Altus Group

FINANCIAL STATEMENTS

2018

Altus Group Limited

Consolidated Financial Statements
December 31, 2018 and 2017
(Expressed in Thousands of Canadian Dollars)

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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 21, 2019

"Angelo Bartolini"

Angelo Bartolini
Chief Financial Officer
February 21, 2019

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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, 2018 and 2017, 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, 2018 and 2017, 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 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.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

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
February 21, 2019

Chartered Professional Accountants
Licensed Public Accountants

Altus Group Limited

Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2018 and 2017
(Expressed in Thousands of Canadian Dollars, Except for Per Share Amounts)

	Notes	For the year ended December 31, 2018	Restated (Note 4) For the year ended December 31, 2017
Revenues	7	**$ 510,429**	$ 476,562
Expenses			
Employee compensation	8	**330,612**	295,173
Occupancy		**21,340**	20,709
Office and other operating		**98,037**	87,443
Amortization of intangibles	15	**41,025**	29,184
Depreciation of property, plant and equipment	14	**8,089**	7,260
Acquisition and related transition costs	6	**2,394**	3,319
Share of loss of associates	13	**-**	2,420
Restructuring costs	17	**6,371**	4,739
Gain on investments	13	**(43)**	(115,179)
Impairment charge	16	**13,700**	-
Finance costs, net	9	**6,701**	3,633
Profit (loss) before income taxes		**(17,797)**	137,861
Income tax expense	10	**642**	28,444
Profit (loss) for the year attributable to shareholders		**$ (18,439)**	$ 109,417
Other comprehensive income (loss):			
Items that may be reclassified to profit or loss in subsequent periods:			
Currency translation differences	22	**17,696**	(9,873)
Share of other comprehensive loss of associates	22	**-**	(46)
Change in fair value of AFS investments	13, 22	**-**	(26,460)
Items that are not reclassified to profit or loss in subsequent periods:			
Change in FVOCI investment reserves	13, 22	**(44,351)**	-
Other comprehensive loss, net of tax		**(26,655)**	(36,379)
Total comprehensive income (loss) for the year, net of tax, attributable to shareholders		**$ (45,094)**	$ 73,038

Earnings (loss) per share attributable to the shareholders of the Company during the year			
Basic earnings (loss) per share	24	**$(0.48)**	$2.88
Diluted earnings (loss) per share	24	**$(0.48)**	$2.83

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

Altus Group Limited

Consolidated Balance Sheets
As at December 31, 2018 and 2017
(Expressed in Thousands of Canadian Dollars)

	Notes	December 31, 2018	Restated (Note 4) December 31, 2017
Assets			
Current assets			
Cash and cash equivalents		$ **48,738**	$ 28,070
Trade receivables and other	11	**154,298**	143,667
Income taxes recoverable		**6,021**	5,680
Derivative financial instruments	12	**478**	1,021
		209,535	178,438
Non-current assets			
Trade receivables and other	11	**8,975**	4,967
Derivative financial instruments	12	**614**	6,029
Investments	13	**4,903**	108,073
Deferred tax assets	10	**19,581**	15,285
Property, plant and equipment	14	**33,197**	30,374
Intangibles	15	**114,894**	132,959
Goodwill	16	**266,483**	249,990
		448,647	547,677
Total Assets		$ **658,182**	$ 726,115
Liabilities			
Current liabilities			
Trade payables and other	17	$ **117,520**	$ 101,454
Income taxes payable		**6,802**	2,887
Borrowings	18	**858**	661
Derivative financial instruments	12	**-**	918
		125,180	105,920
Non-current liabilities			
Trade payables and other	17	**29,825**	30,422
Borrowings	18	**128,509**	150,135
Deferred tax liabilities	10	**16,242**	27,576
		174,576	208,133
Total Liabilities		**299,756**	314,053
Shareholders' Equity			
Share capital	20	**491,542**	479,181
Contributed surplus	21	**21,882**	18,550
Accumulated other comprehensive income	22	**54,558**	10,402
Deficit		**(209,556)**	(96,071)
Total Shareholders' Equity		**358,426**	412,062
Total Liabilities and Shareholders' Equity		$ **658,182**	$ 726,115

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

Approved on behalf of the Board of Directors

"Raymond Mikulich"
Raymond Mikulich

"Eric Slavens"
Eric Slavens

Altus Group Limited

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Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2018 and 2017
(Expressed in Thousands of Canadian Dollars)

	Notes	Share Capital	Equity Component of Convertible Debentures	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Shareholders' Equity
As at January 1, 2017		$ 460,003	$ 231	$ 18,476	$ 46,781	$ (184,898)	$ 340,593
Adjustment on adoption of IFRS 15	4	-	-	-	-	2,555	2,555
As at January 1, 2017		460,003	231	18,476	46,781	(182,343)	343,148
Profit (loss) for the year		-	-	-	-	110,058	110,058
Other comprehensive income (loss), net of tax:							
Currency translation differences	22	-	-	-	(9,717)	-	(9,717)
Change in fair value of AFS investments	13, 22	-	-	-	(26,460)	-	(26,460)
Share of other comprehensive loss of associates	13, 22	-	-	-	(46)	-	(46)
Total comprehensive income (loss) for the year		-	-	-	(36,223)	110,058	73,835
Dividends declared	25	-	-	-	-	(23,145)	(23,145)
Share-based compensation	21, 23	-	-	7,824	-	-	7,824
Dividend Reinvestment Plan	20	1,138	-	-	-	-	1,138
Shares issued on exercise of options	20, 21, 23	4,615	-	(703)	-	-	3,912
Shares issued on acquisitions	6, 20	3,679	-	-	-	-	3,679
Shares issued under the Equity Compensation Plan	20, 21, 23	7,623	-	(4,278)	-	-	3,345
Treasury shares reserved for share-based compensation	20, 23	(6,933)	-	-	-	-	(6,933)
Shares issued on conversion of convertible debentures	18, 20	5,924	(215)	-	-	-	5,709
Release of treasury shares under the Restricted Share Plan	20, 21, 23	3,132	-	(2,726)	-	-	406
Gain (loss) on sale of RSs and shares held in escrow	21	-	-	(59)	-	-	(59)
Equity component of convertible debentures that were redeemed	21	-	(16)	16	-	-	-
		19,178	(231)	74	-	(23,145)	(4,124)
As at December 31, 2017		$ 479,181	$ -	$ 18,550	$ 10,558	$ (97,985)	$ 410,304
As at December 31, 2017		$ 479,181	$ -	$ 18,550	$ 10,558	$ (97,985)	$ 410,304
Adjustment on adoption of IFRS 15	4	-	-	-	(156)	1,914	1,758
As at December 31, 2017 - Restated		479,181	-	18,550	10,402	(96,071)	412,062
Adjustment on adoption of IFRS 9	4	-	-	-	28	(771)	(743)
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	22	-	-	-	17,696	-	17,696
Change in fair value of FVOCI investments	22	-	-	-	(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	22	-	-	-	70,783	(70,783)	-
Dividends declared	25	-	-	-	-	(23,492)	(23,492)
Share-based compensation	21, 23	-	-	9,455	-	-	9,455
Dividend Reinvestment Plan	20	4,617	-	-	-	-	4,617
Shares issued on exercise of options	20, 21, 23	1,005	-	(163)	-	-	842
Shares issued on acquisitions	6, 20	3,729	-	-	-	-	3,729
Shares issued under the Equity Compensation Plan	20, 21, 23	2,496	-	(2,496)	-	-	-
Treasury shares purchased for share-based compensation	20, 23	(3,061)	-	-	-	-	(3,061)
Release of treasury shares under the Restricted Share Plan	20, 21, 23	3,575	-	(3,430)	-	-	145
Gain (loss) on sale of RSs and shares held in escrow	21	-	-	(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**

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, 2018 and 2017
(Expressed in Thousands of Canadian Dollars)

	Notes	For the year ended December 31, 2018	Restated (Note 4) For the year ended December 31, 2017
Cash flows from operating activities			
Profit (loss) before income taxes		$ **(17,797)**	$ 137,861
Adjustments for:			
Amortization of intangibles	15	**41,025**	29,184
Depreciation of property, plant and equipment	14	**8,089**	7,260
Amortization of lease inducements		**689**	898
Amortization of capitalized software development costs	15	**-**	292
Finance costs, net	9	**6,701**	3,633
Share-based compensation	21, 23	**9,455**	7,824
Unrealized foreign exchange (gain) loss		**(981)**	849
Gain on investments	13	**(43)**	(115,179)
Loss on disposal of property, plant and equipment and intangibles		**1,617**	862
(Gain) loss on equity derivatives and currency forward contracts	12	**4,822**	(1,235)
Impairment charge	16	**13,700**	
Share of loss of associates	13	**-**	2,420
Net changes in operating working capital		**(3,826)**	9,408
Net cash generated by (used in) operations		**63,451**	84,077
Less: interest paid		**(5,370)**	(4,307)
Less: income taxes paid		**(13,520)**	(23,766)
Add: income taxes refunded		**4,930**	1,838
Net cash provided by (used in) operating activities		**49,491**	57,842
Cash flows from financing activities			
Proceeds from exercise of options	20, 21, 23	**842**	3,912
Redemption of Altus UK LLP Class B and D units	19	**-**	(883)
Proceeds from borrowings		**51,279**	54,921
Repayment of borrowings		**(73,233)**	(22,843)
Dividends paid	25	**(18,798)**	(21,806)
Treasury shares purchased under the Restricted Share Plan	20, 23	**(3,061)**	(3,588)
Net cash provided by (used in) financing activities		**(42,971)**	9,713
Cash flows from investing activities			
Purchase of investments	11, 13	**(3,905)**	(6,719)
Purchase of intangibles	15	**(826)**	(624)
Purchase of property, plant and equipment	14	**(11,545)**	(11,789)
Proceeds from disposal of property, plant and equipment and intangibles		**271**	449
Proceeds from disposal of investment	13	**54,173**	-
Acquisitions, net of cash acquired	6	**(27,192)**	(62,906)
Net cash provided by (used in) investing activities		**10,976**	(81,589)
Effect of foreign currency translation		**3,172**	(1,569)
Net increase (decrease) in cash and cash equivalents		**20,668**	(15,603)
Cash and cash equivalents, beginning of year		**28,070**	43,673
Cash and cash equivalents, end of year		$ **48,738**	$ 28,070

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

1. Business and Structure

Altus Group Limited (the "Company") was formed through the completion of a plan of arrangement under the *Business Corporations Act* (Ontario) (the "Arrangement") pursuant to an information circular dated November 8, 2010, whereby Altus Group Income Fund (the "Fund") was converted from an unincorporated open-ended limited purpose trust into a corporate structure (the "Corporate Conversion"). The Corporate Conversion through a series of transactions involved the exchange, on a one-for-one basis, of the Fund Units and the Class B limited partnership units of Altus Group Limited Partnership ("Altus LP") for common shares of the Company. As a result of this reorganization, Altus LP, Altus Operating Trust and the Fund were liquidated and dissolved. The effective date of the Corporate Conversion was January 1, 2011. The Company continues to operate the business of the Fund.

The Company directly or indirectly owns or controls operating entities located within North America, Europe and Asia Pacific and provides software, data solutions and independent advisory services to the global commercial real estate industry. 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 Altus Group Limited.

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").

These consolidated financial statements were approved by the Board of Directors for issue on February 21, 2019.

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

Basis of Measurement

The consolidated financial statements have been prepared on a going concern basis using the historical cost convention, as modified by the revaluation of financial assets and financial liabilities, including derivatives, at fair value through profit or loss.

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 related 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.

3. Summary of Significant Accounting Policies, cont'd

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.

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 investment 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.

