



Altus Group

ANNUAL
REPORT

2016



Message to Shareholders

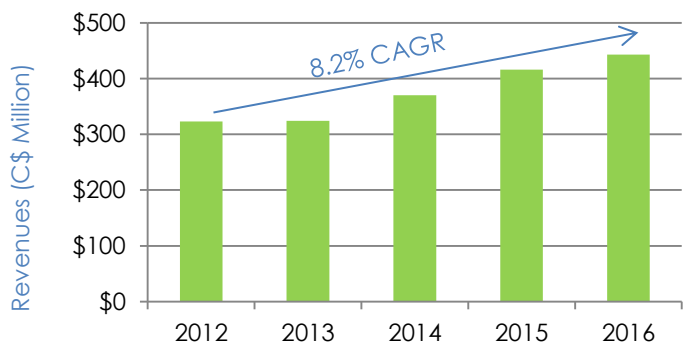


February 23, 2017

Fellow Shareholders,

2016 was an outstanding year of accomplishment for Altus Group. Thanks to the commitment and hard work of more than 2,300 employees worldwide, we continued to add significant value to our clients with innovative commercial real estate (CRE) data analytics solutions and expert services. All the while, we delivered strong financial results and accelerated the evolution of Altus Group.

Our progress last year was substantial and further solidified our track record of growth – not just in market share gains and numerous client wins, but also in our key financial metrics. As one measure of success, we sustained double-digit topline and Adjusted EBITDA growth in our core Altus Analytics and CRE Consulting segments, with consolidated growth impacted by the macro-economic headwinds on our Geomatics business. Our annual consolidated revenues rose 6.4% to \$442.9 million and our Adjusted EBITDA grew by 16.9% to \$74.1 million, while our operating margins expanded by 150 basis points to 16.7%. The strong performance drove a 17.3% improvement to our Adjusted Earnings per Share (EPS), which reached \$1.15, reflecting the strength of our strategy and the investments we undertook to position Altus Group for profitable growth.



6%
Revenue
Growth in 2016

8%
Revenue
4-Yr CAGR

17%
Adj. EBITDA
Growth in 2016

10%
Adj. EBITDA
4-Yr CAGR

Altus Group's financial strength remains a key pillar of our investment proposition and was an important priority during 2016. Our prudent financial management continues to generate solid returns with steady topline growth and strong cash generation. Our balance sheet has considerable financial flexibility to support our numerous growth initiatives and allows us to continue to deploy capital towards acquisitions and growth investments.

2016 was also an important year in further enhancing our information services platform, a model that captures the delivery of analytics applications and services. This best describes how we see ourselves going forward, and how our clients increasingly see us. Our business model is shifting more to information services, whereby we will increasingly leverage data to deliver insights and outcomes to help our clients maximize the value of their real estate assets and portfolios. After all, we're not just selling products and services; we're solving business problems for our clients.

With the rise of real estate increasingly recognized as the fourth investment asset class, our clients' needs have evolved. Our market-standard software and data assets (which were all combined into our newly formed Altus Analytics business unit), together with our leading Altus Expert Services practices, uniquely position us to deliver greater value to our clients and address the evolving needs of our industry.

When I first joined the Company over 4 years ago, I was particularly excited about the significant potential we had to innovate in this industry and disrupt it with technology. The CRE industry was changing rapidly – becoming more institutionalized, globalized and professionalized – and compared to other sectors, it was significantly underinvested in technological innovation. This presented us with an attractive opportunity to add value to our clients, and in doing so, earn a good profit for our shareholders. And we did just that, as evidenced by the strong double-digit growth put up by our Altus Analytics business.

Despite having achieved a consolidated 8.2% topline and 9.7% bottom line compounded annual growth rate (CAGR) during this time, today I remain just as enthusiastic about our growth prospects as I was when I first joined. In addition to the long-term and global growth runway ahead for our Altus Analytics business, we see potential for innovation and long-term growth from our Altus Expert Services practices – first by modernizing them with technology, and then by leveraging their data to deliver new analytics applications and technology-enabled services.

We have a privileged position in the marketplace with a trusted brand, market-standard analytics solutions, and we're regarded as industry experts in the fields in which we operate. This provides us with a solid foundation for future growth and compels us to invest, to not only sustain our market leadership, but also to position our Company for long-term profitable growth.

Our focus in 2017 remains on continuing to build out our Altus Analytics product offerings to drive long-term global growth; enhancing the value of our Altus Expert Services, with particular emphasis on growing our Property Tax practice; and building and scaling our data offerings to leverage the data that we collect to drive differentiation, and eventually launch new products and strengthen our recurring revenue streams. Our goal is to evolve towards a focused and integrated business model that scales our data, analytics and software capabilities on a global basis while continuing to provide independent and technology-enabled real estate consulting services. Indeed we have a lot of work ahead of us, but we have the best of the industry's talent on our team and I'm confident that our management team is well equipped to deliver on this strategy.

In closing, I want to recognize the outstanding contribution of our world-class senior management team and all those who report into them – they have built an exceptional organization, and I'm extremely proud of our team. I would also like to express my sincere appreciation to our Board of Directors for their ongoing support and guidance; they share in my enthusiasm for the future, and have been instrumental to our progress.

We're pleased to have had such strong momentum in capital markets this past year, contributing to the 60% increase in our share price in 2016, outperforming the S&P/TSX Composite Index, and enabling us to surpass the \$1 billion market capitalization milestone. With over 9% of our shares held by insiders and employees, our interests are deeply aligned with shareholders, and we remain committed to increasing value for all our stakeholders as we look forward to a productive year ahead.

Sincerely,



Robert Courteau,
Chief Executive Officer, Altus Group Ltd.

Altus Group Limited

Annual Report

December 31, 2016



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Management's Discussion & Analysis

December 31, 2016



The following management's discussion and analysis ("MD&A") is intended to assist readers in understanding Altus Group Limited (the "Company" or "Altus Group"), its business environment, strategies, performance, and outlook and the risks applicable to Altus Group. It should be read in conjunction with our consolidated financial statements and accompanying notes (the "financial statements") for the year ended December 31, 2016, which have been prepared on the basis of International Financial Reporting Standards ("IFRS") and reported in Canadian dollars. Unless otherwise indicated herein, references to "\$" are to Canadian dollars.

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

This MD&A is dated as of February 23, 2017.

Forward-Looking Information

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

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

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information include, but are not limited to: general state of the economy; currency risk; oil and gas sector; ability to maintain profitability and manage growth; commercial real estate market; competition in the industry; ability to attract and retain professionals; information from multiple sources; reliance on larger enterprise transactions with longer and less predictable sales cycles; success of new product introductions; ability to respond to technological change

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and develop products on a timely basis; protection of intellectual property or defending against claims of intellectual property rights of others; ability to implement technology strategy and ensure workforce adoption; information technology governance and security, including cyber security; acquisitions; fixed-price and contingency engagements; appraisal and appraisal management mandates; Canadian multi-residential market; weather; legislative and regulatory changes; customer concentration and loss of material clients; interest rate risk; credit risk; income tax matters; revenue and cash flow volatility; health and safety hazards; performance of contractual obligations and client satisfaction; risk of legal proceedings; insurance limits; ability to meet solvency requirements to pay dividends; leverage and restrictive covenants; unpredictability and volatility of common share price; capital investment; and issuance of additional common shares diluting existing shareholders' interests, as described in this document under "Key Factors Affecting the Business".

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

Non-IFRS Measures

We use certain non-IFRS measures as indicators of financial performance. Readers are cautioned that they are not defined performance measures under IFRS and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to financial measures as reported by those entities. We believe that these measures are useful supplemental measures that may assist investors in assessing an investment in our shares and provide more insight into our performance.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization, ("Adjusted EBITDA"), represents operating profit (loss) adjusted for the effects of amortization of intangibles, depreciation of property, plant and equipment, acquisition related expenses (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 sale of certain business assets, impairment charges, non-cash Executive Compensation Plan costs, 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. Adjusted EBITDA margin is Adjusted EBITDA divided by revenues. Refer to page 22 for a reconciliation of Adjusted EBITDA to our financial statements.

Adjusted Earnings (Loss) per Share, ("Adjusted EPS"), represents basic earnings per share adjusted for the effects of amortization of intangibles acquired as part of business acquisitions, non-cash finance costs (income) related to the revaluation of amounts payable to U.K. unitholders, net of changes in fair value of

Management's Discussion & Analysis

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related equity derivatives, distributions related to amounts payable to U.K. unitholders, acquisition related expenses (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 sale of certain business assets, interest accretion on contingent consideration payables, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged and other costs or income of a non-operating and/or non-recurring nature. All of the adjustments are made net of tax. Refer to page 23 for a reconciliation of Adjusted EPS to our financial statements.

Overview of the Business

Altus Group Limited is a leading provider of independent advisory services, software and data solutions to the global commercial real estate ("CRE") industry. Our businesses, Altus Analytics and Altus Expert Services, reflect decades of experience, a range of expertise, and technology-enabled capabilities. Our solutions empower clients to analyze, gain insight and recognize value on their real estate investments. Headquartered in Canada, we have approximately 2,300 employees around the world, with operations in North America, Europe and Asia Pacific. Our clients include some of the world's largest real estate industry participants.

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

Altus Analytics

Altus Analytics provides data, analytics software and technology-related services. Our clients consist of large holders of CRE asset portfolios, including public and private investment funds, pension funds, real estate investment trusts ("REITs"), corporate investors, developers, brokers, governments and financial institutions.

Our software solutions are among the most recognized in the CRE industry. Our flagship ARGUS Enterprise ("AE") software is the leading global solution for valuation and portfolio management. It provides the industry valuation standard in the U.S., the U.K. and Australia and enables global portfolio analytical capabilities with multi-currency adaptability. AE's suite of functionality offers property budgeting, investment structure forecasting, reporting, and sensitivity analysis. Other software products include ARGUS Developer (software for development feasibility analysis), ARGUS on Demand ("AOD") (a hosted version of AE and ARGUS Developer), and Voyanta (a cloud-based data management solution). ARGUS branded products are sold as perpetual licenses, with ongoing maintenance, or on a subscription basis, while Voyanta's pricing is on a subscription basis.

In the U.S., our offering combines appraisal management with data and analytics functionality that allows large real estate investors to perform quarterly performance reviews, benchmarking and attribution analysis of their portfolios with the use of our proprietary data analytics platforms. This offering is now also available in Europe through our offices in the U.K. and Luxembourg. The contractual terms of our agreements are generally for three to five year terms and pricing is primarily based on the number of real estate assets on our platform, adjusted for frequency of valuations and complexity.

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In Canada, Altus Analytics also includes data subscription products, such as RealNet and Altus InSite, which provide comprehensive real estate information on the Canadian residential, office, industrial and investment markets.

Expert Services

Expert Services consists of Commercial Real Estate Consulting and Geomatics.

Commercial Real Estate Consulting

CRE Consulting services - Property Tax, and Valuation and Cost Advisory services - span the life cycle of commercial real estate - feasibility, development, acquisition, management and disposition. With offices in Canada, the U.S. and the U.K., our team of Property Tax professionals help clients minimize the tax burden and reduce the cost of compliance. Our core real estate property tax services include assessment reviews, management and appeals, in addition in the U.S., personal property and state and local tax advisory services. Valuation services, which are predominantly provided in Canada, consist of appraisals of real estate portfolios, valuation of properties for transactional purposes, due diligence and, litigation and economic consulting. Our Cost practice, offered in both the private and public sectors in North America and Asia Pacific, provides expert services in the areas of construction feasibility studies, budgeting, cost and loan monitoring and project management. Given the strength of our brand, our independence and quality of our work, we enjoy a high rate of client renewals across all of our service lines. Pricing for our services is based on a fixed fee or time and materials fee basis, and for a significant number of projects in Property Tax, on a contingency basis.

Geomatics

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

Strategy

Our key competitive strengths in the marketplace are comprised of our independence, our industry expertise, the breadth and diversity of our offerings, our differentiated data and software solutions, and our growing global scale. Our independence, which has earned us a reputation for unbiased and objective advice, remains an important factor in winning competitive bids, attracting strategic partnerships and offering industry-standard data and software solutions that are trusted by many market participants. We empower our clients through our expert services, data, analytical tools and software solutions, to make better informed decisions and maximize the value of their real estate investments.

