



Altus Group

Q1 2021

Management's
Discussion & Analysis

For the three months ended March 31, 2021

Altus Group Limited



Management's Discussion & Analysis March 31, 2021

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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 "interim financial statements") as at and for the quarter ended March 31, 2021, which have been prepared on the basis of International Financial Reporting Standards ("IFRS") and reported in Canadian dollars. Unless otherwise indicated herein, references to "\$" are to Canadian dollars and percentages are in comparison to the same period in 2020. Starting in the first quarter of 2021, segmented results presented (including restated comparative figures) include variable compensation costs that are accrued and allocated directly to the Company's business units on a quarterly basis. A table detailing the comparative 2020 quarterly results under the new treatment is posted on our website under the Investor Relations section with our 2020 year-end disclosure materials.

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

This MD&A is dated as of May 6, 2021.

Forward-Looking Information

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

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

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

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

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information include, but are not limited to: the general state of the economy; the COVID-19 pandemic; currency; our financial performance; our financial targets; the commercial real estate market; industry competition; our acquisitions; our cloud subscriptions transition; software renewals; professional talent; third party information; enterprise transactions; new product introductions; technological change; intellectual property; technology strategy; information technology governance and security; our product pipeline; property tax appeals; legislative and regulatory changes; fixed-price and contingency engagements; appraisal and appraisal management mandates; the Canadian multi-residential market; customer concentration and the loss of material clients; interest rates; credit; income tax matters; health and safety hazards; our contractual obligations; legal proceedings; our insurance limits; our ability to meet the solvency requirements necessary to make dividend payments; leverage and financial covenants; our share price; our capital investments; and the issuance of additional common shares, as well as those described in our annual publicly filed documents, including the Annual Information Form for the year ended December 31, 2020 (which are available on SEDAR at www.sedar.com).

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

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

Non-IFRS Measures

We use certain non-IFRS measures as indicators of financial performance. Readers are cautioned that they are not defined performance measures, and do not have any standardized meaning under IFRS and may differ from similar computations as reported by other similar entities and, accordingly, may not be

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

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

Adjusted EBITDA margin represents the percentage factor of Adjusted EBITDA to revenues. Refer to page 24 for a reconciliation of Adjusted EBITDA to our interim financial statements.

Adjusted Earnings (Loss) per Share ("Adjusted EPS") represents basic earnings (loss) per share from continuing operations adjusted for the effects of: occupancy costs calculated on a similar basis prior to the adoption of IFRS 16, depreciation of right-of-use assets, finance costs (income), net - leases, amortization of intangibles of acquired businesses, unrealized foreign exchange losses (gains), (gains) losses on disposal of right-of-use assets, property, plant and equipment and intangibles, non-cash share-based compensation costs, losses (gains) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged, interest accretion on contingent consideration payables, restructuring costs (recovery), losses (gains) on hedging transactions and interest expense (income) on swaps, acquisition and related transition costs (income), losses (gains) on investments, share of (profit) loss of joint venture, impairment charges, (gains) losses on derivatives, and other costs or income of a non-operating and/or non-recurring nature. The adjusted earnings (loss) reflect the above adjustments, net of tax. The basic weighted average number of shares is adjusted for the effects of weighted average number of restricted shares. Refer to page 25 for a reconciliation of Adjusted EPS to our interim financial statements.

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

Over Time revenues is a metric consistent with IFRS 15, *Revenue from Contracts with Customers*. Our Over Time revenues are comprised of software subscription revenues recognized on an over time basis in accordance with IFRS 15, software maintenance revenues associated with our legacy licenses sold on perpetual terms, Appraisal Management revenues, and data subscription revenues. Refer to page 16 for discussion of Over Time revenues.

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

Bookings is a new metric we are introducing in the first quarter of 2021 for the Altus Analytics business segment. We define Bookings as the annual contract value ("ACV") for new sales of our recurring offerings (software, Appraisal Management solutions and data subscriptions) and the total contract value ("TCV") for one-time engagements (consulting, training and due diligence).

Overview of the Business

Altus Group Limited is a leading provider of software, data solutions and independent advisory services to the global commercial real estate ("CRE") industry. Our businesses, Altus Analytics and Commercial Real Estate Consulting ("CRE Consulting"), reflect decades of experience, a range of expertise, and technology-enabled capabilities. Our solutions empower clients to analyze, gain insight and recognize value on their real estate investments. Headquartered in Canada, we have approximately 2,400 employees around the world, with operations in North America, Europe and Asia Pacific. Our clients include many of the world's largest CRE industry participants. Altus Group pays a quarterly dividend of \$0.15 per share and our shares are traded on the Toronto Stock Exchange ("TSX") under the symbol AIF.

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

Altus Analytics

Our Altus Analytics segment primarily consists of Over Time revenues, comprising software subscriptions and maintenance, and data solutions that are made available to clients through our Appraisal Management solutions and through data subscription products. A smaller portion of the segment includes non-recurring revenues primarily from software services. Altus Analytics clients predominately consist of CRE asset and investment management firms, including large owners, managers and investors of CRE assets and funds, as well as other industry participants including service providers, brokers, appraisers, developers, financial institutions and the public sector.