In accordance with International Accounting Standard ("IAS") 28, *Investments in Associates*, the Company had significant influence with respect to its investment in Real Matters Inc. ("Real Matters") up to May 11, 2017. As a result, the equity method was used to account for this investment up to that date.

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.

3. Summary of Significant Accounting Policies, cont'd

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:

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

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.

Leases

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 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. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3. Summary of Significant Accounting Policies, cont'd

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 this case, the tax is also recognized in other comprehensive income (loss) or directly in equity, respectively.

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 returns 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.

Share-based Compensation

The Company operates a number of share-based compensation plans under which it receives services from employees as consideration for equity instruments of the Company: a Share Option Plan, an Equity Compensation Plan, a Long-Term Incentive Plan and a restricted share plan that are structured as Deferred Compensation Plans. These plans are described in Note 23. The Company operates 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.

Options granted under the Share Option Plan and Long-Term Incentive Plan
The Company recognizes the fair value of the options on the grant date using the Black-Scholes option pricing model as 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 the 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.

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 the revisions within employee compensation expense.

3. Summary of Significant Accounting Policies, cont'd

Awards granted under the Equity Compensation Plan and Long-Term Incentive Plan
The Company recognizes the fair value of the award when granted as 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 the revisions within employee compensation expense.

Deferred Compensation Plans
The Company recognizes the fair value of the award when granted as 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. The Company contributes funds to purchase common shares in the open market (through the facilities of the TSX or by private agreement) and these restricted shares ("RSs") are held by the Company 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 the RSU Plan, the Company recognizes compensation expense through profit or loss with a corresponding credit to trade payables and other over a 17-quarter period beginning in the year in which performance commences and ending on the vesting date. The compensation expense is the fair value of the award when granted. 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 compensation expense in the period incurred. The restricted share units ("RSUs") are settled in cash.

Directors' Deferred Share Unit Plan
For each deferred share unit ("DSU") granted, the Company recognizes the market value of the Company's common shares on the grant date as compensation expense with a corresponding credit to trade payables and other. 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 compensation expense in the period incurred. The DSUs are settled in cash upon termination of Board service.

3. Summary of Significant Accounting Policies, cont'd

Revenue Recognition

Revenue is recognized upon transfer of control of the promised goods or services to customers in an amount that reflects the consideration 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 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 such commissions would not have been incurred if the contracts had not been obtained. These costs are incremental and the Company expects to recover these costs under each respective customer contract. These costs will be capitalized. 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 amortization period of the asset is one year or less.

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 the 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 a practical expedient, the consideration is not adjusted for the effects of a significant financing component.

3. Summary of Significant Accounting Policies, cont'd

Revenue is recognized based on the extent of progress towards completion of the performance obligation, 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 amount 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 to include 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.

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.

Software and data products
Altus Analytics 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 subscribe to 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 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 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 results in contract assets.

3. Summary of Significant Accounting Policies, cont'd

Financial Assets and Liabilities

On January 1, 2018, the Company adopted IFRS 9, *Financial Instruments*. As a result, the current year financial statements are presented in accordance with IFRS 9, while the comparative period is presented in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*.

Under both IFRS 9 and IAS 39, the Company classifies its financial liabilities as subsequently measured at amortized cost except for those at fair value through profit or loss ("FVPL") such as derivative financial instruments and contingent consideration payables.

The accounting policies applicable to financial instruments under IFRS 9 only from the date of initial application on January 1, 2018 are outlined.

From January 1, 2018, the Company classifies its financial assets as amortized cost, fair value through other comprehensive income ("FVOCI") or FVPL.

Financial liabilities are measured in a similar manner as under IAS 39, except that financial liabilities measured at FVPL will 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.

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 collecting the contractual cash flows.

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 its equity investments that are not held for trading at FVOCI and the Company has made an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss 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.

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

3. Summary of Significant Accounting Policies, cont'd

Impairment
The Company assesses financial assets on a forward-looking basis with the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. For trade receivables and contract assets, the Company applies the simplified approach permitted by IFRS 9 (5.5.15), which requires expected lifetime losses to be recognized from initial recognition of the financial assets. The Company includes the effect of losses and recoveries due to the expected credit losses in the consolidated statements of comprehensive income (loss) through office and other operating expenses.

The accounting policies under IAS 39 applicable to financial instruments for the comparative period only are outlined below:

The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, available-for-sale or held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Company has no financial assets classified as held-to-maturity.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus transaction costs, and are subsequently measured at amortized cost using the effective interest method.

Available-for-sale
Available-for-sale ("AFS") investments are measured at fair value with mark-to-market adjustments recognized directly in other comprehensive income (loss). Certain items such as dividends, interest and impairment losses are recognized in profit or loss. When an investment is derecognized as a result of a sale or impairment, the cumulative gain or loss previously recognized in other comprehensive income (loss) is reclassified to profit or loss.

Financial assets or liabilities at fair value through profit or loss
Financial assets or liabilities at fair value through profit or loss are financial assets or liabilities held for trading. Derivatives are also categorized as fair value through profit or loss unless they are designated as hedges. These assets or liabilities are initially recognized at fair value and are subsequently remeasured at their fair value. Gains or losses arising from changes in the fair value of the financial assets or liabilities at fair value through profit or loss are presented in the consolidated statements of comprehensive income (loss), depending on the nature of the item in place, in the period in which they arise.

The Company assesses at the end of each reporting period and as circumstances arise, whether there is objective evidence that a financial asset or group of financial assets is impaired.

3. Summary of Significant Accounting Policies, cont'd

Impairment losses

For loans and receivables, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Available-for-sale assets

A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is objective evidence of impairment. The determination of whether a decline in fair value is significant or prolonged is an area of judgement.

In determining the significance of a decline in fair value, the Company considers the specific facts and circumstances surrounding the equity instrument, including historical price volatility, the length of the period over which a share price has declined and the percentage decline in fair value. The Company generally considers a decline in fair value for a period lasting over 12 months to be prolonged but considers the specific facts and circumstances in making such a determination.

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.

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.

Derivatives are recorded in the consolidated balance sheets at fair value with changes in fair value recorded within finance costs, net, office and other operating or employee compensation in profit or loss, depending on the nature of the derivative.

3. Summary of Significant Accounting Policies, cont'd

Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the assets.

Additional 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 remaining lease term and useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. No adjustments to the residual values and useful lives of any of the assets were made as at December 31, 2018.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and recognized in profit or loss within office and other operating expenses.

Intangibles

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

3. Summary of Significant Accounting Policies, cont'd

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

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. Intangibles with a finite useful life are carried at cost less accumulated amortization subsequent to acquisition.

Computer application software is recorded at cost less accumulated amortization.

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 expenditures 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. 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 an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable independent cash inflows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the 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 groups of 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, net 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 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.

Future Accounting Pronouncements

International Financial Reporting Standard 16, Leases
IFRS 16, *Leases*, which was issued in January 2016, replaces IAS 17, *Leases*. IFRS 16 was issued to increase transparency and comparability. Lessees are required to recognize assets and liabilities for most leases on the balance sheet regardless of the former classification under IAS 17. These assets and liabilities will be amortized and accreted with a different pattern of expense being recognized in the statement of profit and loss. Under the new standard, enhanced disclosures are expected to give users of financial statements a basis to assess the effects of leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, using either a full or modified retrospective application. The standard will impact the operating leases for offices and equipment disclosed in Note 28.

3. Summary of Significant Accounting Policies, cont'd

Throughout the year, the Company compiled the existing operating and finance leases reviewing them to assess the relevant data points. Simultaneously, the Company reviewed existing service contracts in order to determine if they contained embedded lease arrangements and whether they were in scope of IFRS 16.

The Company has developed a valuation approach to discount the identified population of leases and has implemented a software solution to assist with the increased accounting and disclosure requirements arising from the new standard and has implemented the necessary internal controls over the new processes.

The Company intends to apply this standard on a modified retrospective basis and expects to recognize on January 1, 2019, lease liabilities in the range of $80,500 - 85,500 and right of use assets in the range of $70,500 - $75,500 (after reclassification of approximately $10,000 of accrued and deferred lease payments recognized at December 31, 2018). The standard will result in a reduction in occupancy expense for lease costs under operating leases, but result in an increase in depreciation expense related to right of use assets capitalized, and an increase in finance costs due to interest costs on the lease liabilities. The Company expects to be in compliance with its existing financial covenants as disclosed in Note 27 upon adoption of this standard. The Company's Q1 2019 interim condensed consolidated financial statements will include the effects of applying this standard.

As a lessor, the Company does not expect a significant impact on adoption due to their subleasing arrangements.

International Financial Reporting Interpretations Committee 23, Uncertainty over Income Tax Treatments

In June 2017, the IASB published IFRIC 23, *Uncertainty over Income Tax Treatments,* effective for annual periods beginning on or after January 1, 2019. The interpretation requires an entity to assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings and to exercise judgment in determining whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The Company does not anticipate any significant impact of this standard on the consolidated financial statements.

3. Summary of Significant Accounting Policies, cont'd

International Financial Reporting Standard 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 has not yet determined the impact of this standard on the consolidated financial statements.

4. Adoption of Recent Accounting Pronouncements

International Financial Reporting Standard 15, Revenue from Contracts with Customers

IFRS 15, which was issued in May 2014, has superseded the revenue recognition requirements under IAS 18, *Revenue*, IAS 11, *Construction Contracts* and related interpretations. IFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

The Company applied this standard on a full retrospective basis using the practical expedients in paragraph C5, under which the Company:

- did not restate completed contracts, including completed contracts at the beginning of the earliest period presented and those that commenced and ended within the same annual reporting period;
- used the transaction price at the date the contract was completed rather than estimating the variable consideration amounts in the comparative reporting periods; and
- did not disclose the amount of consideration allocated to the remaining performance obligations and an explanation of when the Company expects to recognize that amount as revenue for all reporting periods presented before the date of initial application.

The Company implemented the system functionality and internal controls required to support the change in accounting for revenues.

4. Adoption of Recent Accounting Pronouncements, cont'd

The most significant impact of the standard relates to the accounting for on-premise ARGUS software solutions sold on a subscription basis in a right to use license arrangement. A portion of the revenues will be recognized at the time of delivery of the distinct license rather than ratably over the term of the subscription. This is expected to result in more variability in revenues based on the timing of contracts. Certain arrangements are for a right to access and revenues will continue to be recognized ratably over the term of the subscription. Revenue recognition may vary based on contract specific terms. The treatment of the related costs to obtain customer contracts is also impacted; however, the impact of the treatment for the previously reported results is not material.

Revenue recognition, including the treatment of the related costs to obtain customer contracts, for the other Altus Analytics offerings, Commercial Real Estate Consulting and Geomatics has remained substantially unchanged.

The Company is required to restate certain previously reported results on adoption of the standard on a full retrospective basis, including the recognition of a decrease in revenues and a decrease in income tax. In addition, adoption of the standard resulted in an increase in trade receivables and other, and a decrease in deferred revenue within trade payables and other, driven by upfront revenue recognition at the time of delivery of the distinct license and unbilled revenue on customer contracts.

This resulted in corresponding impacts to deferred income taxes and income taxes recoverable. Adoption of the standard had no impact on net cash provided by (used in) operating activities, financing activities or investing activities.

Impacts to Previously Reported Results

Consolidated Statements of Comprehensive Income (Loss)
Expressed in thousands of Canadian dollars, except for per share amounts

	Year ended December 31, 2017		
	As Reported	IFRS 15 Adjustments	As Restated
Revenues	$ 478,137	$ (1,575)	$ 476,562
Income tax expense	29,378	(934)	28,444
Profit (loss) for the year attributable to shareholders	110,058	(641)	109,417
Other comprehensive income (loss)	(36,223)	(156)	(36,379)
Basic earnings (loss) per share	$2.89	$(0.01)	$2.88
Diluted earnings (loss) per share	$2.85	$(0.02) [1]	$2.83

[1] The difference in impact of IFRS 15 adjustments on the Company's basic and diluted EPS is due to rounding.

