, up 50.2% or \$2.4 million from \$4.9 million in the same period in 2018. Our finance costs increased mainly due to the interest expense recorded in 2019 related to the adoption of IFRS 16 beginning January 1, 2019, in addition to the ongoing mark-to-market change in fair value recognized in relation to our \$65.0 million interest rate swap.

Income Tax Expense (Recovery)

Income tax expense (recovery) for the three and nine months ended September 30, 2019 was \$2.1 million and \$6.6 million, as compared to \$1.0 million and \$1.3 million in the corresponding periods in 2018, respectively. The increase was mainly due to generating higher taxable earnings in 2019.

Profit (Loss)

Profit (loss) for the three months ended September 30, 2019 was \$5.0 million and \$0.13 per share, basic and \$0.12 per share, diluted, as compared to \$(1.7) million and \$(0.04) per share, basic and diluted, in the same period in 2018. For the nine months ended September 30, 2019, profit (loss) was \$17.9 million and \$0.46 per

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share, basic and \$0.45 per share, diluted, as compared to \$(3.7) million and \$(0.10) per share, basic and diluted, in the same period in 2018.

Impact of IFRS 16

Income Statement

Reconciliation of profit (loss) calculated under IFRS 16 and on a basis consistent with 2018 for the three and nine months ended September 30, 2019:

	Three months ended September 30, 2019			Nine months ended September 30, 2019		
		Basis Consistent with 2018	Impact of IFRS 16		Basis Consistent with 2018	Impact of IFRS 16
<i>In thousands of dollars</i>	IFRS 16		IFRS 16	IFRS 16		IFRS 16
Revenues	\$ 136,994	\$ 136,994	\$ -	\$ 418,646	\$ 418,646	\$ -
Expenses						
Employee compensation	84,698	84,698	-	261,298	261,298	-
Occupancy	2,015	5,528	(3,513)	5,938	16,115	(10,177)
Office and other operating	27,589	27,589	-	80,609	80,609	-
Depreciation of right-of-use assets	3,273	-	3,273	10,222	-	10,222
Depreciation and amortization	9,741	9,939	(198)	29,110	30,157	(1,047)
Acquisition and related transition costs (income)	85	85	-	238	238	-
Restructuring costs	-	-	-	(453)	(453)	-
(Gain) loss on investments	(63)	(63)	-	(158)	(158)	-
Finance costs (income), net - leases	715	-	715	2,160	-	2,160
Finance costs (income), net - other	1,768	1,768	-	5,136	5,136	-
Profit (loss) before income taxes	7,173	7,450	(277)	24,546	25,704	(1,158)
Income tax expense (recovery)	2,137	2,206	(69)	6,624	6,926	(302)
Profit (loss) for the period	\$ 5,036	\$ 5,244	\$ (208)	\$ 17,922	\$ 18,778	\$ (856)

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Balance Sheet Impact

The effect of adopting IFRS 16 on our consolidated balance sheet (increase/(decrease)) as at January 1, 2019 is as follows:

	As Previously Reported December 31, 2018	IFRS 16 Adjustments	After Adoption of IFRS 16 January 1, 2019
Assets			
Trade receivables and other - current	\$ 154,298	\$ (361)	\$ 153,937
Property, plant and equipment	33,197	(1,263)	31,934
Right-of-use assets	-	72,514	72,514
Liabilities			
Trade payables and other - current	117,520	(907)	116,613
Trade payables and other - non-current	29,825	(10,265)	19,560
Borrowings - current	858	(192)	666
Borrowings - non-current	128,509	(74)	128,435
Lease liabilities	-	82,328	82,328

Impact on Bank Covenants

We have agreed with our bank syndicate that our covenants will be calculated under the method prior to the adoption of IFRS 16.

Refer to Note 4 in the financial statements for full details of the adoption and impacts.

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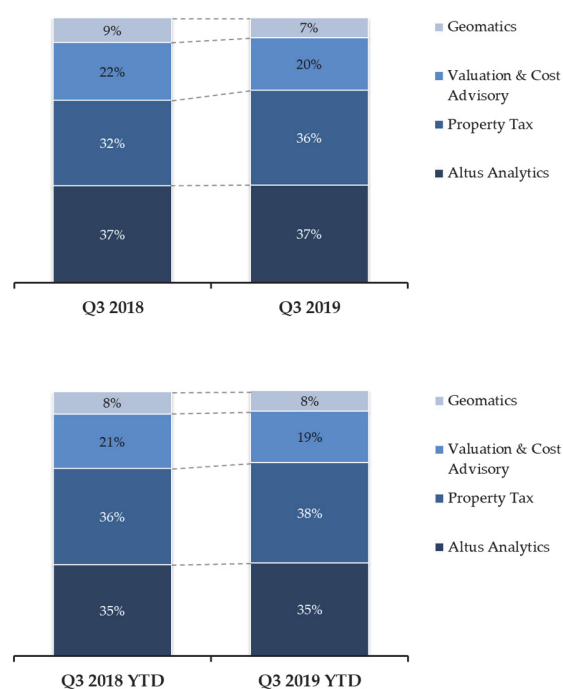