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

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

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

Commercial Real Estate Consulting

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

Our largest revenue contributor to CRE Consulting is our Property Tax business which operates in Canada, the U.S. and the U.K. Our team of Property Tax professionals help clients minimize the tax burden and reduce the cost of compliance. Our core real estate property tax services include assessment reviews, management and appeals, as well as in the U.S., personal property and state and local tax advisory services. The majority of our Property Tax revenues are derived on a contingency basis, representing a percentage of the savings we achieve for our clients. As such, we recognize contingency revenues when settlements are made, which in some cases could span multiple years. A smaller portion of our fees are based on a time and materials basis. Valuation services, which are predominantly provided in Canada, consist of appraisals of real estate portfolios, valuation of properties for transactional purposes, due diligence and litigation and

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economic consulting. Our Cost Advisory practice, offered in both the private and public sectors in Canada and Asia Pacific, provides expert services in the areas of construction feasibility studies, budgeting, cost and loan monitoring and project management. Pricing for our Valuation and Cost Advisory services is primarily based on a fixed fee or time and materials basis. Given the strength of our brand, our independence and quality of our work, we enjoy a high rate of client renewals across all of our CRE Consulting businesses.

Strategy

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

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

Our vision is to be the leader for the valuation and management of risk for real estate assets by enhancing the decision making across the value chain through the use of technology, data, analytics and services. Over the past several years, we have positioned ourselves as a leading CRE technology and technology-enabled services provider through our investments in cloud technology, the integration of our software technology stack, the expansion of our products and services into Europe and the Asia Pacific region, and the digitization of our Property Tax and other service lines. We have also initiated the transition of our Altus Analytics business to a predominately recurring revenue model by moving from on-premise software sales, sold on perpetual and subscription terms, to cloud SaaS products.

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

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Strategic Priorities

Our 2021 strategic priorities consist of:

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

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

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

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

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Analytics”) (as discussed on page 11) is a core component to our long-term data strategy, bringing valuable data science technology and talent, and accelerating our speed to market for future data analytics products.

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

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

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Financial and Operating Highlights

Selected Financial Information	Quarter ended March 31,	
<i>In thousands of dollars, except for per share amounts</i>	2021	2020
Revenues	\$ 137,158	\$ 131,256
Canada	37%	37%
U.S.	36%	39%
Europe	22%	18%
Asia Pacific	5%	6%
Adjusted EBITDA	\$ 17,240	\$ 13,248
Adjusted EBITDA margin	12.6%	10.1%
Profit (loss) for the period from continuing operations	\$ 2,637	\$ 1,757
Profit (loss) for the period from discontinued operations	\$ -	\$ (5,436)
Profit (loss) for the period	\$ 2,637	\$ (3,679)
Earnings (loss) per share:		
Basic		
Continuing operations	\$0.07	\$0.04
Discontinued operations	\$0.00	\$(0.14)
Diluted		
Continuing operations	\$0.06	\$0.04
Discontinued operations	\$0.00	\$(0.13)
Adjusted	\$0.34	\$0.20
Dividends declared per share	\$0.15	\$0.15

Financial Highlights

- Revenues** were \$137.2 million for the quarter ended March 31, 2021, up 4.5% (6.1% on a constant currency basis) or \$5.9 million from \$131.3 million in the same period in 2020. Acquisitions represented 1.8% of the 4.5% revenue growth. We experienced broad based revenue growth across all our businesses, with the exception of U.S. Property Tax. Altus Analytics grew 4.9% (8.4% on a constant currency basis), helped by Over Time revenues growing 6.7% (10.2% on a constant currency basis). Our CRE Consulting segment showed growth of 4.2% (4.6% on a constant currency basis), despite a weaker performance from U.S. Property Tax due to COVID-19 related delays.
- Adjusted EBITDA** was \$17.2 million for the quarter ended March 31, 2021, up 30.1% (34.8% on a constant currency basis) or \$4.0 million from \$13.2 million in the same period in 2020. Acquisitions represented 7.7% of the 30.1% Adjusted EBITDA growth. Earnings increased on account of higher revenues and lower office and other operating costs, partly offset by higher compensation from headcount additions. Adjusted EBITDA growth and margin improvement was largely owing to strength in our Altus Analytics, Property Tax, and Valuation businesses.
- Profit (loss)** from continuing operations for the quarter ended March 31, 2021 was \$2.6 million, up 50.1% or \$0.8 million from \$1.8 million in the same period in 2020. In addition to the items affecting Adjusted EBITDA as discussed above, profit (loss) from continuing operations for the quarter ended

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March 31, 2021 increased as a result of lower amortization of some historical acquisition-related intangibles, lower interest related to our bank credit facilities, and lower income tax expense, offset by acquisition and related costs for the April 1, 2021 acquisition of Finance Active and the May 4, 2021 acquisition of StratoDem Analytics.

- For the quarter ended March 31, 2021, earnings (loss) per share from continuing operations was \$0.07, basic and \$0.06, diluted, as compared to \$0.04, basic and diluted, in the same period in 2020.
- For the quarter ended March 31, 2021, Adjusted EPS was \$0.34, up 70.0% from \$0.20 in the same period in 2020.
- We returned \$6.2 million to shareholders in the quarter through quarterly dividends of \$0.15 per common share.
- As at March 31, 2021, our bank debt was \$128.0 million, representing a funded debt to EBITDA leverage ratio of 1.11 times (compared to 1.09 times as at December 31, 2020), well below our maximum ratio of 4.00 times. As at March 31, 2021, cash and cash equivalents were \$69.1 million (compared to \$69.6 million as at December 31, 2020).

