Altus Group Limited

Interim Condensed Consolidated Financial Statements
September 30, 2019 and 2018
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

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Altus Group Limited

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)
For the Three and Nine Months Ended September 30, 2019 and 2018
(Unaudited)
(Expressed in Thousands of Canadian Dollars, Except for Per Share Amounts)

<table>
<thead>
<tr>
<th>Notes</th>
<th>Three months ended September 30</th>
<th>Nine months ended September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Revenues</td>
<td>$136,994</td>
<td>$120,636</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee compensation</td>
<td>84,698</td>
<td>78,043</td>
</tr>
<tr>
<td>Occupancy</td>
<td>2,015</td>
<td>5,290</td>
</tr>
<tr>
<td>Office and other operating</td>
<td>27,589</td>
<td>23,684</td>
</tr>
<tr>
<td>Depreciation of right-of-use assets</td>
<td>3,273</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>1,988</td>
<td>2,097</td>
</tr>
<tr>
<td>Amortization of intangibles</td>
<td>7,753</td>
<td>10,538</td>
</tr>
<tr>
<td>Acquisition and related transition costs (income)</td>
<td>85</td>
<td>184</td>
</tr>
<tr>
<td>Restructuring costs (recovery)</td>
<td>-</td>
<td>(184)</td>
</tr>
<tr>
<td>(Gain) loss on investments (63)</td>
<td>(42)</td>
<td>(158)</td>
</tr>
<tr>
<td>Finance costs (income), net - leases</td>
<td>715</td>
<td>-</td>
</tr>
<tr>
<td>Finance costs (income), net - other</td>
<td>1,768</td>
<td>1,738</td>
</tr>
<tr>
<td>Profit (loss) before income taxes</td>
<td>7,173</td>
<td>(712)</td>
</tr>
<tr>
<td>Income tax expense (recovery)</td>
<td>2,137</td>
<td>1,011</td>
</tr>
<tr>
<td>Profit (loss) for the period attributable to shareholders</td>
<td>$5,036</td>
<td>($1,723)</td>
</tr>
<tr>
<td>Other comprehensive income (loss):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that may be reclassified to profit or loss in subsequent periods:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency translation differences (1,296)</td>
<td>(5,513)</td>
<td>(14,190)</td>
</tr>
<tr>
<td>Items that are not reclassified to profit or loss in subsequent periods:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in fair value of FVOCI investments</td>
<td>566</td>
<td>(4,705)</td>
</tr>
<tr>
<td>Other comprehensive income (loss), net of tax (730)</td>
<td>(10,218)</td>
<td>(12,453)</td>
</tr>
<tr>
<td>Total comprehensive income (loss) for the period, net of tax, attributable to shareholders</td>
<td>$4,306</td>
<td>($11,941)</td>
</tr>
<tr>
<td>Earnings (loss) per share attributable to the shareholders of the Company during the period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings (loss) per share</td>
<td>$0.13</td>
<td>$(0.04)</td>
</tr>
<tr>
<td>Diluted earnings (loss) per share</td>
<td>$0.12</td>
<td>$(0.04)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.
## Interim Condensed Consolidated Balance Sheets

As at September 30, 2019 and December 31, 2018

(Expressed in Thousands of Canadian Dollars)

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>$ 56,014</td>
<td>$ 48,738</td>
</tr>
<tr>
<td>Trade receivables and other</td>
<td>9</td>
<td>170,079</td>
<td>154,298</td>
</tr>
<tr>
<td>Income taxes recoverable</td>
<td></td>
<td>3,259</td>
<td>6,021</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td></td>
<td>1,542</td>
<td>478</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables and other</td>
<td>9</td>
<td>2,832</td>
<td>8,975</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td></td>
<td>6,910</td>
<td>614</td>
</tr>
<tr>
<td>Investments</td>
<td>10</td>
<td>13,679</td>
<td>4,903</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td>19,348</td>
<td>19,581</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>4</td>
<td>67,315</td>
<td>-</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td>30,088</td>
<td>33,197</td>
</tr>
<tr>
<td>Intangibles</td>
<td>10</td>
<td>97,637</td>
<td>114,894</td>
</tr>
<tr>
<td>Goodwill</td>
<td></td>
<td>265,107</td>
<td>266,483</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>$ 733,810</td>
<td>$ 658,182</td>
</tr>
</tbody>
</table>

| **Liabilities** |       |                    |                   |
| **Current liabilities** |   |                    |                   |
| Trade payables and other | 11 | $ 103,382           | $ 117,520         |
| Income taxes payable |     | 3,108              | 6,802             |
| Lease liabilities | 4    | 12,301             | 192               |
| Borrowings | 12 | 145,822            | 666               |
| **Total Liabilities** |   | $ 264,613          | $ 125,180         |

| **Non-current liabilities** |       |                    |                   |
| Trade payables and other | 11 | 26,280             | 29,825            |
| Lease liabilities | 4    | 67,067             | 74                |
| Borrowings | 12 | 352               | 128,435           |
| Deferred tax liabilities |       | 13,487             | 16,242            |
| **Total Liabilities** |   | $ 107,186          | $ 174,576         |

| **Shareholders’ Equity** |       |                    |                   |
| Share capital | 13 | 507,448            | 491,542           |
| Contributed surplus |     | 22,036             | 21,882            |
| Accumulated other comprehensive income (loss) |       | 41,472             | 54,558            |
| Retained earnings (deficit) |       | (208,945)          | (209,556)         |
| **Total Shareholders’ Equity** |   | $ 362,011          | $ 358,426         |

| **Total Liabilities and Shareholders’ Equity** |   | $ 733,810          | $ 658,182         |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.
Altus Group Limited