Revenues and Adjusted EBITDA by Business Unit

Revenues	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	% Change	2019	2018	% Change
<i>In thousands of dollars</i>						
Altus Analytics	\$ 50,426	\$ 44,094	14.4%	\$ 147,370	\$ 131,602	12.0%
Expert Services:						
Commercial Real Estate Consulting	76,446	65,326	17.0%	240,185	216,256	11.1%
Geomatics	10,207	11,338	(10.0%)	31,380	32,151	(2.4%)
Intercompany eliminations	(85)	(122)	30.3%	(289)	(465)	37.8%
Total	\$ 136,994	\$ 120,636	13.6%	\$ 418,646	\$ 379,544	10.3%

Adjusted EBITDA	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	% Change	2019	2018	% Change
<i>In thousands of dollars</i>						
Altus Analytics	\$ 10,430	\$ 10,102	3.2%	\$ 31,457	\$ 31,202	0.8%
Expert Services:						
Commercial Real Estate Consulting	18,578	11,187	66.1%	62,677	45,983	36.3%
Geomatics	1,345	1,812	(25.8%)	2,796	2,721	2.8%
Corporate	(10,533)	(6,597)	59.7%	(32,256)	(24,123)	33.7%
Total	\$ 19,820	\$ 16,504	20.1%	\$ 64,674	\$ 55,783	15.9%

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



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Altus Analytics

<i>In thousands of dollars</i>	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	% Change	2019	2018	% Change
Revenues	\$ 50,426	\$ 44,094	14.4%	\$ 147,370	\$ 131,602	12.0%
Adjusted EBITDA	\$ 10,430	\$ 10,102	3.2%	\$ 31,457	\$ 31,202	0.8%
Adjusted EBITDA Margin	20.7%	22.9%		21.3%	23.7%	

Quarterly Discussion

Revenues were \$50.4 million for the three months ended September 30, 2019, up 14.4% or \$6.3 million from \$44.1 million in the same period in 2018. The acquisition of One11 represented 9.1% of the 14.4% revenue growth. The increase in revenues was driven by growth from our Appraisal Management solutions, increased software services revenues from the acquisition of One11, and overall higher software revenues from growing subscription and maintenance revenues (supported by 97% maintenance renewal rates for AE), offset by declining license sales revenues as the business transitions to a subscription model. The growth in Appraisal Management solutions was driven by current customers adding more assets on our platform, new customer wins and growing revenues from international markets. Beginning in the third quarter of 2019, all AE software license sales to new customers were only sold on subscription terms, compared to the third quarter of 2018 when the majority of license sales were sold on perpetual terms. This transition caused lower revenues from software licenses in the quarter. There was no impact from exchange rate changes.

Recurring revenues, as described above in the Overview of the Business, were \$38.3 million for the three months ended September 30, 2019, up 12.0% or \$4.1 million from \$34.2 million in the same period in 2018.

Adjusted EBITDA was \$10.4 million for the three months ended September 30, 2019, up 3.2% or \$0.3 million from \$10.1 million in the same period in 2018. Although investments in product development were higher in the third quarter of 2019 compared to prior year, investment spending is now levelling off on a sequential basis. Changes in foreign exchange benefitted Adjusted EBITDA by 0.9%.

Year-to-Date Discussion

Revenues were \$147.4 million for the nine months ended September 30, 2019, up 12.0% or \$15.8 million from \$131.6 million in the same period in 2018. Acquisitions of Taliance Group SAS and its subsidiaries ("Taliance") and One11 represented 5.2% of the 12.0% revenue growth. Revenues improved on growth from our Appraisal Management solutions, higher subscription and maintenance revenues, and increased software services revenues. Movements in the exchange rate against the Canadian dollar benefitted revenues by 1.8%.

Recurring revenues, as described above in the Overview of the Business, were \$112.8 million for the nine months ended September 30, 2019, up 17.0% or \$16.4 million from \$96.4 million in the same period in 2018.