4. Adoption of Recent Accounting Pronouncements, cont'd

Consolidated Balance Sheets
Expressed in thousands of Canadian dollars

	January 1, 2017		
	As Reported	IFRS 15 Adjustments	As Restated
Trade receivables and other (current)	$ 137,398	$ (361)	$ 137,037
Trade receivables and other (non-current)	613	517	1,130
Income taxes recoverable	4,530	(94)	4,436
Deferred income tax assets	21,962	(1,694)	20,268
Trade payables and other (current)	91,573	(4,459)	87,114
Trade payables and other (non-current)	18,924	392	19,316
Deferred income tax liabilities	9,375	(120)	9,255
Deficit	(184,898)	2,555	(182,343)

	December 31, 2017		
	As Reported	IFRS 15 Adjustments [(1)]	As Restated
Trade receivables and other (current)	$ 143,626	$ 41	$ 143,667
Trade receivables and other (non-current)	4,601	366	4,967
Income taxes recoverable	5,741	(61)	5,680
Deferred income tax assets	15,933	(648)	15,285
Trade payables and other (current)	103,450	(1,996)	101,454
Trade payables and other (non-current)	30,422	-	30,422
Deferred income tax liabilities	27,640	(64)	27,576
Accumulated other comprehensive income	10,558	(156)	10,402
Deficit	(97,985)	1,914	(96,071)

[(1)] Adjustments include the cumulative impact for the beginning of the earliest period presented, January 1, 2017.

4. Adoption of Recent Accounting Pronouncements, cont'd

International Financial Reporting Standard 9, Financial Instruments

The Company adopted IFRS 9, *Financial Instruments*, issued in July 2014 with a date of initial application of January 1, 2018. The standard introduces a model for the classification and measurement of financial instruments, a single, forward-looking expected-loss impairment model that requires the recognition of expected credit losses and a substantially reformed approach for hedge accounting, with enhanced disclosures about risk management activity. Currently, the Company does not apply hedge accounting and is not impacted by those changes. IFRS 9 also removes the volatility in profit or loss that is caused by changes in an entity's own credit risk for liabilities elected to be measured at fair value. The requirements of IFRS 9 represent a significant change from IAS 39. In accordance with the transitional provisions in IFRS 9 (7.2.15), the Company has elected to not restate comparative figures.

The most significant impact of the standard relates to the accounting for expected credit losses on the financial assets, more specifically, trade receivables and contract assets for unbilled revenue on customer contracts. Under IFRS 9, the Company applies an expected loss model that assesses the risk a financial asset will default rather than whether a loss has been incurred. This results in losses being recognized earlier.

The impact of the IFRS 9 adoption on the Company's deficit as at January 1, 2018 is as follows:

		January 1, 2018
Opening deficit - IAS 39 [(1)]	$	(96,071)
Reclassify investments in partnerships from AFS to FVPL		(28)
Increase in provision for trade receivables and contract assets for unbilled revenue on customer contracts		(1,008)
Increase in deferred tax assets relating to impairment provisions		265
Adjustment to deficit on adoption of IFRS 9		(771)
Opening deficit - IFRS 9	$	(96,842)

(1) Opening deficit after adoption of IFRS 15.

4. Adoption of Recent Accounting Pronouncements, cont'd

Classification and measurement of financial instruments

On the date of initial application, the financial instruments with reclassifications were as follows:

				December 31, 2017
	Classification and Measurement Category		Carrying Amount	
	IAS 39	IFRS 9	IAS 39	IFRS 9
Assets as per Consolidated Balance Sheet:				
Cash and cash equivalents	FVPL	Amortized cost	$ 28,070	$ 28,070
Trade receivables and other (excluding deferred costs to obtain customer contracts, contract assets, prepayments and promissory notes receivable)	Loans and receivables - amortized cost	Amortized cost	102,004	102,004
Contract assets: unbilled revenue on customer contracts [(1)]	Loans and receivables - amortized cost	Asset within scope of IFRS 15	32,815	31,807
Promissory notes receivable	FVPL	FVPL	3,914	3,914
Investment in Real Matters [(2)]	AFS	FVOCI	105,418	105,418
Investments in equity instruments	AFS	FVOCI	1,883	1,883
Investments in partnerships	AFS	FVPL	772	772
Derivative financial instruments	FVPL	FVPL	7,050	7,050
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)	Other liabilities - amortized cost	Amortized cost	68,870	68,870
RSU Plan and DSU Plan payables	FVPL	FVPL	11,872	11,872
Contingent consideration payables	FVPL	FVPL	10,437	10,437
Borrowings	Other liabilities - amortized cost	Amortized cost	150,796	150,796
Derivative financial instruments	FVPL	FVPL	918	918

(1) Restated for the impact of IFRS 15.
(2) Financial assets designated as FVOCI.

4. Adoption of Recent Accounting Pronouncements, cont'd

On January 1, 2018, the Company's management assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 and classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from the reclassifications are as follows:

					January 1, 2018
Financial Assets	Notes	FVPL	FVOCI (AFS in 2017)	Amortized cost (Loans and receivables in 2017) [1]	Total
Opening balance - IAS 39		$ 39,034	$ 108,073	$ 133,811	$ 280,918
Reclassify cash and cash equivalents from FVPL to amortized cost	(i)	(28,070)	-	28,070	-
Reclassify investments in partnerships from AFS to FVPL	(ii)	772	(772)	-	-
Reclassify investments from AFS to FVOCI	(iii)	-	-	-	-
Opening balance - IFRS 9		$ 11,736	$ 107,301	$ 161,881	$ 280,918

[1] Includes contract assets for unbilled revenue on customer contracts. Restated for the impact of IFRS 15.

The impact of these changes on the Company's deficit is as follows:

				January 1, 2018
	Notes	AFS reserves	FVOCI reserves	Effect on deficit [1]
Opening balance - IAS 39		$ (26,460)	$ -	$ (96,071)
Reclassify investments in partnerships from AFS to FVPL	(ii)	28	-	(28)
Reclassify investments from AFS to FVOCI	(iii)	26,432	(26,432)	-
Opening balance - IFRS 9		$ -	$ (26,432)	$ (96,099)

[1] Before adjustment to deficit on adoption of IFRS 9 and after adoption of IFRS 15.

4. Adoption of Recent Accounting Pronouncements, cont'd

(i) Reclassification from FVPL to amortized cost

Cash and cash equivalents have been reclassified from FVPL to amortized cost. 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 at a fixed or floating market rate. The Company's business model objective is to hold the deposits and the contractual cash flows represent solely payments of principal and interest. The fair value of cash and cash equivalents approximates its carrying value at amortized cost.

(ii) Reclassification from AFS to FVPL

Investments in partnerships of $772 were reclassified from AFS to financial assets at FVPL. They do not meet the criteria for amortized cost because their cash flows do not represent solely payments of principal and interest. The related unrealized losses of $28 were reclassified from the AFS reserves to retained earnings on January 1, 2018.

(iii) Equity investments previously classified as AFS

The Company elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as AFS because these investments are held as strategic investments. The investments meet the definition of an equity instrument under IAS 32, *Financial Instruments: Presentation*. As such, an irrevocable election was made in accordance with IFRS 9 (5.7.5) to recognize dividend income to profit (loss), with no recycling of changes in fair value accumulated in equity through other comprehensive income. As a result, assets with a fair value of $107,301 were reclassified from AFS to financial assets at FVOCI and the related unrealized losses of $26,432 were reclassified from AFS reserves to financial assets at FVOCI reserves on January 1, 2018.

Impairment of financial assets

Financial assets subject to the impairment requirements related to the accounting for expected credit losses under IFRS 9 include trade receivables and contract assets for unbilled revenue on customer contracts. The Company applied the simplified approach to estimate expected credit losses which requires the loss allowance to be measured for lifetime expected credit losses. The Company applied the impairment guidance under IFRS 9 and the impact was an increase of $1,008 to the provision.

International Financial Reporting Standard 2, Share-based Payment

The IASB issued amendments to IFRS 2, *Share-based Payment*, that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

4. Adoption of Recent Accounting Pronouncements, cont'd

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after January 1, 2018. The adoption of these amendments did not have any impact to the consolidated financial statements.

5. Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements 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. Estimates and judgments are continually evaluated and are based on 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 accounting policies.

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 only to the extent that it is highly probable that the amount will 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.

5. Critical Accounting Estimates and Judgments, cont'd

Allowance for doubtful accounts

Under IAS 39, estimates are used in determining the allowance for doubtful accounts related to trade receivables. The estimates are based on management's best assessment of the collectability of the related receivable balance based, in part, on the age of the specific receivable balance and the credit worthiness of the customer. An allowance is established when the likelihood of collecting the account has significantly diminished. Refer to Notes 11 and 26 for the carrying value of allowance for doubtful accounts.

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.

Intangibles

Intangibles are acquired assets that lack physical substance and that meet the specified criteria for recognition separately from goodwill. The determination of the recoverable amount requires the use of management's best assessment of the related inputs into the valuation models, such as future cash flows and discount rates.

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 17 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 2018

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.

Acquisition of Aspect Property Consultants LLP

On February 14, 2018, the Company acquired certain operating assets of Aspect Property Consultants LLP ("Aspect") for £4,250 (CAD$7,421) in cash, common shares and contingent consideration. As consideration for these assets, the Company paid cash of £1,760 (CAD$3,073) and common shares of £620 (CAD$1,083) and the Company estimated contingent consideration of £1,870 (CAD$3,265). 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 £2,620, 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.

6. Acquisitions, cont'd

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 €20,000 (CAD$30,668) in cash and common shares, subject to closing adjustments. On closing, €2,160 (CAD$3,312) 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 is based on management's best estimate of fair value. The actual amount allocated to certain identifiable net assets could vary as the purchase price allocation is finalized. The purchase price allocation at the acquisition date is 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 has been fully integrated with Altus Analytics and the stand-alone revenues and profit (loss) cannot be determined.

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

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

The pro-forma revenues and profit (loss) of the combined entity for the year ended December 31, 2018 would have been $515,049 and $(18,474), respectively, assuming the acquisitions were completed on January 1, 2018.

For all acquisitions, the intangibles acquired are 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**

Acquisitions in 2017

Acquisition of Axiom Cost Consulting Inc.
On February 1, 2017, the Company acquired all the issued and outstanding shares of Axiom Cost Consulting Inc. ("Axiom") for $900 in cash and common shares, subject to working capital adjustments. As consideration for these shares, the Company paid cash of $600 and common shares of $300 (equivalent to 10,005 common shares). The common shares will be held in escrow and released in three equal annual installments commencing on the first anniversary of the closing date, subject to compliance with certain terms and conditions. As part of the transaction, the Company entered into non-compete agreements with key management of Axiom. Founded in 2009 and operating in Calgary, Edmonton and Vancouver, Axiom specializes in cost management and loan monitoring. The addition of Axiom enabled the Company to expand its market share in Western Canada. On February 1, 2017, Axiom was wound up and its assets were transferred to Altus Group Limited.

6. Acquisitions, cont'd

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.

Acquisition of EstateMaster Group Holdings Pty Limited

On March 1, 2017, the Company acquired all the issued and outstanding shares of EstateMaster Group Holdings Pty Limited ("EstateMaster") and its subsidiaries for $20,098 in cash and common shares, subject to working capital adjustments. As consideration for these shares, the Company paid cash of $15,143 and common shares of $4,955 (equivalent to 159,415 common shares). 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. As part of the transaction, the Company entered into non-compete agreements with key management of EstateMaster. EstateMaster provides software solutions for property development and management. Headquartered in Sydney, Australia, EstateMaster also has offices in Dubai, UAE and Manchester, U.K. The addition of EstateMaster expanded the Company's market share and strengthened its product offerings.