Interim Condensed Consolidated Statements of Changes in Equity
For the Nine Months Ended September 30, 2019 and 2018
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>Share Capital</th>
<th>Contributed Surplus</th>
<th>Other Comprehensive Income (Loss)</th>
<th>Retained Earnings (Deficit)</th>
<th>Total Shareholders’ Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at January 1, 2018</td>
<td>$479,181</td>
<td>$18,590</td>
<td>$31,430</td>
<td>(96,842)</td>
<td>$411,339</td>
<td></td>
</tr>
<tr>
<td>Profit (loss) for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3,720)</td>
<td>(3,720)</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income (loss), net of tax:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency translation differences</td>
<td>-</td>
<td>-</td>
<td>3,543</td>
<td>-</td>
<td>3,543</td>
<td></td>
</tr>
<tr>
<td>Change in fair value of FVOCI investments</td>
<td>-</td>
<td>-</td>
<td>(44,351)</td>
<td>-</td>
<td>(44,351)</td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income (loss) for the period</td>
<td>-</td>
<td>-</td>
<td>(3,720)</td>
<td>(44,351)</td>
<td>(44,351)</td>
<td></td>
</tr>
<tr>
<td>Transfer of loss on disposal of FVOCI investments</td>
<td>-</td>
<td>-</td>
<td>70,783</td>
<td>(70,783)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transactions with owners:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends declared</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(17,596)</td>
<td>(17,596)</td>
<td></td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>-</td>
<td>7,037</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Dividend Reinvestment Plan</td>
<td>2,826</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,826</td>
<td></td>
</tr>
<tr>
<td>Shares issued on exercise of options</td>
<td>1,005</td>
<td>(163)</td>
<td>-</td>
<td>-</td>
<td>842</td>
<td></td>
</tr>
<tr>
<td>Shares issued on acquisitions</td>
<td>3,729</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,729</td>
<td></td>
</tr>
<tr>
<td>Shares issued under the Equity Compensation Plan</td>
<td>2,496</td>
<td>(2,496)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Treasury shares purchased for share-based compensation</td>
<td>(2,966)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,966)</td>
<td></td>
</tr>
<tr>
<td>Release of treasury shares under the Restricted Share Plan</td>
<td>3,211</td>
<td>(3,067)</td>
<td>-</td>
<td>-</td>
<td>144</td>
<td></td>
</tr>
<tr>
<td>Gain (loss) on sale of RSs and shares held in escrow</td>
<td>-</td>
<td>(34)</td>
<td>-</td>
<td>-</td>
<td>(34)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10,301</td>
<td>1,277</td>
<td>70,783</td>
<td>(98,379)</td>
<td>(6,078)</td>
<td></td>
</tr>
<tr>
<td>As at September 30, 2018</td>
<td>$499,482</td>
<td>$19,827</td>
<td>$40,405</td>
<td>$188,941</td>
<td>$360,773</td>
<td></td>
</tr>
<tr>
<td>As at January 1, 2019</td>
<td>$491,542</td>
<td>$21,882</td>
<td>$54,558</td>
<td>(209,556)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit (loss) for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17,922</td>
<td>17,922</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income (loss), net of tax:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency translation differences</td>
<td>-</td>
<td>-</td>
<td>(14,190)</td>
<td>-</td>
<td>(14,190)</td>
<td></td>
</tr>
<tr>
<td>Change in fair value of FVOCI investments</td>
<td>-</td>
<td>-</td>
<td>1,737</td>
<td>-</td>
<td>1,737</td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income (loss) for the period</td>
<td>-</td>
<td>-</td>
<td>(12,453)</td>
<td>17,922</td>
<td>5,469</td>
<td></td>
</tr>
<tr>
<td>Transfer of loss on disposal of FVOCI investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transactions with owners:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends declared</td>
<td>16</td>
<td>-</td>
<td>-</td>
<td>(17,944)</td>
<td>(17,944)</td>
<td></td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>14</td>
<td>7,277</td>
<td>-</td>
<td>-</td>
<td>7,277</td>
<td></td>
</tr>
<tr>
<td>Dividend Reinvestment Plan</td>
<td>13</td>
<td>4,194</td>
<td>-</td>
<td>-</td>
<td>4,194</td>
<td></td>
</tr>
<tr>
<td>Shares issued on exercise of options</td>
<td>13, 14</td>
<td>7,563</td>
<td>(1,197)</td>
<td>-</td>
<td>6,366</td>
<td></td>
</tr>
<tr>
<td>Shares issued on acquisitions</td>
<td>5, 13</td>
<td>3,442</td>
<td>-</td>
<td>-</td>
<td>3,442</td>
<td></td>
</tr>
<tr>
<td>Shares issued under the Equity Compensation Plan</td>
<td>13, 14</td>
<td>5,243</td>
<td>(2,893)</td>
<td>-</td>
<td>2,352</td>
<td></td>
</tr>
<tr>
<td>Treasury shares reserved for share-based compensation</td>
<td>13, 14</td>
<td>(7,705)</td>
<td>-</td>
<td>-</td>
<td>(7,705)</td>
<td></td>
</tr>
<tr>
<td>Release of treasury shares under the Restricted Share Plan</td>
<td>13, 14</td>
<td>3,169</td>
<td>(2,989)</td>
<td>-</td>
<td>180</td>
<td></td>
</tr>
<tr>
<td>Gain (loss) on sale of RSs and shares held in escrow</td>
<td>-</td>
<td>(46)</td>
<td>-</td>
<td>-</td>
<td>(46)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>15,906</td>
<td>154</td>
<td>(633)</td>
<td>(17,211)</td>
<td>(1,894)</td>
<td></td>
</tr>
<tr>
<td>As at September 30, 2019</td>
<td>$507,448</td>
<td>$22,036</td>
<td>$41,472</td>
<td>$208,945</td>
<td>$362,051</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.
Altus Group Limited

Interim Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2019 and 2018
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nine months ended September 30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cash flows from operating activities
Profit (loss) before income taxes $24,546 $(2,445)
Adjustments for:
Amortization of intangibles 23,525 31,959
Depreciation of property, plant and equipment 5,585 5,901
Depreciation of right-of-use assets 4 10,222 -
Amortization of lease inducements - 422
Finance costs (income), net - leases 4,7 2,160 -
Finance costs (income), net - other 7 5,136 4,856
Share-based compensation 14 10,222 -
Unrealized foreign exchange (gain) loss - 1,379 -
(Gain) loss on investments (158)(81)
(Gain) loss on disposal of property, plant and equipment and intangibles - 1,144 -
(Gain) loss on equity derivatives and currency forward contracts (7,810) 1,633 -
Net changes in operating working capital (27,732)(4,967)
Net cash generated by (used in) operations 44,472 44,883
Less: interest paid on borrowings (3,800) (4,177)
Less: interest paid on leases (2,160) -
Less: income taxes paid (12,848) (10,655)
Add: income taxes refunded 2,761 4,537
Net cash provided by (used in) operating activities 28,425 34,588

Cash flows from financing activities
Proceeds from exercise of options 13,14 6,366 842
Proceeds from borrowings 21,608 50,701
Repayment of borrowings (4,848)(16,498)
Payments of principal on lease liabilities 4 (8,732) -
Dividends paid 16 (13,621) (14,702)
Treasury shares purchased under the Restricted Share Plan 13,14 (5,353) (2,966)
Net cash provided by (used in) financing activities (4,588) 17,377

Cash flows from investing activities
Purchase of investments 10 (620) (3,622)
Purchase of intangibles (149) (650)
Purchase of property, plant and equipment (4,610) (8,293)
Proceeds from disposal of property, plant and equipment and intangibles 102 200
Proceeds from disposal of investment 10 - 54,173
Acquisitions, net of cash acquired 5 (11,654) (27,192)
Net cash provided by (used in) investing activities (16,931) 14,616
Effect of foreign currency translation 370 (1,606)
Net increase (decrease) in cash and cash equivalents 7,276 64,975
Cash and cash equivalents, beginning of period 48,738 28,070
Cash and cash equivalents, end of period $56,014 $93,045

The accompanying notes are an integral part of these interim condensed 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 was converted from an unincorporated open-ended limited purpose trust into a corporate structure.

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 the Company.

2. Basis of Preparation

These interim condensed consolidated financial statements (“interim financial statements”) as at and for the periods ended September 30, 2019 follow the same accounting policies and methods of their application as those used in the Company’s most recent audited annual consolidated financial statements as at and for the year ended December 31, 2018, except for those identified under Changes in Significant Accounting Policies and Estimates (Note 4).

These interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Accordingly, they do not include all of the information and disclosures required in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), and should be read in conjunction with the Company’s audited annual consolidated financial statements as at and for the year ended December 31, 2018.

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

These interim financial statements were approved by the Board of Directors for issue on November 7, 2019.
3. Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses, and the related disclosures. The Company bases its judgments, estimates and assumptions on current facts, historical experience and various other factors that it believes are reasonable under the circumstances. The economic environment could also impact certain estimates necessary to prepare the Company’s interim financial statements, including estimates related to: recognition of revenue and the determination and allocation of transaction price, amounts used in the Company’s impairment assessment of trade receivables and contract assets, recoverable amounts used in the Company’s impairment testing of its non-financial assets, determination of purchase price allocations and contingent consideration, income taxes, and discount rates applied to the Company’s right-of-use assets and related lease liabilities.