Adjusted EBITDA was \$31.5 million for the nine months ended September 30, 2019, up 0.8% or \$0.3 million from \$31.2 million in the same period in 2018. Adjusted EBITDA was consistent with prior year, despite higher revenues, as continued investments in the first half of the year impacted Altus Analytics earnings. Changes in foreign exchange benefitted Adjusted EBITDA by 3.1%.

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Outlook

Our Altus Analytics business continues to represent an attractive growth area, supported by favourable market trends of growing global demand for CRE-related technology and data solutions.

For the remainder of 2019, we expect growth from our software revenues to be driven by sustained add-on sales (targeting more users and upselling with new applications, as well as converting existing customers to cloud subscriptions), new customer additions (with a specific focus on strengthening our presence in Germany, France and Asia), global deployment of AE across our clients' organizations by focusing on our top 200 largest clients, and increasing sales from other ARGUS branded products. We will continue to pursue multi-product enterprise deals to serve the end-to-end needs of large global clients, although these types of contracts have longer sales cycles. Our product roadmap will continue to prioritize integration across all of our capabilities, cloud functionality, and standard software upgrades to our existing solutions. While we continue to invest in product development, our product development costs have now started to flatten following a period of higher investment spending, and we expect the year over year growth in our development costs in the fourth quarter to be comparable to what it was in the third quarter of 2019.

We expect that growth from our Appraisal Management solutions will continue to be driven by current customers adding more assets on our platform and from new clients, in the U.S. and in international markets. We continue to have opportunities for organic growth in the U.S. by expanding our penetration with closed end funds and pension funds (both with current and new clients), and by expanding our work with our global clients abroad, namely in Europe and Asia Pacific.

For 2019, we expect 7% to 12% revenue growth resulting in annual revenue performance between \$197 million to \$205 million. Recurring revenues are expected to grow 16% to 19%. We also expect Adjusted EBITDA margins for the full year to be between 17% and 20%, reflecting the run-rate of the 2018 investments and the shift to subscriptions in the second half of the year.

Commercial Real Estate Consulting

<i>In thousands of dollars</i>	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	% Change	2019	2018	% Change
Revenues						
Property Tax	\$ 49,263	\$ 38,946	26.5%	\$ 159,249	\$ 137,624	15.7%
Valuation and Cost Advisory	27,183	26,380	3.0%	80,936	78,632	2.9%
Revenues	\$ 76,446	\$ 65,326	17.0%	\$ 240,185	\$ 216,256	11.1%
Adjusted EBITDA						
Property Tax	\$ 14,766	\$ 7,214	104.7%	\$ 52,880	\$ 35,705	48.1%
Valuation and Cost Advisory	3,812	3,973	(4.1%)	9,797	10,278	(4.7%)
Adjusted EBITDA	\$ 18,578	\$ 11,187	66.1%	\$ 62,677	\$ 45,983	36.3%
Adjusted EBITDA Margin	24.3%	17.1%		26.1%	21.3%	

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Quarterly Discussion

Revenues were \$76.4 million for the three months ended September 30, 2019, up 17.0% or \$11.1 million from \$65.3 million in the same period in 2018. The growth in revenues was driven by another strong quarter from our Property Tax business. Property Tax revenues increased by 26.5%, primarily due to sustained strong performance in the U.K., as well as double-digit growth in Canada. In the U.K., we benefitted from continuing settlement of 2017 list cases from our healthy backlog. In Canada, the growth in revenues was driven by a rebound of case settlements in Ontario as well as robust performance in Manitoba and Quebec. Our Valuation and Cost Advisory revenues increased by 3.0%, primarily due to better performance from our Canadian Valuation practice. Changes in exchange rates impacted CRE Consulting revenues by (0.9%).

Adjusted EBITDA was \$18.6 million for the three months ended September 30, 2019, up 66.1% or \$7.4 million from \$11.2 million in the same period in 2018. Earnings improved on the revenue increase from our Property Tax business. Changes in exchange rates benefitted CRE Consulting Adjusted EBITDA by 0.1%.

Year-to-Date Discussion

Revenues were \$240.2 million for the nine months ended September 30, 2019, up 11.1% or \$23.9 million from \$216.3 million in the same period in 2018. The growth in revenues was driven by our Property Tax business. Property Tax revenues increased 15.7% as the U.K. benefitted from annuity billing in the second quarter and increased case settlements on the 2017 list cases. In addition, Canada has seen strong performance in Western Canada in the first half of the year, and performance in Ontario strengthening in the third quarter. In the U.S., we have experienced strong double-digit organic growth, especially in our largest revenue jurisdiction of Texas. Our Valuation and Cost Advisory business has experienced modest growth. Changes in exchange rates impacted CRE Consulting Adjusted EBITDA by (0.3%).