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.

Acquisition of CVS (Commercial Valuers & Surveyors) Limited

On November 1, 2017, the Company acquired all the issued and outstanding shares of CVS (Commercial Valuers & Surveyors) Limited ("CVS"), a property tax service provider in the U.K. that specializes in business rates services. Altus Group paid a total of £30,300 (CAD$51,595) in cash on closing, subject to working capital adjustments of £316 (CAD$538), with an additional £6,000 (CAD$10,217) payable two years from the closing date, subject to compliance with certain terms and conditions. On closing, £25,300 (CAD$43,081) was from cash on hand and £5,000 (CAD$8,514) was drawn from the revolving term facility. As part of the transaction, the Company entered into non-compete agreements with key management of CVS. The acquisition of CVS positions Altus Group as the largest business rates advisor in the U.K. based on volume of appeals filed, and more than doubles the size of its legacy business in the U.K. CVS's team of approximately 230 professionals forms part of the Company's U.K. Property Tax division, strengthening its business rates expertise. As the acquisition provides the Company with greater scale and synergistic opportunities, it positions the Company for growth and expands its database on comparable property information in a key real estate market, allowing the Company to better serve its clients in appeals and lease negotiations.

6. Acquisitions, cont'd

For accounting purposes, the consideration transferred for the acquired business includes a discount on the contingent consideration payable to reflect the time value of money.

Revision of contingent consideration payable for Maxwell Brown
In 2017, the Company revised its estimate of the contingent consideration payable related to the Maxwell Brown Surveyors Group Limited acquisition completed on June 1, 2015 resulting in an expense of $412, in acquisition and related transition costs (Note 26).

6. Acquisitions, cont'd

The purchase price allocation is as follows:

	Year ended December 31, 2017			
	Axiom	EstateMaster	CVS	Total
Acquisition related costs (included in acquisition and related transition costs in the consolidated statements of comprehensive income (loss))	$ 43	$ 390	$ 1,006	$ 1,439
Consideration:				
Cash	$ 600	$ 15,143	$ 52,133	$ 67,876
Common shares	300	4,955	-	5,255
Contingent consideration	-	-	10,217	10,217
	900	20,098	62,350	83,348
Less: discount on common shares	(90)	(1,486)	-	(1,576)
Less: discount on contingent consideration	-	-	(950)	(950)
	810	18,612	61,400	80,822
Less: consideration transferred for non-compete agreements	(160)	(211)	(9,876)	(10,247)
Consideration transferred for acquired businesses	650	18,401	51,524	70,575
Recognized amounts of identifiable assets acquired and liabilities assumed:				
Cash and cash equivalents	-	468	4,502	4,970
Trade receivables and other	393	586	4,950	5,929
Income taxes recoverable (payable)	10	328	(5,667)	(5,329)
Trade payables and other	(253)	(1,245)	(4,600)	(6,098)
Deferred income taxes, net	(142)	(3,732)	(8,281)	(12,155)
Property, plant and equipment	16	-	424	440
Finance lease liabilities	(16)	-	-	(16)
Intangibles	368	12,302	35,863	48,533
Total identifiable net assets of acquired businesses	376	8,707	27,191	36,274
Goodwill	$ 274	$ 9,694	$ 24,333	$ 34,301
Goodwill and intangibles deductible for tax purposes	$ -	$ -	$ -	$ -

6. Acquisitions, cont'd

Axiom has been fully integrated with Valuation and Cost Advisory and the stand-alone revenues and profit (loss) cannot be determined.

Revenues and profit (loss) for EstateMaster for the period from March 1, 2017 to December 31, 2017 that are included in the consolidated statements of comprehensive income (loss) are $3,886 and $(344), respectively.

Revenues and profit (loss) for CVS for the period from November 1, 2017 to December 31, 2017 that are included in the consolidated statements of comprehensive income (loss) are $2,511 and $(3,861), respectively.

The pro-forma revenues and profit (loss) of the combined entity for the year ended December 31, 2017 would have been $494,675 and $108,891, respectively, assuming the acquisitions were completed on January 1, 2017.

For all acquisitions, the intangibles acquired are as follows:

	Year ended December 31, 2017			
	Axiom	EstateMaster	CVS	Total
Finite-life assets				
Non-compete agreements	$ 160	$ 211	$ 9,876	$ 10,247
Customer lists	368	4,255	4,986	9,609
Brands	-	988	8,066	9,054
Internally generated software	-	7,059	2,564	9,623
Customer backlog	-	-	20,247	20,247
	$ 528	$ 12,513	$ 45,739	$ 58,780

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 business processes.

7. Segmented Information, cont'd

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 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 finance costs, amortization of intangibles, depreciation of property, plant and equipment, acquisition and related transition costs, restructuring costs, share of loss of associates, unrealized foreign exchange gains (losses), losses on disposal of property, plant and equipment, gains (losses) on investments, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on derivatives, 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.

7. Segmented Information, cont'd

A reconciliation of Adjusted EBITDA to profit (loss) is provided as follows:

	Year ended December 31, 2018	Year ended December 31, 2017 [1]
Adjusted EBITDA for reportable segments	$ 70,904	$ 80,645
Depreciation of property, plant and equipment	(8,089)	(7,260)
Amortization of intangibles	(41,025)	(29,184)
Acquisition and related transition costs	(2,394)	(3,319)
Share of loss of associates	-	(2,420)
Unrealized foreign exchange gain (loss) [2]	981	(849)
Loss on disposal of property, plant and equipment [2]	(1,617)	(862)
Non-cash Executive Compensation Plan costs [3]	(5,867)	(4,638)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged [3]	(1,276)	41
Gain (loss) on derivatives [2]	268	(21)
Restructuring costs	(6,371)	(4,739)
Gain on investments [4] (Note 13)	43	115,179
Impairment of Geomatics	(13,700)	-
Other non-operating and/or non-recurring income (costs) [5]	(2,953)	(1,079)
Finance costs, net	(6,701)	(3,633)
Profit (loss) before income taxes	(17,797)	137,861
Income tax expense	(642)	(28,444)
Profit (loss) for the year	$ (18,439)	$ 109,417

(1) Restated for the impact of IFRS 15 (Note 4).
(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 on investments for the year ended December 31, 2018 relate to changes in fair value of investments in partnerships. Gain on investments for the year ended December 31, 2017 relates to the partial deemed disposition of the Company's investment in Real Matters and re-measurement of the Company's retained interest.
(5) 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. Other non-operating and/or non-recurring income (costs) for the year ended December 31, 2017 relate to non-recurring legal matters and related costs. 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, 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	14,313	26,338	2,719	29,057	3,760	1,984	-	**49,114**
Impairment charge	-	-	-	-	13,700	-	-	**13,700**
Income tax expense	-	-	-	-	-	642	-	**642**
Finance costs, net	-	-	-	-	-	6,701	-	**6,701**

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

Unsatisfied performance obligations on fixed long-term customer contracts within Altus Analytics are $29,018 as of December 31, 2018. It is expected that approximately 40% of the fixed customer contract value will be recognized as revenue over the next 12 months, approximately 30% 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, 2017 [(1)]							
	Altus Analytics	Commercial Real Estate Consulting			Geomatics	Corporate [(2)]	Eliminations	Total
		Property Tax	Valuation and Cost Advisory	Total				
Revenues from external customers	$ 166,605	$ 158,690	$ 102,738	$ 261,428	$ 48,529	$ -	$ -	$ 476,562
Inter-segment revenues	1,055	6	(227)	(221)	7	-	(841)	-
Total segment revenues	167,660	158,696	102,511	261,207	48,536	-	(841)	476,562
Adjusted EBITDA	46,837	40,346	12,039	52,385	3,493	(22,070)	-	80,645
Depreciation and amortization	13,847	13,644	2,545	16,189	4,103	2,305	-	36,444
Income tax expense	-	-	-	-	-	28,444	-	28,444
Finance costs, net	-	-	-	-	-	3,633	-	3,633
Share of loss of associates	-	-	-	-	-	2,420	-	2,420

(1) Restated for the impact of IFRS 15 (Note 4).
(2) Corporate includes global corporate office costs, finance costs, share of loss of associates and income tax expense.

Geographic Information - Revenue from External Customers

	Year ended December 31, 2018	Year ended December 31, 2017
Canada	$ 210,213	$ 213,968
U.S.	180,970	178,563
Europe	86,700	53,728
Asia Pacific	32,546	30,303
Total	$ 510,429	$ 476,562

8. Employee Compensation

	Year ended December 31, 2018	Year ended December 31, 2017
Salaries and benefits	$ 321,157	$ 282,575
Share-based compensation (Note 23)	9,455	12,598
	$ 330,612	$ 295,173

Included in salaries and benefits are termination benefits of $2,048 (2017 - $146).

9. Finance Costs, Net

	Year ended December 31, 2018		Year ended December 31, 2017	
Interest on bank credit facilities	$	6,013	$	4,650
Interest on convertible debentures		-		180
Interest on finance lease liabilities		35		82
Contingent consideration payables: unwinding of discount (Note 26)		648		168
Provisions: unwinding of discount (Note 17)		36		9
Change in fair value of Altus UK LLP Class B and D units, net of change in fair value of related equity derivative		-		32
Change in fair value of interest rate swaps (not designated as cash flow hedges)		218		(1,362)
Finance costs		6,950		3,759
Finance income		(249)		(126)
Finance costs, net	$	6,701	$	3,633

10. Income Taxes

	Year ended December 31, 2018		Year ended December 31, 2017 [1]	
Current income taxes:				
Current income tax on profits for the year	$	12,644	$	13,879
Adjustments in respect of prior years		65		477
Total current income taxes		12,709		14,356
Deferred income taxes:				
Origination and reversal of temporary differences		(12,174)		8,763
Adjustments in respect of prior years		100		(427)
Change in income tax rates		7		5,752
Total deferred income taxes		(12,067)		14,088
Income tax expense	$	642	$	28,444

(1) Restated for the impact of IFRS 15 (Note 4).

10. Income Taxes, cont'd

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

	Year ended December 31, 2018		Year ended December 31, 2017 [1]	
Profit (loss) before income taxes	**$ (17,797)**		$ 137,861	
Tax calculated at domestic income tax rate applicable to profits in Canada	**(4,787)**	**26.90%**	37,085	26.90%
Tax effects of:				
Impact of countries with different income tax rates	**1,653**	**(9.29%)**	4,900	3.55%
Impairment charge	**2,290**	**(12.87%)**	-	-
Loss (profit) not subject to income taxes	**(62)**	**0.35%**	(19,310)	(14.01%)
Change in income tax rates	**7**	**(0.04%)**	5,752	4.17%
Expenses not deductible for income tax purposes	**1,123**	**(6.31%)**	(368)	(0.27%)
Other	**418**	**(2.35%)**	385	0.29%
Income tax expense	**$ 642**	**(3.61%)**	$ 28,444	20.63%

[1] Restated for the impact of IFRS 15 (Note 4).