The Company’s assessment of these factors forms the basis for its judgments on the carrying values of assets and liabilities and the accrual of the Company’s costs and expenses. Actual results could differ materially from the Company’s estimates and assumptions. The Company reviews its estimates and underlying assumptions on an ongoing basis and makes revisions as determined necessary. Revisions are recognized in the period in which the estimates are revised and may impact future periods as well. There have been no significant changes to the Company’s assumptions or the judgments affecting the application of the Company’s estimates and assumptions during Q3 2019 from those described in the notes to the Company’s most recent audited annual consolidated financial statements as at and for the year ended December 31, 2018. However, see Note 4, “Changes in Significant Accounting Policies and Estimates” below for a discussion of recently adopted accounting pronouncements.


Adoption of Recent Accounting Pronouncements

The Company has applied IFRS 16, Leases, effective January 1, 2019, using the modified retrospective approach. As required by IAS 34, the nature and effect of these changes are disclosed below.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.
4. Changes in Significant Accounting Policies and Estimates, cont’d

**IFRS 16, Leases**


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

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a remaining lease term of 12 months or less and do not contain a purchase option (“short-term leases”), and lease contracts for which the underlying asset is of low value (“low-value assets”).

a) Nature of the effect of adoption of IFRS 16

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

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.
4. Changes in Significant Accounting Policies and Estimates, cont’d

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

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

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
The effect of adopting IFRS 16 on the Company’s consolidated balance sheet (increase/(decrease)) as at January 1, 2019 is as follows:

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

- $361 was reclassified from trade receivables and other - current to right-of-use assets. This pertains to $497 relating to prepaid leases offset by sublease net investments of $136.
- Lease assets previously recognized under finance leases of $1,263 and included under property, plant and equipment were reclassified to right-of-use assets.
- Lease inducements and straight line rent amounts recognized in trade payables and other of $11,172 related to previous operating leases were reclassified to right-of-use assets. $907 of this balance was current and $10,265 was non-current as at December 31, 2018.
- Right-of-use assets of $72,514 were recognized and presented separately in the consolidated balance sheet inclusive of the reclassifications from trade receivables and other, property, plant and equipment, and trade payables and other as noted above.
- Existing finance lease liabilities under borrowings of $266 were reclassified to lease liabilities. $192 of this amount was current and $74 was non-current as at December 31, 2018.
- Lease liabilities of $82,328 were recognized and included under lease liabilities inclusive of the reclassifications from borrowings for existing finance leases.
The lease liabilities as at January 1, 2019 can be reconciled to the operating lease and other operating commitments as of December 31, 2018 as follows:

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

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

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

b) Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16:

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

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

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

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

Significant judgment in determining the lease term of contracts with renewal options
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its lease contracts to lease the assets for additional terms of two to ten years. The Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.
4. Changes in Significant Accounting Policies and Estimates, cont’d

The Company included the renewal period as part of the lease term for certain leases of property only where it was reasonably certain to renew. The renewal options for equipment were not included as part of the lease term because the Company has a policy of leasing equipment for not more than four years and, hence, not exercising any renewal options.

c) Amounts recognized in the consolidated balance sheets and consolidated statements of comprehensive income (loss)

Set out below, are the carrying amounts of the Company’s right-of-use assets and lease liabilities and the movements during the period:

<table>
<thead>
<tr>
<th></th>
<th>Right-of-Use Assets</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Property</td>
<td>Equipment</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>As at January 1, 2019</td>
<td>$71,160</td>
<td>$1,354</td>
<td>$72,514</td>
<td></td>
</tr>
<tr>
<td>Exchange difference</td>
<td>(1,748)</td>
<td>(13)</td>
<td>(1,761)</td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>7,841</td>
<td>-</td>
<td>7,841</td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>(975)</td>
<td>(13)</td>
<td>(988)</td>
<td></td>
</tr>
<tr>
<td>Impairment</td>
<td>(69)</td>
<td>-</td>
<td>(69)</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(9,174)</td>
<td>(1,048)</td>
<td>(10,222)</td>
<td></td>
</tr>
<tr>
<td>As at September 30, 2019</td>
<td>$67,035</td>
<td>$280</td>
<td>$67,315</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Lease Liabilities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>As at January 1, 2019</td>
<td>$82,328</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange difference</td>
<td>(1,990)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>7,762</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>2,160</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td>(10,892)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at September 30, 2019</td>
<td>$79,368</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For the three and nine months ended September 30, 2019, the Company recognized rent expense from short-term leases of $123 and $317, leases of low-value assets of $14 and $55 and variable lease payments of $1,742 and $5,206 in occupancy expense, respectively.

For the impacts of IFRS 16 on segment information and earnings (loss) before finance costs and income taxes, please see Note 6.
4. Changes in Significant Accounting Policies and Estimates, cont’d

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

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

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

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

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

Other Accounting Pronouncements and Amendments

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

Since the Company’s current practice is in line with this amendment, it had no impact on the interim financial statements.
4. Changes in Significant Accounting Policies and Estimates, cont’d

Other accounting pronouncements and amendments
Other accounting pronouncements, and amendments proposed as part of the Annual Improvements 2015-2017 Cycle that are assessed to have no impact on the interim financial statements are:
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- IFRS 3, Business Combinations
- IFRS 11, Joint Arrangements
- IAS 23, Borrowing Costs

5. Acquisitions

Acquisition of One11 Advisors, LLC
On July 1, 2019, the Company acquired all the issued and outstanding shares of One11 Advisors, LLC (“One11”) and its subsidiaries for USD11,000 (CAD14,395) in cash and common shares, subject to closing adjustments. As part of the transaction, the Company entered into non-compete agreements with key members of management of One11. On closing, the Company paid cash of USD7,700 (CAD10,077). Subsequent to September 30, 2019, the Company paid USD629 (CAD823) as working capital adjustments. The common shares will be held in escrow and released on the fourth anniversary of the closing date, subject to compliance with certain terms and conditions. One11 is a U.S.-based real estate software consulting firm that provides integrated advisory and managed services for real estate organizations’ front to back office strategies, processes and technology.

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

*Acquisition of Caruthers & Associates, Inc.*  
On July 1, 2019, the Company acquired certain operating assets of Caruthers & Associates, Inc. (“Caruthers”) for USD4,000 (CAD5,235) in cash, common shares and contingent consideration, subject to working capital adjustments. As part of the transaction, the Company entered into a non-compete agreement with a key member of management of Caruthers. As consideration for these assets on closing, the Company paid cash of USD2,000 (CAD2,617), common shares of USD1,000 (CAD1,309). Subsequent to September 30, 2019, the Company paid USD119 (CAD156) as working capital adjustments. The common shares will be held in escrow and released on the third anniversary of the closing date, subject to compliance with certain terms and conditions. The purchase agreement provides for contingent consideration of USD1,000 (CAD1,309), subject to certain performance targets being achieved over a 30-month period from the closing date. If mutually agreed upon, the contingent consideration may be settled in cash or common shares. Caruthers is a U.S.-based property tax consulting firm. Its team of seven employees based out of Memphis has been integrated with the Company’s U.S. Property Tax business, expanding its geographic footprint in tax services in the U.S.

