Altus Group

2019 Financial Statements

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Altus Group Limited

Consolidated Financial Statements
December 31, 2019 and 2018
(Expressed in Thousands of Canadian Dollars)

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Altus Group Limited

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Altus Group Limited are the responsibility of management and have been reviewed and approved by the Board of Directors of Altus Group Limited. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgments. Management has also prepared financial and all other information in the Annual Shareholders' Report and has ensured that this information is consistent with the consolidated financial statements.

The Company maintains appropriate systems of internal control, policies and procedures, which provide management with reasonable assurance that assets are safeguarded and the financial records are reliable and form a proper basis for the preparation of the consolidated financial statements.

The Board of Directors of Altus Group Limited ensures that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee. This committee reviews the consolidated financial statements and reports to the Board of Directors. The committee meets with the auditor to discuss the results of the audit, the adequacy of internal accounting controls and financial reporting matters.

The consolidated financial statements have been independently audited by Ernst & Young LLP in accordance with Canadian generally accepted auditing standards. Their report which follows expresses their opinion on the consolidated financial statements of the Company.

"Robert Courteau"

Robert Courteau
Chief Executive Officer
February 20, 2020

"Angelo Bartolini"

Angelo Bartolini
Chief Financial Officer
February 20, 2020

Independent Auditor's Report

To the Shareholders of
Altus Group Limited

Opinion

We have audited the consolidated financial statements of Altus Group Limited and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mark Vrooman.

"Ernst & Young LLP"

Toronto, Canada — Chartered Professional Accountants
February 20, 2020 — Licensed Public Accountants

Altus Group Limited

Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2019 and 2018
(Expressed in Thousands of Canadian Dollars, Except for Per Share Amounts)

	Notes	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenues	7	**$ 567,415**	$ 510,429
Expenses			
Employee compensation	8	**355,320**	330,612
Occupancy	4, 14	**8,099**	21,340
Office and other operating		**112,262**	98,037
Depreciation of right-of-use assets	4, 14	**13,440**	-
Depreciation of property, plant and equipment	15	**7,838**	8,089
Amortization of intangibles	16	**29,995**	41,025
Acquisition and related transition costs (income)	6	**188**	2,394
Restructuring costs (recovery)	18	**(453)**	6,371
(Gain) loss on investments	13	**(276)**	(43)
Impairment charge - goodwill	17	**6,400**	13,700
Finance costs (income), net - leases	4, 9	**2,885**	-
Finance costs (income), net - other	9	**6,567**	6,701
Profit (loss) before income taxes		**25,150**	(17,797)
Income tax expense (recovery)	10	**6,956**	642
Profit (loss) for the year attributable to shareholders		**$ 18,194**	$ (18,439)
Other comprehensive income (loss):			
Items that may be reclassified to profit or loss in subsequent periods:			
Currency translation differences	22	**(13,772)**	17,696
Items that are not reclassified to profit or loss in subsequent periods:			
Change in fair value of FVOCI investments	22	**92**	(44,351)
Other comprehensive income (loss), net of tax		**(13,680)**	(26,655)
Total comprehensive income (loss) for the year, net of tax, attributable to shareholders		**$ 4,514**	$ (45,094)

Earnings (loss) per share attributable to the shareholders of the Company during the year			
Basic earnings (loss) per share	24	**$0.46**	$(0.48)
Diluted earnings (loss) per share	24	**$0.45**	$(0.48)

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

Altus Group Limited

Consolidated Balance Sheets
As at December 31, 2019 and 2018
(Expressed in Thousands of Canadian Dollars)

	Notes	December 31, 2019	December 31, 2018
Assets			
Current assets			
Cash and cash equivalents		$ 60,262	$ 48,738
Trade receivables and other	11	181,955	154,298
Income taxes recoverable		2,403	6,021
Derivative financial instruments	12	1,449	478
		246,069	209,535
Non-current assets			
Trade receivables and other	11	3,696	8,975
Derivative financial instruments	12	5,975	614
Investments	13	11,481	4,903
Deferred tax assets	10	22,163	19,581
Right-of-use assets	4, 14	63,729	-
Property, plant and equipment	15	29,037	33,197
Intangibles	16	92,595	114,894
Goodwill	17	260,380	266,483
		489,056	448,647
Total Assets		$ 735,125	$ 658,182
Liabilities			
Current liabilities			
Trade payables and other	18	$ 128,566	$ 117,520
Income taxes payable		4,548	6,802
Lease liabilities	4, 14	12,564	192
Borrowings	19	137,929	666
		283,607	125,180
Non-current liabilities			
Trade payables and other	18	16,197	29,825
Lease liabilities	4, 14	63,419	74
Borrowings	19	334	128,435
Deferred tax liabilities	10	11,916	16,242
		91,866	174,576
Total Liabilities		375,473	299,756
Shareholders' Equity			
Share capital	20	509,646	491,542
Contributed surplus	21	24,447	21,882
Accumulated other comprehensive income (loss)	22	40,245	54,558
Retained earnings (deficit)		(214,686)	(209,556)
Total Shareholders' Equity		359,652	358,426
Total Liabilities and Shareholders' Equity		$ 735,125	$ 658,182

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

Events after the Reporting Period (Note 30)
Commitments and Contingencies (Note 28)

Approved on behalf of the Board of Directors

"Raymond Mikulich" — Raymond Mikulich

"Janet Woodruff" — Janet Woodruff

Altus Group Limited

Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2019 and 2018
(Expressed in Thousands of Canadian Dollars)

	Notes	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Shareholders' Equity
As at January 1, 2018		$ 479,181	$ 18,550	$ 10,430	$ (96,842)	$ 411,319
Profit (loss) for the year		-	-	-	(18,439)	(18,439)
Other comprehensive income (loss), net of tax:						
Currency translation differences		-	-	17,696	-	17,696
Change in fair value of FVOCI investments		-	-	(44,351)	-	(44,351)
Total comprehensive income (loss) for the year		-	-	(26,655)	(18,439)	(45,094)
Transfer of loss on disposal of FVOCI investments		-	-	70,783	(70,783)	-
Transactions with owners:						
Dividends declared		-	-	-	(23,492)	(23,492)
Share-based compensation		-	9,455	-	-	9,455
Dividend Reinvestment Plan		4,617	-	-	-	4,617
Shares issued on exercise of options		1,005	(163)	-	-	842
Shares issued on acquisitions		3,729	-	-	-	3,729
Shares issued under the Equity Compensation Plan		2,496	(2,496)	-	-	-
Treasury shares purchased for share-based compensation		(3,061)	-	-	-	(3,061)
Release of treasury shares under the Restricted Share Plan		3,575	(3,430)	-	-	145
Gain (loss) on sale of RSs and shares held in escrow		-	(34)	-	-	(34)
		12,361	3,332	70,783	(94,275)	(7,799)
As at December 31, 2018		$ 491,542	$ 21,882	$ 54,558	$ (209,556)	$ 358,426
As at January 1, 2019		$ 491,542	$ 21,882	$ 54,558	$ (209,556)	$ 358,426
Profit (loss) for the year		-	-	-	18,194	18,194
Other comprehensive income (loss), net of tax:						
Currency translation differences	22	-	-	(13,772)	-	(13,772)
Change in fair value of FVOCI investments	22	-	-	92	-	92
Total comprehensive income (loss) for the year		-	-	(13,680)	18,194	4,514
Transfer of gain on disposal of FVOCI investments	22	-	-	(633)	633	-
Transactions with owners:						
Dividends declared	25	-	-	-	(23,957)	(23,957)
Share-based compensation	21, 23	-	9,839	-	-	9,839
Dividend Reinvestment Plan	20	4,624	-	-	-	4,624
Shares issued on exercise of options	20, 21, 23	8,166	(1,289)	-	-	6,877
Shares issued on acquisitions	6, 20	4,282	-	-	-	4,282
Shares issued under the Equity Compensation Plan	20, 21, 23	5,243	(2,891)	-	-	2,352
Treasury shares reserved for share-based compensation	20, 23	(7,705)	-	-	-	(7,705)
Release of treasury shares under the Restricted Share Plan	20, 21, 23	3,494	(3,001)	-	-	493
Gain (loss) on sale of RSs and shares held in escrow	21	-	(93)	-	-	(93)
		18,104	2,565	(633)	(23,324)	(3,288)
As at December 31, 2019		**$ 509,646**	**$ 24,447**	**$ 40,245**	**$ (214,686)**	**$ 359,652**

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

Altus Group Limited

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018
(Expressed in Thousands of Canadian Dollars)

	Notes	For the year ended December 31, 2019	For the year ended December 31, 2018
Cash flows from operating activities			
Profit (loss) before income taxes		$ 25,150	$ (17,797)
Adjustments for:			
Depreciation of right-of-use assets	4, 14	13,440	-
Depreciation of property, plant and equipment	15	7,838	8,089
Amortization of intangibles	16	29,995	41,025
Amortization of lease inducements		-	689
Finance costs (income), net - leases	4, 9	2,885	-
Finance costs (income), net - other	9	6,567	6,701
Share-based compensation	21, 23	9,839	9,455
Unrealized foreign exchange (gain) loss		994	(981)
(Gain) loss on investments	13	(276)	(43)
(Gain) loss on disposal of property, plant and equipment and intangibles		274	1,617
(Gain) loss on equity derivatives and interest rate swaps	12	(6,837)	4,822
Impairment charge - leases		69	-
Impairment charge - goodwill	17	6,400	13,700
Net changes in operating working capital		(23,110)	(3,826)
Net cash generated by (used in) operations		73,228	63,451
Less: interest paid on borrowings		(5,045)	(5,370)
Less: interest paid on leases		(2,885)	-
Less: income taxes paid		(15,454)	(13,520)
Add: income taxes refunded		2,581	4,930
Net cash provided by (used in) operating activities		52,425	49,491
Cash flows from financing activities			
Proceeds from exercise of options	20, 21, 23	6,877	842
Proceeds from borrowings	19	21,600	51,279
Repayment of borrowings	19	(12,872)	(73,233)
Payments of principal on lease liabilities	4, 14	(11,844)	-
Dividends paid	25	(19,199)	(18,798)
Treasury shares purchased under the Restricted Share Plan	20, 23	(5,353)	(3,061)
Net cash provided by (used in) financing activities		(20,791)	(42,971)
Cash flows from investing activities			
Purchase of investments	13	(708)	(3,905)
Purchase of intangibles	16	(155)	(826)
Purchase of property, plant and equipment	15	(5,786)	(11,545)
Proceeds from disposal of property, plant and equipment and intangibles		147	271
Proceeds from disposal of investment	13	549	54,173
Acquisitions, net of cash acquired	6	(12,477)	(27,192)
Net cash provided by (used in) investing activities		(18,430)	10,976
Effect of foreign currency translation		(1,680)	3,172
Net increase (decrease) in cash and cash equivalents		11,524	20,668
Cash and cash equivalents, beginning of year		48,738	28,070
Cash and cash equivalents, end of year		$ 60,262	$ 48,738

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

1. Business and Structure

Altus Group Limited (the "Company") is a leading provider of software, data solutions and independent advisory services to the global commercial real estate ("CRE") industry. The Company's businesses, Altus Analytics and Altus Expert Services, reflect decades of experience, a range of expertise, and technology-enabled capabilities. The Company's solutions empower clients to analyze, gain insight and recognize value on their real estate investments. Headquartered in Canada, the Company has approximately 2,500 employees around the world, with operations in North America, Europe and Asia Pacific. The Company's clients include many of the world's largest CRE industry participants. The Company conducts its business through three business units: Altus Analytics, Commercial Real Estate Consulting and Geomatics.

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

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

2. Basis of Preparation

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on a going concern basis using the historical cost convention, except for the revaluation of certain financial assets and financial liabilities, including investments, derivatives, and debt and equity instruments and contingent consideration that have been measured at fair value.

The Company adopted IFRS 16, *Leases*, effective January 1, 2019 on a modified retrospective basis. Changes to significant accounting policies and estimates are described in Note 4.

These consolidated financial statements were approved by the Board of Directors for issue on February 20, 2020.

3. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

3. Summary of Significant Accounting Policies, cont'd

Consolidation

Subsidiaries

Investments in other entities where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, are considered subsidiaries. Subsidiaries are fully consolidated from the date at which control is determined to have occurred and are de-consolidated from the date that the Company no longer controls the entity. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany transactions and balances are eliminated.

The Company uses the acquisition method of accounting to account for business combinations, when control is acquired. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the identifiable net assets acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Associates

Associates are all entities over which the Company has significant influence. The Company has significant influence when it has the power to participate in the financial and operating decisions of the investee but does not have control or joint control. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Company's investment in its associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income (loss) is recognized in other comprehensive income (loss). The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

3. Summary of Significant Accounting Policies, cont'd

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of its associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

The Company reviews its investments in associates for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If impaired, the carrying value of the Company's share of the underlying assets of associates is written down to its estimated recoverable amount, being the higher of fair value less costs to sell and value in use, and charged to profit or loss.

Segment Reporting

Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Operating segments are aggregated when the criteria in IFRS 8, *Operating Segments*, are met. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer ("CEO").

Foreign Currency Translation

The consolidated financial statements are presented in Canadian dollars ($), which is the Company's functional and presentation currency. Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which each respective entity operates.

Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss within office and other operating expenses.

The results and financial position of the Company's subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the balance sheet;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognized in other comprehensive income (loss) within currency translation differences.

3. Summary of Significant Accounting Policies, cont'd

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the date of the balance sheet.

Leases

On January 1, 2019, the Company adopted IFRS 16, *Leases*, using the modified retrospective approach. As a result, the current year financial statements are presented in accordance in IFRS 16, while the comparative period has not been restated and continues to be presented in accordance with International Accounting Standard ("IAS") 17, *Leases*, and IFRIC 4, *Determining whether an Arrangement contains a Lease*. The impacts of such changes to significant accounting policies and estimates are described in Note 4.