Deferred Income Taxes

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

	Amount
Balance as at January 1, 2017	$ 12,587
Charged to profit or loss	(15,049)
Credited to other comprehensive income (loss)	4,054
Charged to goodwill on account of acquisitions	(12,256)
Exchange differences	(1,043)
Balance as at December 31, 2017	(11,707)
Adjustment on adoption of IFRS 15	(584)
Balance as at January 1, 2018	(12,291)
Credited to profit or loss	12,067
Credited to other comprehensive income (loss)	6,892
Charged to goodwill on account of acquisitions	(4,273)
Exchange differences and others	944
Balance as at December 31, 2018	**$ 3,339**

10. Income Taxes, cont'd

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, 2017	$ 8,062	$ 16,808	$ 17,806	$ 42,676
Charged to profit or loss	(3,621)	(3,326)	(3,904)	(10,851)
Exchange differences	(524)	(1,301)	(575)	(2,400)
Balance as at December 31, 2017	3,917	12,181	13,327	29,425
Adjustment on adoption of IFRS 15	-	-	(648)	(648)
Balance as at January 1, 2018	3,917	12,181	12,679	28,777
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**

	Accelerated Tax Depreciation	Unbilled Revenue on Customer Contracts	Intangibles	Other	Total
Deferred income tax liabilities					
Balance as at January 1, 2017	$ (996)	$ (707)	$ (26,896)	$ (1,490)	$ (30,089)
(Charged) credited to profit or loss	727	(27)	10,181	(15,079)	(4,198)
Credited to other comprehensive income (loss)	-	-	-	4,054	4,054
Charged to goodwill on account of acquisitions	-	-	(12,256)	-	(12,256)
Exchange differences	-	-	1,357	-	1,357
Balance as at December 31, 2017	(269)	(734)	(27,614)	(12,515)	(41,132)
Adjustment on adoption of IFRS 15	-	-	-	64	64
Balance as at January 1, 2018	(269)	(734)	(27,614)	(12,451)	(41,068)
Credited to profit or loss	183	156	5,925	5,111	11,375
Credited to other comprehensive income (loss)	-	-	-	6,892	6,892
Charged 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)**

10. Income Taxes, cont'd

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, 2018, 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
2019	$	3,655
2020		3,655
2021		3,655
2022		1,413
2023 - 2024		2,390
	$	**14,768**

Net operating losses of $94,297 in the U.S. were not benefitted on acquisition due to certain limitations. These losses will expire between 2019 and 2021.

In Europe, there are unrecognized loss carryforwards of approximately $5,429 that may be carried forward indefinitely. Net operating losses of approximately $2,066 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 $506 in Asia Pacific that are recognized and may be carried forward indefinitely. It has unrecognized net operating loss carryforwards in Asia Pacific of approximately $5,364 that are available to reduce taxable income of certain foreign subsidiaries; $905 of losses expire between 2019 and 2023 and $4,459 of losses may be carried forward indefinitely.

11. Trade Receivables and Other

		December 31, 2018		December 31, 2017 (1)
Trade receivables	$	**108,868**	$	108,741
Less: loss allowance provision (Note 26)		**9,013**		7,846
Trade receivables, net		**99,855**		100,895
Contract assets: unbilled revenue on customer contracts (2)		**43,224**		32,815
Deferred costs to obtain customer contracts		**1,003**		333
Prepayments		**12,114**		9,568
Promissory notes receivable		**6,552**		3,914
Other receivables		**525**		1,109
Balance as at December 31, 2018		**163,273**		148,634
Less non-current portion		**(8,975)**		(4,967)
	$	**154,298**	$	143,667

(1) Restated for the impact of IFRS 15 (Note 4).
(2) On December 31, 2018, contract assets are stated net of expected credit losses of $1,056 (2017 - $nil). (Note 26)

On March 17, 2017, the Company advanced US$3,000 to Waypoint Building Group, Inc. ("Waypoint") in the form of a promissory note, with simple interest accrued at an annual rate of 5% and payable on maturity, 24 months from the date of issuance. On July 3, 2018, the Company further advanced US$1,500 to Waypoint in the form of a promissory note, with simple interest accrued at an annual rate of 5% and payable on maturity, 24 months from the date of issuance. These promissory notes contain conversion features which are applicable on maturity or upon the occurrence of certain events such as an equity financing or corporate transaction. The Company has classified the promissory note as a financial asset measured at FVPL.

Waypoint is an early-stage data analytics company. Founded in 2009, Waypoint is a San Francisco-based commercial real estate technology company that provides real-time local market operating expense information and benchmarking solutions to the North American commercial real estate market.

For the year ended December 31, 2018, $522 (2017 - $nil) of amortization associated with deferred costs to obtain customer contracts was expensed to the consolidated statements of comprehensive income (loss). For the year ended December 31, 2018, no impairment losses on deferred costs were recognized (2017 - $nil).

Contract assets increased primarily as a result of timing differences between work performed and billings in the Commercial Real Estate Consulting segment. In addition, contract assets increased in the Altus Analytics segment on software solutions sold on a subscription basis in a right to use license arrangement which results in contract assets that arise from timing differences between billings and revenue recognition.

12. Derivative Financial Instruments

	December 31, 2018	December 31, 2017
Assets		
Equity derivatives	$ **450**	$ 6,189
Interest rate swaps	**642**	861
Less: non-current portion	**(614)**	(6,029)
	$ **478**	$ 1,021
Liabilities		
Currency forward contracts	**-**	918
	$ **-**	$ 918

The following equity derivatives were outstanding as at December 31, 2018 and 2017:

			December 31, 2018		December 31, 2017	
Effective Date	Description	Contract Expiry	Notional Amount	Fair Value	Notional Amount	Fair Value
March 28, 2014	Hedging 110,467 (2017 - 103,375) DSUs	March 22, 2019 [1]	$ **2,552**	$ **53**	$ 2,309	$ 1,506
May 15, 2015	Hedging nil (2017 - 58,620) RSUs relating to 2014 performance year	May 15, 2018	**-**	**-**	1,142	1,021
April 1, 2016	Hedging 141,192 (2017 - 151,561) RSUs relating to 2015 performance year	April 3, 2019	**2,855**	**478**	3,065	2,529
April 3, 2017	Hedging 99,640 (2017 - 82,142) RSUs relating to 2016 performance year	March 31, 2020	**2,381**	**(32)**	1,897	1,133
March 8, 2018	Hedging 93,523 (2017 - nil) RSUs relating to 2017 performance year	April 2, 2021	**2,254**	**(49)**	-	-
			$ **10,042**	$ **450**	$ 8,413	$ 6,189

[1] Subject to an automatic one-year extension, unless prior notice is given by the Company.

12. Derivative Financial Instruments, cont'd

The following interest rate swaps were outstanding in aggregate as at December 31, 2018 and 2017:

				December 31, 2018		December 31, 2017	
Effective Date	Fixed Interest Rate (per annum)		Notional Amount		Fair Value		Fair Value	Contract Expiry
May 15, 2015	1.48%	$	65,000	**$**	**642**	$	861	May 15, 2020

The Company entered into currency forward contracts to manage its foreign exchange exposure between the Great British Pound and the U.S. Dollar as follows:

				December 31, 2018		December 31, 2017		
Effective Date	Currency Forward Rate		Notional Amount		Fair Value		Fair Value	Contract Expiry
October 25, 2017	1.327	USD$	32,000	**$**	**-**	$	(918)	April 25, 2018

13. Investments

	December 31, 2018		December 31, 2017	
Investment in Real Matters	**$**	**-**	$	105,418
Investments in equity instruments		**3,408**		1,883
Investments in partnerships		**1,495**		772
	$	**4,903**	$	108,073

The activity in the Company's investment in Real Matters is as follows:

		Amount
As at January 1, 2017	$	23,190
Share of loss		(2,420)
Share of other comprehensive income		390
Gain on investment in associate		114,796
As at May 11, 2017		135,956
Change in fair value of AFS investment		(30,538)
As at December 31, 2017		105,418
Change in fair value		(51,245)
Net proceeds of disposal		(54,173)
As at December 31, 2018	**$**	**-**

In January 2017, the investment held by the Company in Real Matters was diluted due to an additional 1,499,995 common shares issued in connection with an arrangement Real Matters had with certain shareholders. In addition, 2,309,304 common shares were issued in connection with options exercised prior to their initial public offering. These transactions reduced the Company's equity interest from 13.9% to 13.8%. The partial deemed disposition of the Company's investment resulted in a loss of $492 with a corresponding decrease to the carrying value of the investment in Real Matters.

On May 5, 2017, Real Matters filed a final prospectus and announced pricing of its initial public offering of common shares at $13.00 per common share. Prior to closing, Real Matters effected a share consolidation on a two-for-one basis. On May 11, 2017, its initial public offering was completed and Real Matters issued 9,620,000 common shares pursuant to its initial public offering of common shares. The Company ceased to have significant influence at that time. These transactions reduced the Company's equity interest from 13.8% to 12.0%. In the second quarter of 2017, the partial deemed dispositions of the Company's investment and re-measurement of the Company's retained interest resulted in a gain of $115,671. Subsequently, the Company has classified its equity interest in Real Matters as an AFS investment. As of January 1, 2018, the Company designated the equity interest in Real Matters to be carried at FVOCI upon transition to IFRS 9.

13. Investments, cont'd

In September 2018, the Company sold its investment in Real Matters for net proceeds of $54,173. The loss included in other comprehensive income (loss) up to the date of disposition of $70,783 was transferred to retained earnings. In October 2018, the proceeds were used to reduce the borrowings under the bank credit facilities.

For the year ended December 31, 2018, the Company invested $1,936 (2017 - $2,704) in certain equity instruments. A designation has been made to carry these instruments at FVOCI. Investments in partnerships of $1,495 (2017 - $772) were reclassified from AFS in accordance with IAS 39 to financial assets measured at FVPL in accordance with IFRS 9 (Note 4). They do not meet the criteria for amortized cost because their cash flows do not represent solely payments of principal and interest.

14. Property, Plant and Equipment

	Leasehold Improvements	Furniture, Fixtures and Equipment	Computer Equipment	**Total**
Balance as at January 1, 2017				
Cost	$ 15,914	$ 27,596	$ 17,949	$ 61,459
Accumulated depreciation	(6,525)	(17,821)	(10,466)	(34,812)
Net book amount	9,389	9,775	7,483	26,647
Year ended December 31, 2017				
Opening net book amount	9,389	9,775	7,483	26,647
Exchange differences	(230)	(108)	(150)	(488)
Additions	5,655	3,782	2,410	11,847
Acquisitions (Note 6)	16	194	230	440
Disposals	(49)	(321)	(442)	(812)
Depreciation charge	(1,855)	(3,072)	(2,333)	(7,260)
Closing net book amount	12,926	10,250	7,198	30,374
Balance as at December 31, 2017				
Cost	20,334	29,360	16,681	66,375
Accumulated depreciation	(7,408)	(19,110)	(9,483)	(36,001)
Net book amount	12,926	10,250	7,198	30,374
Year ended December 31, 2018				
Opening net book amount	12,926	10,250	7,198	30,374
Exchange differences	300	176	228	704
Additions	4,544	3,545	3,456	11,545
Acquisitions (Note 6)	8	-	36	44
Disposals	(151)	(369)	(861)	(1,381)
Depreciation charge	(2,392)	(3,216)	(2,481)	(8,089)
Closing net book amount	15,235	10,386	7,576	33,197
Balance as at December 31, 2018				
Cost	24,716	31,360	15,858	71,934
Accumulated depreciation	(9,481)	(20,974)	(8,282)	(38,737)
Net book amount	**$ 15,235**	**$ 10,386**	**$ 7,576**	**$ 33,197**

14. Property, Plant and Equipment, cont'd

The Company leases various furniture, fixtures and equipment and computer equipment under non-cancellable finance leases. The maximum remaining lease term is four years.

Furniture, fixtures and equipment include assets held under finance leases amounting to $2,289 (2017 - $2,360) and accumulated depreciation of $1,388 (2017 - $1,200). Computer equipment includes assets held under finance leases amounting to $1,000 (2017 - $991) and accumulated depreciation of $638 (2017 - $542). Additions to assets held under finance leases for the year ended December 31, 2018 were $nil (2017 - $74).

Leasehold improvements include tenant inducements amounting to $6,776 (2017 - $4,448) and accumulated depreciation of $2,554 (2017 - $1,865).