Adjusted EBITDA was \$62.7 million for the nine months ended September 30, 2019, up 36.3% or \$16.7 million from \$46.0 million in the same period in 2018. The healthy increase in earnings has resulted from our strong revenue increases in the Property Tax business. Changes in exchange rates impacted CRE Consulting Adjusted EBITDA by (0.1%).

Outlook

Our Property Tax business continues to represent an attractive growth area for our company driven by a steady demand for our specialized services. We expect 2019 to be a record revenue year for our Property Tax practice driven by an anticipated rebound of case settlement activity from the Ontario and U.K. markets, both of which had been impacted by government-driven process changes that caused a deferral of appeal settlements, where a high portion of revenues are derived on a contingency basis. Both markets are now in year three of their respective four-year cycles that began in 2017. In Ontario and the U.K., consistent with what we experienced in the third quarter, we expect year over year revenue growth in the fourth quarter as case settlement volumes continue to show improvement. In the U.S., our seasonal peaks already occurred in the second and third quarters. Given the nature of the Property Tax business as discussed in more detail in the seasonal and cyclical variations, we expect to experience typical quarterly variability in our financial performance.

Our Valuation and Cost Advisory practices enjoy significant market share and, as a result, are expected to continue growing modestly. Growth is expected to be driven by operating leverage, enhanced efficiency and productivity from technology, and improved cross-selling across the organization.

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Geomatics

<i>In thousands of dollars</i>	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	% Change	2019	2018	% Change
Revenues	\$ 10,207	\$ 11,338	(10.0%)	\$ 31,380	\$ 32,151	(2.4%)
Adjusted EBITDA	\$ 1,345	\$ 1,812	(25.8%)	\$ 2,796	\$ 2,721	2.8%
Adjusted EBITDA Margin	13.2%	16.0%		8.9%	8.5%	

Quarterly Discussion

Revenues were \$10.2 million for the three months ended September 30, 2019, down 10.0% or \$1.1 million from \$11.3 million in the same period in 2018. Revenues were impacted by reduced activity levels in the oil and gas sector, a key market for this business unit.

Adjusted EBITDA was \$1.3 million for the three months ended September 30, 2019, down 25.8% or \$0.5 million from \$1.8 million in the same period in 2018. Earnings were down on reduced revenues.

Year-to-Date Discussion

Revenues were \$31.4 million for the nine months ended September 30, 2019, down 2.4% or \$0.8 million from \$32.2 million in the same period in 2018. Revenues were down moderately over the prior year.

Adjusted EBITDA was \$2.8 million for the nine months ended September 30, 2019, up 2.8% or \$0.1 million from \$2.7 million in the same period in 2018. Earnings improved on comparable revenues and improved operational cost efficiencies.

Outlook

Our Geomatics business continues to be impacted by the market downturn in the oil and gas industry. Given our strong revenue exposure to the oil and gas industry in Western Canada, we continue to be impacted by reduced capital spending in this sector and ongoing pricing pressures. Following various cost cutting and optimization initiatives undertaken in 2018, we expect Geomatics to remain profitable for the remainder of 2019.

Corporate Costs

Quarterly Discussion

Corporate costs (recovery) were \$10.5 million for the three months ended September 30, 2019, as compared to \$6.6 million in the same period in 2018. Corporate costs increased on higher accrual of variable compensation costs and various corporate initiatives to scale the business for growth. Bonuses are accrued in the Corporate segment for the first three quarters of the year and are allocated to the individual business segments in the fourth quarter upon overall results finalization. For the three months ended September 30, 2019, corporate costs as a percentage of revenues was 7.7%, as compared to 5.5% in the same period in 2018.

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Year-to-Date Discussion

Corporate costs (recovery) were \$32.3 million for the nine months ended September 30, 2019, as compared to \$24.1 million in the same period in 2018. Corporate costs increased on higher accrual of variable compensation costs and various corporate initiatives to scale the business for growth. Bonuses are accrued in the Corporate segment for the first three quarters of the year and are allocated to the individual business segments in the fourth quarter upon overall results finalization. For the nine months ended September 30, 2019, corporate costs as a percentage of revenues was 7.7%, as compared to 6.4% in the same period in 2018.