The accounting policies applicable to leases from January 1, 2019 are outlined below:

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

As such, the Company's right-of-use assets are depreciated over the following:

Property	1 - 10 years
Equipment	1 - 4 years

Right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees, if applicable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as occupancy expense in the period on which the event or condition that triggers the payment occurs.

3. Summary of Significant Accounting Policies, cont'd

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered of low value (i.e., below $5). Payments on such leases are recognized as occupancy expense on a straight-line basis over the lease term.

The accounting policies under IAS 17 and IFRIC 4 applicable to leases for the comparative period only are outlined below:

Leases are classified as either operating or finance, based on the substance of the transaction determined at the inception of the lease.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to profit or loss within occupancy expense on a straight-line basis over the term of the lease.

Leases in which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. A portion of each lease payment is allocated to finance costs. The rental obligations, net of finance costs, are included in borrowings. The interest element of the finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the rental obligation for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Current and Deferred Income Taxes

The tax expense for the year consists of current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity, in which case the tax is recognized accordingly.

3. Summary of Significant Accounting Policies, cont'd

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax filings in different jurisdictions with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax assets are recognized only to the extent that it is probable that the assets can be recovered. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets and liabilities are presented as non-current.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax assets and liabilities are offset when there is a legally enforceable right to offset and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Investment Tax Credits

Investment tax credits, arising from qualifying scientific research and experimental development efforts pursuant to existing tax legislation, are recorded as a reduction of employee compensation expense when there is reasonable assurance of their ultimate realization.

3. Summary of Significant Accounting Policies, cont'd

Employee Benefits

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the date at which the Company can no longer withdraw the offer of these benefits, and, in the case of restructuring, the date at which the Company has recognized costs for a restructuring within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, that involves the payment of termination benefits. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Profit-sharing and bonus plans

The Company recognizes the expense and related liability for bonuses and profit-sharing awards over the service period where contractually obliged or when there is a past practice that has created a constructive obligation, which can be reliably measured.

Revenue Recognition

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

Payment terms vary by contract type; however, terms are typically 30 to 60 days.

Unbilled revenue on customer contracts, contract assets under IFRS 15, *Revenue from Contracts with Customers*, relates to conditional rights to consideration for satisfied performance obligations of contracts with customers. Trade receivables are recognized when the right to consideration becomes unconditional. Customer deposits included in trade payables and other, and deferred revenue, contract liabilities under IFRS 15, relate to payments received or due in advance of performance under contracts with customers. Contract liabilities are recognized as revenue as (or when) the Company satisfies its performance obligations under the contracts.

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

3. Summary of Significant Accounting Policies, cont'd

Services

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

Performance obligations for services on a time and materials or fixed fee basis are typically satisfied over time as services are rendered. In contracts where the Company is not entitled to payment until specific performance obligations are satisfied, revenue is recognized at the time the services are delivered. At contract inception, the Company expects that the period between when the Company transfers control of a promised service to a customer and when the customer pays for that service will be one year or less. As such, the Company applies the practical expedient of not adjusting the consideration for such services for the effects of a significant financing component.

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

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

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

3. Summary of Significant Accounting Policies, cont'd

Software and data products

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

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

Financial Assets and Liabilities

Financial Assets

The Company classifies its financial assets as amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL").

The Company classifies cash and cash equivalents, and trade receivables at amortized cost as the contractual cash flows are solely payments of principal and interest and the asset is held within a business model with the objective of holding and collecting the contractual cash flows. Cash and cash equivalents are deposits held with reputable financial institutions that pose minimal credit risk. The deposits are repayable on demand and interest, if any, is paid at a fixed or floating market rate.

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

3. Summary of Significant Accounting Policies, cont'd

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

The Company classifies the promissory notes receivable, investments in partnerships and derivative financial instruments at FVPL.

Financial liabilities
The Company classifies its financial liabilities as subsequently measured at amortized cost except for those at FVPL such as derivative financial instruments and contingent consideration payables. Financial liabilities measured at FVPL recognize changes in fair value attributable to the Company's own credit risk in other comprehensive income instead of profit or loss, unless this would create an accounting mismatch.

Impairment
The Company assesses financial assets for impairment on a forward-looking basis, with the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables and contract assets, the Company applies the simplified approach permitted by IFRS 9, *Financial Instruments,* which requires lifetime expected credit losses to be recognized from initial recognition of the financial assets, and re-assesses at each reporting period. The Company utilizes a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to customers and the economic environment.

The Company includes the effect of losses and recoveries due to expected credit losses through office and other operating expenses.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the financial assets and settle the financial liabilities simultaneously.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances and short-term, highly liquid investments, which generally have original maturities of three months or less at the time of acquisition, and that are subject to an insignificant risk of changes in value.

3. Summary of Significant Accounting Policies, cont'd

Derivative Financial Instruments and Hedging Activities

The Company enters into interest rate swap agreements for the purposes of managing interest rate exposure. The Company also enters into equity derivatives to manage its exposure to changes in the fair value of its RSUs and DSUs issued under their respective plans due to changes in the fair value of the Company's common shares. The Company also enters into currency forward contracts to manage its foreign exchange exposures. Derivatives are not for trading or speculative purposes.

Derivatives are initially recognized at fair value when a derivative contract is entered into and are subsequently remeasured at their fair value. Depending on the nature of the derivative, changes in fair value are recognized within finance costs (income), net - other, office and other operating expenses, or employee compensation expense.

Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the assets. Costs incurred with respect to a specific asset are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any replaced part is written off. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Property, plant and equipment are depreciated over the useful life of the assets using the diminishing balance method as follows:

Furniture, fixtures and equipment	20 - 35%
Computer equipment	30%

Leasehold improvements are depreciated on a straight-line basis over the shorter of the respective lease term and useful life.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals of property, plant and equipment are determined by comparing the net proceeds with the carrying amount and recognized in office and other operating expenses.

3. Summary of Significant Accounting Policies, cont'd

Intangibles

Intangible assets consist of: software, non-compete agreements, and certain identifiable intangible assets acquired through the Company's business acquisitions such as brands, customer backlog, and customer lists.

The Altus Group and ARGUS brands are intangibles with an indefinite life and are not amortized. Intangibles acquired as part of a business combination are recognized at fair value at the acquisition date and carried at cost less accumulated amortization subsequent to acquisition. Software is recorded at cost less accumulated amortization.

Intangibles with a finite life are amortized over the useful life of the assets using the straight-line or diminishing balance method as follows:

Brands of acquired businesses	1 - 5 years straight-line
Computer application software	30% diminishing balance
Custom software applications	2 - 5 years straight-line
Internally generated software	2 - 7 years straight-line
Customer backlog	straight-line over remaining life of contracts
Customer lists	5 - 10 years straight-line
Databases	2 - 4 years straight-line
Non-compete agreements	straight-line over life of agreements

Costs associated with maintaining computer software applications or incurred during the research phase are recognized as an expense as incurred. Development costs that are directly attributable to the design, build and testing of identifiable and unique software applications controlled by the Company are recognized as intangibles when the following criteria are met:

- it is technically feasible to complete the software application so that it will be available for use or sale;
- management intends to complete the software application and either use or sell it;
- there is an ability to use or sell the software application;
- it can be demonstrated how the software application will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software application are available; and
- the expenditure attributable to the software application during its development can be reliably measured.

Development costs that do not meet these criteria are recognized as an expense as incurred.

3. Summary of Significant Accounting Policies, cont'd

Impairment of Non-financial Assets

Goodwill and intangibles that have an indefinite useful life are tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable independent cash inflows. Non-financial assets other than goodwill are reviewed for possible reversal of impairment at each reporting date.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from synergies of the business combination in which the goodwill arose. Goodwill is tested for impairment in the CGUs for which it is monitored by the Company. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the disposed entity.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost with any difference between the proceeds, net of transaction costs, and the redemption value recognized in finance costs (income), net - other over the term of the borrowings using the effective interest method.

Borrowings are classified as current liabilities if the payment is due within one year or less. If the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period, or any payments are due after more than one year, these are classified as non-current liabilities.

Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

3. Summary of Significant Accounting Policies, cont'd

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The difference between the nominal amount of the provision and the discounted amount is amortized as a finance cost and correspondingly increases the carrying amount of the provision over the period to settlement.

Share-based Compensation

The Company operates a number of share-based compensation plans as follows:

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

The Company's Executive Compensation Plan is comprised of two elements: a common share option plan ("Share Option Plan") and an equity compensation plan (the "Equity Compensation Plan"). These are both equity-settled compensation arrangements.

In March 2017, a long-term equity incentive plan ("Long-Term Incentive Plan") was established to simplify and replace the Executive Compensation Plan as a means of compensating designated employees of the Company for services provided and promoting share ownership and alignment with the shareholders' interests. This plan contains comprehensive and consistent provisions to govern subsequent awards, including share options, Performance Share Units ("PSUs") and share-based equity awards.

Options granted under the Executive Compensation Plan and Long-Term Incentive Plan
Share options issued under both plans have a maximum term of 72 months to expiry, generally vest annually over a three-to-four-year period from the date of grant, and are exercisable at the designated common share price, which is calculated as the volume weighted average closing price of the Company's common shares on the TSX for the five business days immediately preceding the grant date. Except in specific defined circumstances, options and all rights to purchase common shares are forfeited by an employee upon ceasing to be an employee of the Company.

The Company recognizes the fair value of options on the grant date using the Black-Scholes option pricing model as employee compensation expense with a corresponding credit to contributed surplus over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. On the exercise of options to purchase common shares, the consideration paid by the employee and the associated amount of contributed surplus are credited to share capital within shareholders' equity.

3. Summary of Significant Accounting Policies, cont'd

At the end of each reporting period, the Company re-assesses its estimate of the number of options that are expected to vest and recognizes the impact of any revisions within employee compensation expense.

Other awards granted under the Equity Compensation Plan and Long-Term Incentive Plan
Under the Equity Compensation Plan, the Company was entitled at its sole discretion to issue each participant a portion of his or her annual discretionary bonus in common shares and/or PSUs. Under the Long-Term Incentive Plan, the Company is entitled at its sole discretion to issue each participant a portion of his or her annual discretionary bonus in PSUs. Common shares and PSUs granted under both plans are subject to certain vesting conditions and generally vest over a three-or-four-year period from the date of grant equal to the amount divided by the volume weighted average closing price of the Company's common shares on the TSX for the five business days ending on the day prior to issuance. The PSUs granted under both plans can be settled at the Company's discretion in cash, common shares, or a combination of both.

The number of PSUs that vest under the Equity Compensation Plan may range from 50% to 150% based on the Company's total shareholder return ("TSR") relative to a set peer group's average TSR, according to the percentages below, subject to the recipient fulfilling the service condition:

- 20% on December 31 of each year for a period of three years; and
- 40% at the end of the three-year period.

The number of PSUs that vest under the Long-Term Incentive Plan may range from 0% to 200% based on the Company's TSR relative to a set peer group's average TSR, according to the percentages below, subject to the recipient fulfilling the service condition:

- 20% on December 31 of each year for a period of three years; and
- 40% at the end of the three-year period.

As the Company typically settles these awards in common shares, the Company recognizes the fair value of the award when granted as employee compensation expense with a corresponding credit to contributed surplus over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. When common shares are issued to settle the obligation, the amount previously recorded in contributed surplus is transferred to share capital within shareholders' equity.

At the end of each reporting period, the Company re-assesses its estimate of the number of awards that are expected to vest and recognizes the impact of any revisions within employee compensation expense.

3. Summary of Significant Accounting Policies, cont'd

(ii) Deferred Compensation Plans

The Company established Deferred Compensation Plans that are structured as a restricted share plan ("RS Plan") in Canada and as a restricted share unit plan ("RSU Plan") outside of Canada. Annual grants of restricted shares ("RSs") or restricted share units ("RSUs") form part of the total annual discretionary bonus awarded based on the Company exceeding certain annual performance targets, which typically consists of an annual cash bonus of 60-80% and a RS or RSU award of 20-40%. On occasion, RSs or RSUs may be granted to certain employees upon acceptance of employment, subject to certain restrictions similar to those applicable for annual grants.

If annual performance targets are met, RSs and RSUs are awarded within three months of the performance year and will not be available to the employee until three years following the grant date. After three years from the date of grant, the RSs and RSUs will be released, provided, subject to certain exceptions such as retirement, disability or death, and that the individual is employed with the Company at the time of release. Participants are entitled to receive cash dividends or notional distributions that are paid on common shares, respectively. If an employee resigns from the Company or is terminated for cause, all RSs and RSUs that have not yet been released from the three-year restriction period will be forfeited.

The Company recognizes the fair value of the award when granted as employee compensation expense with a corresponding credit to contributed surplus over a 17-quarter period beginning in the year in which performance commences and ending on the vesting date.

With respect to RSs that are equity-settled, the Company contributes funds to purchase common shares in the open market (through the facilities of the TSX or by private agreement) and are held by the Company as treasury shares until they vest. This amount is shown as a reduction in the carrying value of the Company's common shares. As RSs are released, the portion of the contributed surplus relating to the RSs is credited to share capital within shareholders' equity.

With respect to RSUs that are cash-settled, changes in the liability subsequent to the grant date and prior to settlement due to changes in fair value of the Company's common shares are recorded as employee compensation expense in the period incurred. The Company enters into equity derivatives to manage its exposure to changes in the fair value of RSUs due to changes in the fair value of the Company's common shares (Note 12).

3. Summary of Significant Accounting Policies, cont'd

(iii) Directors' Deferred Share Unit Plan

The Company has a Deferred Share Unit Plan ("DSU Plan") under which members of the Company's non-executive Board of Directors elect annually to receive all or a portion of their annual retainers and fees in the form of deferred share units ("DSUs"). The DSUs vest on the grant date and are settled in cash upon termination of Board service. Participants are also entitled to receive notional distributions in additional DSUs equal to dividends that are paid on common shares. The Company enters into equity derivatives to manage its exposure to changes in the fair value of DSUs due to changes in the fair value of the Company's common shares (Note 12).