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

The accounting for these two acquisitions has not been finalized. The preliminary purchase price allocations are:

<table>
<thead>
<tr>
<th>Acquisition-related costs (included in acquisition and related transition costs (income) in the interim condensed consolidated statements of comprehensive income (loss))</th>
<th>One11</th>
<th>Caruthers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Consideration:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$10,900</td>
<td>$2,773</td>
<td>$13,673</td>
</tr>
<tr>
<td>Common shares</td>
<td>4,318</td>
<td>1,309</td>
<td>5,627</td>
</tr>
<tr>
<td>Contingent consideration</td>
<td>-</td>
<td>1,309</td>
<td>1,309</td>
</tr>
<tr>
<td></td>
<td>15,218</td>
<td>5,391</td>
<td>20,609</td>
</tr>
<tr>
<td>Less: discount on common shares</td>
<td>(1,727)</td>
<td>(458)</td>
<td>(2,185)</td>
</tr>
<tr>
<td>Less: discount on contingent consideration</td>
<td>-</td>
<td>(151)</td>
<td>(151)</td>
</tr>
<tr>
<td></td>
<td>13,491</td>
<td>4,782</td>
<td>18,273</td>
</tr>
<tr>
<td>Less: consideration transferred for non-compete agreements</td>
<td>(1,552)</td>
<td>(643)</td>
<td>(2,195)</td>
</tr>
<tr>
<td><strong>Consideration transferred for acquired businesses</strong></td>
<td>11,939</td>
<td>4,139</td>
<td>16,078</td>
</tr>
<tr>
<td><strong>Recognized amounts of identifiable assets acquired and liabilities assumed:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,040</td>
<td>-</td>
<td>1,040</td>
</tr>
<tr>
<td>Trade receivables and other</td>
<td>3,442</td>
<td>417</td>
<td>3,859</td>
</tr>
<tr>
<td>Income taxes recoverable</td>
<td>123</td>
<td>-</td>
<td>123</td>
</tr>
<tr>
<td>Trade payables and other</td>
<td>(2,928)</td>
<td>(111)</td>
<td>(3,039)</td>
</tr>
<tr>
<td>Intangibles</td>
<td>6,367</td>
<td>1,665</td>
<td>8,032</td>
</tr>
<tr>
<td><strong>Total identifiable net assets of acquired businesses</strong></td>
<td>8,044</td>
<td>1,971</td>
<td>10,015</td>
</tr>
<tr>
<td>Goodwill</td>
<td>$3,895</td>
<td>$2,168</td>
<td>$6,063</td>
</tr>
<tr>
<td><strong>Goodwill and intangibles deductible for tax purposes</strong></td>
<td>$11,814</td>
<td>$4,476</td>
<td>$16,290</td>
</tr>
</tbody>
</table>

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.
Altus Group Limited

Notes to Interim Condensed Consolidated Financial Statements
September 30, 2019 and 2018
(Unaudited)
(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

5. Acquisitions, cont’d

Revenues and profit (loss) for One11 for the period from July 1, 2019 to September 30, 2019 included in the interim condensed consolidated statements of comprehensive income (loss) are $4,049 and $(4), respectively.

Revenues and profit (loss) for Caruthers for the period from July 1, 2019 to September 30, 2019 included in the interim condensed consolidated statement of comprehensive income (loss) are $181 and $(302), respectively.

For the acquisitions, intangibles acquired are as follows:

<table>
<thead>
<tr>
<th></th>
<th>One11</th>
<th>Caruthers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finite-life assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-compete agreements</td>
<td>$1,552</td>
<td>$643</td>
<td>$2,195</td>
</tr>
<tr>
<td>Customer lists</td>
<td>6,190</td>
<td>1,081</td>
<td>7,271</td>
</tr>
<tr>
<td>Customer backlog</td>
<td>177</td>
<td>584</td>
<td>761</td>
</tr>
<tr>
<td></td>
<td>$7,919</td>
<td>$2,308</td>
<td>$10,227</td>
</tr>
</tbody>
</table>


6. 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.

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

The CEO assesses the performance of the operating segments based on a measure of Adjusted EBITDA. This measurement basis represents profit (loss) before income taxes adjusted for the effects of occupancy costs calculated on a consistent basis to 2018, finance costs (income), amortization of intangibles, depreciation of property, plant and equipment, depreciation of right-of-use assets, acquisition and related transition costs (income), restructuring costs, share of profit (loss) of associates, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on investments, impairment charges, non-cash Equity Compensation Plan costs, gains (losses) on derivatives, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related restricted share units (“RSUs”) and deferred share units (“DSUs”) being hedged and other costs or income of a non-operating and/or non-recurring nature.

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

Notes to Interim Condensed Consolidated Financial Statements
September 30, 2019 and 2018
(Unaudited)
(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

6.  Segmented Information, cont’d

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

<table>
<thead>
<tr>
<th></th>
<th>Three months ended September 30</th>
<th>Nine months ended September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>19,820</td>
<td>16,504</td>
</tr>
<tr>
<td>Additional occupancy expense calculated on a similar basis prior to the adoption of IFRS 16 (1)</td>
<td>3,514</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation - right-of-use assets</td>
<td>(3,273)</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and amortization - other</td>
<td>(9,741)</td>
<td>(12,635)</td>
</tr>
<tr>
<td>Acquisition and related transition (costs) income</td>
<td>(85)</td>
<td>(184)</td>
</tr>
<tr>
<td>Unrealized foreign exchange gain (loss) (2)</td>
<td>(252)</td>
<td>(231)</td>
</tr>
<tr>
<td>Gain (loss) on disposal of property, plant and equipment (2)</td>
<td>(50)</td>
<td>(52)</td>
</tr>
<tr>
<td>Non-cash Equity Compensation Plan costs (3)</td>
<td>(1,617)</td>
<td>(1,496)</td>
</tr>
<tr>
<td>Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged (3)</td>
<td>1,312</td>
<td>74</td>
</tr>
<tr>
<td>Gain (loss) on derivatives (2)</td>
<td>-</td>
<td>(4)</td>
</tr>
<tr>
<td>Restructuring (costs) recovery</td>
<td>-</td>
<td>184</td>
</tr>
<tr>
<td>Gain (loss) on investments (4)</td>
<td>63</td>
<td>42</td>
</tr>
<tr>
<td>Other non-operating and/or non-recurring income (costs) (5)</td>
<td>-</td>
<td>(1,176)</td>
</tr>
<tr>
<td>Impairment charge - leases</td>
<td>(35)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Earnings (loss) before finance costs and income taxes</strong></td>
<td>9,656</td>
<td>1,026</td>
</tr>
<tr>
<td>Finance costs (income), net - leases</td>
<td>715</td>
<td>-</td>
</tr>
<tr>
<td>Finance costs (income), net - other</td>
<td>1,768</td>
<td>(1,738)</td>
</tr>
<tr>
<td><strong>Profit (loss) before income taxes</strong></td>
<td>7,173</td>
<td>(712)</td>
</tr>
<tr>
<td>Income tax expense (recovery)</td>
<td>2,137</td>
<td>1,011</td>
</tr>
<tr>
<td><strong>Profit (loss) for the period</strong></td>
<td>$ 5,036</td>
<td>$(1,723)</td>
</tr>
</tbody>
</table>

(1) Management’s use of the non-GAAP lease expense calculated on a similar basis prior to the adoption of IFRS 16 is used when analyzing operating performance. Management believes that the non-GAAP measure provides useful information to both management and investors in measuring the Company’s financial performance. Refer to Note 4 for the impacts and adjustments of the Company’s consolidated financial statements for the adoption of IFRS 16.
(2) Included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).
(3) Included in employee compensation expenses in the interim condensed consolidated statements of comprehensive income (loss).
(4) Gain (loss) on investments for the three and nine months ended September 30, 2019 and for the three and nine months ended September 30, 2018 relates to changes in fair value of investments in partnerships.
(5) Other non-operating and/or non-recurring income (costs) for the three and nine months ended September 30, 2018 relate to (i) non-recurring legal matters and related costs; (ii) transactional costs for tax planning and restructuring of legal entities within the group and (iii) costs related to an executive departure. These are included in office and other operating expenses in the interim condensed consolidated statements of comprehensive income (loss).
The following summary presents certain financial information regarding the Company’s segments:

### Segment Revenues and Expenditures

<table>
<thead>
<tr>
<th></th>
<th>Three months ended September 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Altus Analytics</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from</td>
<td></td>
</tr>
<tr>
<td>external customers</td>
<td>$ 30,297</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Inter-segment</td>
<td>129</td>
</tr>
<tr>
<td>revenues</td>
<td></td>
</tr>
<tr>
<td>Total segment</td>
<td>30,426</td>
</tr>
<tr>
<td>revenues</td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>10,430</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and</td>
<td>432</td>
</tr>
<tr>
<td>amortization -</td>
<td></td>
</tr>
<tr>
<td>right-of-use assets</td>
<td>(1)</td>
</tr>
<tr>
<td>Depreciation and</td>
<td>3,609</td>
</tr>
<tr>
<td>amortization - other</td>
<td></td>
</tr>
<tr>
<td>Finance costs (income), net - leases (2)</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance costs (income), net - other</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-</td>
</tr>
<tr>
<td>(recovery)</td>
<td></td>
</tr>
</tbody>
</table>

(1) Corporate includes global corporate office costs, finance costs (income), net - other and income tax expense (recovery). For the three months ended September 30, 2019, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

(2) As a result of the adoption of IFRS 16, depreciation and amortization - right-of-use assets and finance costs (income), net - leases have been presented separately (Note 4).
## Altus Group Limited

**Notes to Interim Condensed Consolidated Financial Statements**

**September 30, 2019 and 2018**

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

6. **Segmented Information, cont’d**

<table>
<thead>
<tr>
<th>Altus Analytics</th>
<th>Commercial Real Estate Consulting</th>
<th>Geomatics</th>
<th>Corporate (1)</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from external customers</td>
<td>$43,919</td>
<td>$38,946</td>
<td>$26,434</td>
<td>$65,380</td>
<td>$11,337</td>
</tr>
<tr>
<td>Inter-segment revenues</td>
<td>175</td>
<td>-</td>
<td>(54)</td>
<td>(54)</td>
<td>1</td>
</tr>
<tr>
<td>Total segment revenues</td>
<td>44,094</td>
<td>38,946</td>
<td>26,380</td>
<td>65,326</td>
<td>11,338</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>10,102</td>
<td>7,214</td>
<td>3,973</td>
<td>11,187</td>
<td>1,812</td>
</tr>
<tr>
<td>Depreciation and amortization - right-of-use assets (1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and amortization - other</td>
<td>3,738</td>
<td>6,764</td>
<td>682</td>
<td>7,446</td>
<td>950</td>
</tr>
<tr>
<td>Finance costs (income), net - leases (2)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Finance costs (income), net - other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income tax expense (recovery)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(1) Corporate includes global corporate office costs, finance costs (income), net - other, share of profit (loss) of associates and income tax expense (recovery). For the three months ended September 30, 2018, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

(2) As a result of the adoption of IFRS 16, depreciation and amortization - right-of-use assets and finance costs (income), net - leases have been presented separately beginning January 1, 2019 (Note 4).
Altus Group Limited

Notes to Interim Condensed Consolidated Financial Statements
September 30, 2019 and 2018
(Unaudited)
(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

6. Segmented Information, cont’d

<table>
<thead>
<tr>
<th></th>
<th>Nine months ended September 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Altus Analytics</td>
</tr>
<tr>
<td>Revenues from</td>
<td></td>
</tr>
<tr>
<td>external customers</td>
<td>$146,949</td>
</tr>
<tr>
<td>Inter-segment</td>
<td></td>
</tr>
<tr>
<td>revenues</td>
<td>421</td>
</tr>
<tr>
<td>Total segment</td>
<td>147,370</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>31,457</td>
</tr>
<tr>
<td>Depreciation and</td>
<td></td>
</tr>
<tr>
<td>amortization -</td>
<td>1,541</td>
</tr>
<tr>
<td>right-of-use assets (1)</td>
<td></td>
</tr>
<tr>
<td>Depreciation and</td>
<td>10,175</td>
</tr>
<tr>
<td>amortization -</td>
<td></td>
</tr>
<tr>
<td>other</td>
<td></td>
</tr>
<tr>
<td>Finance costs</td>
<td></td>
</tr>
<tr>
<td>(income), net -</td>
<td>102</td>
</tr>
<tr>
<td>leases (2)</td>
<td></td>
</tr>
<tr>
<td>Finance costs</td>
<td></td>
</tr>
<tr>
<td>(income), net -</td>
<td></td>
</tr>
<tr>
<td>other</td>
<td></td>
</tr>
<tr>
<td>Income tax expense (recovery)</td>
<td></td>
</tr>
</tbody>
</table>

(1) Corporate includes global corporate office costs, finance costs (income), net - other and income tax expense (recovery). For the nine months ended September 30, 2019, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

(2) As a result of the adoption of IFRS 16, depreciation and amortization - right-of-use assets and finance costs (income), net - leases have been presented separately (Note 4).
6. Segmented Information, cont’d

<table>
<thead>
<tr>
<th>Segment</th>
<th>Nine months ended September 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenues from external customers</td>
</tr>
<tr>
<td></td>
<td>Inter-segment revenues</td>
</tr>
<tr>
<td>Total segment revenues</td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td></td>
</tr>
<tr>
<td>Depreciation and</td>
<td></td>
</tr>
<tr>
<td>amortization - right-of-</td>
<td>use assets (1)</td>
</tr>
<tr>
<td>Depreciation and</td>
<td></td>
</tr>
<tr>
<td>amortization - other</td>
<td></td>
</tr>
<tr>
<td>Finance costs (income),</td>
<td></td>
</tr>
<tr>
<td>net - leases (2)</td>
<td></td>
</tr>
<tr>
<td>Finance costs (income),</td>
<td></td>
</tr>
<tr>
<td>net - other</td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td></td>
</tr>
<tr>
<td>(recovery)</td>
<td></td>
</tr>
</tbody>
</table>

(1) Corporate includes global corporate office costs, finance costs (income), net - other, share of profit (loss) of associates and income tax expense (recovery). For the nine months ended September 30, 2018, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year-end and allocated at that time accordingly.