15. Intangibles

	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**
Balance as at January 1, 2017										
Cost	$ 15,422	$ 13,056	$ 26,171	$ 14,343	$ 17,706	$ 202,740	$ 6,659	$ 25,045	$ 28,704	$ 349,846
Accumulated amortization and impairment	(15,194)	(9,922)	(23,409)	(9,567)	(17,210)	(143,557)	(5,093)	(17,689)	-	(241,641)
Net book amount	228	3,134	2,762	4,776	496	59,183	1,566	7,356	28,704	108,205
Year ended December 31, 2017										
Opening net book amount	228	3,134	2,762	4,776	496	59,183	1,566	7,356	28,704	108,205
Exchange differences	(60)	(15)	(32)	(193)	(100)	(2,488)	-	(249)	(1,483)	(4,620)
Acquisitions (Note 6)	9,054	-	-	9,623	20,247	9,609	-	10,247	-	58,780
Additions	-	414	-	-	-	-	210	-	-	624
Amortization charge	(1,742)	(1,049)	(1,122)	(3,558)	(1,068)	(16,624)	(983)	(3,330)	-	(29,476)
Disposals	-	(554)	-	-	-	-	-	-	-	(554)
Closing net book amount	7,480	1,930	1,608	10,648	19,575	49,680	793	14,024	27,221	132,959
Balance as at December 31, 2017										
Cost	24,466	8,460	24,922	23,419	37,414	206,015	6,869	34,727	27,221	393,513
Accumulated amortization and impairment	(16,986)	(6,530)	(23,314)	(12,771)	(17,839)	(156,335)	(6,076)	(20,703)	-	(260,554)
Net book amount	7,480	1,930	1,608	10,648	19,575	49,680	793	14,024	27,221	132,959
Year ended December 31, 2018										
Opening net book amount	7,480	1,930	1,608	10,648	19,575	49,680	793	14,024	27,221	132,959
Exchange differences	188	5	(22)	209	496	1,944	-	407	1,803	5,030
Acquisitions (Note 6)	-	-	-	11,531	804	2,978	-	2,302	-	17,615
Additions	-	812	-	-	-	-	14	-	-	826
Amortization charge	(7,074)	(699)	(1,058)	(4,111)	(4,916)	(17,513)	(570)	(5,084)	-	(41,025)
Disposals	-	(511)	-	-	-	-	-	-	-	(511)
Closing net book amount	594	1,537	528	18,277	15,959	37,089	237	11,649	29,024	114,894
Balance as at December 31, 2018										
Cost	24,728	5,796	26,510	35,804	39,324	217,747	6,884	38,098	29,024	423,915
Accumulated amortization and impairment	(24,134)	(4,259)	(25,982)	(17,527)	(23,365)	(180,658)	(6,647)	(26,449)	-	(309,021)
Net book amount	**$ 594**	**$ 1,537**	**$ 528**	**$ 18,277**	**$ 15,959**	**$ 37,089**	**$ 237**	**$ 11,649**	**$ 29,024**	**$ 114,894**

For the year ended December 31, 2018, a total of $nil (2017 - $292) has been charged to employee compensation, which relates to amortization of capitalized software development costs.

15. 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 16. 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, 2018
	Average Remaining Useful Life
Brands of acquired businesses	39 months
Custom software applications	24 months
Internally generated software	9 months - 78 months
Customer backlog	2 months - 46 months
Customer lists	1 months - 114 months
Databases	5 months
Non-compete agreements	3 months - 46 months

16. Goodwill

		Amount
Balance as at January 1, 2017		
Cost	$	283,569
Accumulated impairment		(62,972)
Net book amount		220,597
Year ended December 31, 2017		
Opening net book amount		220,597
Acquisitions (Note 6)		34,301
Exchange differences		(4,908)
Closing net book amount		249,990
Balance as at December 31, 2017		
Cost		310,783
Accumulated impairment		(60,793)
Net book amount		249,990
Year ended December 31, 2018		
Opening net book amount		249,990
Acquisitions (Note 6)		22,814
Impairment charge		(13,700)
Exchange differences		7,379
Closing net book amount		266,483
Balance as at December 31, 2018		
Cost		344,093
Accumulated impairment		(77,610)
Net book amount	**$**	**266,483**

16. Goodwill, cont'd

The carrying value of the Altus Group brand, an indefinite life intangible asset, was tested for impairment at the Company level.

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, 2018		December 31, 2017	
	Goodwill	ARGUS Brand	Goodwill	ARGUS Brand
Canada RVA	$ 36,019	$ -	$ 36,019	$ -
North America Cost	28,411	-	28,411	-
North America Property Tax	46,578	-	45,245	-
North America Geomatics	10,261	-	23,961	-
Altus Analytics [(1)]	96,058	22,763	71,110	20,960
U.K. Property Tax	49,003	-	45,089	-
Asia Pacific Cost	153	-	155	-
Total	$ 266,483	$ 22,763	$ 249,990	$ 20,960

(1) In 2017, ARGUS Software and U.S. and Europe RVA became one CGU, Altus Analytics.

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, 2018		December 31, 2017	
	Perpetual Growth Rate	Discount Rate (after-tax)	Perpetual Growth Rate	Discount Rate (after-tax)
Canada RVA	3.0%	14.5%	3.0%	15.0%
North America Cost	3.0%	14.0%	3.0%	14.0%
North America Property Tax	3.0%	12.5%	3.0%	12.5%
North America Geomatics	1.5%	15.0%	1.5%	15.8%
Altus Analytics [(1)]	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%

(1) In 2017, ARGUS Software and U.S. and Europe RVA became one CGU, Altus Analytics.

16. Goodwill, cont'd

The discounted cash flow analysis uses after-tax cash flow projections based on five-year financial budgets approved by management. Cash flows beyond the five-year period were extrapolated using the estimated 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.

Impairment
On December 2, 2018, the Government of Alberta announced that it is mandating a short-term reduction in oil production in order to draw down the significant storage of raw crude and bitumen. Due to this announcement, the market conditions worsened in Western Canada for Geomatics services, given the impact of oil prices on drilling and pipeline activities. As a result, in the fourth quarter of 2018, the Company recorded a goodwill impairment charge of $13,700 reflecting the worsening market conditions. The carrying amount of the Geomatics CGU has been 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).

Management performed an impairment analysis as at December 1, 2018 and December 1, 2017, and determined that no other indefinite life intangibles and goodwill were impaired.

17. Trade Payables and Other

	December 31, 2018	December 31, 2017 [1]
Trade payables	**$ 11,167**	$ 8,203
Accrued expenses	**63,932**	62,780
Contract liabilities: deferred revenue	**37,163**	31,733
Contingent consideration payables (Note 26)	**14,169**	10,437
Dividends payable (Note 25)	**5,895**	5,818
Lease inducements	**11,595**	9,670
Provisions	**3,424**	3,235
Balance as at December 31, 2018	**147,345**	131,876
Less non-current portion:		
Accrued expenses	**7,063**	10,115
Contract liabilities: deferred revenue	**7,134**	1,440
Contingent consideration payables	**3,064**	9,294
Lease inducements	**10,688**	8,939
Provisions	**1,876**	634
	29,825	30,422
	$ 117,520	$ 101,454

[1] Restated for the impact of IFRS 15 (Note 4).

Contract liabilities increased primarily in the Altus Analytics and Commercial Real Estate Consulting segments, relating to the timing of subscription billings.

Revenue recognized in relation to contract liabilities

	Year ended December 31, 2018	Year ended December 31, 2017 [1]
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	**$ 29,719**	$ 26,141
Revenue recognized from performance obligations partially satisfied in previous years	**5,314**	1,494

[1] Restated for the impact of IFRS 15 (Note 4).

17. Trade Payables and Other, cont'd

Provisions consist of:

	Restructuring	Other	**Total**
Balance as at January 1, 2017	$ 2,710	$ 214	$ 2,924
Charged to profit or loss:			
Additional provisions	4,739	447	5,186
Unwinding of discount (Note 9)	-	9	9
Used during the year	(4,608)	(206)	(4,814)
Exchange differences	(68)	(2)	(70)
Balance as at December 31, 2017	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
Less: non-current portion	(1,688)	(188)	(1,876)
	$ 1,393	**$ 155**	**$ 1,548**

Restructuring

In Q1 of 2018, the Company undertook and completed restructuring activities in Geomatics to reduce costs. In connection with these restructuring activities, a total of $2,918 in restructuring costs was recorded in the year ended December 31, 2018. These charges relate primarily to employee severance costs and onerous leases.

In Q2 of 2018, the Company initiated restructuring activities in Property Tax as a result of its integration efforts in the U.K. following the acquisition of CVS. This was completed in Q4 of 2018. In connection with these restructuring activities, a total of $3,611 in restructuring costs was recorded in the year ended December 31, 2018. These charges relate primarily to employee severance costs and onerous leases.

In addition, in Q1 of 2018, restructuring provisions made in prior years in the amount of $158 were released.

18. Borrowings

	December 31, 2018	December 31, 2017
Borrowings (current):		
Bank credit facilities	$ **578**	$ -
Leasehold improvement loans	**88**	125
Finance lease liabilities	**192**	536
	858	661
Borrowings (non-current):		
Bank credit facilities	**128,600**	150,400
Leasehold improvement loans	**403**	491
Finance lease liabilities	**74**	241
Less: deferred financing fees	**(568)**	(997)
	128,509	150,135
Total borrowings	$ **129,367**	$ 150,796

Bank credit facilities

Effective April 28, 2015, the Company amended its bank credit facilities, further strengthening its financial flexibility. The amended agreement extended the term by five years expiring April 28, 2020. It combined the Company's revolving operating facility and revolving term facility into one revolving term facility and increased the Company's borrowing capacity to $200,000 from $159,700, with certain provisions that allow the Company to further increase the limit to $250,000.

In June 2018, the Company increased its borrowing capacity under the revolving term facility from $200,000 to $220,000 in accordance with certain provisions of the agreement. All other terms of the bank credit facilities remain the same including the Company's ability to further increase the limit to $250,000. As at December 31, 2018, the amount drawn under this facility was $128,600 (2017 - $150,400).

The Company monitors certain financial covenants in line with its amended bank credit facilities. Refer to Note 27 for further details.

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.

The weighted average effective interest rate for the bank credit facilities for the year ended December 31, 2018 was 3.48% (2017 - 3.03%). 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.

18. Borrowings, cont'd

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, 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, 2018, the Company met these requirements. As at December 31, 2018, substantially all of the assets of the Company are provided as a security interest to meet this requirement.

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 March 2019 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, 2018 was 1.64% (2017 - 1.87%).

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

	December 31, 2018	December 31, 2017
Less than 1 year	**$ 666**	$ 125
1 to 3 years	**128,739**	150,557
4 to 5 years	**143**	141
Over 5 years	**121**	193
	$ 129,669	$ 151,016

18. Borrowings, cont'd

Finance lease liabilities

Future minimum lease payments required under finance leases, which expire between 2019 and 2023, are as follows:

	December 31, 2018	December 31, 2017
Gross finance lease liabilities - minimum lease payments:		
Less than 1 year	$ 203	$ 572
Later than 1 year and no later than 5 years	76	254
	279	826
Less: future finance charges (5.90% to 10.15%)	(13)	(49)
Present value of finance lease liabilities	$ 266	$ 777

Convertible debentures

On April 19, 2012, the Company issued $48,000 convertible debentures with an interest rate of 6.75% and with a maturity date of June 30, 2017.

The convertible debentures were convertible into common shares at the option of the holder at a conversion price of $10.00 per common share. Interest expense included a charge for the coupon interest and the accretion of the liability to the convertible debentures' aggregate face value using the effective interest rate method.

The convertible debentures were redeemed by the Company on May 3, 2017, in accordance with the terms of the convertible debenture indenture and were delisted from the TSX. The remaining principal amount of $396 of the convertible debentures was redeemed using available cash on hand.