For each DSU granted, the Company recognizes the market value of the Company's common shares on the grant date as employee compensation expense with a corresponding credit to trade payables and other. Changes in the liability subsequently due to changes in fair value of the Company's common shares are recorded as employee compensation expense in the period incurred.

Share Capital

Common shares issued by the Company are classified as equity.

Incremental costs directly attributable to the issuance of common shares are shown in equity as a deduction, net of tax, from the proceeds.

When the Company purchases its own share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the Company's shareholders until the shares are cancelled or reissued. Where such common shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's shareholders.

Dividends

Dividends to the Company's shareholders are recognized as a liability in the Company's consolidated financial statements in the period in which the dividends are declared by the Company's Board of Directors.

4. Changes in Significant Accounting Policies and Estimates

Adoption of Recent Accounting Pronouncements

The Company initially applied IFRS 16 from January 1, 2019. A number of other new standards are also effective from January 1, 2019 but do not have a material effect on the Company's consolidated financial statements.

IFRS 16, Leases
IFRS 16 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.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have a material impact for leases where the Company is the sublessor.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initially applying the standard is recognized at the date of initial application of January 1, 2019. Accordingly, the comparative information for 2018 is not restated, but presented under IAS 17 and related interpretations.

The Company 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. The Company 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").

4. Changes in Significant Accounting Policies and Estimates, cont'd

The nature and effect of these changes are disclosed below.

a) Nature of the effect of adoption of IFRS 16

The Company has lease contracts for various property and equipment. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized and the lease payments were recognized as occupancy expense in the consolidated statements of comprehensive income (loss) on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under trade receivables and other and trade payables and other, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Leases previously classified as finance leases
The Company did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). The requirements of IFRS 16 were applied to these leases from January 1, 2019.

Leases previously accounted for as operating leases
The Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application;

4. Changes in Significant Accounting Policies and Estimates, cont'd

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The effect of adopting IFRS 16 on the Company's 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

- $361 was reclassified from trade receivables and other - current to right-of-use assets. This pertains to $497 relating to prepaid leases offset by sublease net investments of $136.
- Lease assets previously recognized under finance leases of $1,263 and included under property, plant and equipment were reclassified to right-of-use assets.
- Lease inducements and straight-line rent amounts recognized in trade payables and other of $11,172 related to previous operating leases were reclassified to right-of-use assets. $907 of this balance was current and $10,265 was non-current as at December 31, 2018.
- Right-of-use assets of $72,514 were recognized and presented separately in the consolidated balance sheet inclusive of the reclassifications from trade receivables and other, property, plant and equipment, and trade payables and other as noted above.
- Existing finance lease liabilities under borrowings of $266 were reclassified to lease liabilities. $192 of this amount was current and $74 was non-current as at December 31, 2018.
- Lease liabilities of $82,328 were recognized and included under lease liabilities inclusive of the reclassifications from borrowings for existing finance leases.

4. Changes in Significant Accounting Policies and Estimates, cont'd

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease and other operating commitments as of December 31, 2018 as follows:

Commitments as at December 31, 2018	$	101,216
Commitments relating to short-term leases		(62)
Commitments relating to leases of low-value assets		(42)
Non-lease contractual commitments		(7,482)
Gross lease liabilities on January 1, 2019		93,630
Discounting [1]		(11,568)
Commitments relating to leases previously classified as finance leases		266
Lease liabilities as at January 1, 2019	$	82,328

[1] Weighted average incremental borrowing rate on leases as at January 1, 2019 was 3.87%.

As the Company adopted IFRS 16 using the modified retrospective method, there is no impact on the consolidated statement of comprehensive income (loss), the basic and diluted earnings (loss) per share, or the consolidated statement of cash flows as at and for the year ended December 31, 2018.

b) Impact on the consolidated financial statements

For the impacts of IFRS 16 on segmented information and earnings (loss) before finance costs and income taxes for the year ended December 31, 2019, and on the consolidated balance sheet as at December 31, 2019, please see Notes 7 and 14.

IFRIC Interpretation 23, Uncertainty over Income Tax Treatment
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12, *Income Taxes*. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

4. Changes in Significant Accounting Policies and Estimates, cont'd

The Company applies significant judgment in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have a material impact on the consolidated financial statements.

IAS 12, Income Taxes
The amendments apply for annual reporting periods beginning on or after January 1, 2019 and clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income (loss) or equity according to where it originally recognized those past transactions or events.

Since the Company's current practice is in line with this amendment, it had no impact on the consolidated financial statements.

Other accounting pronouncements and amendments
Other accounting pronouncements, and amendments proposed as part of the Annual Improvements 2015-2017 Cycle that are assessed to have no impact on the consolidated financial statements are:

- *Amendments to IFRS 9: Prepayment Features with Negative Compensation*
- *Amendments to IAS 19: Plan Amendment, Curtailment or Settlement*
- *Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures*
- *IFRS 3, Business Combinations*
- *IFRS 11, Joint Arrangements*
- *IAS 23, Borrowing Costs*

4. Changes in Significant Accounting Policies and Estimates, cont'd

Future Accounting Pronouncements

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3, Business Combinations
In October 2018, the IASB issued amendments to the guidance in IFRS 3, *Business Combinations*, that revises the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. To be a business without outputs, there will now need to be an organized workforce. Under the new standard, the changes to the definition of a business will likely result in more acquisitions being accounted for as asset acquisitions.

The amendments to IFRS 3 are effective for business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting periods beginning on or after January 1, 2020. The Company will assess the impact of this standard on a case-by-case basis upon future acquisitions performed beginning January 1, 2020.

Amendments to IAS 1 and IAS 8: Definition of Material
In October 2018, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments to the definition of material are not expected to have a significant impact on the Company's consolidated financial statements.

5. Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. It also requires management to exercise its judgment in applying the Company's accounting policies and the reported amounts of assets and liabilities, revenue and expenses, and related disclosures. Estimates and judgments are continually evaluated and are based on current facts, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. The following discussion sets forth management's most significant estimates and assumptions in determining the value of assets and liabilities and the most significant judgments in applying its accounting policies.

5. Critical Accounting Estimates and Judgments, cont'd

Revenue recognition and determination and allocation of the transaction price

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

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

Impairment of trade receivables and contract assets

The impairment provisions for trade receivables and contract assets disclosed in Notes 11 and 26 determined under IFRS 9 are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past history, existing market conditions and forward-looking estimates at the end of each reporting period. Such estimates and judgments could impact trade receivables, contract assets for unbilled revenue on customer contracts and office and other operating expenses.

Estimated impairment of goodwill

The Company tests at least annually whether goodwill is subject to any impairment in accordance with the accounting policy stated in Note 3. The recoverable amount for any CGU is determined based on the higher of fair value less costs to sell and value in use. Both of the valuation approaches require the use of estimates.

5. Critical Accounting Estimates and Judgments, cont'd

Determination of purchase price allocations and contingent consideration

Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. Further, estimates are made in determining the value of contingent consideration payments that should be recorded as part of the consideration on the date of acquisition and changes in contingent consideration payable in subsequent reporting periods. Contingent consideration payments are generally based on acquired businesses achieving certain performance targets. The estimates are based on management's best assessment of the related inputs used in the valuation models, such as future cash flows and discount rates. Future performance results that differ from management's estimates could result in changes to liabilities recorded, which are recorded as they arise through profit or loss. Refer to Notes 18 and 26 for the carrying value of contingent consideration payable.

Income taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income taxes in the period in which such determination is made. Refer to Note 10 for the income tax movements.

6. Acquisitions

Acquisitions in 2019

Acquisition of One11 Advisors, LLC

On July 1, 2019, the Company acquired all the issued and outstanding shares of One11 Advisors, LLC ("One11") and its subsidiaries for USD11,000 (CAD14,395) in cash and common shares, subject to closing working capital adjustments of USD629 (CAD823). As part of the transaction, the Company entered into non-compete agreements with key members of management of One11. On closing, the Company paid cash of USD7,700 (CAD10,077). The common shares USD3,300 (CAD4,318) 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 and managed services for real estate organizations' front to back office strategies, processes and technology.

For accounting purposes, the consideration transferred for the acquired business includes a discount on the value of the common shares to reflect the trading restrictions placed on these common shares.

6. Acquisitions, cont'd

Acquisition of Caruthers & Associates, Inc.

On July 1, 2019, the Company acquired certain operating assets of Caruthers & Associates, Inc. ("Caruthers") for USD4,000 (CAD5,235) in cash, common shares and contingent consideration, subject to working capital adjustments of USD119 (CAD156). As part of the transaction, the Company entered into a non-compete agreement with a key member of management of Caruthers. As consideration for these assets on closing, the Company paid cash of USD2,000 (CAD2,617) and common shares of USD1,000 (CAD1,309). 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 USD1,000 (CAD1,309), 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 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 the Company's U.S. Property Tax business, expanding its geographic footprint in tax services in the U.S.

For accounting purposes, the consideration transferred for the acquired business includes a discount on the value of the common shares to reflect the trading restrictions placed on these common shares.

6. Acquisitions, cont'd

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

	Year ended December 31, 2019		
	One11	Caruthers	**Total**
Acquisition-related costs (included in acquisition and related transition costs (income) in the consolidated statements of comprehensive income (loss))	$ 154	$ 123	**$ 277**
Consideration:			
Cash	$ 10,900	$ 2,773	**$ 13,673**
Common shares	4,318	1,309	**5,627**
Contingent consideration	-	1,309	**1,309**
	15,218	5,391	**20,609**
Less: discount on common shares	(1,083)	(262)	**(1,345)**
Less: discount on contingent consideration	-	(151)	**(151)**
	14,135	4,978	**19,113**
Less: consideration transferred for non-compete agreements	(1,552)	(363)	**(1,915)**
Consideration transferred for acquired businesses	12,583	4,615	**17,198**
Recognized amounts of identifiable assets acquired and liabilities assumed:			
Cash and cash equivalents	1,040	-	**1,040**
Trade receivables and other	3,442	417	**3,859**
Income taxes recoverable	123	-	**123**
Trade payables and other	(2,928)	(111)	**(3,039)**
Intangibles	6,367	2,745	**9,112**
Total identifiable net assets of acquired businesses	8,044	3,051	**11,095**
Goodwill	$ 4,539	$ 1,564	**$ 6,103**
Goodwill and intangibles deductible for tax purposes	$ 12,458	$ 4,672	**$ 17,130**

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

6. Acquisitions, cont'd

Revenues and profit (loss) for One11 for the period from July 1, 2019 to December 31, 2019 included in the consolidated statements of comprehensive income (loss) are $7,953 and $211, respectively.

Revenues and profit (loss) for Caruthers for the period from July 1, 2019 to December 31, 2019 included in the consolidated statement of comprehensive income (loss) are $735 and $(110), respectively.

For the acquisitions, intangibles acquired are as follows:

	Year ended December 31, 2019		
	One11	Caruthers	**Total**
Finite life assets			
Non-compete agreements	$ 1,552	$ 363	**$ 1,915**
Customer lists	6,190	1,781	**7,971**
Customer backlog	177	964	**1,141**
	$ 7,919	$ 3,108	**$ 11,027**

<u>Acquisitions in 2018</u>

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

For accounting purposes, the consideration transferred for the acquired business includes a discount on the value of the common shares to reflect the trading restrictions placed on these common shares.

6. Acquisitions, cont'd

Acquisition of Aspect Property Consultants LLP
On February 14, 2018, the Company acquired certain operating assets of Aspect Property Consultants LLP ("Aspect") for GBP4,250 (CAD7,421) in cash, common shares and contingent consideration. As consideration for these assets, the Company paid cash of GBP1,760 (CAD3,073) and common shares of GBP620 (CAD1,083) and the Company estimated contingent consideration of GBP1,870 (CAD3,265). As part of the transaction, the Company entered into non-compete agreements with key management of Aspect. With offices located in London, Heathrow and Basingstoke, U.K. and founded in 2009, Aspect is a commercial property consultancy firm specializing in the South East U.K. business space market with a particular focus on the West London warehouse market. The addition of Aspect expands the Company's market share and strengthens the Company's offerings with complementary service lines in the U.K. in support of the Company's current growth initiatives. The purchase agreement provides for maximum contingent consideration of GBP2,620, subject to certain performance targets being achieved over a two-year period from the closing date. The common shares will be held in escrow and released in three annual installments commencing on the first anniversary of the closing date, subject to compliance with certain terms and conditions.

For accounting purposes, the consideration transferred for the acquired business includes a discount on the value of the common shares to reflect the trading restrictions placed on these common shares. In addition, the consideration transferred for the acquired business includes a discount on the contingent consideration payable to reflect the time value of money.

Acquisition of Taliance Group SAS
On July 1, 2018, the Company acquired all the issued and outstanding shares of Taliance Group SAS and its subsidiaries ("Taliance") for EUR20,000 (CAD30,668) in cash and common shares, subject to closing adjustments. On closing, EUR2,160 (CAD3,312) of common shares were issued from treasury and the remainder of the purchase price was paid with cash drawn from the revolving term facility. The common shares will be held in escrow and released in three annual installments commencing on the first anniversary of the closing date, subject to compliance with certain terms and conditions.

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

For accounting purposes, the consideration transferred for the acquired business includes a discount on the value of the common shares to reflect the trading restrictions placed on these common shares.