(2) As a result of the adoption of IFRS 16, depreciation and amortization - right-of-use assets and finance costs (income), net - leases have been presented separately beginning January 1, 2019 (Note 4).
### 7. Finance Costs (Income), Net

<table>
<thead>
<tr>
<th></th>
<th>Three months ended September 30</th>
<th>Nine months ended September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Interest on bank credit facilities</td>
<td>$ 1,551</td>
<td>$ 1,779</td>
</tr>
<tr>
<td>Interest on lease liabilities (Note 4)</td>
<td>715</td>
<td>-</td>
</tr>
<tr>
<td>Interest on finance leases</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Contingent consideration payables: unwinding of discount (Note 17)</td>
<td>149</td>
<td>160</td>
</tr>
<tr>
<td>Provisions: unwinding of discount (Note 11)</td>
<td>28</td>
<td>9</td>
</tr>
<tr>
<td>Change in fair value of interest rate swaps</td>
<td>40</td>
<td>(135)</td>
</tr>
<tr>
<td><strong>Finance costs</strong></td>
<td>2,483</td>
<td>1,820</td>
</tr>
<tr>
<td>Finance income</td>
<td>-</td>
<td>(82)</td>
</tr>
<tr>
<td><strong>Finance costs (income), net</strong></td>
<td>$ 2,483</td>
<td>$ 1,738</td>
</tr>
</tbody>
</table>

### 8. Income Taxes

<table>
<thead>
<tr>
<th></th>
<th>Three months ended September 30</th>
<th>Nine months ended September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Income tax expense (recovery)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>$ 3,215</td>
<td>$ 8,010</td>
</tr>
<tr>
<td>Deferred</td>
<td>(1,078)</td>
<td>(6,999)</td>
</tr>
<tr>
<td><strong>Income tax expense (recovery)</strong></td>
<td>$ 2,137</td>
<td>$ 1,011</td>
</tr>
</tbody>
</table>
9. Trade Receivables and Other

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>$119,568</td>
<td>$108,868</td>
</tr>
<tr>
<td>Less: loss allowance provision (Note 17)</td>
<td>10,876</td>
<td>9,013</td>
</tr>
<tr>
<td>Trade receivables, net</td>
<td>108,692</td>
<td>99,855</td>
</tr>
<tr>
<td>Contract assets: unbilled revenue on customer contracts (1)</td>
<td>51,788</td>
<td>43,224</td>
</tr>
<tr>
<td>Deferred costs to obtain customer contracts</td>
<td>1,109</td>
<td>1,003</td>
</tr>
<tr>
<td>Prepayments</td>
<td>10,041</td>
<td>12,114</td>
</tr>
<tr>
<td>Promissory notes receivable</td>
<td>-</td>
<td>6,552</td>
</tr>
<tr>
<td>Other receivables</td>
<td>1,281</td>
<td>525</td>
</tr>
<tr>
<td>Less: non-current portion</td>
<td>172,911</td>
<td>163,273</td>
</tr>
<tr>
<td></td>
<td>2,832</td>
<td>8,975</td>
</tr>
<tr>
<td></td>
<td>$170,079</td>
<td>$154,298</td>
</tr>
</tbody>
</table>

(1) On September 30, 2019, contract assets are stated net of expected credit losses of $1,503 (2018 - $1,056) (Note 17).

For the three and nine months ended September 30, 2019, $326 and $682, respectively, of amortization associated with deferred costs to obtain customer contracts was expensed to the interim condensed consolidated statements of comprehensive income (loss) (2018 - $129 and $384, respectively). For the three and nine months ended September 30, 2019 and 2018, no impairment losses on deferred costs were recognized.

10. Investments

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in equity instruments</td>
<td>$11,686</td>
<td>$3,408</td>
</tr>
<tr>
<td>Investments in partnerships</td>
<td>$1,993</td>
<td>$1,495</td>
</tr>
<tr>
<td></td>
<td>$13,679</td>
<td>$4,903</td>
</tr>
</tbody>
</table>

On March 15, 2019, the Company converted its promissory note receivable and accrued interest receivable in Waypoint Building Group Inc. (“Waypoint”) into preferred shares. During the nine months ended September 30, 2019, fair value gains of $1,756 have been recorded through other comprehensive income (loss).

In addition, the Company also purchased additional common shares in REIX Corporation for $182 and contributed $438 towards capital in various partnerships.
10. **Investments, cont’d**

During the three months ended September 30, 2019, Honest Buildings Inc. (“Honest Buildings”) was acquired by Procore Technologies, Inc. Prior to the transaction, a fair value gain of $722 was recorded through other comprehensive income (loss). The disposal of the investment in Honest Buildings was settled in cash and preferred shares. Following the exchange, accumulated other comprehensive income (loss) relating to Honest Buildings of $633 net of tax has been transferred to retained earnings (deficit).

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

11. **Trade Payables and Other**

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>$9,358</td>
<td>$11,167</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>64,079</td>
<td>63,932</td>
</tr>
<tr>
<td>Contract liabilities: deferred revenue</td>
<td>34,917</td>
<td>37,163</td>
</tr>
<tr>
<td>Contingent consideration payables (Note 17)</td>
<td>13,942</td>
<td>14,169</td>
</tr>
<tr>
<td>Dividends payable (Note 16)</td>
<td>6,024</td>
<td>5,895</td>
</tr>
<tr>
<td>Lease inducements (Note 4)</td>
<td>-</td>
<td>11,595</td>
</tr>
<tr>
<td>Provisions</td>
<td>1,342</td>
<td>3,424</td>
</tr>
<tr>
<td></td>
<td>129,662</td>
<td>147,345</td>
</tr>
</tbody>
</table>

Less non-current portion:

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued expenses</td>
<td>13,134</td>
<td>7,063</td>
</tr>
<tr>
<td>Contract liabilities: deferred revenue</td>
<td>11,312</td>
<td>7,134</td>
</tr>
<tr>
<td>Contingent consideration payables</td>
<td>1,172</td>
<td>3,064</td>
</tr>
<tr>
<td>Lease inducements</td>
<td>-</td>
<td>10,688</td>
</tr>
<tr>
<td>Provisions</td>
<td>662</td>
<td>1,876</td>
</tr>
<tr>
<td></td>
<td>26,280</td>
<td>29,825</td>
</tr>
</tbody>
</table>

$103,382                          $117,520
11. Trade Payables and Other, cont’d

Provisions consist of:

<table>
<thead>
<tr>
<th></th>
<th>Restructuring</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at January 1, 2019</td>
<td>$3,081</td>
<td>$343</td>
<td>$3,424</td>
</tr>
<tr>
<td>Charged to profit or loss:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional provisions</td>
<td>-</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Unused amounts reversed</td>
<td>(453)</td>
<td>-</td>
<td>(453)</td>
</tr>
<tr>
<td>Unwinding of discount</td>
<td>87</td>
<td>10</td>
<td>97</td>
</tr>
<tr>
<td>Used during the period</td>
<td>(1,548)</td>
<td>(116)</td>
<td>(1,664)</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>(59)</td>
<td>(12)</td>
<td>(71)</td>
</tr>
<tr>
<td>Balance as at September 30, 2019</td>
<td>1,108</td>
<td>234</td>
<td>1,342</td>
</tr>
<tr>
<td>Less: non-current portion</td>
<td>(475)</td>
<td>(187)</td>
<td>(662)</td>
</tr>
<tr>
<td></td>
<td>$633</td>
<td>$47</td>
<td>$680</td>
</tr>
</tbody>
</table>