We continue to see long-term industry growth prospects supported by favourable market trends which consist of greater institutional investments in CRE on a global basis. These CRE owners are managing increasingly complex global portfolios, and investors and regulators are demanding greater transparency

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to better understand and analyze risks, returns and opportunities. Our platform offerings serve these growing requirements as they provide industry standard solutions on a global basis.

Our goal is to evolve towards a focused and integrated business model which scales our data, analytics and software capabilities on a global basis, while continuing to provide independent and technology-enabled real estate consulting services.

Strategic Initiatives

To further our long-term strategy, we are focused on three key strategic initiatives:

1. Continue to build out Altus Analytics product offerings;
2. Enhance the value of our Expert Services businesses; and
3. Build and scale our data offerings.

Continue to build out Altus Analytics product offerings

In 2016, with the formation of Altus Analytics we made significant progress to streamline our organizational structure and enhance our go-to-market strategy. We remain focused on the continued development of an integrated platform. Our multi-year roadmap includes modernization of existing products, new functionality and new product and service additions targeting adjacent market segments. The successful implementation of this roadmap should help drive strong organic growth and long-term recurring revenue streams from these initiatives.

Enhance the value of our Expert Services businesses

We enjoy a long legacy of being a leading expert services provider in the fields in which we operate, including Property Tax, Valuation and Cost Advisory and Geomatics services. To sustain our market leadership, we will continue to grow and invest in these businesses and pursue market share gains both organically and through acquisitions. Additionally, we plan to modernize our Expert Services with technology and drive operational improvements to improve profitability, enhance productivity, and deliver greater value to our customers.

Our Property Tax practice in particular continues to represent an attractive growth area for our Company. In addition to our organic growth investments, there is an opportunity to grow by consolidating fragmented markets in the U.S. and the U.K. where our penetration is modest relative to the size of the opportunity. We also plan to enhance Property Tax with a new global tax platform that will leverage our proprietary database, improve internal efficiencies and drive client value.

Build and scale our data offerings

Our leading Expert Services and Altus Analytics businesses collect valuable and detailed CRE industry data. This provides us with a unique long-term opportunity to re-purpose and eventually monetize this data to drive differentiation, launch new products and strengthen our recurring revenue streams. We are starting to lay the groundwork for this opportunity by developing technology that will capture and organize the data that we collect across each of our businesses and through partnerships. In the long term, this infrastructure will enable us to better integrate our current products, to pursue more data-sharing partnerships, and to leverage the data to develop new applications and data-driven products. Our goal is to use this infrastructure and capabilities to ultimately launch new products globally.

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Operating and Financial Highlights

Selected Financial Information		Year ended December 31,	
<i>In thousands of dollars, except for per share amounts</i>		2016	2015
Revenues	\$	442,891	\$ 416,413
Canada		46%	53%
U.S.		38%	31%
Europe		11%	11%
Asia Pacific		5%	5%
Adjusted EBITDA	\$	74,088	\$ 63,382
Adjusted EBITDA margin		16.7%	15.2%
Profit (loss)	\$	14,268	\$ 9,249
Earnings (loss) per share:			
Basic		\$0.39	\$0.28
Diluted		\$0.38	\$0.27
Adjusted		\$1.15	\$0.98
Dividends declared per share		\$0.60	\$0.60

Operating Highlights

During the year, we executed on numerous initiatives across our business to further our long-term strategy. Our results reflect the execution of our strategy and the value of the investments we have pursued to position the business for sustainable long-term growth. On a consolidated basis, our year-over-year revenues increased by 6.4% in 2016 to \$442.9 million. Additionally, our efforts at expanding globally and increasing market share yielded positive results as 54% of our revenues were derived from outside of Canada, compared to 47% in 2015.

A key undertaking during the year was the formation and integration of our Altus Analytics business unit, which combined all of our technology, software and data assets into a single operating structure. A critical objective of this initiative was to enhance our ability to innovate and integrate our current solutions faster and more effectively for our global enterprise clients. As a result, we strengthened the coordination of our sales, marketing, customer support, software development and services teams leading to a more compelling value proposition for clients in the CRE market.

During the year, we also successfully launched two upgraded versions of AE, an enhanced version of ARGUS Developer, and introduced AOD, a new hosted product. Our expanded offerings helped increase sales and drive strong customer growth as we surpassed 2,200 clients for AE, including 240 on AOD, and over 1,000 clients for ARGUS Developer.

We continue to strengthen all of our business units through organic investments, acquisitions and strategic partnerships. In addition, in our U.S. Property Tax operations we took measures to reorganize our teams in order to provide an integrated national delivery practice. We also continued to invest in a global tax platform that will leverage our extensive and proprietary Property Tax database, improve workflow practices and enhance client value.

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In Geomatics, as a result of the impact of low oil prices on market conditions, we reduced operating and overhead costs to address lower activity levels. We are now better positioned to take advantage of improving market conditions and improve profitability.

As always, we remained focused on prudent financial management. At the end of the year, our balance sheet remained strong, with significant flexibility to support our growth strategy. Our bank debt stood at \$117.0 million, with a funded debt to EBITDA leverage ratio of 1.53 times, compared to 1.92 times at the end of 2015. Our ongoing focus on working capital management contributed to a decline in DSO (as defined on page 19) to 74 days, from 82 days at the end of 2015.

Altus Analytics

On March 1, 2016, we announced the formation of a new business unit, Altus Analytics, which combined ARGUS Software with Research, Valuation & Advisory's U.S. and European appraisal management and Voyanta operations, as well as our Canadian market data products. The combination of our data, software and analytics offerings into one business unit enhances our ability to innovate and integrate our current solutions faster and more effectively for our clients. This strengthens the coordination of our sales, marketing, customer support, product development and services teams leading to a more compelling value proposition for clients. In line with the formation of Altus Analytics, restructuring activities were undertaken to consolidate the organizational leadership roles and increase operational alignment.

Altus Analytics new product launches and upgrades

During the year, we expanded our core offerings with new and upgrade product releases.

In February, we launched a new product, AOD, a hosted subscription-based online service that provides access to AE and ARGUS Developer. This solution reduces the total cost of ownership and facilitates easy collaboration, rapid deployment and flexible user management for brokers, appraisers, developers and those involved with asset and investment management.

During the year, we released two upgrades to our ARGUS Enterprise platform. AE 11.0, launched in January, added new portfolio management functionality unique to Europe and Asia Pacific and new functionality that reduces transactional cycle times for investment brokers, lenders and appraisers. AE 11.5, released in October, delivered more robust debt and risk management functionality along with enhanced ease of use capabilities.

In June, we launched ARGUS Developer 7.5, an upgrade to improve the management of the entire development life cycle.

Restructuring activities

During the year, we undertook restructuring activities as part of the formation of Altus Analytics and a reorganization within the Property Tax practice in the U.S. In connection with these restructuring activities, a total of \$4.1 million in restructuring costs were recorded for the year ended December 31, 2016. These charges relate primarily to employee severance costs.

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Technology integration partnership with Hightower Inc.

In June of 2016, we entered into a partnership with Hightower Inc. ("Hightower") to integrate their leasing management platform with AE. We expect this will result in a seamless flow of data between Hightower's leasing management platform and AE. A connection between client leasing management and asset management platforms solves a significant workflow challenge for customers and delivers better insight into the impact of leasing decisions. (On November 29, 2016, Hightower was merged with VTS and is now operating under the VTS brand.)

Acquisition of R2G Limited

On August 1, 2016, we acquired all the issued and outstanding shares of R2G Limited ("R2G") and its subsidiaries for \$6.1 million in cash, common shares and contingent consideration, subject to working capital adjustments. Based in Hertfordshire, U.K., but operating nationally since 2002, R2G specializes in tax representation for all types of commercial real estate. The addition of R2G expands our market share and adds regional scale in the U.K. market while strategically positioning us for the 2017 revaluation cycle in support of our current growth initiatives.

Dilution of our investment in Real Matters Inc.

On April 1, 2016, our investment in Real Matters Inc. ("Real Matters") was diluted due to a private placement and issuance of common shares in connection with an acquisition completed by Real Matters. These transactions reduced our equity interest from 16.4% to 13.9%. The partial deemed disposition of our investment resulted in a gain of \$9.9 million with a corresponding increase to the carrying value of our investment in Real Matters. In January 2017, Real Matters issued 1,500,000 common shares, which further diluted our investment to 13.8%. We continue to have significant influence through both our shareholding and our nominated director's active participation on the Board of Directors of Real Matters.

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

During the year, 78,227 Class B limited liability partnership units and 24,593 Class D limited liability partnership units of Altus UK LLP were redeemed at an average value of \$20.05 per unit. As a result, the equity derivative which was set to expire on November 16, 2016 was settled on April 1, 2016.

Geomatics severance and impairment

The market conditions in Western Canada for Geomatics services continued to be adversely impacted by low oil prices and reduced drilling and pipeline activities. Although we experienced performance improvement on a sequential basis due to seasonal patterns, the level of improvement did not meet expectations. As a result, we further reduced staff positions in order to better align to market conditions. Included in Adjusted EBITDA for the year are employee severance costs of \$1.6 million. In addition, we recorded a goodwill impairment charge of \$12.5 million reflecting a challenging environment.

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Financial Highlights

- **Revenues** were \$442.9 million for the year ended December 31, 2016, up 6.4% or \$26.5 million from \$416.4 million in 2015. Acquisitions contributed 1.7% to revenues while organic growth contributed 4.7%. Excluding Geomatics, organic growth was 11.9%. Exchange rate movements against the Canadian dollar benefitted revenues by 0.2%. Revenue growth stemmed from strong performance in Altus Analytics and Property Tax in our CRE Consulting segment. Altus Analytics grew by 20.2%, boosted by recurring revenues, which increased by 23.4%. Property Tax revenues increased by 12.9%, due to strong performance from the U.S. operations and robust organic growth in Canada. Valuation and Cost Advisory also experienced modest growth. The Geomatics business continued to be adversely impacted by challenging market conditions, leading to a 32.9% decline in revenues, significantly impacting our consolidated growth rate.
- **Adjusted EBITDA** was \$74.1 million for the year ended December 31, 2016, up 16.9% or \$10.7 million from \$63.4 million in 2015. Acquisitions contributed 3.6% to Adjusted EBITDA and exchange rate movements against the Canadian dollar benefitted Adjusted EBITDA by 1.1%. Our earnings were significantly impacted by Geomatics, where Adjusted EBITDA declined by \$11.0 million or 108.6%. Altus Analytics provided robust earnings growth as Adjusted EBITDA increased by 35.3%. CRE Consulting earnings also improved by 36.2% as a result of strong performance from Property Tax.
- **Profit (loss)** for the year ended December 31, 2016 was \$14.3 million, up 54.3% or \$5.1 million from \$9.2 million in 2015. In addition to the impacts on Adjusted EBITDA as discussed above, we also benefitted from lower intangibles amortization, finance costs (income), net and a gain on the partial deemed disposition of our investment in Real Matters, partially offset by an impairment charge of \$12.5 million taken on our Geomatics business and higher income tax expense. Our finance costs (income), net decreased as a result of the early conversion of the 2012 convertible debentures (as defined below) in 2015, lower effective interest rate and lower average balance of bank borrowings in addition to a gain in the fair value of interest rate swaps compared to the same period in 2015. The higher income tax expense was primarily due to improved operating profit.
- For the year ended December 31, 2016, earnings (loss) per share was \$0.39, basic and \$0.38, diluted, as compared to \$0.28, basic and \$0.27, diluted, in 2015.
- For the year ended December 31, 2016, Adjusted EPS was \$1.15, up 17.3% from \$0.98 in 2015.
- We returned \$22.3 million to shareholders in 2016 through dividends of \$0.15 per common share each quarter, or \$0.60 per share for the year.
- As at December 31, 2016, our bank debt was \$117.0 million, representing a funded debt to EBITDA leverage ratio of 1.53 times (compared to 1.92 times as at December 31, 2015).