Operating Highlights

Events After the Reporting Period

Acquisition of Finance Active

On April 1, 2021, we acquired all of the issued and outstanding shares of Finance Active and its subsidiaries for approximately €106.5 million (approximately \$157.7 million), subject to adjustments. On closing, we paid a total of €89.2 million (approximately \$132.1 million) in cash, funded by drawing £76.8 million on our credit facilities. In addition, we issued 303,177 common shares to the selling shareholders and certain members of Finance Active's management team valued at €12.5 million (approximately \$18.5 million) from treasury on the acquisition date. These common shares will be held in escrow and will vest and be released over three years on each anniversary of the closing date, subject to continued employment by the management team and compliance with certain terms and conditions. As part of the purchase price, €4.8 million of cash (approximately \$7.1 million) is payable in cash over two years after closing, subject to certain conditions being met. Founded in 2000, Finance Active is a European provider of SaaS debt management and financial risk management SaaS solutions for treasury and investment management serving public, corporate and financial institutions. Finance Active is headquartered in Paris, France, with a wide geographic footprint in Europe including over 3,000 customers ranging from small-to-medium businesses to large, global institutions. Finance Active's team of approximately 160 professionals will be integrated with our Altus Analytics business.

The transaction is expected to strengthen our Over Time revenues while providing opportunities for both acquisitive and organic growth to our 2021 revenues and Adjusted EBITDA. As a market leader, Finance Active has been steadily growing its topline, generating gross revenue of approximately €25.0 million (approximately \$38.3 million) in 2020. Supported by multi-year subscription contracts and a mid-90% gross retention rate, approximately 90% of Finance Active's revenues are recurring, consistent with our Over Time revenue definition. Over the past three years, Adjusted EBITDA margins have been in the 20% range.

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As required by IFRS, there will be an initial purchase price accounting adjustment on Finance Active's deferred revenues which will impact the revenues, Adjusted EBITDA, and Adjusted EBITDA margins in 2021.

Acquisition of StratoDem Analytics

On May 4, 2021, we acquired certain assets of StratoDem Analytics for US\$24.4 million (approximately \$29.9 million) in cash and common shares, subject to adjustments. As part of the transaction, we entered into a non-compete agreement with members of management of StratoDem Analytics. As consideration for these assets, we paid cash of US\$16.0 million (approximately \$19.6 million). In addition, we issued 165,320 common shares to the vendors valued at US\$8.4 million (approximately \$10.3 million) from treasury. The common shares will be held in escrow and will vest and be released 50% on the first anniversary and the remaining 50% equally on the second and third anniversary of the closing date, subject partly to continued employment and compliance with certain terms and conditions. StratoDem Analytics is an early-stage company offering data-science-as-a-service for the real estate sector. The cloud-based StratoDem Analytics platform integrates vast amounts of granular local demographic and economic datasets to generate predictive models and analytical tools that enable clients to better understand the factors influencing the market and build more accurate models and forecasts. Through this acquisition, the StratoDem Analytics platform is a core component to our long-term data strategy, bringing valuable data science talent and technology, and accelerating our speed to market for future data analytics products. Based in the U.S., StratoDem Analytics' team will join the Altus Analytics business unit.

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Discussion of Operations

Quarter Ended March 31, 2021

<i>In thousands of dollars</i>	Quarter ended March 31,	
	2021	2020
Revenues	\$ 137,158	\$ 131,256
Expenses		
Employee compensation	93,220	88,355
Occupancy	1,870	2,071
Office and other operating	23,697	26,882
Depreciation of right-of-use assets	2,768	2,872
Depreciation and amortization	6,772	7,717
Acquisition and related transition costs (income)	5,182	(1,176)
Share of (profit) loss of joint venture	389	-
Restructuring costs (recovery)	(49)	(25)
(Gain) loss on investments	(188)	(125)
Finance costs (income), net - leases	570	660
Finance costs (income), net - other	578	1,507
Profit (loss) from continuing operations before income taxes	2,349	2,518
Income tax expense (recovery)	(288)	761
Profit (loss) for the period from continuing operations	\$ 2,637	\$ 1,757
Profit (loss) for the period from discontinued operations	-	(5,436)
Profit (loss) for the period attributable to shareholders	\$ 2,637	\$ (3,679)

Revenues

Revenues were \$137.2 million for the quarter ended March 31, 2021, up 4.5% or \$5.9 million from \$131.3 million in the same period in 2020. Acquisitions represented 1.7% of the 4.5% revenue growth for the quarter ended March 31, 2021. Adjusting for the impact of currency, revenues grew by 6.1%. The revenue growth was driven by Over Time revenue growth in Altus Analytics and broad-based growth across our CRE Consulting businesses.

Employee Compensation

Employee compensation was \$93.2 million for the quarter ended March 31, 2021, up 5.5% or \$4.8 million from \$88.4 million in the same period in 2020. For the quarter ended March 31, 2021, the increase in compensation was mainly due to headcount additions within Altus Analytics and Property Tax and the acquisition of Property Tax Assistance Company Inc. ("PTA") on December 1, 2020. For the quarter ended March 31, 2021, employee compensation as a percentage of revenues was 68.0%, as compared to 67.3% in the same period in 2020.

Occupancy

Occupancy represents amounts pertaining to short-term leases, low-value assets, and variable lease payments and was \$1.9 million for the quarter ended March 31, 2021, down 9.7% or \$0.2 million from \$2.1 million in the same period in 2020. For the quarter ended March 31, 2021, the impacts of IFRS 16 decreased

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occupancy costs by \$3.1 million as compared to \$3.0 million in the same period in 2020. Without the impact of IFRS 16, occupancy costs for the quarter ended March 31, 2021 decreased moderately. For the quarter ended March 31, 2021, occupancy as a percentage of revenues was 1.4%, as compared to 1.6% in the same period in 2020. Without the impact of IFRS 16, occupancy as a percentage of revenues would have been 3.6% for the quarter ended March 31, 2021, as compared to 3.9% in the same period in 2020.