Liquidity and Capital Resources

Cash Flow	Three months ended		Nine months ended	
	September 30,		September 30,	
<i>In thousands of dollars</i>	2019	2018	2019	2018
Net cash related to operating activities	\$ 23,293	\$ 27,792	\$ 28,425	\$ 34,588
Net cash related to financing activities	(8,120)	(8,107)	(4,588)	17,377
Net cash related to investing activities	(13,922)	26,228	(16,931)	14,616
Effect of foreign currency translation	3,204	(878)	370	(1,606)
Change in cash position during the period	\$ 4,455	\$ 45,035	\$ 7,276	\$ 64,975
Dividends paid	\$ 5,237	\$ 4,347	\$ 13,621	\$ 14,702

We expect to fund operations with cash derived from operating activities. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities. Significant erosion in the general state of the economy could affect our liquidity by reducing cash generated from operating activities or by limiting access to short-term financing as a result of tightening credit markets.

Cash from Operating Activities

Working Capital		
<i>In thousands of dollars</i>	September 30, 2019	December 31, 2018
Current assets	\$ 230,894	\$ 209,535
Current liabilities	264,613	125,180
Working capital	\$ (33,719)	\$ 84,355

Current assets are composed primarily of cash and cash equivalents, trade receivables and other and income taxes recoverable. Current liabilities are composed primarily of trade payables and other, income taxes payable, lease liabilities and borrowings. Bank credit facilities of \$146.0 million are included in current liabilities as at September 30, 2019, as they mature on April 28, 2020. We are in the process of reviewing and renewing our bank credit facilities. We expect to complete this prior to maturity.

As at September 30, 2019, trade receivables, net and unbilled revenue on customer contracts net of deferred revenue was \$125.6 million, up 18.6% or \$19.7 million from \$105.9 million as at December 31, 2018. As a percentage of the trailing 12-month revenues, trade receivables and unbilled revenue on customer contracts net of deferred revenue, was 22.4% as at September 30, 2019, as compared to 20.6% as at December 31, 2018.

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Our Days Sales Outstanding ("DSO") was 75 days as at September 30, 2019, as compared to 74 days as at December 31, 2018. We calculate DSO by taking the five-quarter average balance of trade receivables, net and unbilled revenue on customer contracts net of deferred revenue and the result is then divided by the trailing 12-month revenues plus any pre-acquisition revenues, as applicable, and multiplied by 365 days. Our method of calculating DSO may differ from the methods used by other issuers and, accordingly, may not be comparable to similar measures used by other issuers. We believe this measure is useful to investors as it demonstrates our ability to convert revenue into cash.

Current and long-term liabilities include amounts owing to the vendors of acquired businesses on account of excess working capital, deferred purchase price payments and other closing adjustments. As at September 30, 2019, the amounts owing to the vendors of acquired businesses were \$14.8 million, as compared to \$14.2 million as at December 31, 2018. We intend to satisfy the payments with the revolving term facility (as described below) or cash on hand.

Except for our bank credit facilities, which we expect to renew, we expect to satisfy the balance of our current liabilities through the realization of our current assets.

Cash from Financing Activities

Our revolving term facility is a senior secured revolving term facility used for general corporate purposes that will mature on April 28, 2020. In June 2018, we increased our borrowing capacity under the revolving term facility from \$200.0 million to \$220.0 million in accordance with certain provisions of the agreement. The borrowing capacity can be further increased to \$250.0 million. All other terms of the bank credit facilities remain the same.

As at September 30, 2019, our total borrowings on our revolving term facility amounted to \$146.0 million, an increase of \$17.4 million from December 31, 2018. Our bank credit facilities mature on April 28, 2020 and hence, have been presented as current liabilities. We are in the process of reviewing and renewing our bank credit facilities. We expect to complete this prior to maturity.

We also have outstanding letters of credit under our bank credit facilities in the total amount of \$0.8 million (December 31, 2018 - \$0.8 million).

The cost of our bank credit facilities is tied to the Canadian Prime rates, Canadian Bankers' Acceptance rates, U.S. Base rates or LIBOR rates. As at September 30, 2019, \$65.0 million was subject to interest rate swap agreements to fix the interest rate. We are obligated to pay the counterparty to the swap agreements an amount based upon a fixed interest rate of 1.48% per annum and the counterparty is obligated to pay us an amount equal to the Canadian Bankers' Acceptance rate. These agreements expire on May 15, 2020. These interest rate swaps are not designated as cash flow hedges. The effective annual rate of interest for the three and nine months ended September 30, 2019 on our bank credit facilities was 3.68% and 3.65%, as compared to 3.51% and 3.42% in the corresponding periods in 2018, respectively.

We have agreed with our bank syndicate that our covenants will be calculated under the method used prior to the adoption of IFRS 16.