6. Acquisitions, cont'd

The purchase price allocation was based on management's best estimate of fair value, and at the acquisition date was as follows:

	Year ended December 31, 2018			
	New Market	Aspect	Taliance	Total
Acquisition-related costs (included in acquisition and related transition costs in the consolidated statements of comprehensive income (loss))	$ 46	$ 130	$ 1,012	$ 1,188
Consideration:				
Cash	$ -	$ 3,073	$ 26,330	$ 29,403
Common shares	1,004	1,083	3,312	5,399
Contingent consideration	-	3,265	-	3,265
	1,004	7,421	29,642	38,067
Less: discount on common shares	(351)	(325)	(994)	(1,670)
Less: discount on contingent consideration	-	(315)	-	(315)
	653	6,781	28,648	36,082
Less: consideration transferred for non-compete agreements	(238)	(2,064)	-	(2,302)
Consideration transferred for acquired businesses	415	4,717	28,648	33,780
Recognized amounts of identifiable assets acquired and liabilities assumed:				
Cash and cash equivalents	-	-	2,211	2,211
Trade receivables and other	-	-	2,429	2,429
Trade payables and other	-	-	(4,450)	(4,450)
Property, plant and equipment	-	-	44	44
Borrowings	-	-	(247)	(247)
Deferred income taxes, net	-	(813)	(3,521)	(4,334)
Intangibles	78	2,718	12,517	15,313
Total identifiable net assets of acquired businesses	78	1,905	8,983	10,966
Goodwill	$ 337	$ 2,812	$ 19,665	$ 22,814
Goodwill and intangibles deductible for tax purposes	$ 1,004	$ -	$ -	$ 1,004

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

6. Acquisitions, cont'd

New Market was fully integrated with Altus Analytics and the stand-alone revenues and profit (loss) could not be determined.

Revenues for Aspect for the period from February 14, 2018 to December 31, 2018 that were included in the consolidated statements of comprehensive income (loss) are $2,281. Expenses for Aspect were fully integrated with Property Tax and the stand-alone profit (loss) could not be determined.

Revenues and profit (loss) for Taliance for the period from July 1, 2018 to December 31, 2018 that were included in the consolidated statement of comprehensive income (loss) are $2,504 and $(1,918), respectively.

For all acquisitions, the intangibles acquired were as follows:

	Year ended December 31, 2018			
	New Market	Aspect	Taliance	Total
Finite life assets				
Non-compete agreements	$ 238	$ 2,064	$ -	$ 2,302
Customer lists	-	1,992	986	2,978
Customer backlog	78	726	-	804
Internally generated software	-	-	11,531	11,531
	$ 316	$ 4,782	$ 12,517	$ 17,615

7. Segmented Information

The segmentation reflects the way the CEO allocates resources and assesses performance. The CEO considers the business from a core service perspective. The areas of core service are Altus Analytics, Commercial Real Estate Consulting and Geomatics.

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

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

Geomatics delivers land surveys and mapping for setting of property boundaries, route and corridor selection, land settlement, construction developments, and oil field and well-sites.

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

The CEO assesses the performance of the operating segments based on a measure of Adjusted EBITDA. This measurement basis represents profit (loss) before income taxes adjusted for the effects of 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 (recovery), share of profit (loss) of associates, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment and intangibles, gains (losses) on investments, impairment charges, non-cash Equity Compensation Plan and Long-Term Incentive Plan costs, gains (losses) on derivatives, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged, and other costs or income of a non-operating and/or non-recurring nature.

Subsequent to the adoption of IFRS 16, on January 1, 2019, the measurement of Adjusted EBITDA has been modified to reflect occupancy expense on a consistent basis as 2018, which is a non-GAAP amount, effective January 1, 2019. Management believes that the non-GAAP measure provides useful information to both management and investors in measuring the Company’s financial performance.

7. Segmented Information, cont'd

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

	Year ended December 31, 2019	Year ended December 31, 2018
Adjusted EBITDA	**$ 88,145**	$ 70,904
Occupancy expense calculated on a similar basis prior to the adoption of IFRS 16 [(1)]	**13,499**	-
Depreciation - right-of-use assets	**(13,440)**	-
Depreciation and amortization - other	**(37,833)**	(49,114)
Acquisition and related transition (costs) income	**(188)**	(2,394)
Unrealized foreign exchange gain (loss) [(2)]	**(994)**	981
Gain (loss) on disposal of property, plant and equipment and intangibles [(2)]	**(274)**	(1,617)
Non-cash Equity Compensation Plan and Long-Term Incentive Plan costs [(3)]	**(5,895)**	(5,867)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged [(3)]	**1,109**	(1,276)
Gain (loss) on derivatives [(2)]	**-**	268
Restructuring (costs) recovery	**453**	(6,371)
Gain (loss) on investments [(4)]	**276**	43
Impairment charge - leases	**(69)**	-
Impairment charge - goodwill	**(6,400)**	(13,700)
Other non-operating and/or non-recurring income (costs) [(5)]	**(3,787)**	(2,953)
Earnings (loss) before finance costs and income taxes	**34,602**	(11,096)
Finance (costs) income, net - leases	**(2,885)**	-
Finance (costs) income, net - other	**(6,567)**	(6,701)
Profit (loss) before income taxes	**25,150**	(17,797)
Income tax (expense) recovery	**(6,956)**	(642)
Profit (loss) for the year	**$ 18,194**	$ (18,439)

(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 the Company's financial performance. Refer to Notes 4 and 14 for the impacts and adjustments of the Company's consolidated financial statements for the adoption of IFRS 16.

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

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

(4) Gain (loss) on investments for the year ended December 31, 2019 and 2018 relates to changes in fair value of investments in partnerships.

(5) Other non-operating and/or non-recurring income (costs) for the year ended December 31, 2019 relate to (i) costs related to the departure of a senior executive, (ii) legal, advisory, and other consulting costs related to a Board strategic initiative, and (iii) transaction and other related costs. Other non-operating and/or non-recurring income (costs) for the year ended December 31, 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 the departures of certain senior executives. These are included in office and other operating expenses in the consolidated statements of comprehensive income (loss).

7. Segmented Information, cont'd

The following summary presents certain financial information regarding the Company's segments:

Segment Revenues and Expenditures

								Year ended December 31, 2019
	Altus Analytics	Commercial Real Estate Consulting			Geomatics	Corporate [1]	Eliminations	**Total**
		Property Tax	Valuation and Cost Advisory	Total				
Revenues from external customers	$ 201,408	$ 213,483	$ 110,864	$ 324,347	$ 41,660	$ -	$ -	**$ 567,415**
Inter-segment revenues	543	-	(215)	(215)	38	-	(366)	**-**
Total segment revenues	201,951	213,483	110,649	324,132	41,698	-	(366)	**567,415**
Adjusted EBITDA	36,803	62,746	13,337	76,083	3,436	(28,177)	-	**88,145**
Depreciation and amortization - right-of-use assets [2]	1,976	1,503	1,592	3,095	575	7,794	-	**13,440**
Depreciation and amortization - other	13,199	17,867	2,573	20,440	2,446	1,748	-	**37,833**
Impairment charge - goodwill	-	-	-	-	6,400	-	-	**6,400**
Finance costs (income), net - leases [2]	138	248	213	461	71	2,215	-	**2,885**
Finance costs (income), net - other	-	-	-	-	-	6,567	-	**6,567**
Income tax expense (recovery)	-	-	-	-	-	6,956	-	**6,956**

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

[2] As a result of the adoption of IFRS 16, depreciation and amortization - right-of-use assets and finance costs (income), net - leases have been presented separately (Notes 4 and 14).

Unsatisfied performance obligations on fixed long-term customer contracts within Altus Analytics and the Asia Pacific Cost Advisory practice are $41,161 as of December 31, 2019 (2018 - $29,018). It is expected that approximately 48% of the fixed customer contract value will be recognized as revenue over the next 12 months, approximately 31% in the year following, and the balance thereafter. This amount excludes contract values that have variable or contingency based arrangements, which account for a significant portion of the revenue recognized in the current year.

7. Segmented Information, cont'd

								Year ended December 31, 2018
	Altus Analytics	Commercial Real Estate Consulting			Geomatics	Corporate [1]	Eliminations	Total
		Property Tax	Valuation and Cost Advisory	Total				
Revenues from external customers	$ 182,700	$ 176,734	$ 107,369	$ 284,103	$ 43,626	$ -	$ -	$ 510,429
Inter-segment revenues	728	-	(155)	(155)	6	-	(579)	-
Total segment revenues	183,428	176,734	107,214	283,948	43,632	-	(579)	510,429
Adjusted EBITDA	41,478	36,029	12,791	48,820	3,598	(22,992)	-	70,904
Depreciation and amortization - right-of-use assets [2]	-	-	-	-	-	-	-	-
Depreciation and amortization - other	14,313	26,338	2,719	29,057	3,760	1,984	-	49,114
Impairment charge - goodwill	-	-	-	-	13,700	-	-	13,700
Finance costs (income), net - leases [2]	-	-	-	-	-	-	-	-
Finance costs (income), net - other	-	-	-	-	-	6,701	-	6,701
Income tax expense (recovery)	-	-	-	-	-	642	-	642

(1) Corporate includes global corporate office costs, finance costs (income), net - other and income tax expense (recovery).
(2) As a result of the adoption of IFRS 16, depreciation and amortization - right-of-use assets and finance costs (income), net - leases have been presented separately beginning January 1, 2019 (Notes 4 and 14).

Geographic Information - Revenue from External Customers

	Year ended December 31, 2019	Year ended December 31, 2018
Canada	**$ 223,211**	$ 210,213
U.S.	**207,152**	180,970
Europe	**105,024**	86,700
Asia Pacific	**32,028**	32,546
Total	**$ 567,415**	$ 510,429

8. Employee Compensation

	Year ended December 31, 2019		Year ended December 31, 2018	
Salaries and benefits	$	345,481	$	321,157
Share-based compensation (Note 23)		9,839		9,455
	$	355,320	$	330,612

During 2019, the Company incurred termination benefits of $2,796 of which $1,750 was recorded in office and other operating expense (2018 - $2,048 and $1,428, respectively).

9. Finance Costs (Income), Net

	Year ended December 31, 2019		Year ended December 31, 2018	
Interest on bank credit facilities	$	5,627	$	6,013
Interest on lease liabilities (Note 4 and 14)		2,885		-
Interest on finance leases		-		35
Contingent consideration payables: unwinding of discount (Note 26)		467		648
Provisions: unwinding of discount (Note 18)		116		36
Change in fair value of interest rate swaps		505		218
Finance costs		9,600		6,950
Finance income		(148)		(249)
Finance costs (income), net	$	9,452	$	6,701

10. Income Taxes

		Year ended December 31, 2019		Year ended December 31, 2018
Current income taxes				
Current income tax on profits for the year	**$**	**14,571**	$	12,644
Adjustments in respect of prior years		**(263)**		65
Total current income taxes		**14,308**		12,709
Deferred income taxes				
Origination and reversal of temporary differences		**(7,332)**		(12,174)
Adjustments in respect of prior years		**(20)**		100
Change in income tax rates		**-**		7
Total deferred income taxes		**(7,352)**		(12,067)
Income tax expense (recovery)	**$**	**6,956**	$	642

The reconciliation between income tax expense and the tax applicable to profits in Canada is as follows:

		Year ended December 31, 2019			Year ended December 31, 2018	
Profit (loss) before income taxes	**$**	**25,150**		$	(17,797)	
Tax calculated at domestic income tax rate applicable to profits in Canada		**6,765**	**26.90%**		(4,787)	26.90%
Tax effects of:						
Impact of countries with different income tax rates		**(2,395)**	**(9.52%)**		1,653	(9.29%)
Impairment charge		**1,070**	**4.25%**		2,290	(12.87%)
Loss (profit) not subject to income taxes		**424**	**1.69%**		(62)	0.35%
Change in income tax rates		**-**	**-**		7	(0.04%)
Expenses not deductible for income tax purposes		**1,564**	**6.22%**		1,123	(6.31%)
Other		**(472)**	**(1.88%)**		418	(2.35%)
Income tax expense (recovery)	**$**	**6,956**	**27.66%**	$	642	(3.61%)

10. Income Taxes, cont'd

Deferred Income Taxes

The gross movement on the deferred income taxes account is as follows:

		Amount
Balance as at January 1, 2018	$	(12,291)
(Charged) credited to profit or loss		12,067
(Charged) credited to other comprehensive income (loss)		6,892
(Charged) credited to goodwill on account of acquisitions		(4,273)
Exchange differences and others		944
Balance as at December 31, 2018		3,339
(Charged) credited to profit or loss		7,352
(Charged) credited to other comprehensive income (loss)		(35)
Exchange differences and others		(409)
Balance as at December 31, 2019	**$**	**10,247**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

		Non-capital Income Tax Losses		Tax Deductible Goodwill		Other		**Total**
Deferred income tax assets								
Balance as at January 1, 2018	$	3,917	$	12,181	$	12,679	$	28,777
(Charged) credited to profit or loss		(481)		2,502		(1,329)		692
Exchange differences and others		309		1,019		875		2,203
Balance as at December 31, 2018		3,745		15,702		12,225		31,672
(Charged) credited to profit or loss		(825)		532		2,436		2,143
Exchange differences and others		(148)		(706)		(381)		(1,235)
Balance as at December 31, 2019	**$**	**2,772**	**$**	**15,528**	**$**	**14,280**	**$**	**32,580**

10. Income Taxes, cont'd

	Accelerated Tax Depreciation	Unbilled Revenue on Customer Contracts	Intangibles	Other	**Total**
Deferred income tax liabilities					
Balance as at January 1, 2018	$ (269)	$ (734)	$ (27,614)	$ (12,451)	$ (41,068)
(Charged) credited to profit or loss	183	156	5,925	5,111	11,375
(Charged) credited to other comprehensive income (loss)	-	-	-	6,892	6,892
(Charged) credited to goodwill on account of acquisitions	-	-	(4,273)	-	(4,273)
Exchange differences and others	-	-	(1,174)	(85)	(1,259)
Balance as at December 31, 2018	(86)	(578)	(27,136)	(533)	(28,333)
(Charged) credited to profit or loss	(112)	338	4,809	174	5,209
(Charged) credited to other comprehensive income (loss)	-	-	-	(35)	(35)
Exchange differences and others	-	-	793	33	826
Balance as at December 31, 2019	**$ (198)**	**$ (240)**	**$ (21,534)**	**$ (361)**	**$ (22,333)**

Deferred income tax assets are recognized for tax loss carryforwards to the extent that the realization of the related tax benefit through future taxable profits is probable based on future estimated profits in excess of the profits arising on the reversal of existing taxable temporary differences. Evidence supporting recognition of these deferred income tax assets includes earnings forecasts and the utilization of tax losses in the current year.