Office and Other Operating Costs

Office and other operating costs were \$23.7 million for the quarter ended March 31, 2021, down 11.8% or \$3.2 million from \$26.9 million in the same period in 2020. For the quarter ended March 31, 2021, the decrease was due to savings on travel, conference related costs and lower subcontractor disbursements, partly offset by higher professional fees for strategic advisory work. For the quarter ended March 31, 2021, office and other operating costs as a percentage of revenues were 17.3%, as compared to 20.5% in the same period in 2020.

Depreciation of Right-of-Use Assets

Depreciation of right-of-use assets was \$2.8 million for the quarter ended March 31, 2021, as compared to \$2.9 million in the same period in 2020. The decrease is primarily due to the expiry of existing leases and a reduction in space needs.

Depreciation and Amortization

Depreciation and amortization were \$6.8 million for the quarter ended March 31, 2021, as compared to \$7.7 million in the same period in 2020. The decrease is mainly due to the completion of the amortization period for some historical acquisition-related intangibles.

Acquisition and Related Transition Costs (Income)

Acquisition and related transition costs (income) were \$5.2 million for the quarter ended March 31, 2021, as compared to \$(1.2) million in the same period in 2020. Costs incurred for the quarter ended March 31, 2021 were related to the April 1, 2021 acquisition of Finance Active and the May 4, 2021 acquisition of StratoDem Analytics. The income recorded for the quarter ended March 31, 2020 was due to a revaluation of our acquisition-related contingent consideration payables on historical acquisitions.

Share of (Profit) Loss of Joint Venture

Share of (profit) loss of joint venture represents our share of the profit/loss in GeoVerra Inc. ("GeoVerra") and was \$0.4 million for the quarter ended March 31, 2021, as compared to \$nil in the same period in 2020 as it was launched on June 27, 2020.

Restructuring Costs (Recovery)

Restructuring costs (recovery) were \$nil for the quarter ended March 31, 2021, as compared to \$nil in the same period in 2020.

(Gain) Loss on Investments

(Gain) loss on investments was \$(0.2) million for the quarter ended March 31, 2021, as compared to \$(0.1) million in the same period in 2020. The amount represents changes in the fair value of our investments in partnerships.

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Finance Costs (Income), Net

<i>In thousands of dollars</i>	Quarter ended March 31,		
	2021	2020	% Change
Interest on borrowings	\$ 600	\$ 1,325	(54.7%)
Interest on lease liabilities	570	660	(13.6%)
Unwinding of discounts	3	63	(95.2%)
Change in fair value of interest rate swaps	-	154	(100.0%)
Finance income	(25)	(35)	(28.6%)
Finance costs (income), net	\$ 1,148	\$ 2,167	(47.0%)

Finance costs (income), net for the quarter ended March 31, 2021 was \$1.1 million, down 47.0% or \$1.1 million from \$2.2 million in the same period in 2020. Our finance costs decreased mainly due to the lower interest on our bank credit facilities and leases, and the lower change in fair value recognized in relation to our \$65.0 million interest rate swap which was settled in the second quarter of 2020.

Income Tax Expense (Recovery)

Income tax expense (recovery) for the quarter ended March 31, 2021 was \$(0.3) million, as compared to \$0.8 million in the same period in 2020. A significant amount of our earnings is derived outside of Canada and as a result a change in the mix of earnings and losses in countries with differing statutory tax rates have impacted our effective tax rates for the period ended March 31, 2021.

Profit (Loss) from Continuing Operations

Profit (loss) from continuing operations for the quarter ended March 31, 2021 was \$2.6 million and \$0.07 per share, basic and \$0.06 per share, diluted, as compared to \$1.8 million and \$0.04 per share, basic and diluted, in the same period in 2020.

Profit (Loss) from Discontinued Operations

Profit (loss) from discontinued operations for the quarter ended March 31, 2021 was \$nil and \$0.00 per share, basic and diluted, as compared to \$(5.4) million and \$(0.14) per share, basic and \$(0.13) per share, diluted, in the same period in 2020. This was due mainly to the contribution of our Geomatics discontinued operations into the GeoVerra joint venture in the second quarter of 2020.

Profit (Loss)

Profit (loss) for the quarter ended March 31, 2021 was \$2.6 million and \$0.07 per share, basic and \$0.06 per share, diluted, as compared to \$(3.7) million and \$(0.09) per share, basic and diluted, in the same period in 2020.

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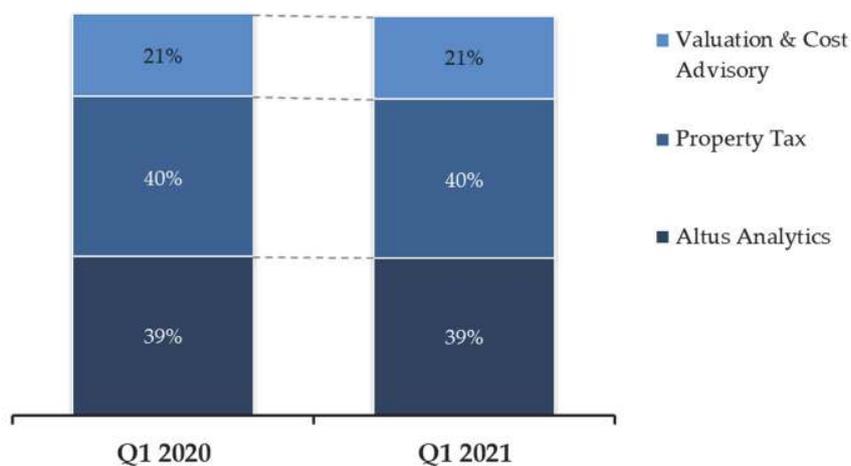
Revenues and Adjusted EBITDA by Business Unit

Revenues		Quarter ended March 31,		
<i>In thousands of dollars</i>	2021	2020	% Change	
Altus Analytics	\$ 54,240	\$ 51,719	4.9%	
Commercial Real Estate Consulting	82,993	79,611	4.2%	
Intercompany eliminations	(75)	(74)	(1.4%)	
Total	\$ 137,158	\$ 131,256	4.5%	

Adjusted EBITDA		Quarter ended March 31,		
<i>In thousands of dollars</i>	2021	2020 ⁽¹⁾	% Change	
Altus Analytics	\$ 10,212	\$ 8,289	23.2%	
Commercial Real Estate Consulting	15,006	11,742	27.8%	
Corporate	(7,978)	(6,783)	(17.6%)	
Total	\$ 17,240	\$ 13,248	30.1%	

⁽¹⁾ Comparative figures have been restated to reflect accrued variable compensation costs within the respective business units. Refer to Note 4 of the interim financial statements.