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Discussion of Operations

Year and Quarter Ended December 31, 2016

	Year ended December 31,		Quarter ended December 31,	
<i>In thousands of dollars, except for per share amounts</i>	2016	2015	2016	2015
Revenues	\$ 442,891	\$ 416,413	\$ 115,334	\$ 110,961
Expenses				
Employee compensation	274,195	260,345	68,465	65,415
Occupancy	19,959	18,551	4,938	5,231
Office and other operating	79,817	76,058	20,602	21,165
Depreciation and amortization	33,430	40,057	8,276	9,512
Acquisition related expenses (income)	621	(429)	681	(1,002)
Share of (profit) loss of associates	2,617	1,270	1,001	26
Restructuring costs	4,059	2,694	-	802
(Gain) loss on sale of certain business assets	(9,935)	(3,483)	-	-
Impairment charge	12,500	-	-	-
Operating profit (loss)	25,628	21,350	11,371	9,812
Finance costs (income), net	4,549	11,253	356	1,409
Profit (loss) before income taxes	21,079	10,097	11,015	8,403
Income tax expense (recovery)	6,811	848	2,123	1,866
Profit (loss) for the period	\$ 14,268	\$ 9,249	\$ 8,892	\$ 6,537

Revenues

Revenues were \$442.9 million for the year ended December 31, 2016, up 6.4% or \$26.5 million from \$416.4 million in 2015. Exchange rate movements against the Canadian dollar impacted revenues by 0.2%.

The growth in revenues resulted from continued strength in our Altus Analytics business (including sustained strong growth in recurring revenues) and a strong performance from Property Tax in our CRE Consulting segment, offset by the decline in Geomatics revenues. For the year ended December 31, 2016, exchange rate movements impacted Altus Analytics revenues by 1.1%.

For the quarter ended December 31, 2016, revenues were \$115.3 million, up 3.9% or \$4.3 million from \$111.0 million in the same period in 2015. Revenues increased primarily due to Altus Analytics and a robust performance from two of our CRE Consulting areas, namely U.K. Property Tax and Asia Pacific Cost. Revenues from Geomatics declined by 24.9% in the quarter.

Employee Compensation

Employee compensation was \$274.2 million for the year ended December 31, 2016, up 5.3% or \$13.9 million from \$260.3 million in 2015. For the quarter ended December 31, 2016, employee compensation was \$68.5 million, up 4.7% or \$3.1 million from \$65.4 million in the same period in 2015. For the year and quarter ended December 31, 2016, the increase in compensation was due to acquisitions, headcount additions to support growth in Altus Analytics and Property Tax and higher variable compensation, partially offset by a reduction in Geomatics compensation. For the year and quarter ended December 31,

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2016, employee compensation as a percentage of revenues was 61.9% and 59.4%, as compared to 62.5% and 59.0% in the corresponding periods in 2015, respectively.

Occupancy

Occupancy was \$20.0 million for the year ended December 31, 2016, up 7.6% or \$1.4 million from \$18.6 million in 2015. For the quarter ended December 31, 2016, occupancy was \$4.9 million, down 5.6% or \$0.3 million from \$5.2 million in the same period in 2015. For the year ended December 31, 2016, higher occupancy costs were due to the opening of new offices in the U.S. and Europe, as well as occupancy costs associated with acquisitions. For the quarter ended December 31, 2016, occupancy was slightly lower, as we incurred certain lease termination charges in the prior year. For the year and quarter ended December 31, 2016, occupancy as a percentage of revenues was 4.5% and 4.3%, as compared to 4.5% and 4.7% in the corresponding periods in 2015, respectively.

Office and Other Operating Costs

Office and other operating costs were \$79.8 million for the year ended December 31, 2016, up 4.9% or \$3.7 million from \$76.1 million in 2015. For the quarter ended December 31, 2016, office and other operating costs were \$20.6 million, down 2.7% or \$0.6 million from \$21.2 million in the same period in 2015. For the year ended December 31, 2016, the increase was due to acquisitions and higher software subscription costs which mainly pertain to our global tax platform and cybersecurity measures, partially offset by lower expenditures in Geomatics on reduced activity levels. For the quarter ended December 31, 2016, the decrease was primarily due to lower expenditures in Geomatics resulting from reduced activity levels. For the year and quarter ended December 31, 2016, office and other operating costs as a percentage of revenues was 18.0% and 17.9%, as compared to 18.3% and 19.1% in the corresponding periods in 2015, respectively.

Depreciation and Amortization

Depreciation and amortization was \$33.4 million for the year ended December 31, 2016, as compared to \$40.1 million in 2015. For the quarter ended December 31, 2016, depreciation and amortization was \$8.3 million, as compared to \$9.5 million in the same period in 2015. For the year and quarter ended December 31, 2016, the decrease in depreciation and amortization was due to intangibles which have become fully amortized, offset by amortization of newly acquired intangibles.

Acquisition Related Expenses (Income)

Acquisition related expenses (income) was \$0.6 million for the year ended December 31, 2016, as compared to \$(0.4) million in 2015. For the quarter ended December 31, 2016, acquisition related expenses (income) was \$0.7 million, as compared to \$(1.0) million in the same period in 2015. Expenses were primarily related to the acquisitions of Bay Partnership Pty Ltd. ("Bay Partnership") and R2G and an adjustment of \$0.5 million for an increase of the contingent consideration payable in relation to the Maxwell Brown Surveyors Group Limited acquisition, offset by an adjustment of \$0.3 million for a net recovery of working capital in relation to the acquisition of SC&H Group Inc.'s State and Local Tax consulting practice ("SC&H SALT").

Share of (Profit) Loss of Associates and (Gain) Loss on Sale of Certain Business Assets

Share of (profit) loss of associates was \$2.6 million for the year ended December 31, 2016, as compared to \$1.3 million in 2015. For the quarter ended December 31, 2016, share of (profit) loss of associates was \$1.0, as compared to \$0.03 million in the same period in 2015. These amounts represent our proportionate

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share in the loss as well as an amortization charge on acquired intangibles for Real Matters. The dilution of our investment in Real Matters resulted in a gain of \$9.9 million, as compared to \$3.5 million in 2015. As at December 31, 2016, we held a 13.9% equity interest in Real Matters.

Restructuring Costs

Restructuring costs primarily relating to employee severance costs were \$4.1 million for the year ended December 31, 2016, as compared to \$2.7 million in 2015. For the quarter ended December 31, 2016, restructuring costs primarily relating to employee severance costs were \$Nil, as compared to \$0.8 million in the same period in 2015. For the year ended December 31, 2016, restructuring activities were undertaken in connection with the formation of Altus Analytics and reorganization of the U.S. Property Tax practice.

Impairment Charge

Impairment charge related to Geomatics was \$12.5 million for the year ended December 31, 2016, as compared to \$Nil in 2015. The market conditions in Western Canada for Geomatics services continued to be adversely impacted by low oil prices and reduced drilling and pipeline activities. Although we experienced performance improvement on a sequential basis due to seasonal patterns, the level of improvement did not meet expectations.

For the quarter ended December 31, 2016, and the same period in 2015, impairment charge was \$Nil.

Finance Costs (Income), Net

	Year ended December 31,			Quarter ended December 31,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Interest on borrowings	\$ 4,859	\$ 9,744	(50.1%)	\$ 1,173	\$ 1,271	(7.7%)
Unwinding of discount	212	268	(20.9%)	37	163	(77.3%)
Distributions related to amounts payable to U.K. unitholders	32	98	(67.3%)	-	21	(100.0%)
Change in fair value of amounts payable to U.K. unitholders, net of change in fair value of related equity derivatives	210	13	1,515.4%	47	8	487.5%
Change in fair value of interest rate swaps (not designated as cash flow hedges)	(740)	1,241	(159.6%)	(898)	7	(12,928.6%)
Other	(24)	(111)	(78.4%)	(3)	(61)	(95.1%)
Finance costs (income), net	\$ 4,549	\$ 11,253	(59.6%)	\$ 356	\$ 1,409	(74.7%)

Finance costs (income), net for the year ended December 31, 2016 was \$4.5 million, down 59.6% or \$6.8 million from \$11.3 million in 2015. Interest on borrowings decreased as a result of the early conversion of the 2012 convertible debentures in 2015, lower effective interest rate and lower average balance of bank borrowings in addition to a gain in the fair value of interest rate swaps.

For the quarter ended December 31, 2016, finance costs (income), net was \$0.4 million, down 74.7% or \$1.0 million from \$1.4 million in the same period in 2015. Finance costs (income), net decreased as a result of a gain in the fair value of interest rate swaps of \$0.9 million.

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Income Tax Expense (Recovery)

Income tax expense (recovery) for the year ended December 31, 2016 was an expense of \$6.8 million, as compared to an expense of \$0.8 million in 2015. The higher income tax expense was primarily due to improved operating profit.

For the quarter ended December 31, 2016, income tax expense (recovery) was an expense of \$2.1 million, as compared to an expense of \$1.9 million in the same period in 2015. The higher income tax expense was primarily due to improved operating profit.

Profit (Loss)

Profit (loss) for the year ended December 31, 2016 was \$14.3 million and \$0.39 per share, basic and \$0.38 per share, diluted, as compared to \$9.2 million and \$0.28 per share, basic and \$0.27 per share, diluted, in 2015.

For the quarter ended December 31, 2016, profit (loss) was \$8.9 million and \$0.24 per share, basic and \$0.23 per share, diluted, as compared to \$6.5 million and \$0.18 per share, basic and diluted, in the same period in 2015.

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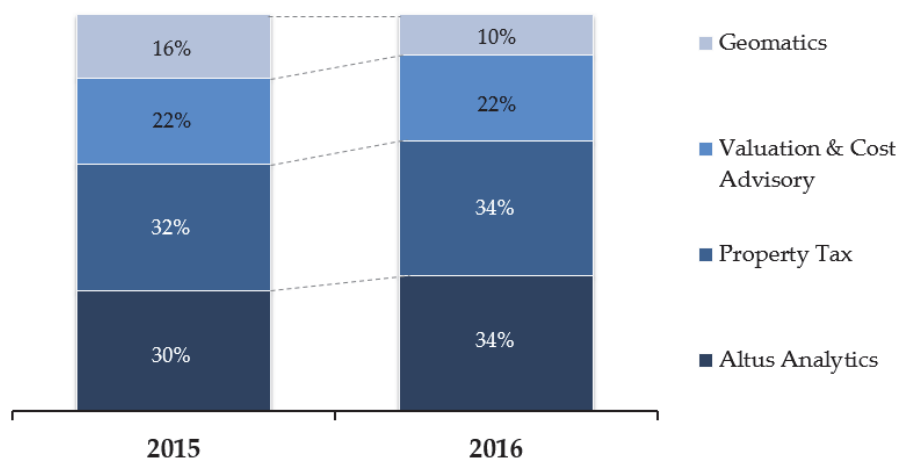


Revenues and Adjusted EBITDA by Business Unit

Revenues	Year ended December 31,			Quarter ended December 31,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Altus Analytics	\$ 151,480	\$ 125,971	20.2%	\$ 42,235	\$ 36,684	15.1%
Expert Services:						
Commercial Real Estate Consulting	247,264	224,173	10.3%	61,761	59,162	4.4%
Geomatics	45,082	67,199	(32.9%)	11,549	15,370	(24.9%)
Intercompany eliminations	(935)	(930)	0.5%	(211)	(255)	(17.3%)
Total	\$ 442,891	\$ 416,413	6.4%	\$ 115,334	\$ 110,961	3.9%

Adjusted EBITDA	Year ended December 31,			Quarter ended December 31,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Altus Analytics	\$ 40,987	\$ 30,294	35.3%	\$ 11,818	\$ 8,439	40.0%
Expert Services:						
Commercial Real Estate Consulting	52,150	38,300	36.2%	6,469	7,240	(10.6%)
Geomatics	(868)	10,062	(108.6%)	185	1,154	(84.0%)
Corporate	(18,181)	(15,274)	19.0%	3,648	2,632	38.6%
Total	\$ 74,088	\$ 63,382	16.9%	\$ 22,120	\$ 19,465	13.6%

Revenue Contribution:



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Altus Analytics

	Year ended December 31,			Quarter ended December 31,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Revenues						
Recurring - Data & Software Subscriptions, Maintenance	\$ 111,928	\$ 90,735	23.4%	\$ 29,115	\$ 26,194	11.2%
Non-recurring - Licenses and Services	39,552	35,236	12.2%	13,120	10,490	25.1%
Revenues	\$ 151,480	\$ 125,971	20.2%	\$ 42,235	\$ 36,684	15.1%
Adjusted EBITDA ⁽¹⁾	\$ 40,987	\$ 30,294	35.3%	\$ 11,818	\$ 8,439	40.0%
Adjusted EBITDA Margin ⁽¹⁾	27.1%	24.0%		28.0%	23.0%	

⁽¹⁾ Q4 margin includes bonuses which were accrued in quarterly corporate costs in the previous three quarters.