As at December 31, 2019, there are recognized net operating loss carryforwards from U.S. acquisitions, which may be applied against taxable income of future years, no later than as follows:

	Amount
2020	$ 3,490
2021	3,490
2022	1,349
2023	1,905
2023	378
	$ 10,612

10. Income Taxes, cont'd

Net operating losses of $72,045 in the U.S. were not benefitted on acquisition due to certain limitations. These losses will expire between 2020 and 2021. In addition, there are unrecognized net operating loss carryforwards in the U.S. of approximately $1,198 that are available to reduce taxable income of a foreign subsidiary; $117 of losses expire between 2034 and 2036 and $1,081 of losses may be carried forward indefinitely.

In Europe, there are unrecognized loss carryforwards of approximately $5,040 that may be carried forward indefinitely. Net operating losses of approximately $717 are recognized that may be carried forward indefinitely, which may be applied against taxable income of future years.

The Company has net operating losses of approximately $872 in Asia Pacific that are recognized and may be carried forward indefinitely. It has unrecognized net operating loss carryforwards in Asia Pacific of approximately $6,315 that are available to reduce taxable income of certain foreign subsidiaries; $2,023 of losses expire between 2020 and 2027 and $4,292 of losses may be carried forward indefinitely.

The Company has net operating losses of approximately $508 in Canada that are recognized and may be carried forward 20 years.

11. Trade Receivables and Other

	December 31, 2019	December 31, 2018
Trade receivables	$ 127,462	$ 108,868
Less: loss allowance provision (Note 26)	10,924	9,013
Trade receivables, net	116,538	99,855
Contract assets: unbilled revenue on customer contracts [(1)]	53,136	43,224
Deferred costs to obtain customer contracts	1,745	1,003
Prepayments	12,516	12,114
Promissory notes receivable	-	6,552
Other receivables	1,716	525
	185,651	163,273
Less: non-current portion	3,696	8,975
	$ 181,955	$ 154,298

(1) On December 31, 2019, contract assets are stated net of expected credit losses of $1,364 (2018 - $1,056) (Note 26).

For the year ended December 31, 2019, $1,128 of amortization associated with deferred costs to obtain customer contracts was expensed to the consolidated statements of comprehensive income (loss) (2018 - $522). For the years ended December 31, 2019 and 2018, no impairment losses on deferred costs were recognized.

11. Trade Receivables and Other, cont'd

On March 15, 2019, the Company converted its promissory note receivable and accrued interest receivable in Waypoint Building Group Inc. ("Waypoint") into preferred shares. Refer to Note 13 for more details.

12. Derivative Financial Instruments

	December 31, 2019	December 31, 2018
Assets		
Equity derivatives	$ 7,287	$ 450
Interest rate swaps	137	642
	7,424	1,092
Less: non-current portion	5,975	614
	$ 1,449	$ 478

The following equity derivatives were outstanding as at December 31, 2019 and 2018:

			December 31, 2019		December 31, 2018	
Effective Date	Description	Contract Expiry	Notional Amount	Fair Value [2]	Notional Amount	Fair Value [2]
March 28, 2014	Hedging 161,663 (2018 - 110,467) DSUs	March 20, 2020 [1]	$ 3,859	$ 2,263	$ 2,552	$ 53
April 1, 2016	Hedging nil (2018 - 141,192) RSUs relating to 2015 performance year	April 3, 2019	-	-	2,855	478
April 3, 2017	Hedging 93,891 (2018 - 99,640) RSUs relating to 2016 performance year	March 31, 2020	2,244	1,312	2,381	(32)
March 8, 2018	Hedging 106,223 (2018 - 93,523) RSUs relating to 2017 performance year	March 31, 2021	2,599	1,423	2,254	(49)
March 13, 2019	Hedging 129,472 (2018 - nil) RSUs relating to 2018 performance year	March 31, 2022	2,619	2,289	-	-
			$ 11,321	$ 7,287	$ 10,042	$ 450

[1] Subject to an automatic one-year extension, unless prior notice is given by the Company.
[2] The fair values indicated for the equity derivatives are where the values are in excess of/(deficit from) the notional amounts.

12. Derivative Financial Instruments, cont'd

The following interest rate swaps were outstanding in aggregate as at December 31, 2019 and 2018:

			December 31, 2019	December 31, 2018	
Effective Date	Fixed Interest Rate (per annum)	Notional Amount	Fair Value	Fair Value	Contract Expiry
May 15, 2015	1.48%	$ 65,000	**$ 137**	$ 642	May 15, 2020

13. Investments

	December 31, 2019	December 31, 2018
Investments in equity instruments	**$ 9,288**	$ 3,408
Investments in partnerships	**2,193**	1,495
	$ 11,481	$ 4,903

On March 15, 2019, the Company converted its promissory note receivable and accrued interest receivable in Waypoint into preferred shares. During the year ended December 31, 2019, fair value adjustments of $(470) have been recorded through other comprehensive income (loss).

During the year ended December 31, 2019, Honest Buildings Inc. ("Honest Buildings") was acquired by Procore Technologies, Inc. Prior to the transaction, a fair value gain of $722 was recorded through other comprehensive income (loss). The disposal of the investment in Honest Buildings was settled in cash and preferred shares. Following the exchange, accumulated other comprehensive income (loss) relating to Honest Buildings of $633 net of tax was transferred to retained earnings (deficit).

In addition, the Company also purchased additional common shares in REIX Corporation for $182, and contributed $526 towards capital in various partnerships.

In September 2018, the Company sold its investment in Real Matters for $54,173 and the proceeds were used to reduce the borrowings under the bank credit facilities.

14. Leases

The Company adopted IFRS 16, *Leases*, effective January 1, 2019. Refer to Note 3 for the Company's significant accounting policies with respect to leases and Note 4 for details of the Company's adoption of IFRS 16.

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities under IFRS 16 and the movements during the year:

	Year ended December 31, 2019		
	Right-of-Use Assets		
	Property	Equipment	**Total**
Cost			
Balance, beginning of year	$ -	$ -	$ -
Recorded upon adoption of IFRS 16 (Note 4)	71,160	91	71,251
Reclassified from Property, Plant and Equipment upon adoption of IFRS 16 (Note 15)	-	3,289	3,289
Balance, beginning of year under IFRS 16	71,160	3,380	74,540
Exchange differences	(1,386)	(40)	(1,426)
Additions	8,357	-	8,357
Disposals	(2,425)	(293)	(2,718)
Impairment	(69)	-	(69)
Balance, end of year	75,637	3,047	78,684
Accumulated depreciation			
Balance, beginning of year	-	-	-
Reclassified from Property, Plant and Equipment upon adoption of IFRS 16 (Note 15)	-	(2,026)	(2,026)
Balance, beginning of year under IFRS 16	-	(2,026)	(2,026)
Exchange differences	53	28	81
Depreciation charge	(12,229)	(1,211)	(13,440)
Disposals	162	268	430
Balance, end of year	(12,014)	(2,941)	(14,955)
Net book value as at December 31, 2019	**$ 63,623**	**$ 106**	**$ 63,729**

14. Leases, cont'd

		Lease Liabilities
As at January 1, 2019	$	-
Recorded upon adoption of IFRS 16 (Note 4)		82,062
Finance lease liabilities reclassified upon adoption of IFRS 16		266
Balance, beginning of year under IFRS 16		82,328
Exchange differences		(1,636)
Additions		8,354
Disposals		(1,219)
Interest expense		2,885
Payments		(14,729)
As at December 31, 2019		75,983
Less: non-current portion as at December 31, 2019		63,419
Current portion as at December 31, 2019	**$**	**12,564**

For the year ended December 31, 2019, the Company paid a total cash outflow of $14,729 for leases, and recognized rent expense from short-term leases of $488, leases of low-value assets of $74 and variable lease payments of $6,831 in occupancy expense. The weighted average incremental borrowing rate on lease liabilities as at December 31, 2019 is 3.79%.

The disclosures previously made by the Company under IAS 17 and IFRIC 4 applicable to finance leases which are now included in lease liabilities above, for the comparative period only are outlined below:

Finance lease liabilities
Future minimum lease payments required under finance leases, which expire between 2020 and 2023, are as follows:

		December 31, 2018
Gross finance lease liabilities - minimum lease payments:		
Less than 1 year	$	203
Later than 1 year and no later than 5 years		76
		279
Less: future finance charges (5.90% to 10.90%)		(13)
Present value of finance lease liabilities	$	266

14. Leases, cont'd

Reconciliation of liabilities arising from finance lease activities

		Finance Lease Liabilities
Balance as at January 1, 2018	$	777
Cash flows		(573)
Non-cash movements:		
Additions (Note 15)		22
Disposals		(5)
Interest accretion		35
Exchange differences		10
Balance as at December 31, 2018	$	266

The carrying amount of finance lease liabilities was reclassified into lease liabilities upon adoption of IFRS 16 on January 1, 2019.

15. Property, Plant and Equipment

The following are continuities of the cost and accumulated depreciation of property, plant and equipment for the years ended December 31, 2019 and December 31, 2018:

				Year ended December 31, 2019
	Leasehold Improvements	Furniture, Fixtures and Equipment	Computer Equipment	**Total**
Cost				
Balance, beginning of year	$ 24,716	$ 31,360	$ 15,858	$ 71,934
Reclassified to right-of-use assets upon adoption of IFRS 16 (Note 14)	-	(2,289)	(1,000)	(3,289)
Balance, beginning of year after adoption of IFRS 16	24,716	29,071	14,858	68,645
Exchange differences	(372)	(92)	(83)	(547)
Additions	1,191	2,088	2,507	5,786
Disposals	(27)	(1,036)	(798)	(1,861)
Balance, end of year	25,508	30,031	16,484	72,023
Accumulated depreciation				
Balance, beginning of year	(9,481)	(20,974)	(8,282)	(38,737)
Reclassified to right-of-use assets upon adoption of IFRS 16 (Note 14)	-	1,388	638	2,026
Balance, beginning of year after adoption of IFRS 16	(9,481)	(19,586)	(7,644)	(36,711)
Exchange differences	87	(20)	(64)	3
Depreciation charge	(2,463)	(2,936)	(2,439)	(7,838)
Disposals	14	931	615	1,560
Balance, end of year	(11,843)	(21,611)	(9,532)	(42,986)
Net book value as at December 31, 2019	**$ 13,665**	**$ 8,420**	**$ 6,952**	**$ 29,037**

15. Property, Plant and Equipment, cont'd

								Year ended December 31, 2018
		Leasehold Improvements		Furniture, Fixtures and Equipment		Computer Equipment		Total
Cost								
Balance, beginning of year	$	20,334	$	29,360	$	16,681	$	66,375
Exchange differences		429		312		488		1,229
Additions		4,544		3,545		3,456		11,545
Acquisitions		8		-		36		44
Disposals		(599)		(1,857)		(4,803)		(7,259)
Balance, end of year		24,716		31,360		15,858		71,934
Accumulated depreciation								
Balance, beginning of year		(7,408)		(19,110)		(9,483)		(36,001)
Exchange differences		(129)		(136)		(260)		(525)
Depreciation charge		(2,392)		(3,216)		(2,481)		(8,089)
Disposals		448		1,488		3,942		5,878
Balance, end of year		(9,481)		(20,974)		(8,282)		(38,737)
Net book value as at December 31, 2018	$	15,235	$	10,386	$	7,576	$	33,197

Leasehold improvements include tenant inducements amounting to $6,632 (2018 - $6,776) and accumulated depreciation of $3,054 (2018 - $2,554).

The disclosures previously made for the comparative period only by the Company under IAS 17 and IFRIC 4 applicable to finance leases which were reclassified to right-of-use assets upon adoption of IFRS 16, are outlined below:

Furniture, fixtures and equipment include assets held under finance leases amounting to $2,289 and accumulated depreciation of $1,388. Computer equipment includes assets held under finance leases amounting to $1,000 and accumulated depreciation of $638. Additions to assets held under finance leases for the year ended December 31, 2018 were $nil.