Revenue Contribution:



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Altus Analytics

<i>In thousands of dollars</i>	Quarter ended March 31,		
	2021	2020	% Change
Revenues	\$ 54,240	\$ 51,719	4.9%
Adjusted EBITDA ⁽¹⁾	\$ 10,212	\$ 8,289	23.2%
Adjusted EBITDA Margin ⁽¹⁾	18.8%	16.0%	
Selected Metrics ⁽²⁾			
Bookings	\$ 21,299	\$ 14,981	42.2%
Over Time revenues	\$ 42,788	\$ 40,083	6.7%
AE software maintenance retention rate	94%	96%	
Geographical revenue split			
North America	80%	82%	
International	20%	18%	
Cloud adoption rate (as at end of period)	22%	6%	

⁽¹⁾ Comparative figures have been restated to reflect accrued variable compensation costs within the respective business units. Refer to Note 4 of the interim financial statements.

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

Quarterly Discussion

Revenues were \$54.2 million for the quarter ended March 31, 2021, up 4.9% or \$2.5 million from \$51.7 million in the same period in 2020. Adjusting for the impact of currency, revenues for the first quarter grew 8.4%.

Over Time revenues, as described above in the "Overview of the Business" section, were \$42.8 million for the quarter ended March 31, 2021, up 6.7% or \$2.7 million from \$40.1 million in the same period in 2020. Adjusting for the impact of currency, first quarter Over Time revenues grew 10.2%. Over Time revenues increased on higher subscription revenue and robust growth generated by our Appraisal Management solutions from new clients and additional assets from existing clients.

Bookings in the quarter increased by 42.2% year-over-year from \$15.0 million to \$21.3 million and we finished the quarter with a growing pipeline of future opportunities. Adjusting for the impact of currency, Bookings in the quarter increased by 46.1%.

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

Adjusted EBITDA was \$10.2 million for the quarter ended March 31, 2021, up 23.2% or \$1.9 million from \$8.3 million in the same period in 2020. Adjusted EBITDA improved on higher revenues and improved operating margins. Adjusting for the impact of currency, Adjusted EBITDA grew by 29.6%.

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Outlook

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

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

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

The migration of on-premise AE users to cloud-based subscription contracts is ongoing, and we expect to make significant progress in 2021. As planned, early adoption continues to be led by SMB firms as they are much easier to transition and typically have less complex IT infrastructure requirements. Our latest

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enhancements to cloud-enabled AE and the integration with APIs are an important catalyst for many larger firms and we expect a greater volume of our larger customers to begin their migration journey. Our progress should be reflected in our growing cloud adoption rate and the growth in Over Time revenues. We continue to expect that the significant majority of our AE users will be migrated to the cloud by the end of 2023.

Based on current rates, we expect foreign exchange will continue to be a headwind in the second quarter of 2021. For a comparative view, in the second quarter of 2020, foreign exchange was a tailwind as our average USD:CAD exchange rate was 1.39.

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

Commercial Real Estate Consulting

<i>In thousands of dollars</i>	Quarter ended March 31,		
	2021	2020	% Change
Revenues			
Property Tax	\$ 54,670	\$ 52,596	3.9%
Valuation and Cost Advisory	28,323	27,015	4.8%
Revenues	\$ 82,993	\$ 79,611	4.2%
Adjusted EBITDA ⁽¹⁾			
Property Tax	\$ 11,114	\$ 9,314	19.3%
Valuation and Cost Advisory	3,892	2,428	60.3%
Adjusted EBITDA	\$ 15,006	\$ 11,742	27.8%
Adjusted EBITDA Margin	18.1%	14.7%	

⁽¹⁾ Comparative figures have been restated to reflect accrued variable compensation costs within the respective business units. Refer to Note 4 of the interim financial statements.

Quarterly Discussion

Revenues were \$83.0 million for the quarter ended March 31, 2021, up 4.2% or \$3.4 million from \$79.6 million in the same period in 2020. The growth in revenues was driven by our Property Tax business and our Valuation practice. Adjusting for the impact of currency, revenues for the first quarter grew 4.6%.

Our first quarter Property Tax performance demonstrated the resiliency of a geographically diversified model. We had double-digit growth in the U.K. and robust performance in Canada, however our U.S. performance was impacted by COVID-19 related delays on settlement activity across several jurisdictions.

Revenues from our Valuation and Cost Advisory businesses were up, reflecting higher transaction levels with our Valuation practice.

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Adjusted EBITDA was \$15.0 million for the quarter ended March 31, 2021, up 27.8% or \$3.3 million from \$11.7 million in the same period in 2020. The increase in earnings resulted from higher revenues. Adjusting for the impact of currency, Adjusted EBITDA for the first quarter grew 28.7%.