Year End Discussion

Revenues were \$151.5 million for the year ended December 31, 2016, up 20.2% or \$25.5 million from \$126.0 million in 2015. Altus Analytics recurring revenues grew by 23.4% driven by increased subscriptions for AE, Voyanta and data products, revenues from appraisal management and maintenance revenues from customers with perpetual licenses. Non-recurring revenues grew 12.2% on strong license sales and services. Changes in the exchange rate against the Canadian dollar impacted revenues by 1.1%.

Adjusted EBITDA was \$41.0 million for the year ended December 31, 2016, up 35.3% or \$10.7 million from \$30.3 million in 2015. Adjusted EBITDA increased as a result of solid revenue growth and cost savings from restructuring activities. Changes in foreign exchange impacted Adjusted EBITDA by 2.5%.

Quarterly Discussion

Revenues were \$42.2 million for the quarter ended December 31, 2016, up 15.1% or \$5.5 million from \$36.7 million in the same period in 2015. Recurring revenues grew by 11.2% as a result of increased subscriptions for AE and revenues from appraisal management and maintenance. The growth in non-recurring revenues of 25.1% was driven by increased license sales and implementation services. Movements in the exchange rate against the Canadian dollar impacted revenues by (2.6%).

Adjusted EBITDA was \$11.8 million for the quarter ended December 31, 2016, up 40.0% or \$3.4 million from \$8.4 million in the same period in 2015. Adjusted EBITDA increased as a result of revenue growth and cost savings from restructuring activities during the year. Changes in foreign exchange impacted Adjusted EBITDA by 0.8%.

Outlook

We expect to continue to benefit from growing demand and favourable trends in the CRE marketplace. Our product offerings stand to serve the growing needs from professional asset managers for data, analytic tools and software solutions that help them make more timely and informed decisions. In 2017, AE growth is expected to be driven primarily by existing software customers as they upgrade to AE, add incremental licenses, or add new modules. In addition, European growth will also be an important factor in 2017. We anticipate greater perpetual license sales vis-à-vis subscription sales in 2017 as 2016 saw greater subscription sales to large brokerage firms that preferred such a pricing model. AOD is expected to grow and add new customers as we continue to penetrate the transactional market, adding to recurring revenue streams. We also believe implementation and training services will continue to

Management's Discussion & Analysis

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perform well into 2017. We continue to target new clients in appraisal management and see opportunity ahead although these engagements generally have a longer sales cycle due to the size of the transactions and implementation efforts. In mid-2017, support for our legacy ARGUS DCF product in North America will come to completion signaling a transition to new application selling and expansion of AE usage into emerging products. We have initiated a similar transition of ValCap in the U.K. market and expect a ramp-up of upgrades in future quarters. Overall, our sales pipeline continues to look strong and we remain confident in the long-term global opportunities. Given the strong U.S. and U.K. currencies at the start of 2016, we may see foreign exchange headwinds in the first half of 2017.

Commercial Real Estate Consulting

	Year ended December 31,			Quarter ended December 31,		
<i>In thousands of dollars</i>	2016	2015	% Change	2016	2015	% Change
Revenues						
Property Tax	\$ 151,155	\$ 133,890	12.9%	\$ 36,511	\$ 35,302	3.4%
Valuation and Cost Advisory	96,109	90,283	6.5%	25,250	23,860	5.8%
Revenues	\$ 247,264	\$ 224,173	10.3%	\$ 61,761	\$ 59,162	4.4%
Adjusted EBITDA						
Property Tax	\$ 40,091	\$ 27,868	43.9%	\$ 4,276	\$ 5,030	(15.0%)
Valuation and Cost Advisory	12,059	10,432	15.6%	2,193	2,210	(0.8%)
Adjusted EBITDA ⁽¹⁾	\$ 52,150	\$ 38,300	36.2%	\$ 6,469	\$ 7,240	(10.6%)
Adjusted EBITDA Margin ⁽¹⁾	21.1%	17.1%		10.5%	12.2%	

⁽¹⁾ Q4 margin includes bonuses which were accrued in quarterly corporate costs in the previous three quarters.

Year End Discussion

Revenues were \$247.3 million for the year ended December 31, 2016, up 10.3% or \$23.1 million from \$224.2 million in 2015. CRE Consulting generated robust growth led by Property Tax which was up 12.9%, while Valuation and Cost Advisory revenues increased 6.5%. The double-digit growth in Property Tax revenues was driven by strong organic and acquisitive growth in the U.S. and healthy organic growth in Canada. Our Valuation and Cost Advisory practices have also performed well with diversification strategies in their key geographical markets. Changes in exchange rates impacted revenues by (0.2%).

Adjusted EBITDA was \$52.2 million for the year ended December 31, 2016, up 36.2% or \$13.9 million from \$38.3 million in 2015. The increase in Adjusted EBITDA benefitted from strong revenue growth in Property Tax and improvements in our Valuation and Cost Advisory practices. Changes in exchange rates impacted Adjusted EBITDA by (0.1%).

Quarterly Discussion

Revenues were \$61.8 million for the quarter ended December 31, 2016, up 4.4% or \$2.6 million from \$59.2 million in the same period in 2015. We experienced modest growth in CRE Consulting in the quarter. Property Tax revenues, which were higher by 3.4%, experienced stronger performance in the U.K., but lower in Canada due to timing of case settlements and large one-time contingency settlements in 2015. Valuation and Cost Advisory revenues increased by 5.8% on stronger performance from our Asia Pacific Cost practice. Changes in exchange rates impacted revenues by (2.1%).

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Adjusted EBITDA was \$6.5 million for the quarter ended December 31, 2016, down 10.6% or \$0.7 million from \$7.2 million in the same period in 2015, largely driven by a 15.0% decline to \$4.3 million in Property Tax. The decline in Property Tax in the fourth quarter reflects the allocation of higher variable compensation in the quarter as a result of the much stronger annual performance. Changes in exchange rates impacted Adjusted EBITDA by 1.3%.

Outlook

Property Tax continues to represent an attractive growth area for our business, both in the U.S. and the U.K. Our North American platform with our existing network of offices in Canada and the U.S. provides us with enhanced capabilities geographically to service large clients anywhere across North America. In 2017, we continue to see strong opportunity although we may experience normal variability at the front end of the new assessment cycles in two key markets, namely in the U.K. and in Ontario. The opportunities to grow market share remain vibrant in this segment through both accretive acquisitions and strategic hires in both the U.S. and U.K. Given the strong U.S. and U.K. currencies at the start of 2016, we may see foreign exchange headwinds in the first half of 2017 related to operations in these markets.

Our Valuation and Cost Advisory practices enjoy significant market share in Canada and as a result continue to grow modestly. We expect flat to moderate growth in the near to medium term. Our Valuation practice, predominately operating in Canada, continues to benefit from strong client retention. Our Cost practice in North America continues to diversify its client and industry focus and in Asia Pacific, we continue to leverage our global relationships to drive opportunities.

Geomatics

<i>In thousands of dollars</i>	Year ended December 31,			Quarter ended December 31,		
	2016	2015	% Change	2016	2015	% Change
Revenues	\$ 45,082	\$ 67,199	(32.9%)	\$ 11,549	\$ 15,370	(24.9%)
Adjusted EBITDA ⁽¹⁾	\$ (868)	\$ 10,062	(108.6%)	\$ 185	\$ 1,154	(84.0%)
Adjusted EBITDA Margin ⁽¹⁾	(1.9%)	15.0%		1.6%	7.5%	

⁽¹⁾ Q4 margin includes bonuses which were accrued in quarterly corporate costs in the previous three quarters.

Year End Discussion

Revenues were \$45.1 million for the year ended December 31, 2016, down 32.9% or \$22.1 million from \$67.2 million in 2015. Revenues were impacted by the reduced activity in the oil and gas sector and rate reductions, in addition to forest fires in Northern Alberta in the first half of the year.

Adjusted EBITDA was \$(0.9) million for the year ended December 31, 2016, down 108.6% or \$11.0 million from \$10.1 million in 2015. The decline in earnings resulted from reduced revenues and employee severance costs of \$1.6 million as we adjusted our operating capacity to match market conditions. In addition, excluded from Adjusted EBITDA is a goodwill impairment charge of \$12.5 million reflecting the challenging environment.

Quarterly Discussion

Revenues were \$11.5 million for the quarter ended December 31, 2016, down 24.9% or \$3.9 million from \$15.4 million in the same period in 2015. Revenues continued to be impacted by the reduced activity in the oil and gas sector and rate reductions.

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Adjusted EBITDA was \$0.2 million for the quarter ended December 31, 2016, down 84.0% or \$1.0 million from \$1.2 million in the same period in 2015. The decline in earnings resulted from reduced revenues as well as employee severance costs of \$0.5 million incurred in the quarter.

Outlook

Following challenging market conditions in 2016, we maintain a cautious outlook for our Geomatics business in 2017. As approximately 55% of our Geomatics business is derived directly from oil and gas clients based in Western Canada, any significant oil price variation may cause significant fluctuations in our activity levels. However, recent trends suggest some stabilization in oil prices and as a result some modest improvements are anticipated for 2017. We expect that our cost-cutting initiatives and workforce reductions undertaken in 2016 should result in improved profitability in 2017. We will continue to closely monitor market conditions and adjust accordingly. As part of our ongoing efforts to enhance all of our businesses, we will explore options on how to best maximize the value of our Geomatics business.

Corporate Costs

Year End Discussion

Corporate costs (recovery) were \$18.2 million for the year ended December 31, 2016, as compared to \$15.3 million in 2015. The increase in corporate costs was mainly due to increased headcount in support of strategic initiatives in information technology and talent management and higher variable compensation. As a percentage of revenues, corporate costs remained steady at approximately 4%.

Quarterly Discussion

Corporate costs (recovery) were \$(3.6) million for the quarter ended December 31, 2016, as compared to \$(2.6) million in the same period in 2015. In the first nine months of the year, bonuses were recorded in the Corporate segment, subject to the overall finalization of bonuses at year end. In the fourth quarter, bonuses were allocated to the business units and resulted in the positive balance.

Liquidity and Capital Resources

Cash Flow	Year ended December 31,	
<i>In thousands of dollars</i>	2016	2015
Net cash related to operating activities	\$ 67,236	\$ 48,137
Net cash related to financing activities	(34,018)	(21,060)
Net cash related to investing activities	(8,061)	(26,860)
Effect of foreign currency translation	(1,088)	1,935
Change in cash position during the year	\$ 24,069	\$ 2,152
Dividends paid	\$ 18,548	\$ 16,493

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

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Cash from Operating Activities

Working Capital		
<i>In thousands of dollars</i>	December 31, 2016	December 31, 2015
Current assets	\$ 186,223	\$ 154,932
Current liabilities	104,523	84,426
Working capital	\$ 81,700	\$ 70,506

Current assets are composed primarily of cash and cash equivalents, trade receivables and other and income taxes recoverable. Current liabilities are composed primarily of trade payables and other, income taxes payable and borrowings.

As at December 31, 2016, trade receivables, net and unbilled revenue on customer contracts net of deferred revenue and customer deposits was \$93.8 million, down 2.0% or \$1.9 million from \$95.7 million as at December 31, 2015. As a percentage of the trailing 12-month revenues, trade receivables and unbilled revenue on customer contracts net of deferred revenue and customer deposits, was 21.1% as at December 31, 2016, as compared to 22.5% as at December 31, 2015.

Our Days Sales Outstanding ("DSO") was 74 days as at December 31, 2016, as compared to 82 days as at December 31, 2015. We calculate DSO by taking the five-quarter average balance of trade receivables, net and unbilled revenue on customer contracts net of deferred revenue and customer deposits and the result is then divided by the trailing 12-month revenues plus any pre-acquisition revenue, as applicable, and multiplied by 365 days. Our method of calculating DSO may differ from the methods used by other issuers and, accordingly, may not be comparable to similar measures used by other issuers. We believe this measure is useful to investors as it demonstrates our ability to convert trade receivables and unbilled revenue into cash.

Current and long-term liabilities include amounts owing to the vendors of acquired businesses on account of excess working capital, deferred purchase price payments and other closing adjustments. As at December 31, 2016, the amounts owing to the vendors of acquired businesses were \$2.7 million, as compared to \$3.8 million as at December 31, 2015. We intend to satisfy the payments with the revolving term facility (as described below) or cash on hand.