16. Intangibles

The following are continuities of the cost and accumulated amortization of intangible assets for the years ended December 31, 2019 and December 31, 2018:

										Year ended December 31, 2019
	Brands of Acquired Businesses	Computer Application Software	Custom Software Applications	Internally Generated Software	Customer Backlog	Customer Lists	Databases	Non-compete Agreements	Indefinite Life Brands	**Total**
Cost										
Balance, beginning of year	$ 24,728	$ 5,796	$ 26,510	$ 35,804	$ 39,324	$ 217,747	$ 6,884	$ 38,098	$ 29,024	$ 423,915
Exchange differences	(177)	(29)	(900)	(1,539)	(603)	(5,373)	-	(629)	(1,026)	(10,276)
Additions	-	149	-	-	-	-	6	-	-	155
Acquisitions (Note 6)	-	-	-	-	1,141	7,971	-	1,915	-	11,027
Disposals	-	(607)	-	-	-	-	-	-	-	(607)
Balance, end of year	24,551	5,309	25,610	34,265	39,862	220,345	6,890	39,384	27,998	424,214
Accumulated amortization and impairment										
Balance, beginning of year	(24,134)	(4,259)	(25,982)	(17,527)	(23,365)	(180,658)	(6,647)	(26,449)	-	(309,021)
Exchange differences	148	24	917	602	383	4,396	-	440	-	6,910
Amortization charge	(179)	(454)	(31)	(4,425)	(4,247)	(15,968)	(28)	(4,663)	-	(29,995)
Disposals	-	487	-	-	-	-	-	-	-	487
Balance, end of year	(24,165)	(4,202)	(25,096)	(21,350)	(27,229)	(192,230)	(6,675)	(30,672)	-	(331,619)
Net book value as at December 31, 2019	**$ 386**	**$ 1,107**	**$ 514**	**$ 12,915**	**$ 12,633**	**$ 28,115**	**$ 215**	**$ 8,712**	**$ 27,998**	**$ 92,595**

										Year ended December 31, 2018
	Brands of Acquired Businesses	Computer Application Software	Custom Software Applications	Internally Generated Software	Customer Backlog	Customer Lists	Databases	Non-compete Agreements	Indefinite Life Brands	Total
Cost										
Balance, beginning of year	$ 24,466	$ 8,460	$ 24,922	$ 23,419	$ 37,414	$ 206,015	$ 6,869	$ 34,727	$ 27,221	$ 393,513
Exchange differences	262	33	1,588	854	1,106	8,754	1	1,069	1,803	15,470
Additions	-	812	-	-	-	-	14	-	-	826
Acquisitions (Note 6)	-	-	-	11,531	804	2,978	-	2,302	-	17,615
Disposals	-	(3,509)	-	-	-	-	-	-	-	(3,509)
Balance, end of year	24,728	5,796	26,510	35,804	39,324	217,747	6,884	38,098	29,024	423,915
Accumulated amortization and impairment										
Balance, beginning of year	(16,986)	(6,530)	(23,314)	(12,771)	(17,839)	(156,335)	(6,076)	(20,703)	-	(260,554)
Exchange differences	(74)	(28)	(1,610)	(645)	(610)	(6,810)	(1)	(662)	-	(10,440)
Amortization charge	(7,074)	(699)	(1,058)	(4,111)	(4,916)	(17,513)	(570)	(5,084)	-	(41,025)
Disposals	-	2,998	-	-	-	-	-	-	-	2,998
Balance, end of year	(24,134)	(4,259)	(25,982)	(17,527)	(23,365)	(180,658)	(6,647)	(26,449)	-	(309,021)
Net book value as at December 31, 2018	$ 594	$ 1,537	$ 528	$ 18,277	$ 15,959	$ 37,089	$ 237	$ 11,649	$ 29,024	$ 114,894

16. Intangibles, cont'd

Indefinite life intangibles, consisting of the Altus Group and ARGUS brands, have been assessed for impairment along with goodwill as outlined in Note 17. These assets are considered to have indefinite lives as management believes that there is an indefinite period over which the assets are expected to generate net cash flows.

The finite life intangibles are amortized over the remaining useful life as follows:

	December 31, 2019
	Average Remaining Useful Life
Brands of acquired businesses	27 months
Custom software applications	12 months
Internally generated software	26 months - 66 months
Customer backlog	12 months - 114 months
Customer lists	3 months - 102 months
Databases	12 months
Non-compete agreements	2 months - 42 months

17. Goodwill

The following are continuities of the cost and accumulated impairment losses of goodwill for the years ended December 31, 2019 and December 31, 2018:

	Year ended December 31, 2019	Year ended December 31, 2018
Cost		
Balance, beginning of year	$ **344,093**	$ 310,783
Exchange differences	**(7,338)**	10,496
Acquisitions (Note 6)	**6,103**	22,814
Balance, end of year	**342,858**	344,093
Accumulated impairment losses		
Balance, beginning of year	**(77,610)**	(60,793)
Exchange differences	**1,532**	(3,117)
Impairment charge	**(6,400)**	(13,700)
Balance, end of year	**(82,478)**	(77,610)
Net book value as at December 31, 2019	$ **260,380**	$ 266,483

17. Goodwill, cont'd

The carrying value of the Altus Group brand, an indefinite life intangible asset, was tested for impairment at the Company level and no impairment was necessary.

The carrying values of goodwill and the ARGUS brand, an indefinite life intangible asset, were allocated to the Company's CGUs as follows:

	December 31, 2019		December 31, 2018	
	Goodwill	ARGUS Brand	Goodwill	ARGUS Brand
Canada RVA	**$ 36,019**	**$ -**	$ 36,019	$ -
North America Cost	**28,411**	**-**	28,411	-
North America Property Tax	**47,567**	**-**	46,578	-
Geomatics	**3,861**	**-**	10,261	-
Altus Analytics	**95,923**	**21,737**	96,058	22,763
U.K. Property Tax	**48,454**	**-**	49,003	-
Asia Pacific Cost	**145**	**-**	153	-
Total	**$ 260,380**	**$ 21,737**	$ 266,483	$ 22,763

Other than for the Geomatics CGU in 2019, the recoverable amounts of the CGUs were determined using a discounted cash flow analysis to estimate fair value less costs to sell (Level 3). This analysis incorporated assumptions used by market participants. The key assumptions used were as follows:

	December 31, 2019		December 31, 2018	
	Perpetual Growth Rate	Discount Rate (after-tax)	Perpetual Growth Rate	Discount Rate (after-tax)
Canada RVA	**3.0%**	**13.8%**	3.0%	14.5%
North America Cost	**3.0%**	**13.3%**	3.0%	14.0%
North America Property Tax	**3.0%**	**12.5%**	3.0%	12.5%
Geomatics	**-**	**-**	1.5%	15.0%
Altus Analytics	**3.0%**	**14.5%**	3.0%	14.5%
U.K. Property Tax	**2.5%**	**14.5%**	2.5%	14.5%
Asia Pacific Cost	**3.0%**	**23.0%**	3.0%	23.0%

The discounted cash flow analysis uses after-tax cash flow projections based on five-year financial budgets approved by the Board of Directors and management. Cash flows beyond the five-year period were extrapolated using the estimated perpetual growth rates stated above. The growth rates do not exceed the long-term average growth rate for the business in which the CGU operates. Management's margin assumptions were based on historical performance and future expectations. The discount rates used are on an after-tax basis and reflect risks related to the respective CGU.

17. Goodwill, cont'd

For the Geomatics CGU, the recoverable amount was determined using fair value less costs to sell (Level 3).

Impairment

Management performed its annual impairment analysis as at October 1, 2019. In the fourth quarter of 2019, the Company recorded an impairment charge of $6,400 reflecting market conditions. The carrying amount of the Geomatics CGU was reduced to its recoverable amount of approximately $18,500 through recognition of an impairment charge against goodwill. This loss was disclosed as a separate line item in the consolidated statements of comprehensive income (loss).

In the fourth quarter of 2018, the Company recorded an impairment charge of $13,700. The carrying amount of the Geomatics CGU was reduced to its recoverable amount of approximately $24,000 through recognition of an impairment charge against goodwill. This loss was disclosed as a separate line item in the consolidated statements of comprehensive income (loss).

18. Trade Payables and Other

	December 31, 2019	December 31, 2018
Trade payables	**$ 9,936**	$ 11,167
Accrued expenses	**79,689**	63,932
Contract liabilities: deferred revenue	**40,321**	37,163
Contingent consideration payables (Note 26)	**7,667**	14,169
Dividends payable (Note 25)	**6,029**	5,895
Lease inducements (Notes 4 and 14)	**-**	11,595
Provisions	**1,121**	3,424
	144,763	147,345
Less non-current portion:		
Accrued expenses	**11,937**	7,063
Contract liabilities: deferred revenue	**1,458**	7,134
Contingent consideration payables	**2,289**	3,064
Lease inducements	**-**	10,688
Provisions	**513**	1,876
	16,197	29,825
	$ 128,566	$ 117,520

18. Trade Payables and Other, cont'd

Revenue recognized in relation to contract liabilities

	Year ended December 31, 2019	Year ended December 31, 2018
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	**$ 32,974**	$ 29,719
Revenue recognized from performance obligations partially satisfied in previous years	**12,174**	5,314

Provisions consist of:

	Restructuring	Other	**Total**
Balance as at January 1, 2018	$ 2,773	$ 462	$ 3,235
Charged to profit or loss:			
Additional provisions, net of releases	6,371	31	6,402
Unwinding of discount (Note 9)	27	9	36
Used during the year	(6,341)	(174)	(6,515)
Exchange differences	251	15	266
Balance as at December 31, 2018	3,081	343	3,424
Charged to profit or loss:			
Additional provisions, net of releases	(453)	9	(444)
Unwinding of discount (Note 9)	104	12	116
Used during the year	(1,744)	(188)	(1,932)
Exchange differences	(35)	(8)	(43)
Balance as at December 31, 2019	953	168	1,121
Less: non-current portion	(345)	(168)	(513)
	$ 608	**$ -**	**$ 608**

Restructuring

During the year ended December 31, 2019, restructuring provisions made in prior years in the amount of $453 (2018 - $158) were released.

During the year ended December 31, 2018, total restructuring charges of $6,371 were recorded pertaining to employee severance and onerous leases in the Property Tax and Geomatics businesses.

19. Borrowings

	December 31, 2019	December 31, 2018
Bank credit facilities	**$ 138,000**	$ 129,178
Leasehold improvement loans	**403**	491
Less: deferred financing fees	**140**	568
	138,263	129,101
Less non-current portion:		
Bank credit facilities	**-**	128,600
Leasehold improvement loans	**334**	403
Less: deferred financing fees	**-**	568
	334	128,435
	$ 137,929	$ 666

Bank credit facilities

The Company has five-year bank credit facilities that mature on April 28, 2020. In June 2018, the Company increased its borrowing capacity under the revolving term facility from $200,000 to $220,000 with the ability to further increase the limit to $250,000 in accordance with certain provisions of the agreement. As at December 31, 2019, the amount drawn under this facility was $138,000 (2018 - $128,600).

The weighted average effective interest rate for the bank credit facilities for the year ended December 31, 2019 was 3.61% (2018 - 3.48%). The bank credit facilities require repayment of the principal at such time as the Company receives proceeds of insurance, issues equity, issues debt, or sells assets in excess of certain thresholds.

Loans 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 margin ranges from 1.2% to 3.0% for Canadian Bankers' Acceptance and LIBOR borrowings depending on the calculation of the funded debt to EBITDA ratio (Note 27).

Letters of credit are also available on customary terms for bank credit facilities of this nature.

The Company is required to comply with certain financial covenants in line with its bank credit facilities, as disclosed in Note 27. In addition, the Company and certain of its subsidiaries must account for a minimum of 80% of consolidated revenues on a trailing 12-month basis to meet the minimum security requirement. As at December 31, 2019, the Company met these requirements. As at December 31, 2019, substantially all of the assets of the Company are provided as a security interest to meet this requirement.

The Company has negotiated a draft term sheet with its lenders which is in the process of being approved.

19. Borrowings, cont'd

Interest rate swap agreements

In 2015, the Company entered into interest rate swap agreements for a total notional amount of $65,000. The Company is obligated to pay the counterparty to the interest rate swap agreements an amount based upon a fixed interest rate of 1.48% per annum and the counterparty is obligated to pay the Company 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.

Leasehold improvement loans

The Company received various loans to finance leasehold improvements made to leased premises. The loans are payable in installments with maturity dates ranging from April 2025 to September 2025 and bear interest from 0% to 5.00%. The loans are not secured. The weighted average effective interest rate for the year ended December 31, 2019 was 1.32% (2018 - 1.64%).

Contractual principal repayments on all borrowings excluding convertible debentures and finance lease liabilities are as follows:

	December 31, 2019	December 31, 2018
Less than 1 year	$ 138,069	$ 666
1 to 3 years	142	128,739
4 to 5 years	145	143
Over 5 years	47	121
	$ 138,403	$ 129,669

Reconciliation of liabilities arising from financing activities, other than leases

	Leasehold Improvement Loans	Bank Credit Facilities	Deferred Financing Fees	Total
Balance as at January 1, 2018	$ 616	$ 150,400	$ (997)	$ 150,019
Cash flows	(134)	(21,222)	-	(21,356)
Non-cash movements:				
Interest accretion	9	-	-	9
Amortization	-	-	429	429
Balance as at December 31, 2018	491	129,178	(568)	129,101
Cash flows	(94)	8,822	-	8,728
Non-cash movements:				
Interest accretion	6	-	-	6
Amortization	-	-	428	428
Balance as at December 31, 2019	**$ 403**	**$ 138,000**	**$ (140)**	**$ 138,263**

20. Share Capital

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

	Common Shares	
	Number of Shares	Amount
Balance as at January 1, 2018	38,449,029	$ 479,181
Issued on exercise of options (Note 23)	41,673	1,005
Issued under the Dividend Reinvestment Plan	158,481	4,617
Issued on acquisitions (Note 6)	171,628	3,729
Issued under the Equity Compensation Plan (Note 23)	144,881	2,496
Treasury shares purchased under the Restricted Share Plan (Note 23)	(62,981)	(3,061)
Release of treasury shares (Note 23)	109,991	3,575
Balance as at December 31, 2018	39,012,702	491,542
Issued on exercise of options (Note 23)	282,488	8,166
Issued under the Dividend Reinvestment Plan	179,572	4,624
Issued on acquisitions (Note 6)	179,672	4,282
Issued under the Equity Compensation Plan (Note 23)	246,653	5,243
Treasury shares reserved under the Restricted Share Plan (Note 23)	(118,202)	(5,353)
Treasury shares reserved under the Equity Compensation Plan (Note 23)	(63,553)	(2,352)
Release of treasury shares (Note 23)	107,268	3,494
Balance as at December 31, 2019	**39,826,600**	**$ 509,646**

The 39,826,600 common shares as at December 31, 2019 are net of 364,864 treasury shares with a carrying value of $16,195 that are being held by the Company until vesting conditions are met (Note 23).