Outlook

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

Following our best-ever performance in 2020, we remain well positioned to deliver another record revenue year in 2021. Our outlook is supported by a healthy pipeline of cases to be settled, catch up from COVID-19 related delays in 2020, and higher annuity billings in the U.K. Given the seasonal and cyclical variations of the Property Tax business (as discussed in more detail on page 26 of this MD&A), we expect to experience typical quarterly variability in our financial performance, including the second quarter being our seasonally strongest quarter. The ongoing COVID-19 pandemic could potentially impact some of these typical variations, and cause some short-term disruption related to the anticipated timing of settlements (as currently being experienced in the U.S.).

Our Valuation and Cost Advisory practices enjoy significant market share and, as a result, have been growing modestly. We have enhanced these businesses with the use of technology and expect that to drive operational efficiencies. Although the COVID-19 pandemic has had a mild impact on activity levels, business resumption in key jurisdictions mitigates against further declines. A significant portion of the Valuation business consists of periodic valuations of CRE portfolios, which are expected to remain stable or in some cases increase in frequency; however, there are some continued pressures on some of the transactional services. Our Cost Advisory business depends to a large extent on an active CRE developer market, which appears to have stabilized. Despite any short-term disruptions, the long-term opportunity associated with this business remains intact as many engagements are multi-year.

Corporate Costs

Quarterly Discussion

Corporate costs were \$8.0 million for the quarter ended March 31, 2021, as compared to \$6.8 million (restated to reflect accrued variable compensation costs within the respective business units) in the same period in 2020. Corporate costs increased primarily due to higher consulting fees for professional advisory. Starting in the first quarter of 2021, we accrued and allocated variable compensation costs for the business units directly on a quarterly basis, versus the former treatment of accruing under the Corporate segment and reallocating in the fourth quarter. A table detailing the 2020 quarterly results under the new treatment is posted on our website under the Investor Relations section.

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Liquidity and Capital Resources

Cash Flow	Quarter ended March 31,	
<i>In thousands of dollars</i>	2021	2020 ⁽¹⁾
Net cash related to operating activities	\$ 3,731	\$ (16,412)
Net cash related to financing activities	(1,852)	29,736
Net cash related to investing activities	(1,473)	(1,075)
Effect of foreign currency translation	(971)	2,357
Change in cash position during the period	\$ (565)	\$ 14,606
Dividends paid	\$ (5,437)	\$ (5,340)

⁽¹⁾ The net cash flows provided by (used in) the operating, financing, and investing activities of the Geomatics discontinued operations for the quarter ended March 31, 2020 were \$1.5 million, \$(0.3) million, and \$(0.1) million, respectively. The Geomatics discontinued operations was contributed into the GeoVerra joint venture in the second quarter of 2020.

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

Cash from Operating Activities

Working Capital		
<i>In thousands of dollars</i>	March 31, 2021	December 31, 2020
Current assets	\$ 257,772	\$ 268,571
Current liabilities	129,596	153,184
Working capital	\$ 128,176	\$ 115,387

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

Current liabilities are composed primarily of trade payables and other (including a \$0.3 million related party payable to our GeoVerra joint venture related mainly to customer payments received on its behalf), lease liabilities. It also includes income taxes payable and derivative financial instruments in a liability position. The decrease in current liabilities is mainly due to the payment of accrued variable compensation costs and restructuring provisions in the first quarter of 2021, partly offset by derivative financial liabilities outstanding related to the April 1, 2021 acquisition of Finance Active.

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As at March 31, 2021, trade receivables, net and contract assets (unbilled revenue on customer contracts) net of contract liabilities (deferred revenue) was \$118.8 million, down 11.1% or \$14.8 million from \$133.6 million as at December 31, 2020. As a percentage of the trailing 12-month revenues, trade receivables and unbilled revenue on customer contracts net of deferred revenue, for continuing operations, was 20.7% as at March 31, 2021, as compared to 23.4% as at December 31, 2020.

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

Current and long-term liabilities include amounts owing to the vendors of acquired businesses on account of excess working capital, deferred purchase price payments and other closing adjustments. As at March 31, 2021, the amounts owing to the vendors of acquired businesses were \$2.4 million, as compared to \$3.7 million as at December 31, 2020. We intend to satisfy the payments with cash on hand.

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

Cash from Financing Activities

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

As at March 31, 2021, our total borrowings on our bank credit facilities amounted to \$128.0 million, an increase of \$5.0 million from December 31, 2020.

Loans under the bank credit facilities bear interest at a floating rate, based on the Canadian Prime rates, Canadian Bankers’ Acceptance rates, U.S. Base rates or LIBOR rates plus, in each case, an applicable margin to those rates. The applicable margin for Canadian Bankers’ Acceptance and LIBOR borrowings depends on a trailing four-quarter calculation of the funded debt to EBITDA ratio. The weighted average effective rate of interest for the quarter ended March 31, 2021 on our bank credit facilities was 1.73%, as compared to 3.36% in the same period in 2020.

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

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

In addition, the Company and certain of its subsidiaries, collectively the guarantors, must account for at least 80% of consolidated revenues on a trailing 12-month basis. The bank credit facilities require repayment of the principal at such time as we receive proceeds of insurance, equity or debt issuances, or

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sale of assets in excess of certain thresholds. Letters of credit are also available on customary terms for bank credit facilities of this nature.

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

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

As at March 31, 2021, we were in compliance with the financial covenants of our amended bank credit facilities, which are summarized below:

	March 31, 2021
Funded debt to EBITDA (maximum of 4.00:1)	1.11:1
Interest coverage (minimum of 3.00:1)	35.31:1

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

Contractual Obligations ⁽¹⁾	Payments Due by Period (undiscounted)				
	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	\$ 128,000	\$ -	\$ 128,000	\$ -	\$ -
Lease obligations	74,424	13,227	26,349	18,226	16,622
Contingent consideration	47	47	-	-	-
Due to GeoVerra	314	314	-	-	-
Other liabilities	100,822	76,130	13,232	1,059	10,401
Total contractual obligations	\$ 303,607	\$ 89,718	\$ 167,581	\$ 19,285	\$ 27,023

⁽¹⁾ Contractual obligations exclude aggregate unfunded capital contributions of \$0.4 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.