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

Cash from Financing Activities

Our revolving term facility is a senior secured revolving term facility used for general corporate purposes that will mature on April 28, 2020. The maximum amount of this facility is \$200.0 million. Certain provisions allow us to increase the limit further to \$250.0 million.

As at December 31, 2016, our total borrowings on our revolving term facility amounted to \$117.0 million, a decrease of \$9.0 million from December 31, 2015.

We also have outstanding letters of credit under our bank credit facilities in the total amount of \$0.5 million to secure a credit facility for operating leases (2015 - \$0.4 million).

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The cost of our bank credit facilities is tied to the Canadian Prime rates, Canadian Bankers' Acceptance rate, U.S. Base rates or LIBOR rates. As at December 31, 2016, \$65.0 million was subject to interest rate swap agreements to fix the interest rate. We are obligated to pay the counterparty to the swap agreement an amount based upon a fixed interest rate of 1.48% per annum and the counterparty is obligated to pay us an amount equal to the Canadian Bankers' Acceptance rate. These agreements expire on May 15, 2020. These interest rate swaps are not designated as cash flow hedges for accounting purposes. The effective annual rate of interest for the year ended December 31, 2016 on our bank credit facilities was 2.93%, as compared to 3.69% in 2015.

As at December 31, 2016, we were in compliance with the financial covenants of our bank credit facilities, which are summarized below:

	December 31, 2016
Funded debt to EBITDA (maximum of 3.00:1)	1.53:1
Fixed charge coverage (minimum of 1.20:1)	10.74:1
Funded debt to capitalization (maximum of 55%)	23%

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

Contractual Obligations	Payments Due by Period (undiscounted)				
		Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years
<i>In thousands of dollars</i>	Total				
Bank credit facilities	\$ 117,000	\$ -	\$ -	\$ 117,000	\$ -
Leasehold improvement loans	780	134	228	148	270
Operating lease obligations	89,916	15,602	27,266	20,660	26,388
Finance lease obligations	1,690	907	755	28	-
Contingent consideration payable	2,303	1,150	1,153	-	-
Convertible debentures ⁽¹⁾	6,105	6,105	-	-	-
Amounts payable to unitholders	851	851	-	-	-
Other liabilities	65,520	57,591	4,116	771	3,042
Total contractual obligations	\$ 284,165	\$ 82,340	\$ 33,518	\$ 138,607	\$ 29,700

⁽¹⁾ Refers to the \$48.0 million of 6.75% convertible unsecured subordinated debentures issued by us on April 19, 2012 (the "2012 convertible debentures"). The terms of the 2012 convertible debentures are described in detail in Note 18 of the 2016 annual consolidated financial statements.

Cash from Investing Activities

We invest in property, plant and equipment and intangible assets to support the activities of the business. Capital expenditures for accounting purposes include property, plant and equipment in substance and in form, including assets under finance leases and intangible assets.

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Capital expenditures are reconciled as follows:

Capital Expenditures	Year ended December 31,	
	2016	2015
<i>In thousands of dollars</i>		
Property, plant and equipment additions	\$ 4,230	\$ 12,320
Intangibles additions	2,597	1,739
Proceeds from disposal of property, plant and equipment	(481)	(159)
Capital expenditures	\$ 6,346	\$ 13,900

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Reconciliation of Adjusted EBITDA to Profit (Loss)

The following table provides a reconciliation between Adjusted EBITDA and profit (loss) for the fourth quarter and year:

	Year ended December 31,		Quarter ended December 31,	
<i>In thousands of dollars</i>	2016	2015	2016	2015
Adjusted EBITDA	\$ 74,088	\$ 63,382	\$ 22,120	\$ 19,465
Depreciation and amortization	(33,430)	(40,057)	(8,276)	(9,512)
Acquisition related (expenses) income	(621)	429	(681)	1,002
Share of profit (loss) of associates	(2,617)	(1,270)	(1,001)	(26)
Unrealized foreign exchange gain (loss) ⁽¹⁾	(1,793)	1,678	(283)	685
Gain (loss) on disposal of property, plant and equipment ⁽¹⁾	(118)	(420)	155	(181)
Non-cash Executive Compensation Plan costs ⁽²⁾	(3,997)	(3,769)	(884)	(1,135)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽²⁾	1,277	76	223	18
Restructuring costs	(4,059)	(2,694)	-	(802)
Gain (loss) on sale of certain business assets ⁽³⁾	9,935	3,483	-	-
Impairment charge	(12,500)	-	-	-
Other non-operating and/or non-recurring income (costs) ⁽⁴⁾	(537)	512	(2)	298
Operating profit (loss)	25,628	21,350	11,371	9,812
Finance (costs) income, net	(4,549)	(11,253)	(356)	(1,409)
Profit (loss) before income taxes	21,079	10,097	11,015	8,403
Income tax recovery (expense)	(6,811)	(848)	(2,123)	(1,866)
Profit (loss) for the period	\$ 14,268	\$ 9,249	\$ 8,892	\$ 6,537

⁽¹⁾ Included in office and other operating expenses in the consolidated statements of comprehensive income (loss).

⁽²⁾ Included in employee compensation expenses in the consolidated statements of comprehensive income (loss).

⁽³⁾ Gain (loss) on sale of certain business assets relates to a gain on the partial deemed disposition of our investment in Real Matters.

⁽⁴⁾ Other non-operating and/or non-recurring income (costs) for the year ended December 31, 2016 relate to the following: realized losses on settlement of acquisition-related loans with wholly-owned international subsidiaries; and transactional costs for the restructuring of legal entities within the group. Other non-operating and/or non-recurring income (costs) for the year ended December 31, 2015 relate to the following: a recovery of commodity taxes previously paid; adjustments to non-recurring settlements of legal and related costs; and a reversal of amounts owed to former owners of Altus Québec. These are included in office and other operating expenses in the consolidated statements of comprehensive income (loss).

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Adjusted Earnings (Loss) Per Share

	Year ended December 31,		Quarter ended December 31,	
<i>In thousands of dollars, except for per share amounts</i>	2016	2015	2016	2015
Profit (loss) for the period	\$ 14,268	\$ 9,249	\$ 8,892	\$ 6,537
Amortization of intangibles of acquired businesses	23,561	31,252	5,663	6,916
Non-cash finance costs (income) related to amounts payable to U.K. unitholders, net of changes in fair value of related equity derivatives	210	13	47	8
Share of loss (profit) of associates	2,617	1,270	1,001	26
Unrealized foreign exchange loss (gain)	1,793	(1,678)	283	(685)
Loss (gain) on disposal of property, plant and equipment	118	420	(155)	181
Distributions related to amounts payable to U.K. unitholders	32	98	-	21
Non-cash Executive Compensation Plan costs	3,997	3,769	884	1,135
Loss (gain) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged	(1,277)	(76)	(223)	(18)
Interest accretion on contingent consideration payables	202	246	34	156
Restructuring costs	4,059	2,694	-	802
Loss (gain) on hedging transactions, including interest expense (income) on swaps not designated as cash flow hedges	(740)	1,241	(898)	7
Acquisition related expenses (income)	621	(429)	681	(1,002)
Loss (gain) on sale of certain business assets	(9,935)	(3,483)	-	-
Impairment charge	12,500	-	-	-
Other non-operating and/or non-recurring (income) costs	537	(512)	2	(298)
Tax impact on above	(9,828)	(11,078)	(1,925)	(2,366)
Adjusted earnings (loss) for the period	\$ 42,735	\$ 32,996	\$ 14,286	\$ 11,420
Weighted average number of shares - basic	36,809,816	33,348,326	37,059,164	36,186,616
Weighted average number of restricted shares	307,300	416,225	299,219	410,731
Weighted average number of shares - adjusted	37,117,116	33,764,551	37,358,383	36,597,347
Adjusted earnings (loss) per share	\$1.15	\$0.98	\$0.38	\$0.31

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Summary of Quarterly Results

	2016					2015				
<i>In thousands of dollars, except for per share amounts</i>	Fiscal 2016	Dec 31	Sep 30	Jun 30	Mar 31	Fiscal 2015	Dec 31	Sep 30	Jun 30	Mar 31
Results of Operations										
Revenues	\$ 442,891	\$ 115,334	\$ 110,899	\$ 109,970	\$ 106,688	\$ 416,413	\$ 110,961	\$ 102,234	\$ 104,753	\$ 98,465
Adjusted EBITDA	\$ 74,088	\$ 22,120	\$ 21,298	\$ 18,277	\$ 12,393	\$ 63,382	\$ 19,465	\$ 15,303	\$ 16,426	\$ 12,188
Adjusted EBITDA margin	16.7%	19.2%	19.2%	16.6%	11.6%	15.2%	17.5%	15.0%	15.7%	12.4%
Profit (loss) for the period	\$ 14,268	\$ 8,892	\$ (5,071)	\$ 12,659	\$ (2,212)	\$ 9,249	\$ 6,537	\$ (698)	\$ 2,694	\$ 716
Earnings (loss) per share:										
Basic	\$0.39	\$0.24	\$(0.14)	\$0.34	\$(0.06)	\$0.28	\$0.18	\$(0.02)	\$0.08	\$0.02
Diluted	\$0.38	\$0.23	\$(0.14)	\$0.34	\$(0.06)	\$0.27	\$0.18	\$(0.02)	\$0.08	\$0.02
Adjusted	\$1.15	\$0.38	\$0.31	\$0.28	\$0.19	\$0.98	\$0.31	\$0.22	\$0.28	\$0.16
Weighted average number shares ('000s):										
Basic	36,810	37,059	36,884	36,759	36,537	33,348	36,187	32,959	32,180	32,026
Diluted	37,484	38,537	36,884	38,023	36,537	33,819	36,657	32,959	32,751	32,684

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

- Geomatics' projects tend to be on remote undeveloped land in Western Canada which is most accessible in the winter and summer months and least accessible in the spring months when ground conditions are soft and wet. Revenues for Geomatics tend to peak in the third and fourth quarters of the year in line with higher activity levels during these periods.
- Our global Property Tax practice can experience significant fluctuations on a quarterly basis as a result of the timing of contingency settlements and other factors.
- Our Altus Analytics business experiences some seasonality. ARGUS software products sold as perpetual licenses tend to have a stronger fourth quarter in revenues, a trend that is common in many other software companies. Also, appraisal management could experience some seasonal patterns around the second and fourth quarters, associated with some clients' practices of bi-annual and annual appraisals.

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Selected Annual Information

Selected Financial Information		For the year ended December 31,		
<i>In thousands of dollars, except for per share amounts</i>		2016	2015	2014
Operations				
Revenues	\$	442,891	\$ 416,413	\$ 370,202
Adjusted EBITDA	\$	74,088	\$ 63,382	\$ 67,103
Adjusted EBITDA margin		16.7%	15.2%	18.1%
Profit (loss)	\$	14,268	\$ 9,249	\$ 13,171
Earnings (loss) per share:				
Basic		\$0.39	\$0.28	\$0.44
Diluted		\$0.38	\$0.27	\$0.43
Adjusted		\$1.15	\$0.98	\$1.16
Dividends declared per share		\$0.60	\$0.60	\$0.60

Balance Sheet		At December 31,		
		2016	2015	2014
Total assets	\$	590,851	\$ 597,724	\$ 549,726
Long-term liabilities (excluding deferred income taxes)		136,360	152,117	56,290

Revenues were \$442.9 million for the year ended December 31, 2016, up 6.4% from 2015, of which approximately 1.7% was from acquisitions. Adjusted EBITDA was \$74.1 million for the year, a margin of 16.7%, up 16.9% from 2015, and profit for the year was \$14.3 million.

Revenues were \$416.4 million for the year ended December 31, 2015, up 12.5% from 2014, of which approximately 9.8% was from acquisitions. Adjusted EBITDA was \$63.4 million for the year, a margin of 15.2%, down 5.5% from 2014, and profit for the year was \$9.2 million.

Revenues were \$370.2 million for the year ended December 31, 2014, up 14.1% from 2013, of which approximately 6.8% was from acquisitions. Adjusted EBITDA was \$67.1 million for the year, a margin of 18.1%, up 16.9% from 2013, and profit for the year was \$13.2 million.

In each of the past three years we have declared and paid quarterly dividends totaling \$0.60 annually, per common share to the shareholders.

Selected Highlights for 2015

Acquisition of Hoffer Wilkinson & Associates Ltd.

On April 1, 2015, we acquired all of the issued and outstanding shares of Hoffer Wilkinson & Associates Ltd. ("HWA") for \$0.7 million. Founded in 1986, HWA is an independent Canadian provider of real estate appraisal services and information serving the Manitoba and Northwestern Ontario markets.