18. Borrowings, cont'd

Reconciliation of liabilities arising from financing activities

	Leasehold Improvement Loans	Finance Lease Liabilities	Convertible Debentures	Bank Credit Facilities	Deferred Financing Fees	Total
Balance as at January 1, 2017	$ 737	$ 1,570	$ 6,105	$ 117,000	$ (1,477)	$ 123,935
Cash flows	(134)	(900)	(396)	33,400	-	31,970
Non-cash movements:						
Acquisitions (Note 6)	-	16	-	-	-	16
Additions (Note 14)	-	58	-	-	-	58
Disposals	-	(31)	-	-	-	(31)
Interest accretion	13	82	-	-	-	95
Equity component of convertible debentures	-	-	215	-	-	215
Settled in common shares (Note 20)	-	-	(5,924)	-	-	(5,924)
Amortization	-	-	-	-	480	480
Exchange differences	-	(18)	-	-	-	(18)
Balance as at December 31, 2017	616	777	-	150,400	(997)	150,796
Cash flows	(134)	(573)	-	(21,222)	-	(21,929)
Non-cash movements:						
Additions (Note 14)	-	22	-	-	-	22
Disposals	-	(5)	-	-	-	(5)
Interest accretion	9	35	-	-	-	44
Amortization	-	-	-	-	429	429
Exchange differences	-	10	-	-	-	10
Balance as at December 31, 2018	**$ 491**	**$ 266**	**$ -**	**$ 129,178**	**$ (568)**	**$ 129,367**

19. Amounts Payable to Unitholders

Altus UK LLP Class B and Class D limited liability partnership units

As part of the formation of Altus UK LLP, 455,418 Class B limited liability partnership units were issued to the sellers of the predecessor operating entity, who are also current member-partners of Altus UK LLP, and 293,818 Class D limited liability partnership units were issued for the beneficial interest of certain employees of the predecessor operating entity. Each Class B and Class D limited liability partnership unit was entitled to an allocation from profits equivalent to the cash dividends declared and paid to each common share in respect of the same period. The Class B and Class D limited liability partnership units had no additional interest in the equity of the partnership and were not included in the calculation of diluted earnings (loss) per share.

	Altus UK LLP Class D units		
	Number of Units		Amount
Balance as at January 1, 2017	27,502	$	851
Redemption of units [1]	(27,502)		(883)
Change in fair value	-		32
Balance as at December 31, 2017	-	$	-

[1] On March 3, 2017, 27,502 Class D limited liability partnership units of Altus UK LLP were redeemed at a value of $32.12 per unit.

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, 2017	37,153,699	$	460,003
Issued on exercise of options (Note 23)	247,589		4,615
Issued under the Dividend Reinvestment Plan	37,406		1,138
Issued on conversion of convertible debentures (Note 18)	570,900		5,924
Issued on acquisitions (Note 6)	169,420		3,679
Issued under the Equity Compensation Plan (Note 23)	311,258		7,623
Treasury shares purchased under the Restricted Share Plan (Note 23)	(78,654)		(3,588)
Treasury shares held under the Equity Compensation Plan (Note 23)	(74,339)		(3,345)
Release of treasury shares (Note 23)	111,750		3,132
Balance as at December 31, 2017	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**

The 39,012,702 common shares as at December 31, 2018 are net of 290,377 treasury shares with a carrying value of $11,983 that are being held by the Company until vesting conditions are met (Note 23).

The Company implemented 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, 2017	$	18,476
Share-based compensation (Note 23)		7,824
Loss on sale of RSs and shares held in escrow		(59)
Shares issued on exercise of options (Note 23)		(703)
Release of treasury shares under the Restricted Share Plan (Note 23)		(2,726)
Shares issued under the Equity Compensation Plan (Note 23)		(4,278)
Equity component of convertible debentures that were redeemed		16
Balance as at December 31, 2017		18,550
Share-based compensation		9,455
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**

22. Accumulated Other Comprehensive Income (Loss)

	Currency Translation Reserve	AFS Investments Reserves	FVOCI Investments Reserves	**Total**
Balance as at January 1, 2017	$ 46,781	$ -	$ -	$ 46,781
Currency translation differences	(9,717)	-	-	(9,717)
Change in fair value of AFS investments	-	(26,460)	-	(26,460)
Share of other comprehensive loss of associates	(46)	-	-	(46)
Balance as at December 31, 2017	37,018	(26,460)	-	10,558
Adjustment on adoption of IFRS 15 (Note 4)	(156)	-	-	(156)
Balance as at December 31, 2017 - Restated	36,862	(26,460)	-	10,402
Adjustment on adoption of IFRS 9 (Note 4)	-	26,460	(26,432)	28
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**

23. Share-based Compensation

The Company's share-based compensation plans are as follows:

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

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

In March 2017, the Board of Directors approved a long-term equity incentive plan ("Long-Term Incentive Plan") to simplify the long-term incentive program and replace the Company's Share Option Plan and Equity Compensation Plan. This plan contains comprehensive and consistent provisions to govern awards, including options, PSUs and share-based equity awards. This plan was approved by the shareholders in April 2017.

23. Share-based Compensation, cont'd

Legacy awards made under the Share Option Plan and Equity Compensation Plan will continue to be exercised or vest and be settled in accordance with those plans. The Long-Term Incentive Plan governs new awards.

Share options under both the Share Option Plan and Long-Term Incentive Plan provide for the grant of options that have a maximum term of 72 months. The administrators have discretion as to the number of options issued, the expiration date of each option, the extent to which each option is exercisable during the term of the option, and any other terms and conditions relating to each option. Generally, the options granted vest annually over a three to four-year period from the date of grant. The exercise price for the options is calculated as the volume weighted average closing price of the common shares on the TSX for the five business days immediately preceding such grant date. Except in specific defined circumstances, an option and all rights to purchase common shares are forfeited upon the optionee ceasing to be an employee of the Company.

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, 2017	757,942	$19.56
Granted on March 7, 2017	381,731	$29.72
Granted on August 14, 2017	30,000	$31.86
Granted on December 1, 2017	50,000	$35.83
Exercised	(247,589)	$15.80
Forfeited	(25,376)	$26.77
Balance as at December 31, 2017	946,708	$25.70
Granted on March 6, 2018	546,439	$31.59
Granted on November 30, 2018	25,531	$26.06
Granted on December 1, 2018	50,000	$26.04
Exercised	(41,673)	$20.21
Forfeited	(8,335)	$30.84
Balance as at December 31, 2018	**1,518,670**	**$27.96**

23. Share-based Compensation, cont'd

Information about the Company's options outstanding and exercisable as at December 31, 2018 is as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
$21.23	7,500	0.37 years	7,500
$23.85	74,500	1.45 years	74,500
$21.37	16,550	1.63 years	16,550
$19.29	129,944	2.39 years	129,944
$20.28	34,332	2.92 years	34,332
$19.64	149,844	2.19 years	91,041
$30.70	50,000	3.92 years	33,334
$29.72	359,031	4.18 years	88,693
$31.86	30,000	4.62 years	7,500
$35.83	50,000	4.92 years	12,500
$31.59	541,438	4.18 years	-
$26.06	25,531	4.92 years	-
$26.04	50,000	4.92 years	-
$27.96	**1,518,670**	**3.68 years**	**495,894**

The options granted in 2018 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:

	March 2018	November 2018	December 2018
Risk-free interest rate	1.96%	2.20%	2.16%
Expected dividend yield	1.9%	2.3%	2.3%
Expected volatility	20.49% - 25.58%	26.08% - 27.23%	26.08% - 27.23%
Expected option life	3.00 - 4.50 years	3.00 - 4.50 years	3.00 - 4.50 years
Weighted average grant-date fair value per option	$5.03 - $5.89	$4.48 - $5.47	$4.61 - $5.59

Under the Equity Compensation Plan, the Company was entitled in its sole discretion to issue to each participant a portion of his or her annual discretionary bonus in common shares. On each day that a participant was paid any portion of his or her annual discretionary bonus, the Company may pay a certain percentage of that portion in cash and issue a number of common shares equal to the remainder of that portion divided by the volume weighted average closing price of the common shares on the TSX for the five business days ending on the day prior to such issuance.

23. Share-based Compensation, cont'd

As part of the Equity Compensation Plan, the Company granted equity awards of common shares to employees of the Company subject to certain vesting conditions. The number of shares which will vest may be higher or lower than the number of shares originally granted, ranging from 50% to 150% based on the Company's total shareholder return ("TSR") relative to a set peer group. If the Company's TSR equals the peer group's TSR for the periods specified below, then shares granted will be issued according to the percentages below, subject to the recipient also fulfilling a three-year service condition:

- 20% of the shares will vest on December 31 of each year for a period of three years; and
- 40% of the shares will vest based on the three-year average Company TSR compared to peer group TSR.

In March 2018, as part of the Equity Compensation Plan, the Company settled the vested equity awards granted in 2015 through an issuance of 144,881 common shares from treasury.

In March 2017, as part of the Equity Compensation Plan, the Company settled the vested equity awards granted in 2014 through an issuance of 196,267 common shares from treasury.

In March 2017, prior to the approval of the Long-Term Incentive Plan and as part of the Equity Compensation Plan, a total of 114,991 common shares were issued in escrow and will not be available until four years following the date of grant. After four years from the date of grant, these common shares will be released, provided, subject to certain exceptions such as retirement, disability or death, that the individual is employed with the Company at the time of release. If the employee resigns from the Company or is terminated for cause, the common shares will be forfeited.

As part of the Long-Term Incentive Plan, the Company grants PSUs to employees of the Company subject to certain vesting conditions. The number of PSUs which will vest may be higher or lower than the number of PSUs originally granted, ranging from 0% to 200% based on the Company's TSR relative to the average TSR of a defined peer group. If the Company's TSR equals the average TSR of the peer group for the periods specified below, then PSUs will vest according to the percentages below, subject to the recipient also fulfilling a three-year service condition:

- 20% of the PSUs will vest on December 31 of each year for a period of three years; and
- 40% of the PSUs will vest based on the three-year cumulative Company TSR compared to the average cumulative TSR of the peer group.

In March 2018, as part of the Long-Term Incentive Plan, the Company granted PSUs equivalent to 118,856 common shares. The number of PSUs that will vest may be higher or lower than the number of PSUs originally granted, ranging from 0% to 200% based on the Company's TSR relative to the average TSR of a defined peer group.

23. Share-based Compensation, cont'd

In March 2017, as part of the Long-Term Incentive Plan, the Company granted PSUs equivalent to 93,992 common shares.

In August 2017, as part of the Long-Term Incentive Plan, the Company granted PSUs equivalent to 7,387 common shares.

(ii) Deferred Compensation Plans

In 2013, the Company established Deferred Compensation Plans that are structured as a RS Plan in Canada and as a RSU Plan outside of Canada. Annual grants of RSs or RSUs form part of the total annual discretionary bonus awarded, which typically consists of an annual cash bonus of 80% and a RS or RSU award of 20%. The total annual discretionary bonus is based on the Company exceeding certain annual performance targets, which are set annually. On occasion, RSs or RSUs may be granted to certain employees upon acceptance of employment, subject to certain restrictions similar to those applicable to the annual grants.

RS Plan

If annual performance targets are met, RSs will be awarded within three months of that performance year and will not be available to the employee until three years following the date of grant. The Company will contribute funds to purchase common shares in the open market (through the facilities of the TSX or by private agreement) and these RSs will be held by the Company until they vest. After three years from the date of grant, these RSs will be released, provided, subject to certain exceptions such as retirement, disability or death, that the individual is employed with the Company at the time of release. Participants are entitled to receive cash dividends that are paid on common shares. If an employee resigns from the Company or is terminated for cause, all RSs that have not yet been released from the three-year restriction period will be forfeited. This is an equity-settled compensation arrangement.