The Company has a Dividend Reinvestment Plan ("DRIP") for shareholders of the Company who are resident in Canada. Under the DRIP, participants may elect to automatically reinvest quarterly dividends into additional common shares of the Company.

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

21. Contributed Surplus

		Amount
Balance as at January 1, 2018	$	18,550
Share-based compensation (Note 23)		9,455
Gain (loss) on sale of RSs and shares held in escrow		(34)
Shares issued on exercise of options (Note 23)		(163)
Release of treasury shares under the Restricted Share Plan (Note 23)		(3,430)
Shares issued under the Equity Compensation Plan (Note 23)		(2,496)
Balance as at December 31, 2018		21,882
Share-based compensation (Note 23)		9,839
Gain (loss) on sale of RSs and shares held in escrow		(93)
Shares issued on exercise of options (Note 23)		(1,289)
Release of treasury shares under the Restricted Share Plan (Note 23)		(3,001)
Shares issued under the Equity Compensation Plan (Note 23)		(2,891)
Balance as at December 31, 2019	**$**	**24,447**

22. Accumulated Other Comprehensive Income (Loss)

		Currency Translation Reserve		FVOCI Investments Reserves		**Total**
Balance as at January 1, 2018	$	36,862	$	(26,432)	$	10,430
Currency translation differences		17,696		-		17,696
Change in fair value of FVOCI investments		-		(44,351)		(44,351)
Transfer of loss on disposal of FVOCI investments (Note 13)		-		70,783		70,783
Balance as at December 31, 2018		54,558		-		54,558
Currency translation differences		(13,772)		-		(13,772)
Change in fair value of FVOCI investments		-		92		92
Transfer of gain on disposal of FVOCI investments (Note 13)		-		(633)		(633)
Balance as at December 31, 2019	**$**	**40,786**	**$**	**(541)**	**$**	**40,245**

23. Share-based Compensation

The Company's share-based compensation expense, which includes the Executive Compensation Plan (Share Option Plan and Equity Compensation Plan), Long-Term Incentive Plan, Deferred Compensation Plans (RS Plan and RSU Plan), and DSU Plan was $19,883 (2018 - $8,782). A summary of the activity in the Company's share-based compensation plans are as follows:

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

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

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

	Number of Options Outstanding	Weighted Average Exercise Price
Balance as at January 1, 2018	946,708	$25.70
Granted	621,970	$30.92
Exercised	(41,673)	$20.21
Forfeited	(8,335)	$30.84
Balance as at December 31, 2018	1,518,670	$27.96
Granted	458,053	$29.92
Exercised	(282,488)	$24.35
Expired/Forfeited	(114,952)	$26.59
Balance as at December 31, 2019	**1,579,283**	**$28.98**

Information about the Company's options outstanding and exercisable as at December 31, 2019 is as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
$19.29 - $23.85	222,510	1.63 years	222,510
$26.04 - $29.72	630,278	3.68 years	137,972
$30.70 - $35.83	622,721	3.43 years	185,246
$36.91 - $37.93	103,774	4.78 years	-
$28.98	**1,579,283**	**3.36 years**	**545,728**

23. Share-based Compensation, cont'd

The options granted in 2019 vest over a period of up to 48 months. The fair value of the options granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2019	2018
Risk-free interest rate	1.29% - 1.69%	1.96% - 2.20%
Expected dividend yield	1.6% - 2.3%	1.9% - 2.3%
Expected volatility	24.13% - 26.64%	20.49% - 27.23%
Expected option life	3.00 - 4.50 years	3.00 - 4.50 years
Weighted average grant-date fair value per option	$4.06 - $7.43	$4.48 - $5.89

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

	Common shares
Balance as at January 1, 2018	74,172
Settled	(3,872)
Forfeited	(546)
Balance as at December 31, 2018	69,754
Granted	63,553
Forfeited	(7,211)
Balance as at December 31, 2019	**126,096**

The Company settled vested PSUs under the Equity Compensation Plan through the issuance of common shares:

	Common shares
Settled in March 2018	144,881
Settled in March 2019	162,086

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

	Number of PSUs
Granted in 2018	118,856
Granted in 2019	186,542

23. Share-based Compensation, cont'd

(ii) Deferred Compensation Plans

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

	Number of RSs
Balance as at January 1, 2018 (all unvested)	263,215
Granted	62,981
Settled	(102,631)
Forfeited	(2,942)
Balance as at December 31, 2018 (all unvested)	220,623
Granted	118,202
Settled	(95,841)
Forfeited	(3,784)
Balance as at December 31, 2019 (all unvested)	**239,200**

In connection with the 2018 performance year, the Company granted a total of $4,128 under the RS Plan. In March 2019, the Company purchased 100,482 common shares in the open market (through the facilities of the TSX or by private agreement).

In connection with the 2017 performance year, the Company granted a total of $2,956 under the RS Plan. In March 2018, the Company purchased 60,394 common shares in the open market (through the facilities of the TSX or by private agreement).

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

	Number of RSUs
Balance as at January 1, 2018 (all unvested)	318,018
Granted	116,875
Settled	(75,635)
Forfeited	(6,588)
Balance as at December 31, 2018 (all unvested)	352,670
Granted	141,361
Settled	(147,370)
Forfeited	(19,070)
Balance as at December 31, 2019 (all unvested)	**327,591**

23. Share-based Compensation, cont'd

(iii) Directors' Deferred Share Unit Plan

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

	Number of DSUs
Balance as at January 1, 2018	103,375
Granted	31,960
Redeemed	(10,427)
Balance as at December 31, 2018	124,908
Granted	36,754
Balance as at December 31, 2019	**161,662**

(iv) Compensation Expense by Plan

	Year ended December 31, 2019	Year ended December 31, 2018
Share Option Plan	$ **62**	$ 209
Equity Compensation Plan	**1,167**	1,766
Long-Term Incentive Plan	**4,666**	3,892
RS Plan	**3,948**	3,313
RSU Plan [(1)]	**6,562**	289
DSU Plan [(2)]	**3,478**	(687)

(1) For the year ended December 31, 2019, the Company recorded mark-to-market adjustments of $3,273 (2018 - $(2,883)).
(2) For the year ended December 31, 2019, the Company recorded mark-to-market adjustments of $2,388 (2018 - $(1,693)).

(v) Liabilities for Cash-settled Plans

	December 31, 2019	December 31, 2018
RSU Plan - carrying value of liability recorded within trade payables and other	$ **8,832**	$ 6,101
DSU Plan - carrying value of liability recorded within trade payables and other	**6,257**	2,779

24. Earnings (Loss) per Share

Basic earnings (loss) per share is calculated by dividing profit (loss) by the weighted average number of common shares outstanding during the year.

The dilutive effect of share options, equity awards, PSUs and RSs is determined using the treasury stock method. For the purposes of the weighted average number of common shares outstanding, common shares are determined to be outstanding from the date they are issued.

For the year ended December 31, 2019, 597,254 share options and 19,922 RSs (including common shares issued in escrow as part of the Equity Compensation Plan) were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

For the year ended December 31, 2018, 1,518,670 share options, 290,377 RSs (including common shares issued in escrow as part of the Equity Compensation Plan) and 312,494 equity awards and PSUs were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

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

	Year ended December 31, 2019	Year ended December 31, 2018
Profit (loss) for the year - basic and diluted	**$ 18,194**	$ (18,439)
Weighted average number of common shares outstanding - basic	**39,460,603**	38,763,613
Dilutive effect of share options	**141,940**	-
Dilutive effect of equity awards and PSUs	**303,819**	-
Dilutive effect of RSs	**177,195**	-
Weighted average number of common shares outstanding - diluted	**40,083,557**	38,763,613
Earnings (loss) per share:		
Basic	**$0.46**	$(0.48)
Diluted	**$0.45**	$(0.48)

25. Dividends Payable

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

A reconciliation of dividends payable is as follows:

		Dividends Payable
Balance as at January 1, 2018	$	5,818
Dividends paid		(18,798)
Non-cash movements:		
DRIP (Note 20)		(4,617)
Dividends declared		23,492
Balance as at December 31, 2018		5,895
Dividends paid		(19,199)
Non-cash movements:		
DRIP (Note 20)		(4,624)
Dividends declared		23,957
Balance as at December 31, 2019	**$**	**6,029**

26. Financial Instruments and Fair Values

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

26. Financial Instruments and Fair Values, cont'd

Financial Instruments by Category

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

	December 31, 2019			December 31, 2018		
	Fair Value Through Profit or Loss	Fair Value Through Other Comprehensive Income	Amortized Cost	Fair Value Through Profit or Loss	Fair Value Through Other Comprehensive Income	Amortized Cost
Assets as per Consolidated Balance Sheet:						
Cash and cash equivalents	**$ -**	**$ -**	**$ 60,262**	$ -	$ -	$ 48,738
Trade receivables and other (excluding deferred costs to obtain customer contracts, prepayments and promissory notes receivable)	**-**	**-**	**171,390**	-	-	143,604
Promissory notes receivable	**-**	**-**	**-**	6,552	-	-
Investments in equity instruments	**-**	**9,288**	**-**	-	3,408	-
Investments in partnerships	**2,193**	**-**	**-**	1,495	-	-
Derivative financial instruments	**7,424**	**-**	**-**	1,092	-	-
	$ 9,617	**$ 9,288**	**$ 231,652**	$ 9,139	$ 3,408	$ 192,342

26. Financial Instruments and Fair Values, cont'd

	December 31, 2019		December 31, 2018	
	Fair Value Through Profit or Loss	Amortized Cost	Fair Value Through Profit or Loss	Amortized Cost
Liabilities as per Consolidated Balance Sheet:				
Trade payables and other (excluding lease inducements, contract liabilities, RSU Plan and DSU Plan payables and contingent consideration payables)	**$ -**	**$ 81,686**	$ -	$ 75,538
Contingent consideration payables	**7,667**	**-**	14,169	-
Borrowings	**-**	**138,263**	-	129,101
	$ 7,667	**$ 219,949**	$ 14,169	$ 204,639

Cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts, contract assets, prepayments, and promissory notes receivable) due within one year, and trade payables and other (excluding lease inducements, contract liabilities, RSU Plan and DSU Plan payables, and contingent consideration payables) due within one year, are all short-term in nature and, as such, their carrying values approximate their fair values.

The fair values of non-current trade receivables and other and trade payables and other are estimated by discounting the future contractual cash flows at the cost of borrowing to the Company, which approximate their carrying values.

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

Fair Values

Fair value measurements recognized in the consolidated balance sheets are classified in accordance with the fair value hierarchy established by IFRS 13, *Fair Value Measurement*, which reflects the significance of the inputs used in determining the measurements. The inputs can be either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect an entity's pricing based upon its own market assumptions.

26. Financial Instruments and Fair Values, cont'd

The tables below present financial instruments that are measured at fair value. The different levels in the hierarchy have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets is based on quoted market prices at each balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

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

				December 31, 2019
	Level 1	Level 2	Level 3	**Total**
Assets:				
Investments in equity instruments	$ -	$ -	$ 9,288	**$ 9,288**
Investments in partnerships	-	-	2,193	**2,193**
Derivative financial instruments	-	7,424	-	**7,424**
Liabilities:				
Borrowings	-	138,403	-	**138,403**
Contingent consideration payables	-	-	7,667	**7,667**

26. Financial Instruments and Fair Values, cont'd

				December 31, 2018
	Level 1	Level 2	Level 3	Total
Assets:				
Promissory notes receivable	$ -	$ -	$ 6,552	$ 6,552
Investments in equity instruments	-	-	3,408	3,408
Investments in partnerships	-	-	1,495	1,495
Derivative financial instruments	-	1,092	-	1,092
Liabilities:				
Borrowings	-	129,669	-	129,669
Contingent consideration payables	-	-	14,169	14,169

For the year ended December 31, 2019, there were no transfers between the levels in the hierarchy.

Derivative financial instruments are recorded in Level 2. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of equity derivatives is calculated based on the movement in the Company's common share price between the initial common share price on the effective date and the reporting date, which are observable inputs. The fair value of currency forward contracts is calculated based on the spread between the currency forward rate and the rate on the reporting date, which are observable inputs, and applied to the notional amount.

The promissory notes receivable, investments in equity instruments, investments in partnerships and contingent consideration payable are recorded in Level 3 as the amounts are not based on observable inputs. The promissory notes receivable and contingent consideration payable 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 entity. Investments in partnerships are measured in relation to the fair value of assets reported in the respective partnerships.

26. Financial Instruments and Fair Values, cont'd

The following table summarizes the movement in the Company's contingent consideration payables:

		Contingent Consideration Payables (Discounted)
Balance as at January 1, 2018	$	10,437
Contingent arrangements entered into during the year (Note 6)		2,950
Unwinding of discount (Note 9)		648
Settlements		(111)
Exchange differences		245
Balance as at December 31, 2018		14,169
Contingent arrangements entered into during the year		1,158
Changes in expected payment recorded through profit or loss		(174)
Unwinding of discount (Note 9)		467
Settlements		(7,743)
Exchange differences		(210)
Balance as at December 31, 2019	**$**	**7,667**

A 1% increase or decrease in the discount rate could decrease or increase the Company's determination of fair value by approximately $6 as at December 31, 2019.

The estimated contractual amount of contingent consideration payables as at December 31, 2019 was $7,919 (December 31, 2018 - $14,754), net of a discount of $252 (December 31, 2018 - $585).

Financial Risk Management Objectives and Policies

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

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

(a) Market Risk

Interest rate risk
The Company is 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 revolving term facility fluctuate with changes in these rates.

26. Financial Instruments and Fair Values, cont'd

In order to limit interest rate exposure, the Company entered into floating-to-fixed interest rate swap agreements associated with its bank credit facilities. These interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts. The notional principal amounts of the outstanding interest rate swap agreements as at December 31, 2019 were $65,000 (2018 - $65,000).