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Acquisition of MPC Intelligence Inc.

On June 1, 2015, we acquired the operating business assets of MPC Intelligence Inc. ("MPC") for \$0.5 million in cash. MPC is a provider of residential market information in the Greater Vancouver area (the second largest new home market in Canada).

Acquisition of Maxwell Brown Surveyors Group Limited

On June 1, 2015, we acquired all the issued and outstanding shares of Maxwell Brown Surveyors Group Limited ("Maxwell Brown") and its subsidiaries for \$5.9 million (net of cash acquired), subject to working capital adjustments. Based in London, U.K., Maxwell Brown is an independent provider of commercial real estate advisory services throughout the U.K., offering a comprehensive suite of advisory services related to property tax (occupied rates and empty rates services), property acquisition and disposal, lease renewals and other corporate real estate requirements.

Acquisition of Integris Real Estate Counsellors

On July 1, 2015, we acquired certain operating assets of Integris Real Estate Counsellors ("Integris") for \$5.6 million, subject to working capital adjustments. Founded in 2000, Integris is an independent firm with a focus on real estate litigation and dispute resolution serving the Canadian market.

Acquisition of ATATAX, LLC

On October 1, 2015, we acquired certain operating assets of ATATAX, LLC ("ATA") for \$4.5 million, subject to working capital adjustments. Operating in Dallas since 2001, ATA is Texas' leading tax consultant of industrial distribution warehouses, in addition to tax representation for all types of income producing commercial properties, including office and retail properties, and multi-family residential properties.

Acquisition of Integrated Real Estate Resources, Inc.

On December 1, 2015, we acquired certain operating assets of Integrated Real Estate Resources, Inc. ("INTRER") for \$5.3 million, subject to working capital adjustments. Founded in 2003 and operating in the Greater Los Angeles area, the Greater Philadelphia area and Boston, INTRER is a full service consulting firm providing multi-dimensional services and expertise to the real estate industry. INTRER combines a broad range of real estate knowledge and technical expertise, specializing in ARGUS Enterprise consulting, implementation, integration and custom reporting.

Acquisition of Lambournes Holdings Limited

On November 20, 2015, we acquired all of the issued and outstanding shares of Lambournes Holdings Limited ("Lambournes") for \$1.0 million, subject to certain adjustments. Operating in Southern U.K., Lambournes is a real estate tax consulting service specializing in the leisure and hospitality industry.

Amendment to bank credit facilities and interest rate hedging

Effective April 28, 2015, we renegotiated our bank credit facilities, further strengthening our financial flexibility. The amended agreement extended the term by five years expiring on April 28, 2020. It combined our existing revolving operating facility and revolving term facility into one revolving term facility and increased our borrowing capacity to \$200.0 million from \$159.7 million, with certain provisions that allow us to further increase the limit to \$250.0 million. Other noted advantages include an increase in the maximum funded debt to EBITDA ratio from 2.75:1 to 3.00:1, lower bank margins and additional borrowing flexibility.

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We entered into interest rate swap agreements for a total notional amount of \$65.0 million at a fixed rate of 1.48% per annum. These agreements expire on May 15, 2020.

Selected Highlights for 2014

Acquisition of Maltais Geomatics Inc.

On April 1, 2014, we acquired the operating business assets of Maltais Geomatics Inc. ("MGI") for \$15.8 million, subject to adjustments. Based in Alberta, MGI provides geomatics services for a wide range of client sectors, with particular strength in the electrical power, industrial, and commercial construction, as well as the oil and gas and pipeline sectors.

Acquisition of RealNet Canada Inc.

On July 23, 2014, we acquired all of the issued and outstanding shares of RealNet Canada Inc. ("RealNet") for \$20.0 million in cash. Based in Toronto, Canada, RealNet provides information services to both the commercial real estate investment and residential development sectors in Canada and offers a comprehensive suite of services including independent property market research and real time interactive analytical tools.

Acquisition of Voyanta Limited

On October 1, 2014, we acquired the remaining 70.3% interest in Voyanta that we did not already own for \$7.3 million. Based in London, U.K., and founded in 2012, Voyanta is a global provider of real estate data management and analytics software. Voyanta's cloud-based management platform enables its users to aggregate, validate and analyze commercial real estate information in a streamlined and standardized manner.

Acquisition of SC&H Group Inc.'s State and Local Tax consulting practice

On December 1, 2014, we acquired the operating business assets of SC&H SALT for \$43.3 million, subject to adjustments. Based in Baltimore, U.S., SC&H SALT is a leading provider of specialized state and local tax and advisory services in the U.S.

Redemption of 2010 convertible debentures

On July 28, 2014, we redeemed all of our outstanding 5.75% convertible unsecured subordinated debentures issued on December 1, 2010 (the "2010 convertible debentures") in accordance with the terms of the convertible debenture indenture. Prior to redemption, a total principal amount of \$48.2 million was converted into 2,589,295 common shares at the conversion price of \$18.60 per common share. The remaining principal amount of \$1.8 million of 2010 convertible debentures was redeemed using available cash on hand.

Expanded into Europe

In the summer of 2014, we expanded our outsourced appraisal management offering into Europe by opening an office in Luxembourg in response to an attractive market opportunity created by regulatory and governance changes in that market. Under the new legislation, the Alternative Investment Fund Manager Directive ("AIFMD"), fund managers must now follow a very extensive set of measures and technical rules that will ultimately require increasing independence and transparency around their valuation, risk and portfolio management. Our independent model is well positioned to address the needs of European clients and help ensure AIFMD-compliance.

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Initiated strategic partnership with NCREIF

In November of 2014, we announced a partnership with the National Council of Real Estate Investment Fiduciaries ("NCREIF") through which we will collaborate to develop a new data platform to better analyze historical and real-time commercial real estate information collected exclusively by our U.S. group and NCREIF.

Enhanced global functionality of ARGUS Enterprise

In 2014, we made significant enhancements to AE's global functionality. In April 2014, we launched version 10.0, which added traditional valuation, a standard used throughout Europe and other countries. Subsequently in October 2014, we launched version 10.5, which added Australian valuation. AE 10.5 was the most advanced version of AE that incorporates the world's most widely-used standard valuation methodologies.

Share Data

As at February 20, 2017, 37,179,389 common shares were outstanding and are net of 296,144 restricted shares. These restricted shares are shares held by Altus Group, which are subject to restrictive covenants and may or may not vest for employees. Accordingly, these shares are not included in the total number of common shares outstanding for financial reporting purposes and are not included in basic earnings per share calculations.

As at December 31, 2016, there were 757,942 share options outstanding (2015 - 732,743 share options outstanding) at a weighted average exercise price of \$19.56 per share (2015 - \$16.95 per share) and 294,312 options were exercisable (2015 - 135,496). All share options are exercisable into common shares on a one-for-one basis.

In 2013, we implemented a Dividend Reinvestment Plan ("DRIP") for our shareholders who are resident in Canada. Under the DRIP, participants may elect to automatically reinvest quarterly dividends in additional Altus Group common shares.

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

For the year ended December 31, 2016, 174,262 common shares (2015 - 191,028 common shares) were issued under the DRIP.

For the year ended December 31, 2016, 213,600 common shares (2015 - 3,565,700 common shares) were issued on the early conversion of the 2012 convertible debentures. As at December 31, 2016, there was a total principal amount of \$6.1 million (2015 - \$8.2 million) of 2012 convertible debentures outstanding. These are exchangeable into common shares at the option of the holder at a conversion price of \$10.00 per common share, equivalent to a maximum of 610,500 common shares (2015 - 824,100 common shares).

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Financial Instruments and Other Instruments

Financial instruments held in the normal course of business included in our consolidated balance sheet as at December 31, 2016 consist of cash and cash equivalents, trade receivables and other (excluding prepayments), trade payables and other (excluding lease inducements and deferred revenue), borrowings, derivative financial instruments and amounts payable to unitholders. We do not enter into financial instrument arrangements for speculative purposes.

The fair values of the short-term financial instruments approximate their carrying values. The fair values of borrowings are not significantly different than their carrying values, as these instruments bear interest at rates comparable to current market rates. The fair values of other long-term liabilities and contingent consideration payable are estimated by discounting the future contractual cash flows at the cost of borrowing to us, which approximate their carrying values.

The fair value of the 2012 convertible debentures as at December 31, 2016 was approximately \$18.3 million, based on the published trading price on the TSX. Under IFRS accounting, these convertible debentures are recorded at amortized cost.

The fair value of the liabilities for cash-settled plans and amounts payable to U.K. unitholders as at December 31, 2016 was approximately \$9.5 million, based on the published trading price on the TSX for our common shares.

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

To mitigate our exposure to interest rate fluctuations, we have entered into interest rate swap agreements in connection with our bank credit facilities.

In 2015, we entered into interest rate swap agreements for a total notional amount of \$65.0 million and a fixed interest rate of 1.48% per annum. This agreement expires on May 15, 2020. As at December 31, 2016, we have a total notional amount of \$65.0 million outstanding and the fair value of this swap was \$0.5 million in favor of the counterparty.

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

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

As at December 31, 2016, we have equity derivatives relating to RSUs and DSUs outstanding with a notional amount of \$7.2 million. The fair value of these derivatives is \$4.0 million in our favor.

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In order to limit our exposure, we entered into an equity derivative associated with the amounts payable to U.K. unitholders in 2014. Changes in the fair value of the equity derivative were recorded as finance costs (income), net and offset against the impact of mark-to-market adjustments on the amounts payable to unitholders that had been accrued. The equity derivative was settled on April 1, 2016.

We are exposed to credit risk with respect to our cash and cash equivalents, trade receivables and other, more specifically our trade receivables, 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. This practice increases the risk and likelihood of future bad debts. In addition, the risk of non-collection of trade receivables is greater in Asia Pacific compared to North American or European countries. Trade receivables are monitored on an ongoing basis with respect to their collectability and, where appropriate, a specific reserve is recorded.

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

Related Party Transactions

We provide appraisal services to Real Matters, an entity in which we hold a 13.9% equity interest as at December 31, 2016. For the year ended December 31, 2016, we recorded nominal revenues for appraisal services provided to Real Matters (2015 - \$0.032 million).

As part of ongoing transactions with Real Matters, there was a nominal amount included in trade receivables and other as at December 31, 2016 and as at December 31, 2015.

On April 1, 2016, our investment in Real Matters was diluted due to a private placement and issuance of common shares in connection with an acquisition completed by Real Matters. These transactions reduced our equity interest from 16.4% to 13.9%. The partial deemed disposition of our investment resulted in a gain of \$9.9 million with a corresponding increase to the carrying value of our investment in Real Matters. In January 2017, Real Matters issued 1,500,000 common shares, which further diluted our investment to 13.8%. We continue to have significant influence through both our shareholding and our nominated director's active participation on the Board of Directors of Real Matters.

All related party transactions were in the normal course of business and measured at the exchange amount.

Contingencies

From time to time, we or our subsidiaries are involved in legal proceedings, claims and litigation in the ordinary course of business with customers, former employees and other parties. Although it is not possible to determine the outcome of such matters, based on all currently available information,

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management believes that liabilities, if any, arising from such matters will not have a material adverse effect on our financial position or results of operations, and have been adequately provided for in the consolidated financial statements.

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

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 our 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 valuation of unbilled revenue on customer contracts

We review our unbilled revenue for each project on a monthly basis to determine whether the amount is a true reflection of the amount that will be invoiced in respect of the project. Where the review determines that the value of unbilled revenue exceeds the amount that will be invoiced, adjustments are made to the unbilled revenue. The valuation of the unbilled revenue involves estimates of the amount of work required to complete the project. Changes in estimates could lead to the under or overvaluation of unbilled revenue. Significant erosion in the general state of the economy could result in increased provisions to unbilled revenue.

Revenue recognition and multiple element arrangements

We assess the criteria for the recognition of revenue for arrangements that have multiple elements. These assessments require judgment by management to determine if there are separately identifiable components and how the total price of the arrangement is to be allocated among the components. Deliverables are accounted for as separately identifiable components if the product or service has stand-alone value to the customer and the fair value associated with the product or service can be measured reliably. In determining whether components are separately identifiable, management considers, among other factors, whether we sell the product or service separately in the normal course of business or whether the customer could purchase the product or service separately. With respect to the allocation of the total price among the components, management uses its judgment to assign a fair value to each component or the undelivered component, as applicable. Fair value is determined based on such items as the price for the component when sold separately and renewal rates for specific components. Changes in these assessments and judgments could lead to an increase or decrease in the amount of revenue recognized in a particular period.