12. Borrowings

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings (current):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank credit facilities</td>
<td>$146,000</td>
<td>$578</td>
</tr>
<tr>
<td>Leasehold improvement loans</td>
<td>69</td>
<td>88</td>
</tr>
<tr>
<td>Less: deferred financing fees</td>
<td>247</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>145,822</td>
<td>666</td>
</tr>
<tr>
<td>Borrowings (non-current):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank credit facilities</td>
<td>-</td>
<td>128,600</td>
</tr>
<tr>
<td>Leasehold improvement loans</td>
<td>352</td>
<td>403</td>
</tr>
<tr>
<td>Less: deferred financing fees</td>
<td>-</td>
<td>568</td>
</tr>
<tr>
<td></td>
<td>352</td>
<td>128,435</td>
</tr>
<tr>
<td>Total borrowings</td>
<td>$146,174</td>
<td>$129,101</td>
</tr>
</tbody>
</table>
13. 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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Shares</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at January 1, 2019</td>
<td>39,012,702</td>
<td>$491,542</td>
</tr>
<tr>
<td>Issued on exercise of options (Note 14)</td>
<td>261,747</td>
<td>7,563</td>
</tr>
<tr>
<td>Issued under the Dividend Reinvestment Plan</td>
<td>168,121</td>
<td>4,194</td>
</tr>
<tr>
<td>Issued under the Equity Compensation Plan (Note 14)</td>
<td>246,653</td>
<td>5,243</td>
</tr>
<tr>
<td>Treasury shares reserved under the Restricted Share Plan (Note 14)</td>
<td>(118,202)</td>
<td>(5,353)</td>
</tr>
<tr>
<td>Treasury shares reserved under the Equity Compensation Plan</td>
<td>(63,553)</td>
<td>(2,352)</td>
</tr>
<tr>
<td>Release of treasury shares (Note 14)</td>
<td>99,561</td>
<td>3,169</td>
</tr>
<tr>
<td>Issued on acquisitions</td>
<td>179,672</td>
<td>3,442</td>
</tr>
<tr>
<td><strong>Balance as at September 30, 2019</strong></td>
<td><strong>39,786,701</strong></td>
<td><strong>$507,448</strong></td>
</tr>
</tbody>
</table>

The 39,786,701 common shares as at September 30, 2019 are net of 372,571 treasury shares with a carrying value of $16,520 that are being held by the Company until vesting conditions are met (Note 14).
14. Share-based Compensation

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

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of Options Outstanding</th>
<th>Weighted Average Exercise Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at January 1, 2019</td>
<td>1,518,670</td>
<td>$27.96</td>
</tr>
<tr>
<td>Granted on March 6, 2019</td>
<td>185,543</td>
<td>$26.23</td>
</tr>
<tr>
<td>Granted on March 6, 2019</td>
<td>77,827</td>
<td>$26.30</td>
</tr>
<tr>
<td>Granted on June 20, 2019</td>
<td>90,909</td>
<td>$31.96</td>
</tr>
<tr>
<td>Granted on August 20, 2019</td>
<td>53,774</td>
<td>$37.93</td>
</tr>
<tr>
<td>Exercised</td>
<td>(261,747)</td>
<td>$24.32</td>
</tr>
<tr>
<td>Expired/Forfeited</td>
<td>(12,312)</td>
<td>$24.98</td>
</tr>
<tr>
<td><strong>Balance as at September 30, 2019</strong></td>
<td><strong>1,652,664</strong></td>
<td><strong>$28.83</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>March 2019</th>
<th>June 2019</th>
<th>August 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk-free interest rate</td>
<td>1.69%</td>
<td>1.35%</td>
<td>1.29%</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>2.3%</td>
<td>1.9%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>25.29% - 26.64%</td>
<td>24.13% - 25.70%</td>
<td>24.42% - 25.80%</td>
</tr>
<tr>
<td>Expected option life</td>
<td>3.00 - 4.50 years</td>
<td>3.00 - 4.50 years</td>
<td>3.00 - 4.50 years</td>
</tr>
<tr>
<td>Weighted average grant-date fair value per option</td>
<td>$4.06 - $5.00</td>
<td>$4.80 - $6.02</td>
<td>$5.93 - $7.43</td>
</tr>
</tbody>
</table>

In March 2019, August 2019 and September 2019, as part of the Equity Compensation Plan, a total of 73,479 common shares, 7,260 common shares and 3,828 common shares were issued in escrow, respectively. These shares will not be available until three years following the date of grant. After three years from the date of grant, these common shares are 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 are forfeited.
14. Share-based Compensation, cont’d

In March 2019, as part of the Equity Compensation Plan, the Company settled the vested equity awards granted in 2016 through an issuance of 162,086 common shares from treasury.

In March 2019 and in June 2019, as part of the Long-Term Incentive Plan, the Company granted performance share units (“PSUs”) equivalent to 153,164 common shares and 33,378 common shares, respectively. 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.

(ii) Deferred Compensation Plans

In connection with the 2018 performance year, the Company granted a total of $4,128 under the restricted share (“RS”) Plan. In March 2019, the Company purchased 100,482 common shares with a cost of $4,128 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 13).

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

<table>
<thead>
<tr>
<th></th>
<th>Number of RSs</th>
<th>Number of RSUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at January 1, 2019 (all unvested)</td>
<td>220,623</td>
<td>352,670</td>
</tr>
<tr>
<td>Granted</td>
<td>118,202</td>
<td>138,770</td>
</tr>
<tr>
<td>Released</td>
<td>(98,458)</td>
<td>(156,748)</td>
</tr>
<tr>
<td>Balance as at September 30, 2019 (all unvested)</td>
<td>240,367</td>
<td>334,692</td>
</tr>
</tbody>
</table>

(iii) Directors’ Deferred Share Unit Plan

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

<table>
<thead>
<tr>
<th></th>
<th>Number of DSUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at January 1, 2019</td>
<td>124,908</td>
</tr>
<tr>
<td>Granted</td>
<td>29,070</td>
</tr>
<tr>
<td>Balance as at September 30, 2019</td>
<td>153,978</td>
</tr>
</tbody>
</table>
14. Share-based Compensation, cont’d

(iv) Compensation Expense by Plan

<table>
<thead>
<tr>
<th>Plan</th>
<th>Three months ended September 30</th>
<th>Nine months ended September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Share Option Plan</td>
<td>$15</td>
<td>$36</td>
</tr>
<tr>
<td>Equity Compensation Plan</td>
<td>277</td>
<td>444</td>
</tr>
<tr>
<td>Long-Term Incentive Plan</td>
<td>1,324</td>
<td>1,016</td>
</tr>
<tr>
<td>RS Plan</td>
<td>922</td>
<td>935</td>
</tr>
<tr>
<td>RSU Plan (1)</td>
<td>2,391</td>
<td>1,458</td>
</tr>
<tr>
<td>DSU Plan (2)</td>
<td>1,382</td>
<td>402</td>
</tr>
</tbody>
</table>

(1) For the three and nine months ended September 30, 2019, the Company recorded mark-to-market adjustments of $1,242 and $2,977, respectively (2018 - $266 and $(980), respectively).

(2) For the three and nine months ended September 30, 2019, the Company recorded mark-to-market adjustments of $1,107 and $2,415, respectively (2018 - $149 and $(658), respectively).

(v) Liabilities for Cash-settled Plans

<table>
<thead>
<tr>
<th>Plan</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSU Plan - carrying value of liability recorded within trade payables and other</td>
<td>$8,144</td>
<td>$6,101</td>
</tr>
<tr>
<td>DSU Plan - carrying value of liability recorded within trade payables and other</td>
<td>5,983</td>
<td>2,779</td>
</tr>
</tbody>
</table>
15. **Earnings (Loss) per Share**

For the three months ended September 30, 2019, 193,433 share options and 19,922 RSs (including common shares issued in escrow as part of the Equity Compensation Plan) were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

For the nine months ended September 30, 2019, 1,081,254 share options and 23,227 RSs (including common shares issued in escrow as part of the Equity Compensation Plan) were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

For the three and nine months ended September 30, 2018, 1,446,369 share options, 297,280 RSs (including common shares issued in escrow as part of the Equity Compensation Plan) and 281,851 equity awards and PSUs were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