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As at September 30, 2019, we were in compliance with the financial covenants of our bank credit facilities, which are summarized below:

	September 30, 2019
Funded debt to EBITDA (maximum of 3.00:1)	1.72:1
Fixed charge coverage (minimum of 1.20:1)	8.14:1
Funded debt to capitalization (maximum of 55%)	26%

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)				
	Total	Less than			
<i>In thousands of dollars</i>		1 year	1 to 3 years	4 to 5 years	Over 5 years
Bank credit facilities	\$ 146,000	\$ 146,000	\$ -	\$ -	\$ -
Leasehold improvement loans	438	74	148	148	68
Lease obligations	94,433	18,258	28,653	24,188	23,334
Contingent consideration payables	14,196	12,873	1,323	-	-
Other liabilities	80,935	67,255	5,792	956	6,932
Total contractual obligations	\$ 336,002	\$ 244,460	\$ 35,916	\$ 25,292	\$ 30,334

⁽¹⁾ Contractual obligations exclude aggregate unfunded capital contributions of \$0.9 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		Nine months ended	
	September 30,		September 30,	
<i>In thousands of dollars</i>	2019	2018	2019	2018
Property, plant and equipment additions	\$ 2,205	\$ 1,505	\$ 4,610	\$ 8,293
Intangibles additions	-	296	149	650
Proceeds from disposal of property, plant and equipment and intangibles	(32)	(110)	(102)	(200)
Capital expenditures	\$ 2,173	\$ 1,691	\$ 4,657	\$ 8,743

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Reconciliation of Adjusted EBITDA to Profit (Loss)

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

<i>In thousands of dollars</i>	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Adjusted EBITDA	\$ 19,820	\$ 16,504	\$ 64,674	\$ 55,783
Additional occupancy expense calculated on a similar basis prior to the adoption of IFRS 16 ⁽¹⁾	3,514	-	10,178	-
Depreciation - right-of-use assets	(3,273)	-	(10,222)	-
Depreciation and amortization - other	(9,741)	(12,635)	(29,110)	(37,860)
Acquisition and related transition (costs) income	(85)	(184)	(238)	(2,257)
Unrealized foreign exchange gain (loss) ⁽²⁾	(252)	(231)	(1,379)	576
Gain (loss) on disposal of property, plant and equipment ⁽²⁾	(50)	(52)	(342)	(1,144)
Non-cash Equity Compensation Plan costs ⁽³⁾	(1,617)	(1,496)	(4,508)	(4,307)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽³⁾	1,312	74	2,247	(976)
Gain (loss) on derivatives ⁽²⁾	-	(4)	-	268
Restructuring costs	-	184	453	(6,458)
Gain (loss) on investments ⁽⁴⁾	63	42	158	81
Other non-operating and/or non-recurring income (costs) ⁽⁵⁾	-	(1,176)	-	(1,295)
Impairment charge - leases	(35)	-	(69)	-
Earnings (loss) before finance costs and income taxes	9,656	1,026	31,842	2,411
Finance costs (income), net - leases	715	-	2,160	-
Finance costs (income), net - other	1,768	(1,738)	5,136	(4,856)
Profit (loss) before income taxes	7,173	(712)	24,546	(2,445)
Income tax expense (recovery)	2,137	(1,011)	6,624	(1,275)
Profit (loss) for the period	\$ 5,036	\$ (1,723)	\$ 17,922	\$ (3,720)

⁽¹⁾ Management's use of the non-GAAP lease expense calculated on a similar basis prior to the adoption of IFRS 16 is used when analyzing operating performance. Management believes that the non-GAAP measure provides useful information to both management and investors in measuring our financial performance. Refer to pages 15 and 16 for a schedule showing the impacts and adjustments of our consolidated financial statements for the adoption of IFRS 16.

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

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

⁽⁴⁾ Gain (loss) on investments for the three and nine months ended September 30, 2019 and for the three and nine months ended September 30, 2018 relates to changes in fair value of investments in partnerships.

⁽⁵⁾ Other non-operating and/or non-recurring income (costs) for the three and nine months ended September 30, 2018 relate to (i) non-recurring legal matters and related costs, (ii) transactional costs for tax planning and restructuring of legal entities within the group and (iii) costs related to an executive departure. These are included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

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Adjusted Earnings (Loss) Per Share