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Capital expenditures are reconciled as follows:

Capital Expenditures	Quarter ended March 31,	
<i>In thousands of dollars</i>	2021	2020 ⁽¹⁾
Property, plant and equipment additions	\$ 489	\$ 920
Intangibles additions	948	63
Proceeds from disposal of property, plant and equipment and intangibles	-	(53)
Capital expenditures	\$ 1,437	\$ 930

⁽¹⁾ Capital expenditures related to the Geomatics discontinued operations for the quarter ended March 31, 2020 were \$0.1 million. The Geomatics discontinued operations was contributed into the GeoVerra joint venture in the second quarter of 2020.

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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>	Quarter ended March 31,	
	2021	2020
Adjusted EBITDA	\$ 17,240	\$ 13,248
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 ⁽¹⁾	3,119	3,042
Depreciation of right-of-use assets	(2,768)	(2,872)
Depreciation of property, plant and equipment and amortization of intangibles	(6,772)	(7,717)
Acquisition and related transition (costs) income	(5,182)	1,176
Unrealized foreign exchange gain (loss) ⁽²⁾	(419)	772
Gain (loss) on disposal of right-of-use assets, property, plant and equipment and intangibles ⁽²⁾	238	(14)
Share of profit (loss) of joint venture	(389)	-
Non-cash share-based compensation costs ⁽³⁾	(2,432)	(1,515)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽³⁾	625	(764)
Restructuring (costs) recovery	49	25
Gain (loss) on investments ⁽⁴⁾	188	125
Other non-operating and/or non-recurring income (costs) ⁽⁵⁾	-	(821)
Earnings (loss) from continuing operations before finance costs and income taxes	3,497	4,685
Finance (costs) income, net - leases	(570)	(660)
Finance (costs) income, net - other	(578)	(1,507)
Profit (loss) from continuing operations before income taxes	2,349	2,518
Income tax (expense) recovery	288	(761)
Profit (loss) for the period from continuing operations	\$ 2,637	\$ 1,757
Profit (loss) for the period from discontinued operations	-	(5,436)
Profit (loss) for the period	\$ 2,637	\$ (3,679)

⁽¹⁾ Management uses the non-GAAP occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 when analyzing operating performance, which may provide useful information to both management and investors in measuring our financial performance.

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

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

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

⁽⁵⁾ Other non-operating and/or non-recurring income (costs) for the quarter ended March 31, 2020 relate to (i) transitional costs related to the departure of senior executives, (ii) legal, advisory, and other consulting costs related to a Board strategic initiative, and (iii) transaction and other related costs. These are included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).

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

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

<i>In thousands of dollars, except for per share amounts</i>	Quarter ended March 31,	
	2021	2020
Profit (loss) for the period	\$ 2,637	\$ (3,679)
(Profit) loss for the period from discontinued operations	-	5,436
Occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 ⁽¹⁾	(3,119)	(3,042)
Depreciation of right-of-use assets	2,768	2,872
Finance costs (income), net - leases	570	660
Amortization of intangibles of acquired businesses	5,498	6,177
Unrealized foreign exchange loss (gain)	419	(772)
Loss (gain) on disposal of right-of-use assets, property, plant and equipment and intangibles	(238)	14
Non-cash share-based compensation costs	2,432	1,515
Loss (gain) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged	(625)	764
Interest accretion on contingent consideration payables	-	45
Restructuring costs (recovery)	(49)	(25)
Loss (gain) on hedging transactions, including currency forward contracts and interest expense (income) on swaps	-	154
Acquisition and related transition costs (income)	5,182	(1,176)
Loss (gain) on investments	(188)	(125)
Share of loss (profit) of joint venture	389	-
Other non-operating and/or non-recurring costs (income)	-	821
Tax impact on above	(1,936)	(1,481)
Adjusted earnings (loss) for the period	\$ 13,740	\$ 8,158
Weighted average number of shares - basic	40,551,803	39,895,944
Weighted average number of restricted shares	393,859	363,675
Weighted average number of shares - adjusted	40,945,662	40,259,619
Adjusted earnings (loss) per share	\$0.34	\$0.20

⁽¹⁾ Management uses the non-GAAP occupancy costs calculated on a similar basis prior to the adoption of IFRS 16 when analyzing operating performance, which may provide useful information to both management and investors in measuring our financial performance.

Management's Discussion & Analysis

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Summary of Quarterly Results