In connection with the 2016 performance year, the Company granted a total of $3,177 under the RS Plan. In March 2017, the Company purchased 67,521 common shares with a cost of $3,177 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 with a cost of $2,956 in the open market (through the facilities of the TSX or by private agreement).

This amount has been shown as a reduction in the carrying value of the Company's common shares (Note 20).

23. Share-based Compensation, cont'd

The Company expects to purchase common shares in the open market (through the facilities of the TSX or by private agreement) in relation to those RSs granted in the current year and hold the common shares in escrow until the vesting date.

RSU Plan

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

The Company entered 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).

A summary of the movement of the RSs and RSUs granted is as follows:

	Number of RSs	Number of RSUs
Balance as at January 1, 2017 (all unvested)	296,144	275,885
Granted	78,654	111,349
Released	(111,583)	(69,216)
Balance as at December 31, 2017 (all unvested)	263,215	318,018
Granted	62,981	116,875
Released	(105,573)	(82,223)
Balance as at December 31, 2018 (all unvested)	**220,623**	**352,670**

(iii) Directors' Deferred Share Unit Plan

The Company has a DSU Plan under which members of the Company's Board of Directors, who are not management, elect annually to receive all or a portion of their annual retainers and fees in the form of DSUs, which are classified as trade payables and other. Participants are entitled to receive notional distributions in additional DSUs equal to dividends that are paid on common shares. The DSUs vest on the date they are granted and are settled in cash upon termination of Board service. This is a cash-settled compensation arrangement.

The Company entered into an equity derivative 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).

23. Share-based Compensation, cont'd

A summary of the movement of the DSUs granted is as follows:

	Number of DSUs
Balance as at January 1, 2017	91,645
Granted	22,230
Redeemed	(10,500)
Balance as at December 31, 2017	103,375
Granted	31,960
Redeemed	(10,427)
Balance as at December 31, 2018	**124,908**

(iv) Compensation Expense by Plan

	Year ended December 31, 2018	Year ended December 31, 2017
Share Option Plan	$ 209	$ 586
Equity Compensation Plan	1,766	2,509
Long-Term Incentive Plan	3,892	1,543
RS Plan	3,313	2,907
RSU Plan [1]	289	3,755
DSU Plan [2]	(687)	1,298

[1] For the year ended December 31, 2018, the Company recorded mark-to-market adjustments of $(2,883) (2017 - $1,598).
[2] For the year ended December 31, 2018, the Company recorded mark-to-market adjustments of $(1,693) (2017 - $611).

(v) Liabilities for Cash-settled Plans

	December 31, 2018	December 31, 2017
RSU Plan - carrying value of liability recorded within trade payables and other	$ 6,101	$ 8,074
DSU Plan - carrying value of liability recorded within trade payables and other	2,779	3,798

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, 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.

For the year ended December 31, 2017, 493,782 share options and 74,172 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.

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, 2018	Year ended December 31, 2017 [1]
Profit (loss) for the year - basic and diluted	**$ (18,439)**	$ 109,417
Weighted average number of common shares outstanding - basic	**38,763,613**	38,027,573
Dilutive effect of share options	**-**	153,476
Dilutive effect of equity awards and PSUs	**-**	301,644
Dilutive effect of RSs	**-**	173,641
Weighted average number of common shares outstanding - diluted	**38,763,613**	38,656,334
Earnings (loss) per share:		
Basic	**$(0.48)**	$2.88
Diluted	**$(0.48)**	$2.83

(1) Restated for the impact of IFRS 15 (Note 4).

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, 2017	$	5,617
Dividends paid		(21,806)
Non-cash movements:		
DRIP (Note 20)		(1,138)
Dividends declared		23,145
Balance as at December 31, 2017		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**

26. Financial Instruments and Fair Values

Financial Instruments by Category

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

	December 31, 2018			December 31, 2017 [(1)]		
	Fair Value Through Profit or Loss	Fair Value Through Other Comprehensive Income	Amortized Cost	Fair Value Through Profit or Loss	Available-for-sale	Loans and Receivables
Assets as per Consolidated Balance Sheet:						
Cash and cash equivalents	**$ -**	**$ -**	**$ 48,738**	$ 28,070	$ -	$ -
Trade receivables and other (excluding deferred costs to obtain customer contracts, prepayments and promissory notes receivable)	**-**	**-**	**143,604**	-	-	134,819
Promissory notes receivable	**6,552**	**-**	**-**	3,914	-	-
Investment in Real Matters	**-**	**-**	**-**	-	105,418	-
Investments in equity instruments	**-**	**3,408**	**-**	-	1,883	-
Investments in partnerships	**1,495**	**-**	**-**	-	772	-
Derivative financial instruments	**1,092**	**-**	**-**	7,050	-	-
	$ 9,139	**$ 3,408**	**$ 192,342**	$ 39,034	$ 108,073	$ 134,819

(1) Restated for the impact of IFRS 15 (Note 4).

26. Financial Instruments and Fair Values, cont'd

	December 31, 2018		December 31, 2017	
	Fair Value Through Profit or Loss	Amortized Cost	Fair Value Through Profit or Loss	Other Liabilities
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)	$ -	$ 75,538	$ -	$ 68,164
RSU Plan and DSU Plan payables	8,880	-	11,872	-
Contingent consideration payables	14,169	-	10,437	-
Borrowings	-	129,367	-	150,796
Derivative financial instruments	-	-	918	-
	$ 23,049	$ 204,905	$ 23,227	$ 218,960

Fair Values

Fair value measurements recognized in the consolidated balance sheets must be 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.

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.

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:				
RSU Plan and DSU Plan payables	8,880	-	-	**8,880**
Contingent consideration payables	-	-	14,169	**14,169**

				December 31, 2017
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 28,070	$ -	$ -	$ 28,070
Promissory notes receivable	-	-	3,914	3,914
Investment in Real Matters	105,418	-	-	105,418
Investments in equity instruments	-	-	1,883	1,883
Investments in partnerships	-	-	772	772
Derivative financial instruments	-	7,050	-	7,050
Liabilities:				
RSU Plan and DSU Plan payables	11,872	-	-	11,872
Contingent consideration payables	-	-	10,437	10,437
Derivative financial instruments	-	918	-	918

For the year ended December 31, 2018, there were no transfers between the levels in the hierarchy.

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 liabilities for cash-settled plans are measured at fair value using the quoted market price of the Company's common shares. The investment in Real Matters is measured at fair value using the quoted market price of their common shares. These financial instruments and cash and cash equivalents are recorded in Level 1.

26. Financial Instruments and Fair Values, cont'd

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. 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.

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

		Contingent Consideration Payables (Discounted)
Balance as at January 1, 2017	$	2,183
Contingent arrangements entered into during the year (Note 6)		9,267
Changes in expected payment recorded through profit or loss		375
Unwinding of discount (Note 9)		168
Settlements		(1,505)
Exchange differences		(51)
Balance as at December 31, 2017		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**

A 1% increase or decrease in the discount rate could decrease or increase the Company's determination of fair value by approximately $107 as at December 31, 2018.

26. Financial Instruments and Fair Values, cont'd

The estimated contractual amount of contingent consideration payables as at December 31, 2018 was $14,754 (December 31, 2017 - $11,337), net of a discount of $585 (December 31, 2017 - $900).

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, trade payables and other, leasehold improvement loans and finance lease liabilities 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.

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.

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, 2018 were $65,000 (2017 - $65,000).

26. Financial Instruments and Fair Values, cont'd

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, 2018, every 1% increase or decrease in the revolving term facility interest rate results in a corresponding $949 decrease or increase in the Company's profit (loss) (2017 - $736).

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 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 effects of such variations are recognized in other comprehensive income (loss).

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 revenues and profit or loss, denominated in Canadian dollars.

In order to limit some of its foreign exchange exposure, the Company entered into currency forward contracts (Note 12).

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, 2018	Year ended December 31, 2017
U.S.	**$ (2,127)**	$ (3,136)
Europe	**1,119**	615
Australia	**(20)**	147
Asia	**(194)**	(67)

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

26. Financial Instruments and Fair Values, cont'd

Price risk

The Company is exposed to price risk because the liabilities for cash-settled 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 $451. 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, 2018 was $10,042 (2017 - $8,413) (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. The loss allowance provision as at December 31, 2018 is determined as follows; the expected credit losses also incorporate forward-looking information.

				December 31, 2018
	0 to 120 days past due	121 to 365 days past due	More than 365 days past due	**Total**
Expected loss rate	1.66%	26.98%	84.90%	**6.57%**
Gross carrying amount	$137,202	$9,927	$6,019	**$153,148**
Loss allowance provision	$(2,281)	$(2,678)	$(5,110)	**$(10,069)**

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, 2018, 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, 2018 reconciles to the opening loss allowance provision as follows:

		December 31, 2018
As at January 1, 2017	$	8,194
Net charges during the year		2,827
Receivables written off during the year as uncollectible		(3,140)
Exchange differences		(35)
As at December 31, 2017 - under IAS 39		7,846
Adjustment on adoption of IFRS 9		1,008
As at January 1, 2018 - under IFRS 9		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**

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 collectability of 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 receipts and maturity profile of 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 Company's financial liabilities into relevant maturity groupings based on the remaining period as at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

							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**

26. Financial Instruments and Fair Values, cont'd

							December 31, 2017
	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)	$ 68,870	$ 68,940	$ 67,631	$ 687	$ 65	$ 557	$ 68,940
RSU Plan and DSU Plan payables	11,872	11,872	2,411	5,454	592	3,415	11,872
Contingent consideration payables	10,437	11,337	1,178	10,159	-	-	11,337
Borrowings	150,796	151,872	706	150,810	160	196	151,872
Derivative financial instruments	918	918	918	-	-	-	918
	$ 242,893	$ 244,939	$ 72,844	$ 167,110	$ 817	$ 4,168	$ 244,939

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, 2018	December 31, 2017 [1]
Borrowings (Note 18)	$ 129,367	$ 150,796
Less: cash and cash equivalents	48,738	28,070
Net debt	80,629	122,726
Shareholders' equity	358,426	412,062
Total capitalization	$ 439,055	$ 534,788

[1] Restated for the impact on adoption of the new accounting pronouncements (Note 4).

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, 2018, 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. The future aggregate minimum lease payments under such arrangements and other contractual commitments are as follows:

	December 31, 2018	December 31, 2017
No later than 1 year	$ 18,808	$ 18,428
Later than 1 year and no later than 5 years	53,964	54,179
Later than 5 years	28,444	38,811
Total	$ 101,216	$ 111,418

The future aggregate minimum sublease payments to be received under non-cancellable subleases as at December 31, 2018 were $3,839 (December 31, 2017 - $3,877).

For the year ended December 31, 2018, expenses under operating leases were $14,900 (2017 - $14,159).

28. Commitments and Contingencies, cont'd

As at December 31, 2018, the Company provided letters of credit of approximately $776 to its lessors (December 31, 2017 - $574).

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, 2018, the Company granted a total of 200,000 options (December 31, 2017 - 150,000 options) pursuant to this arrangement.

The Company committed to aggregate capital contributions of $1,241 (Note 13) to certain partnerships (December 31, 2017 - $1,781).

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, 2018	Year ended December 31, 2017
Salaries and other short-term benefits	**$ 9,487**	$ 8,280
Termination benefits	**1,428**	1,041
Share-based payments [1]	**2,877**	4,780
	$ 13,792	$ 14,101

[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, 2018
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 II ULC	100%
2566207 Ontario Inc.	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, 2018
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 ULC	100%
Altus Group LLC	100%
Altus Group II LLC	100%
Argus Software Inc.	100%
Argus Software (Asia) Pte. Ltd.	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.

Altus Group

LISTINGS

Toronto Stock Exchange
Stock trading symbol: AIF

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