Allowance for doubtful accounts

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

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balance based, in part, on the age of the specific receivable balance. An allowance is established when the likelihood of collecting the account has significantly diminished. Future collections of receivables that differ from management's current estimates would affect trade receivables and office and other operating expenses. Significant erosion in the general state of the economy could result in increased allowances for doubtful accounts.

Estimated impairment of goodwill

We test at least annually whether goodwill is subject to any impairment. Goodwill impairment is evaluated between annual tests upon the occurrence of events or changes in circumstances. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or group 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 management. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. 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. Significant erosion in the general state of the economy could result in increased impairment losses. For the year ended December 31, 2016, there was a goodwill impairment charge in the amount of \$12.5 million (2015 - \$Nil). If the discount rate (after-tax) were to increase by 100 basis points for Canada Research, Valuation & Advisory ("RVA"), a goodwill impairment charge of \$2.4 million would result. If the perpetual growth rate were to decrease by 100 basis points for Canada RVA, a goodwill impairment charge of \$0.5 million would result. For the remaining CGUs, no reasonably possible change in key assumptions would result in an impairment.

Intangibles

Intangibles are acquired assets that lack physical substance and that meet the specified criteria for recognition separately from goodwill. Intangibles with a finite life, as summarized in the consolidated financial statements, are recorded at cost and are amortized over the period of expected future benefit using the straight-line method or the diminishing balance method. Intangibles with an indefinite life, which include the Altus Group and ARGUS brands, are recorded at cost. On an annual basis, management reviews the carrying amount of intangibles that have an indefinite life for possible impairment by evaluating the recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Intangibles are written down to their recoverable amount when a decline is identified. 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. Significant erosion in the general state of the economy could result in increased impairment losses. For the year ended December 31, 2016, there was no intangible impairment charge (2015 - \$Nil).

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 companies 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

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recorded, which are recorded as they arise through profit or loss. Significant erosion in the general state of the economy could negatively impact future performance of acquired companies.

Income taxes

We are 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 tax assets and liabilities in the period in which such determination is made.

Changes in Accounting Policies Including Initial Adoption of New Accounting Pronouncements

Future Accounting Pronouncements

International Financial Reporting Standard 16, Leases

IFRS 16, which was issued in January 2016, will replace current lease accounting standards. It proposes to record all leases on the balance sheet with certain limited exceptions. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Limited earlier adoption is permitted. We are in the process of evaluating the impact of this standard on our consolidated financial statements.

International Financial Reporting Standard 9, Financial Instruments

The final version of IFRS 9, as issued in July 2014 as a complete standard, introduces a model for the classification and measurement of financial instruments, a single, forward-looking expected-loss impairment model that will require more timely recognition of expected credit losses and a substantially reformed approach for hedge accounting, with enhanced disclosures about risk management activity. 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. We are in the process of evaluating the impact of this standard on our consolidated financial statements.

International Financial Reporting Standard 15, Revenue from Contracts with Customers

IFRS 15, which was issued in May 2014, will replace all current revenue recognition requirements under IFRS. IFRS 15 establishes a new five-step model that will apply 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 required for annual periods beginning on or after January 1, 2018, using either a full or modified retrospective application. Earlier adoption is permitted. We have engaged an advisor to assist with the analysis of the revenue streams. We are in the process of finalizing the accounting policy for each revenue stream. We intend to apply this standard on a full retrospective basis. An assessment of the impact on opening balances is under way.

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

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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.

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, with early application permitted. We are in the process of assessing the potential effect of these amendments on our consolidated financial statements.

International Accounting Standard 12, Income Taxes

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in the opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after January 1, 2017 with early application permitted. These amendments are not expected to have a significant impact on our consolidated financial statements.

International Accounting Standard 7, Statement of Cash Flows

The IASB amended IAS 7, Statement of Cash Flows, to include a new section on disclosure initiatives. The updated guidance requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The mandatory effective date of these amendments is January 1, 2017. We are in the process of evaluating the impact of these amendments on our consolidated financial statements.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

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

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

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

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

Management has limited the scope of the design of DC&P and ICFR, consistent with previous practice, to exclude controls, policies and procedures of Bay Partnership acquired on April 1, 2016 and R2G acquired on August 1, 2016.

Financial information of the businesses acquired is summarized below.

Income Statement data for Bay Partnership:

<i>In thousands of dollars</i>	Year ended December 31, 2016
Revenues	\$ 668
Expenses	680
Profit (loss)	(12)

Income Statement data for R2G:

<i>In thousands of dollars</i>	Year ended December 31, 2016
Revenues	\$ 479
Expenses	901
Profit (loss)	(422)

Management has caused to be evaluated under its supervision the effectiveness of its DC&P as of December 31, 2016, and has concluded that the design and effectiveness of these controls and procedures provide reasonable assurance that material information relating to Altus Group, including our consolidated subsidiaries, was made known to management on a timely basis to ensure adequate disclosure.

Management has caused to be evaluated under its supervision the effectiveness of its ICFR as of December 31, 2016 using the COSO framework. Management has concluded that the overall design and effectiveness of these controls provide reasonable assurance of the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

There have been no changes in our internal controls over financial reporting that occurred for the quarter ended December 31, 2016, the most recently completed interim period, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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The audit committee and our Board of Directors have reviewed and approved this MD&A and the consolidated financial statements for the year ended December 31, 2016.

Key Factors Affecting the Business

The risks and uncertainties that could significantly affect our financial condition and future results of operations are summarized below:

General state of the economy

The businesses operated by us are affected by general economic conditions, including international, national, regional and local economic conditions, all of which are outside of our control. Economic slowdowns or downturns, adverse economic conditions, cyclical trends, increases in interest rates, variations in currency exchange rates, reduced client spending and other factors could have a material adverse effect on our business, financial condition and results of operations. Although our operations are functionally and geographically diversified, significant erosion in levels of activity in any segment in which we operate could have a negative impact on our business, financial condition and results of operations.

Currency risk

Our reporting currency is the Canadian dollar.

We have operations in Canada, the U.S., the U.K., Australia and various countries throughout Asia. Our exposure to foreign currency risk is primarily in the following areas:

- Profit (loss) generated by operations in foreign countries, which are translated into Canadian dollars using the average exchange rate;
- Net assets of foreign subsidiaries, which are translated into Canadian dollars using the period end exchange rate with any gains or losses recorded under accumulated other comprehensive income (loss) within shareholders' equity; and
- Non-Canadian dollar denominated monetary assets and liabilities, which are translated into Canadian dollars using the period end exchange rate with any gains or losses recorded through profit (loss).

The exchange rate between the Canadian dollar and the U.S. dollar ranged from \$1.3869 at December 31, 2015 to \$1.3437 at December 31, 2016. The exchange rate between the Canadian dollar and the British pound ranged from \$2.0529 at December 31, 2015 to \$1.6576 at December 31, 2016. The exchange rate between the Canadian dollar and the Australian dollar ranged from \$1.0122 at December 31, 2015 to \$0.9671 at December 31, 2016.

Oil and gas sector

The land survey practice of Geomatics has significant client exposure in the oil and gas industry in Western Canada and is impacted by the associated capital spending from that sector. The risks to the outlook for the land survey practice in Western Canada arise from world markets for oil and gas and the associated impact on capital spending. Historically, the prices for oil and gas have been volatile and subject to wide fluctuations in response to changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond our control. We cannot predict future oil and gas

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price movements. If oil and gas prices experience a prolonged decline, there could be a material adverse effect on our business, financial condition, liquidity and operating results.

Ability to maintain profitability and manage growth

Our ability to achieve revenue growth and sustain profitability in future periods depends on our ability to execute our strategic plan and effectively manage our growth. A failure to do so could have a material adverse effect on our business, financial condition and results of operations.

Commercial real estate market

The businesses we operate are affected by the state of commercial real estate as an investment asset class. Economic slowdowns triggered by credit liquidity, interest rates, regulatory policy, tax policy, etc., could negatively impact the market and result in fewer appraisals, cost assignments and license and subscription sales. This could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Competition in the industry

We face competition from other service, software and data analytics providers. Competition for our professional services includes a broad mix of competitors, ranging from smaller, locally-based professional service firms to national, multi-regional professional service providers and to large engineering, accounting and law firms. Software providers also compete with us in respect of real estate asset management, valuation, budgeting, forecasting, reporting and lease management solutions. There are also new companies entering the market with competitive data analytics solutions. These competitive forces could result in a material adverse effect on our business, financial condition and results of operations by reducing our relative share in the markets we serve.

Ability to attract and retain professionals

Our success and ability to grow are dependent on the expertise, experience and efforts of our professionals. Competition for employees with the qualifications we desire, particularly with commercial real estate technology experience, is intense and puts upward pressure on compensation costs. We expect that competition for qualified professionals will continue to increase, thereby causing compensation costs to escalate. Should we be unable to attract and retain professionals that meet the desired level of skills and ability, our business may be jeopardized.

Information from multiple sources

The quality of our databases supporting certain of our products depends substantially on information provided by a number of sources, including commercial real estate brokers, agents and property owners, trade associations, tax assessors, deed recorders, municipal planners, corporate web sites, the business and trade press, and selected third party vendors of business information. Our inability to collect information from a significant number of these sources may negatively affect certain of our products and may potentially result in subscriber cancellations and failure to acquire new subscribers.

Reliance on larger enterprise transactions with longer and less predictable sales cycles

The ability to meet revenue targets is becoming more dependent on larger transactions which have longer sales cycles. The presence or absence of one or more of these transactions may have a material positive or negative effect on anticipated revenue in any given period.

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Success of new product introductions

As new products are developed and introduced to the marketplace, client adoption may not achieve anticipated levels. As a result, revenue expectations may not be achieved. If cash flows from new products do not reach sufficient levels, asset impairments may need to be taken on any capitalized costs related to the development of the products.

Ability to respond to technological change and develop products on a timely basis

Our ability to generate future revenues from software is dependent upon meeting the changing needs of the market and evolving industry standards through new product introductions and product enhancements. In order to maintain or enhance product market share over the long-term, it is imperative to anticipate and develop products that meet client and industry needs. In the short to medium term, the ability to complete product developments on a timely basis is important to achieving revenue and cost targets.

Protection of intellectual property or defending against claims of intellectual property rights of others

We rely on protecting our intellectual property rights including copyrights, trademarks, trade secrets, databases and methodologies, which have been important factors in maintaining our competitive position. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to obtain and use information that we regard as proprietary. There can be no assurance that we will be successful in protecting our proprietary rights and, if we are not, our business, financial condition, liquidity and results of operations could be materially adversely affected. Additionally, we may be subject to claims by third parties regarding technology infringement. Responding to such claims could result in substantial expense and may result in damages or injunctive relief. We may also be required to indemnify customers pursuant to our indemnification obligations, enter into licensing agreements on unfavourable terms or redesign or stop selling affected products, which could materially disrupt the conduct of our business.

Ability to implement technology strategy and ensure workforce adoption

Our business relies on the use of information technology systems to deliver expert services, data and software solutions to our clients. If we are unable to effectively implement our information technology strategies or adopt new technologies and technology-enabled processes relevant to our offerings in a timely or cost-effective manner, or if our employees fail to adopt in an effective and timely manner new technologies or technology-enabled processes, then our ability to deliver services and solutions that meet client needs or our ability to remain competitive in the market may be materially impaired.

Information technology governance and security, including cyber security

In the ordinary course of our business, we collect, store, process and/or transmit sensitive data belonging to clients, partners, vendors, employees and contractors as well as our own proprietary business information and intellectual property. The secure processing, maintenance and transmission of this information is critical to our workflow operations and delivery of products and services to our clients. We have implemented a secure operating framework which includes policies and governance, prevention and detection technologies, back-up and recovery processes and other procedures and technology in the protection of our data, software and infrastructure assets from loss, theft, unauthorized access, vandalism, cyber attacks, or events such as power outages or surges, floods, fires or other natural disasters. We have also implemented a major incidence process whereby breaches or unauthorized access to our systems are assessed and reported based on established communication protocols. Despite our security measures, our data, systems and infrastructure may be vulnerable to cyber attacks or breached

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due to employee error, malfeasance or other disruptions. These security breaches could materially compromise our information, disrupt our business operations or cause us to breach our client obligations thereby exposing us to liability, reputational harm and/or significant remediation costs. A theft, loss, corruption, exposure, fraudulent use or misuse of client information whether by third parties or as a result of employee malfeasance could result in significant remediation and other costs, fines, litigation or regulatory actions against us, as well as cause reputational harm, negatively impact our competitive position and affect our financial results. We are increasingly relying on third-party data storage providers, including cloud storage solution providers, resulting in less direct control over our data and system processing. Such third parties may also be vulnerable to security breaches for which we may not be indemnified and which could cause materially adverse harm to our reputation and competitive position and affect our financial results.