	2021	2020					2019			
<i>In thousands of dollars, except for per share amounts</i>	Mar 31	Fiscal 2020	Dec 31	Sep 30	Jun 30	Mar 31	Fiscal 2019	Dec 31	Sep 30	Jun 30
Results of Operations										
Revenues	\$ 137,158	\$ 561,156	\$ 139,480	\$ 134,950	\$ 155,470	\$ 131,256	\$ 525,717	\$ 138,451	\$ 126,787	\$ 143,131
Adjusted EBITDA	\$ 17,240	\$ 98,928	\$ 26,734	\$ 24,047	\$ 34,899	\$ 13,248	\$ 84,709	\$ 22,331	\$ 18,785	\$ 30,036
Adjusted EBITDA margin	12.6%	17.6%	19.2%	17.8%	22.4%	10.1%	16.1%	16.1%	14.8%	21.0%
Profit (loss) for the period from continuing operations	\$ 2,637	\$ 27,009	\$ 4,622	\$ 9,297	\$ 11,333	\$ 1,757	\$ 23,891	\$ 6,118	\$ 4,598	\$ 12,719
Profit (loss) for the period from discontinued operations	\$ -	\$ (5,576)	\$ (276)	\$ (130)	\$ 266	\$ (5,436)	\$ (5,697)	\$ (5,846)	\$ 438	\$ 602
Basic earnings (loss) per share:										
Continuing operations	\$0.07	\$0.67	\$0.11	\$0.23	\$0.28	\$0.04	\$0.61	\$0.15	\$0.12	\$0.32
Discontinued operations	\$0.00	\$(0.14)	\$(0.01)	\$0.00	\$0.01	\$(0.14)	\$(0.14)	\$(0.15)	\$0.01	\$0.02
Diluted earnings (loss) per share:										
Continuing operations	\$0.06	\$0.66	\$0.11	\$0.22	\$0.28	\$0.04	\$0.60	\$0.15	\$0.11	\$0.32
Discontinued operations	\$0.00	\$(0.14)	\$(0.01)	\$0.00	\$0.01	\$(0.13)	\$(0.14)	\$(0.14)	\$0.01	\$0.02
Adjusted earnings (loss) per share	\$0.34	\$1.67	\$0.44	\$0.40	\$0.62	\$0.20	\$1.43	\$0.42	\$0.28	\$0.51
Weighted average number shares ('000s):										
Basic	40,552	40,159	40,380	40,240	40,115	39,896	39,461	39,787	39,643	39,318
Diluted	41,642	41,209	41,532	41,348	41,039	40,869	40,084	40,653	40,411	39,770

Our global Property Tax practice (which made up approximately 40% of total consolidated revenues in Q1 2021) is subject to seasonal and cyclical variations which may impact overall quarterly results, which could potentially be more pronounced during the COVID-19 pandemic. Significant fluctuations on a quarterly basis arise as a result of the timing of contingency settlements and other factors, such as the wide-ranging variety of tax cycles across our various jurisdictions (which range from annual to seven-year cycles). We also experience some seasonal peaks in the U.K. and U.S. markets. In the U.K., the second quarter benefits from annuity billing starting in the second year of a new cycle, and in the U.S. we tend to experience higher volumes of settlements in the second and third quarters. We perform annuity billing in the U.K. for a significant number of our contracts that occur each April starting in the second year of the cycle. The revenues from the annuity billings are expected to grow cumulatively over the cycle as more cases are settled and as the volume of billable clients increases concurrent with case settlements. It should also be noted that since a higher portion of our revenues come from contingency contracts, the front-end of a cycle typically requires a ramp-up period in preparation for the appeals and therefore tends to have lower earnings than later in the cycles when more settlements are made and those revenues flow directly to the bottom line.

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Share Data

As at May 4, 2021, 41,358,602 common shares were outstanding and are net of 344,935 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 March 31, 2021, there were 1,685,490 share options outstanding (December 31, 2020 - 1,791,682 share options outstanding) at a weighted average exercise price of \$39.08 per share (December 31, 2020 - \$35.78 per share) and 572,148 share options were exercisable (December 31, 2020 - 453,517). All share options are exercisable into common shares on a one-for-one basis.

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

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

For the quarter ended March 31, 2021, 14,643 common shares (2020 - 17,538 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 March 31, 2021 consist of cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts and prepayments), trade payables and other (excluding contract liabilities), income taxes recoverable and payable, investments, borrowings and derivative financial instruments. We do not enter into financial instrument arrangements for speculative purposes.

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

The fair value of the liabilities for our RSUs and DSUs as at March 31, 2021 was approximately \$22.0 million, based on the published trading price on the TSX for our common shares.

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

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

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

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

As at March 31, 2021, we have equity derivatives relating to RSUs and DSUs outstanding with a notional amount of \$14.8 million. The net fair value of these derivatives is \$16.6 million in our favour.

As at March 31, 2021, we have a foreign exchange and a put option derivative outstanding relating to the April 1, 2021 acquisition of Finance Active. The fair value of these derivatives is \$2.8 million and in a liability position.

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

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

Contingencies

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

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

Changes in Significant Accounting Policies and Estimates

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The continued spread of this contagious disease outbreak and related public health developments have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn and to legislative and regulatory changes that have impacted our business and operations. The duration and magnitude of the impact of the outbreak and its potential adverse effects on our business or results of operations continue to be uncertain and will depend on future developments. Judgments made in the March 31, 2021 interim financial statements reflect management's best estimates as of the period end, taking into consideration the most significant judgments that may be directly impacted by COVID-19. Management's significant estimates and assumptions that could be impacted most by COVID-19 are: revenue recognition and determination and allocation of the transaction price, impairment of trade receivables and contract assets, and estimated impairment of goodwill.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

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

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

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

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

Management has limited the scope of the design of DC&P and ICFR, consistent with previous practice, to exclude controls, policies and procedures of PTA acquired on December 1, 2020.

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Financial information of the business acquired is summarized below.

Income statement data for PTA:

<i>In thousands of dollars</i>	Period ended March 31, 2021
Revenues	\$ 2,307
Expenses	2,327
Profit (loss)	(20)
Adjusted EBITDA	1,016

There have been no significant changes in our internal controls over financial reporting that occurred for the quarter ended March 31, 2021, the most recently completed interim period, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

The audit committee and our Board of Directors have reviewed and approved this MD&A and the interim financial statements as at and for the quarter ended March 31, 2021.

Additional Information

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

LISTINGS

Toronto Stock Exchange
Stock trading symbol: AIF

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Altus Group