The Company monitors its interest rate exposure and its hedging strategy on an ongoing basis.

Fluctuations in interest rates will impact profit or loss. For the year ended December 31, 2019, every 1% increase or decrease in the revolving term facility interest rate results in a corresponding $782 decrease or increase in the Company's profit (loss) (2018 - $949).

Currency risk

The Company has operations in Canada, the U.S., Europe and Asia Pacific and, therefore, has exposure to currency risk. There is exposure to foreign exchange fluctuations on transactions between the Company's entities and upon the consolidation of the Company's foreign subsidiaries. Assets and liabilities of foreign subsidiaries are translated at the period-end exchange rate and, therefore, have varying values from exchange rate fluctuations.

The statements of comprehensive income (loss) of the foreign subsidiaries are translated into Canadian dollars using the period's average exchange rate and, accordingly, exchange rate fluctuations impact the Company's revenues and profit (loss), denominated in Canadian dollars.

In order to limit some of its foreign exchange exposure, the Company periodically enters into currency forward contracts.

The Company monitors its foreign exchange exposure and its hedging strategy on an ongoing basis.

The following table summarizes the effect of a 10% strengthening of the Canadian dollar on the Company's profit (loss) as a result of translating the statements of comprehensive income (loss) of foreign subsidiaries, assuming all other variables remain unchanged:

	Year ended December 31, 2019	Year ended December 31, 2018
U.S.	**$ (2,401)**	$ (2,127)
Europe	**(520)**	1,119
Australia	**(175)**	(20)
Asia	**(124)**	(194)

26. Financial Instruments and Fair Values, cont'd

A 10% weakening of the Canadian dollar would have an equal but opposite effect, assuming all other variables remain unchanged.

Price risk
The Company is exposed to price risk because the liabilities for cash-settled RSU and DSU plans are classified as FVPL, and linked to the price of the Company's common shares. If the market price of the Company's common shares increases by 5% with all other variables held constant, the impact on profit (loss) would be a decrease of $755. A 5% decrease in the market price of the Company's common shares would have an equal but opposite effect on profit (loss), assuming all other variables remain unchanged.

In order to limit price risk exposure, the Company entered into equity derivatives. Changes in the fair value of these equity derivatives offset the impact of mark-to-market adjustments that are accrued. The notional amount outstanding on these equity derivatives as at December 31, 2019 was $11,321 (2018 - $10,042) (Note 12).

(b) Credit Risk

The Company is exposed to credit risk with respect to its cash and cash equivalents, trade receivables and other and derivative financial instruments. Credit risk is not concentrated with any particular customer. In certain parts of Asia, it is often common business practice to pay invoices over an extended period of time and/or at the completion of the project. The risk of non-collection of trade receivables is greater in Asia Pacific compared to North American or European countries. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets for unbilled revenue on customer contracts. To measure the expected credit losses, trade receivables and contract assets for unbilled revenue on customer contracts have been grouped based on shared credit risk characteristics and the days past due, and incorporate forward-looking information. The loss allowance provision as at December 31, 2019 is determined as follows:

				December 31, 2019
	0 to 120 days past due	121 to 365 days past due	More than 365 days past due	**Total**
Expected loss rate	1.92%	21.14%	92.26%	**6.75%**
Gross carrying amount	$155,883	$20,766	$5,313	**$181,962**
Loss allowance provision	$(2,996)	$(4,390)	$(4,902)	**$(12,288)**

26. Financial Instruments and Fair Values, cont'd

Changes in the gross carrying amount of trade receivables and contract assets for unbilled revenue on customer contracts contributed to the changes in the loss allowance provision. The gross carrying amount was impacted by revenue recognized and amounts invoiced, offset by cash collections and amounts written off as not recoverable or uncollectible. Expected loss rates are determined on a portfolio basis. The expected loss rate for the Company will differ based on the contribution of balances by portfolio and age of those balances. For the year ended December 31, 2019, no significant changes were made to the expected loss rates on a portfolio basis.

The loss allowance provision for trade receivables and contract assets for unbilled revenue on customer contracts as at December 31, 2019 reconciles to the opening loss allowance provision as follows:

		December 31, 2019
As at January 1, 2018	$	8,854
Net charges during the year		4,228
Amounts written off during the year as not recoverable or uncollectible		(3,257)
Exchange differences		244
As at December 31, 2018		10,069
Net charges during the year		5,233
Amounts written off during the year as not recoverable or uncollectible		(2,822)
Exchange differences		(192)
As at December 31, 2019	**$**	**12,288**

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

26. Financial Instruments and Fair Values, cont'd

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through the management of its capital structure and financial leverage. It also manages liquidity risk by continuously monitoring actual and projected cash flows, taking into account the seasonality of the Company's revenues and cash receipts, and the maturity profile of its financial assets and liabilities. The Board of Directors reviews and approves the Company's 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.

Management believes that funds generated by operating activities and available bank credit facilities will allow the Company to satisfy its requirements for the purposes of working capital, investments and debt repayments.

The table below summarizes the contractual undiscounted cash flows related to the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the consolidated balance sheet date to the contractual maturity date.

							December 31, 2019
	Carrying amount	Contractual cash flows	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	**Total**
Trade payables and other (excluding lease inducements, contract liabilities, RSU Plan and DSU Plan payables and contingent consideration payables)	$ 81,686	$ 81,810	$ 80,176	$ 722	$ 262	$ 650	$ 81,810
RSU Plan and DSU Plan payables	15,089	15,089	4,156	5,437	818	4,678	15,089
Contingent consideration payables	7,667	7,919	5,409	2,510	-	-	7,919
Borrowings	138,263	138,419	138,074	148	148	49	138,419
Lease liabilities	75,983	85,794	14,894	26,951	23,198	20,751	85,794
	$ 318,688	**$ 329,031**	**$ 242,709**	**$ 35,768**	**$ 24,426**	**$ 26,128**	**$ 329,031**

26. Financial Instruments and Fair Values, cont'd

							December 31, 2018
	Carrying amount	Contractual cash flows	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
Trade payables and other (excluding lease inducements, contract liabilities, RSU Plan and DSU Plan payables and contingent consideration payables)	$ 75,538	$ 76,078	$ 73,122	$ 1,838	$ 91	$ 1,027	$ 76,078
RSU Plan and DSU Plan payables	8,880	8,880	2,966	2,315	821	2,778	8,880
Contingent consideration payables	14,169	14,754	11,509	3,245	-	-	14,754
Borrowings	129,367	129,970	874	128,817	156	123	129,970
	$ 227,954	$ 229,682	$ 88,471	$ 136,215	$ 1,068	$ 3,928	$ 229,682

27. Capital Management

The Company's objective in managing capital is to ensure that adequate resources are available to fund organic growth and to enable it to undertake strategic acquisitions while continuing as a going concern. The Company's capital is composed of borrowings and shareholders' equity.

Operating cash flows are used to provide sustainable cash dividends to shareholders and fund capital expenditures in support of organic growth. In addition, operating cash flows, supplemented throughout the year with the revolving term facility, are used to fund working capital requirements.

The revolving term facility and equity are used to finance strategic acquisitions. Additionally, vendors of acquired businesses typically receive a portion of the consideration in the form of the Company's common shares.

27. Capital Management, cont'd

The Company's capitalization is summarized in the following chart:

	December 31, 2019	December 31, 2018
Borrowings (Note 19)	**$ 138,263**	$ 129,367
Less: cash and cash equivalents	**60,262**	48,738
Net debt	**78,001**	80,629
Shareholders' equity	**359,652**	358,426
Total capitalization	**$ 437,653**	$ 439,055

The Company monitors certain financial covenants on a trailing 12-month basis in line with its amended bank credit facilities. The financial covenant limits are summarized below:

- Funded debt to EBITDA ratio: maximum of 3.00:1
- Fixed charge coverage ratio: minimum of 1.20:1
- Funded debt to capitalization ratio: maximum of 55%

As at December 31, 2019, the Company is in compliance with the financial covenants of its bank credit facilities.

28. Commitments and Contingencies

The Company leases offices and equipment under non-cancellable operating leases. On the adoption of IFRS 16 (Note 4), most operating leases are now included on the balance sheet other than for short-term leases and low-value leases. At December 31, 2018, all operating leases and other lease commitments were included in these commitments. The future aggregate minimum lease payments under such arrangements and other contractual commitments are as follows:

	December 31, 2019	December 31, 2018
No later than 1 year	**$ 2,882**	$ 18,808
Later than 1 year and no later than 5 years	**1,585**	53,964
Later than 5 years	**-**	28,444
Total	**$ 4,467**	$ 101,216

The future aggregate minimum sublease payments to be received under non-cancellable subleases as at December 31, 2019 were $465 (December 31, 2018 - $3,839).

For the year ended December 31, 2018, expenses under operating leases were $14,900.

28. Commitments and Contingencies, cont'd

As at December 31, 2019, the Company provided letters of credit of approximately $1,074 to its lessors (December 31, 2018 - $776).

In connection with the acquisition of Integrated Real Estate Resources, Inc. ("INTRER") completed on December 1, 2015, the Company committed to grant a total of 250,000 options, subject to conditions customary to the Company's share-based compensation plans, over a five-year period to be distributed to INTRER employees. As at December 31, 2019, the Company granted all 250,000 options (December 31, 2018 - 200,000 options) pursuant to this arrangement.

The Company committed to aggregate capital contributions of $682 (Note 13) to certain partnerships (December 31, 2018 - $1,241) over the next two years.

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

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

29. Related Party Transactions

Key Management Compensation

Key management includes the Board of Directors, officers and business unit presidents. The compensation paid or payable to key management for services is shown below:

	Year ended December 31, 2019	Year ended December 31, 2018
Salaries and other short-term benefits	**$ 9,764**	$ 9,487
Termination benefits	**1,750**	1,428
Share-based payments [(1)]	**8,123**	2,877
	$ 19,637	$ 13,792

[(1)] Includes mark-to-market adjustments on share-based payments.

29. Related Party Transactions, cont'd

Controlled Entities

Altus Group Limited is the ultimate parent company. In certain circumstances, the Company has control over entities in which it does not own more than 50% voting interest. In making this determination, the Company considers all relevant facts and circumstances in assessing whether it has power over the entity including rights arising from contractual arrangements that allow the Company to direct the relevant activities and be exposed to variable returns of the entity, among other considerations. The consolidated financial statements consolidate the Company and the subsidiaries listed in the following table:

Entity's Name	December 31, 2019
Altus Geomatics Limited Partnership	100%
Altus Geomatics General Partner Corporation (1)	49%
Altus Group Asia Pacific Limited	100%
Altus Group U.S. Inc.	100%
Circle Software Acquisition Limited	100%
Argus Software (UK) Ltd.	100%
Circle Software International Limited (UK)	100%
Voyanta Limited (UK)	100%
Argus Software (Canada), Inc.	100%
Argus Software (Oceanic) Pty Ltd.	100%
Argus Software (Malaysia) Sdn. Bhd.	100%
Altus Group (UK) Limited	100%
2262070 Ontario Limited	100%
Altus Group Data Solutions Inc.	100%
Altus Group S.à.r.l.	100%
Altus Group (Vietnam) Limited	100%
Altus Group (India) Private Limited	100%
Altus Group (Singapore) Private Limited	100%
Altus Egypt LLC (2)	85%
Altus Group (Hong Kong) Limited	100%
Altus Construction Consultancy (Shanghai) Limited	100%
Altus Group Consulting (Thailand) Company Limited	100%
Altus Group Management Holdings (Thailand) Company Limited	100%

29. Related Party Transactions, cont'd

Entity's Name	December 31, 2019
Altus Group Services (Thailand) Company Limited	100%
Altus Group Construction Professionals (Thailand) Company Limited	100%
Altus Group Australia Pty Limited	100%
Altus Group (ACT) Pty Limited	100%
Altus Group Consulting Pty Limited	100%
Altus Group Queensland Pty Limited	100%
Altus Group Cost Management Pty Limited	100%
Altus Group Bay Partnership Pty Limited	100%
Estate Master Group Holdings Pty Limited	100%
Estate Master Pty Limited	100%
Estate Master UK Limited	100%
Estate Master FZ LLC	100%
Altus Group (Hawaii) Inc.	100%
Altus Group II LLC	100%
Argus Software Inc.	100%
Argus Software (Asia) Pte. Ltd.	100%
One11 Advisors, LLC	100%
Altus UK LLP	100%
Altus Group (UK2) Limited	100%
R2G Limited	100%
Maxwell Brown Surveyors Group Limited	100%
Maxwell Brown Surveyors Limited	100%
Lambournes Holdings Limited	100%
Lambournes Trading Services Limited	100%
CVS (Commercial Valuers & Surveyors) Limited	100%
Taliance Group SAS	100%
Taliance, Inc.	100%
Taliance Limited	100%
Taliance Solutions Canada Inc.	100%

(1) Two land surveyors, who are employees of Altus Geomatics Limited Partnership and registered with the Land Surveyors' Association (Alberta), own 51% of the remaining shares.
(2) An Egyptian national owns 15% of the remaining shares.

Altus Group Tax Consulting Paralegal Professional Corporation, Altus Group Manitoba Land Surveyors Limited and Altus Geomatics Land Surveying BC Limited are entities under control of the Company and have been consolidated in the Company's consolidated financial statements.

30. Events After the Reporting Period

On January 21, 2020, the Company agreed, subject to definitive documentation, to combine its Geomatics business segment with WSP Global Inc.'s respective geomatics business unit. The combined entity will comprise of employees in offices in Western Canada and Ontario. The transaction, which is subject to finalization of definitive documentation, is expected to close in the second quarter of 2020.

Altus Group

LISTINGS
Toronto Stock Exchange
Stock trading symbol: AIF

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