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

<table>
<thead>
<tr>
<th></th>
<th>Three months ended September 30</th>
<th>Nine months ended September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit (loss) for the period - basic and diluted</strong></td>
<td>$5,036 ($1,723)</td>
<td>$17,922 ($3,720)</td>
</tr>
<tr>
<td><strong>Weighted average number of common shares outstanding - basic</strong></td>
<td>39,642,560</td>
<td>38,879,435</td>
</tr>
<tr>
<td></td>
<td><strong>Dilute effect of share options</strong></td>
<td>259,189</td>
</tr>
<tr>
<td></td>
<td><strong>Dilute effect of equity awards and PSUs</strong></td>
<td>338,902</td>
</tr>
<tr>
<td></td>
<td><strong>Dilute effect of RSs</strong></td>
<td>170,752</td>
</tr>
<tr>
<td><strong>Weighted average number of common shares outstanding - diluted</strong></td>
<td>40,441,403</td>
<td>38,879,435</td>
</tr>
<tr>
<td><strong>Earnings (loss) per share:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$0.13</td>
<td>$0.46</td>
</tr>
<tr>
<td>Diluted</td>
<td>$0.12</td>
<td>$0.45</td>
</tr>
</tbody>
</table>

16. **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.
17. 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:

<table>
<thead>
<tr>
<th>Assets as per Consolidated Balance Sheet</th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair Value</td>
<td>Fair Value</td>
</tr>
<tr>
<td></td>
<td>Through Profit or Loss</td>
<td>Through Other Comprehensive Income</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>Trade receivables and other (excluding deferred costs to obtain customer contracts, prepayments and promissory notes receivable)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Promissory notes receivable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments in equity instruments</td>
<td>-</td>
<td>11,686</td>
</tr>
<tr>
<td>Investments in partnerships</td>
<td>1,993</td>
<td>-</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>8,452</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 10,445</strong></td>
<td><strong>$ 11,686</strong></td>
</tr>
</tbody>
</table>
17. Financial Instruments and Fair Values, cont’d

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair Value</td>
<td>Amortized Cost</td>
</tr>
<tr>
<td></td>
<td>Through Profit or Loss</td>
<td></td>
</tr>
<tr>
<td>Liabilities as per Consolidated Balance Sheet:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables and other (excluding lease inducements, contract liabilities, RSU Plan and DSU Plan payables and contingent consideration payables)</td>
<td>$</td>
<td>- $ 66,676</td>
</tr>
<tr>
<td>RSU Plan and DSU Plan payables</td>
<td>14,127</td>
<td>-</td>
</tr>
<tr>
<td>Contingent consideration payables</td>
<td>13,942</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>-</td>
<td>146,174</td>
</tr>
<tr>
<td></td>
<td>$ 28,069</td>
<td>$ 212,850</td>
</tr>
</tbody>
</table>

Fair Values

The tables below present financial instruments that are measured at fair value.

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in equity instruments</td>
<td>$</td>
<td>-</td>
<td>-</td>
<td>$ 11,686</td>
</tr>
<tr>
<td>Investments in partnerships</td>
<td>-</td>
<td>-</td>
<td>1,993</td>
<td>1,993</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>8,452</td>
<td>-</td>
<td>8,452</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>-</td>
<td>146,174</td>
<td>-</td>
<td>146,174</td>
</tr>
<tr>
<td>RSU Plan and DSU Plan payables</td>
<td>14,127</td>
<td>-</td>
<td>-</td>
<td>14,127</td>
</tr>
<tr>
<td>Contingent consideration payables</td>
<td>-</td>
<td>-</td>
<td>13,942</td>
<td>13,942</td>
</tr>
</tbody>
</table>
17. Financial Instruments and Fair Values, cont’d

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promissory notes receivable</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>6,552</td>
<td>$ 6,552</td>
</tr>
<tr>
<td>Investments in equity instruments</td>
<td>-</td>
<td>-</td>
<td>$3,408</td>
<td>3,408</td>
<td></td>
</tr>
<tr>
<td>Investments in partnerships</td>
<td>-</td>
<td>-</td>
<td>$1,495</td>
<td>1,495</td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>1,092</td>
<td>-</td>
<td>1,092</td>
<td></td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>-</td>
<td>129,669</td>
<td>-</td>
<td>129,669</td>
<td></td>
</tr>
<tr>
<td>RSU Plan and DSU Plan payables</td>
<td>8,880</td>
<td>-</td>
<td>-</td>
<td>8,880</td>
<td></td>
</tr>
<tr>
<td>Contingent consideration payables</td>
<td>-</td>
<td>-</td>
<td>14,169</td>
<td>14,169</td>
<td></td>
</tr>
</tbody>
</table>

For the three and nine months ended September 30, 2019, there were no transfers between the levels in the hierarchy.

<table>
<thead>
<tr>
<th>Contingent Consideration Payables (Discounted)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at January 1, 2019</td>
<td>$ 14,169</td>
</tr>
<tr>
<td>Contingent arrangements entered into during the period</td>
<td>1,158</td>
</tr>
<tr>
<td>Changes in expected payment recorded through profit or loss</td>
<td>(50)</td>
</tr>
<tr>
<td>Unwinding of discount</td>
<td>464</td>
</tr>
<tr>
<td>Settlements</td>
<td>(981)</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>(818)</td>
</tr>
<tr>
<td><strong>Balance as at September 30, 2019</strong></td>
<td>$ 13,942</td>
</tr>
</tbody>
</table>

A 1% increase or decrease in the discount rate could decrease or increase the Company’s determination of fair value by approximately $19 as at September 30, 2019.

The estimated contractual amount of contingent consideration payables as at September 30, 2019 was $14,196 (December 31, 2018 - $14,754), net of a discount of $254 (December 31, 2018 - $585).
17. Financial Instruments and Fair Values, cont’d

Cash and cash equivalents, trade receivables and other (excluding deferred costs to obtain customer contracts, contract assets, prepayments, and promissory notes receivable) due within one year, and trade payables and other (excluding lease inducements, contract liabilities, RSU Plan and DSU Plan payables, and contingent consideration payables) due within one year, are all short-term in nature and, as such, their carrying values approximate their fair values. The fair values of non-current trade receivables and other and trade payables and other are estimated by discounting the future contractual cash flows at the cost of borrowing to the Company, which approximate their carrying values.

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

18. Commitments and Contingencies

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

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>No later than 1 year</td>
<td>$3,527</td>
<td>$18,808</td>
</tr>
<tr>
<td>Later than 1 year and no later than 5 years</td>
<td>1,842</td>
<td>53,964</td>
</tr>
<tr>
<td>Later than 5 years</td>
<td>-</td>
<td>28,444</td>
</tr>
<tr>
<td>Total</td>
<td>$5,369</td>
<td>$101,216</td>
</tr>
</tbody>
</table>

The future aggregate minimum sublease payments to be received under non-cancellable subleases as at September 30, 2019 were $538 (December 31, 2018 - $3,839).

As at September 30, 2019, the Company provided letters of credit of approximately $835 to its lessors (December 31, 2018 - $776).

In connection with the acquisition of Integrated Real Estate Resources, Inc. (“INTRER”) completed on December 1, 2015, the Company committed to grant a total of 250,000 options, subject to conditions customary to the Company’s share-based compensation plans, over a five-year period to be distributed to INTRER employees. As at September 30, 2019, the Company granted a total of 200,000 options (December 31, 2018 - 200,000 options) pursuant to this arrangement.
18. Commitments and Contingencies, cont’d

The Company committed to aggregate capital contributions of $767 (Note 10) to certain partnerships (December 31, 2018 - $1,241) over the next two years.

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

AUDITORS
ERNST & YOUNG LLP

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