<i>In thousands of dollars, except for per share amounts</i>	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Profit (loss) for the period	\$ 5,036	\$ (1,723)	\$ 17,922	\$ (3,720)
Additional occupancy expense calculated on a similar basis prior to the adoption of IFRS 16	(3,514)	-	(10,178)	-
Depreciation - right-of-use assets	3,273	-	10,222	-
Finance costs (income), net - leases	715	-	2,160	-
Amortization of intangibles of acquired businesses	7,423	9,975	22,474	30,269
Unrealized foreign exchange loss (gain)	252	231	1,379	(576)
Loss (gain) on disposal of property, plant and equipment	50	52	342	1,144
Non-cash Equity Compensation Plan costs	1,617	1,496	4,508	4,307
Loss (gain) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged	(1,312)	(74)	(2,247)	976
Interest accretion on contingent consideration payables	149	160	464	493
Restructuring costs	-	(184)	(453)	6,458
Loss (gain) on hedging transactions, including currency forward contracts and interest expense (income) on swaps	40	(131)	450	(417)
Acquisition and related transition costs (income)	85	184	238	2,257
Impairment charge - leases	35	-	69	-
Loss (gain) on investments	(63)	(42)	(158)	(81)
Other non-operating and/or non-recurring costs (income)	-	1,176	-	1,295
Tax impact on above	(1,930)	(2,636)	(5,866)	(9,543)
Adjusted earnings (loss) for the period	\$ 11,856	\$ 8,484	\$ 41,326	\$ 32,862
Weighted average number of shares - basic	39,642,560	38,879,435	39,350,460	38,694,699
Weighted average number of restricted shares	373,767	307,370	375,826	312,517
Weighted average number of shares - adjusted	40,016,327	39,186,805	39,726,286	39,007,216
Adjusted earnings (loss) per share	\$0.30	\$0.22	\$1.04	\$0.84

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Summary of Quarterly Results

In thousands of dollars, except for per share amounts	2019			2018					2017	
	Sep 30	Jun 30	Mar 31	Fiscal 2018	Dec 31	Sep 30	Jun 30	Mar 31	Fiscal 2017	Dec 31
Results of Operations										
Revenues	\$ 136,994	\$ 153,654	\$ 127,998	\$ 510,429	\$ 130,885	\$ 120,636	\$ 134,218	\$ 124,690	\$ 476,562	\$ 122,317
Adjusted EBITDA	\$ 19,820	\$ 30,970	\$ 13,884	\$ 70,904	\$ 15,121	\$ 16,504	\$ 23,771	\$ 15,508	\$ 80,645	\$ 19,949
Adjusted EBITDA margin	14.5%	20.2%	10.8%	13.9%	11.6%	13.7%	17.7%	12.4%	16.9%	16.3%
Profit (loss) for the period	\$ 5,036	\$ 13,321	\$ (435)	\$ (18,439)	\$ (14,719)	\$ (1,723)	\$ 330	\$ (2,327)	\$ 109,417	\$ (3,388)
Earnings (loss) per share:										
Basic	\$0.13	\$0.34	\$(0.01)	\$(0.48)	\$(0.38)	\$(0.04)	\$0.01	\$(0.06)	\$2.88	\$(0.09)
Diluted	\$0.12	\$0.33	\$(0.01)	\$(0.48)	\$(0.38)	\$(0.04)	\$0.01	\$(0.06)	\$2.83	\$(0.09)
Adjusted	\$0.30	\$0.52	\$0.23	\$1.05	\$0.20	\$0.22	\$0.40	\$0.23	\$1.11	\$0.15
Weighted average number shares ('000s):										
Basic	39,643	39,318	39,084	38,764	38,968	38,879	38,700	38,500	38,028	38,389
Diluted	40,411	39,770	39,084	38,764	38,968	38,879	39,085	38,500	38,374	38,728

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

- Our Altus Analytics business (which makes up approximately 37% of total consolidated revenues in Q3 2019) experiences some seasonality. ARGUS software products sold as perpetual licenses tend to have a stronger fourth quarter in revenues, a trend that is common in many other software companies. Also, our Appraisal Management solutions could experience some seasonal patterns around the second and fourth quarters, associated with some clients' practices of bi-annual and annual appraisals. It should also be noted that our Altus Analytics revenues may exhibit revenue variability as a result of our revenue recognition under IFRS 15. Under IFRS 15 accounting, for on-premise ARGUS software solutions that are sold on a subscription basis in a right to use license arrangement, a portion of the revenues will be recognized at the time of delivery of the distinct license rather than ratably over the term of the subscription. This is expected to result in more variability in revenues based on the timing of contracts. Certain arrangements are for a right to access and revenues will continue to be recognized ratably over the term of the subscription. Revenue recognition may vary based on contract specific terms.
- Our global Property Tax practice (which makes up approximately 36% of total consolidated revenues in Q3 2019) can experience significant fluctuations on a quarterly basis 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 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. In 2018, following the integration of CVS, we implemented annuity billing in the U.K. for a significant number of our contracts that occur each April of the second, third and fourth 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

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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.

- Our Cost Advisory practice (which makes up approximately 13% of total consolidated revenues in Q3 2019) experiences some cyclicalities associated with its significant exposure to the CRE construction and development activities in the key markets that we serve. For instance, revenues will generally be higher in periods of economic prosperity and expansion in our key markets in Canada and Asia Pacific.
- Our Geomatics business (which makes up less than 7% of total consolidated revenues in Q3 2019) engages in projects that tend to be on remote undeveloped land in Western Canada, which is most accessible in the winter and summer months and least accessible in the spring months when ground conditions are soft and wet. Revenues for Geomatics tend to peak in the third and fourth quarters of the year in line with higher activity levels during these periods. Also, given Geomatics' significant client exposure to the oil and gas sector, revenues will be impacted by cyclical trends related to that sector, specifically driven by capital spending.

Share Data

As at October 31, 2019, 39,810,718 common shares were outstanding and are net of 372,571 treasury shares. These treasury shares are shares held by Altus Group, which are subject to restrictive covenants and may or may not vest for employees. Accordingly, these shares are not included in the total number of common shares outstanding for financial reporting purposes and are not included in basic earnings per share calculations.

As at September 30, 2019, there were 1,652,664 share options outstanding (December 31, 2018 - 1,518,670 share options outstanding) at a weighted average exercise price of \$28.83 per share (December 31, 2018 - \$27.96 per share) and 518,419 share options were exercisable (December 31, 2018 - 495,894). All share options are exercisable into common shares on a one-for-one basis.

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

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

For the three and nine months ended September 30, 2019, 23,618 and 168,121 common shares (2018 - 53,552 and 93,693 common shares) 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 September 30, 2019 consist of cash and cash equivalents, trade receivables

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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, promissory notes receivable and contingent consideration payables are measured using a discounted cash flow analysis of expected cash flows in future periods. The investments in equity instruments are measured based on valuations of the respective entities. Investments in partnerships are measured in relation to the fair value of assets in the respective partnerships.

The fair value of the liabilities for the DSU and RSU plans as at September 30, 2019 was approximately \$14.1 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 have entered into interest rate swap agreements in connection with our bank credit facilities.

In 2015, we entered into interest rate swap agreements for a total notional amount of \$65.0 million and a fixed interest rate of 1.48% per annum. This agreement expires on May 15, 2020. As at September 30, 2019, we have a total notional amount of \$65.0 million outstanding and the fair value of these swaps were \$0.2 million in our favor.

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

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

As at September 30, 2019, we have equity derivatives relating to RSUs and DSUs outstanding with a notional amount of \$11.3 million. The fair value of these derivatives is \$8.3 million in our favor.

We are exposed to credit risk with respect to our cash and cash equivalents, trade receivables and other and derivative financial instruments. Credit risk is not concentrated with any particular customer. In certain parts of Asia, it is often common business practice to pay invoices over an extended period of time and/or at the completion of the project. The risk of non-collection of trade receivables is greater in Asia Pacific compared to North American or European countries.

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

Contingencies

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

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

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

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

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

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

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Management has limited the scope of the design of DC&P and ICFR, consistent with previous practice, to exclude controls, policies and procedures of One11 acquired on July 1, 2019 and Caruthers acquired on July 1, 2019.

Financial information of the businesses acquired is summarized below.

Balance sheet data for One11:

<i>In thousands of dollars</i>	September 30, 2019	
Assets	\$	15,795
Liabilities		(2,308)
Equity		13,487

Income statement data for One11:

<i>In thousands of dollars</i>	Three months ended September 30, 2019	
Revenues	\$	4,049
Expenses		4,053
Profit (loss)		(4)
Adjusted EBITDA		311

Income statement data for Caruthers:

<i>In thousands of dollars</i>	Three months ended September 30, 2019	
Revenues	\$	181
Expenses		(483)
Profit (loss)		(302)
Adjusted EBITDA		(94)

There have been no significant changes in our internal controls over financial reporting that occurred for the quarter ended September 30, 2019, the most recently completed interim period, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

We implemented internal controls to ensure we adequately evaluated our contracts and properly assessed the impact of the new accounting standards related to IFRS 16, *Leases*, on our financial statements to facilitate its adoption on January 1, 2019. There were no other significant changes to our internal control over financial reporting.

The audit committee and our Board of Directors have reviewed and approved this MD&A and the financial statements as at and for the three and nine months ended September 30, 2019.

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Additional Information

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

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



Altus Group

LISTINGS

Toronto Stock Exchange
Stock trading symbol: AIF

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