Acquisitions

We intend to make acquisitions from time to time as part of our strategy to grow our business. Acquisitions may increase the size of our operations, as well as increase the amount of indebtedness that we may have to service. There is no assurance that we will be able to acquire operations on satisfactory terms. The successful integration and management of acquired businesses involve numerous risks and there is no assurance that we will be able to successfully integrate our acquisitions. Such failure could adversely affect our business, financial condition and results of operations.

Fixed-price and contingency engagements

A portion of our revenues comes from fixed-price engagements. A fixed-price engagement requires us to either perform all or a specified part of work under the engagement for a specified lump sum payment. Fixed-price engagements expose us to a number of risks not inherent in cost-plus engagements, including underestimation of costs, ambiguities in specifications, unforeseen or changed costs or difficulties, problems with new technologies, delays beyond our control, failures of subcontractors to perform and economic or other changes that may occur during the term of engagement. Increasing reliance on fixed-price engagements and/or increases in the size of such engagements would increase the exposure to this risk. Economic loss under fixed-price engagements could have a material adverse effect on our business.

We are also engaged to provide services on a contingency basis, meaning that we receive our fees only if certain results are achieved. We may experience adverse financial effects from having devoted professional and other resources to a project, which, due to a failure to meet the contingency goals, are not recouped through fees.

Appraisal and appraisal management mandates

Some clients rotate their appraisal and appraisal management mandates to different service providers. As a result, we may be rotated out of an appraisal engagement.

Canadian multi-residential market

A significant part of the Canadian Cost practice area's annual revenues are derived from the rental apartment and condominium sectors of the multi-residential development market. Any significant decline in the multi-unit residential development market could have a material adverse effect on our Cost practice's operating results.

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Weather

The level of activity in the oilfield services industry and natural resources industry are influenced by seasonal weather patterns and natural or other disasters, such as floods and forest fires. Spring break-up often experienced during the second quarter leaves many secondary roads temporarily incapable of supporting the weight of field equipment, which results in severe restrictions in the provision of field work for Geomatics' survey services and land-use consulting. The timing and duration of spring break-up are dependent on regional weather patterns but generally occur in April and May.

The demand for survey services and forestry and land-use services may also be affected by the severity of Canadian winters, and excessively rainy periods or forest fires, thereby adversely affecting operations. The uncertainty of weather and temperature can therefore create unpredictability in activity and utilization rates.

Legislative and regulatory changes

Changes to any of the laws, rules, regulations or policies affecting our business would have an impact on our business. Certain elements of our business are influenced by the regulatory environment of our clients, such as the requirement for pension fund managers to obtain property valuations on an annual basis. In addition, elements of our business, such as our Property Tax practice area, are significantly influenced by the regulatory regime and any changes thereto. Any change to laws, rules, regulations or policies may significantly and adversely affect our operations and financial performance.

Customer concentration and loss of material clients

Although we are not dependent on one or a small number of clients, certain of our business segments have significant clients. Loss of any significant client that contributes a substantial portion to that business segments' revenues could have a negative impact on our revenues and could impact our ability to attract and retain other clients.

Interest rate risk

We are exposed to fluctuations in interest rates under our borrowings. Increases in interest rates may have an adverse effect on our earnings.

Credit risk

We may be materially and adversely affected if the collectability of our trade receivables is impaired for any reason. 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. This practice increases the risk and likelihood of future bad debts. In addition, the risk of non-collection of trade receivables is greater in Asia Pacific compared to North American or European countries.

Income tax matters

In the ordinary course of business, we may be subject to audits by tax authorities. While management anticipates that our tax filing positions will be appropriate and supportable, it is possible that tax matters, including the calculation and determination of revenue, expenditures, deductions, credits and other tax attributes, taxable income and taxes payable, may be reviewed and challenged by the authorities. If such challenge were to succeed, it could have a material adverse effect on our tax position. Further, the interpretation of and changes in tax laws, whether by legislative or judicial action or decision, and the

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administrative policies and assessing practices of tax authorities, could materially adversely affect our tax position.

Revenue and cash flow volatility

Our revenue, cash flow, operating results and profitability may experience fluctuations from quarter to quarter, based on project terms and conditions for billing and rendering of services.

Health and safety hazards

Our employees are sometimes required to attend client worksites, including construction worksites in the case of both Cost and Geomatics and remote, wilderness areas in the case of Geomatics. The activities at these worksites may involve certain operating hazards that can result in personal injury and loss of life. We have implemented health and safety policies and procedures as well as provide required employee health and safety training programs. Despite these programs, there can be no assurance that our insurance will be sufficient or effective under all circumstances or against all claims or hazards to which we may be subject or that we will be able to continue to obtain adequate insurance protection. A successful claim for damage resulting from a hazard for which it is not fully insured could adversely affect our results of operations.

Performance of contractual obligations and client satisfaction

Our success depends largely on our ability to fulfill our contractual obligations and ensure client satisfaction. If we fail to properly define the scope of our work, communicate the boundaries or use of the advice and reports we provide, define the limits of our liability, satisfactorily perform our obligations, or make professional errors in the advice or services that we provide, clients could terminate projects, refuse payment for our services or take legal action for the loss or harm they suffer, thereby exposing us to legal liability, loss of professional reputation, enhanced risk of loss and/or reduced profits.

Risk of legal proceedings

We are threatened from time to time with, or are named as a defendant in, or may become subject to various legal proceedings in the ordinary course of conducting our business, including lawsuits based upon professional errors and omissions. A significant judgment against us, or the imposition of a significant fine or penalty as a result of a finding that we have failed to comply with laws, regulations, contractual obligations or other arrangements or professional standards, could have a significant adverse impact on our financial performance. Should any indemnities made in our favor in respect of certain assignments fail to be respected or enforced, we may suffer material adverse financial effects.

Insurance limits

Management believes that our professional errors and omissions insurance coverage and directors' and officer's liability insurance coverage address all material insurable risks, provide coverage that is similar to that which would be maintained by a prudent operator of a similar business and are subject to deductibles, limits and exclusions, which are customary or reasonable given the cost of procuring insurance and current operating conditions. However, there can be no assurance that such insurance will continue to be offered on an economically affordable basis, that all events that could give rise to a loss or liability are insurable or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving our assets or operations.

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Ability to meet solvency requirements to pay dividends

Our ability to pay dividends is dependent on our operations and assets, and is subject to various factors including our financial performance, our obligations under applicable bank credit facilities, fluctuations in our working capital, the sustainability of our margins and our capital expenditure requirements.

Leverage and restrictive covenants

Our ability to pay dividends or make other payments or advances is subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness owed by us or our subsidiaries (including the bank credit facilities). The degree to which we are leveraged could have important consequences to our shareholders. For example, our ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; a significant portion of our cash flow from operations may be dedicated to the payment of principal and interest on our indebtedness, thereby reducing funds available for future operations; certain of our borrowings will be subject to variable rates of interests, which exposes us to the risk of increased interest rates; and we may be more vulnerable to economic downturns and be limited in our ability to withstand competitor pressures.

The bank credit facilities contain numerous restrictive covenants that limit the discretion of our management with respect to certain business matters. These covenants place significant restrictions on, among other things, our ability to create liens or other encumbrances, to pay dividends or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the bank credit facilities contain a number of financial covenants that require us to meet certain financial ratios and financial condition tests. Failure to comply with the obligations provided in the bank credit facilities could result in a default which, if not cured or waived, could result in the termination of dividends paid by us and accelerate the repayment of the relevant indebtedness. If repayments of indebtedness under the bank credit facilities were to be accelerated, there can be no assurance that our assets would be sufficient to repay the relevant indebtedness in full. There can be no assurance that future borrowings or equity financing will be available to us or available on acceptable terms, in an amount sufficient to fund our needs. If we are unable to obtain financing on the expiration of the bank credit facilities or are unable to obtain financing on favourable terms, our ability to pay dividends may be adversely affected.

Unpredictability and volatility of common share price

Our common shares do not necessarily trade at prices determined by reference to the underlying value of our business and cannot be predicted. The market price of the common shares may be subject to significant fluctuations in response to variations in quarterly operating results and other factors. In addition, securities markets have experienced significant price and volume fluctuations from time to time in recent years that are often unrelated or disproportionately related to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of our common shares.

Capital investment

The timing and amount of capital expenditures made by us or any of our subsidiaries indirectly affects the amount of cash available for investments, debt payments or dividend payments. Dividends may be reduced, or even eliminated, at times when we deem it necessary to make significant capital or other expenditures.

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Issuance of additional common shares diluting existing shareholders' interests

We are authorized to issue an unlimited number of common shares for such consideration and on such terms and conditions as shall be determined by the Board of Directors without shareholder approval, except as required by the TSX.

Additional Information

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

Our common shares trade on the Toronto Stock Exchange under the symbol "AIF" and the 2012 convertible debentures trade under the symbol "AIF.DB.A".

Altus Group Limited

Consolidated Financial Statements

December 31, 2016 and 2015

(Expressed in Thousands of Canadian Dollars)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Altus Group Limited are the responsibility of management and have been reviewed 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 23, 2017

"Angelo Bartolini"

Angelo Bartolini
Chief Financial Officer
February 23, 2017

Independent Auditors' Report

To the Shareholders of
Altus Group Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Altus Group Limited, which comprise the consolidated balance sheets as at December 31, 2016 and 2015, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Altus Group Limited as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Toronto, Canada
February 23, 2017

"Ernst & Young LLP"
Chartered Professional Accountants
Licensed Public Accountants

Consolidated Statements of Comprehensive Income (Loss)

For the Years Ended December 31, 2016 and 2015

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

	Notes	For the year ended December 31, 2016	For the year ended December 31, 2015
Revenues		\$ 442,891	\$ 416,413
Expenses			
Employee compensation	7	274,195	260,345
Occupancy	8	19,959	18,551
Office and other operating	8	79,817	76,058
Amortization of intangibles	15	26,197	33,040
Depreciation of property, plant and equipment	14	7,233	7,017
Acquisition related expenses (income)	5	621	(429)
Share of (profit) loss of associates	13	2,617	1,270
Restructuring costs	17	4,059	2,694
(Gain) loss on sale of certain business assets	13, 29	(9,935)	(3,483)
Impairment charge	16	12,500	-
Operating profit (loss)		25,628	21,350
Finance costs (income), net	9	4,549	11,253
Profit (loss) before income taxes		21,079	10,097
Income tax expense (recovery)	10	6,811	848
Profit (loss) for the year attributable to equity holders		\$ 14,268	\$ 9,249
Other comprehensive income (loss):			
Items that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges	22	-	468
Currency translation differences	22	(12,408)	36,612
Share of other comprehensive income (loss) of associates	22	(1,369)	1,118
Other comprehensive income (loss), net of tax		(13,777)	38,198
Total comprehensive income (loss) for the year, net of tax, attributable to equity holders		\$ 491	\$ 47,447
Earnings (loss) per share attributable to the equity holders of the Company during the year			
Basic earnings (loss) per share	24	\$0.39	\$0.28
Diluted earnings (loss) per share	24	\$0.38	\$0.27

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

Consolidated Balance Sheets

As at December 31, 2016 and 2015

(Expressed in Thousands of Canadian Dollars)

	Notes	December 31, 2016	December 31, 2015
Assets			
Current assets			
Cash and cash equivalents		\$ 43,673	\$ 19,604
Trade receivables and other	11	137,398	134,501
Income taxes recoverable		4,530	794
Derivative financial instruments	12	622	33
		186,223	154,932
Non-current assets			
Trade receivables and other	11	613	594
Derivative financial instruments	12	3,414	43
Investment in associates	13	23,190	17,447
Deferred income taxes	10	21,962	19,712
Property, plant and equipment	14	26,647	30,778
Intangibles	15	108,205	134,872
Goodwill	16	220,597	239,346
		404,628	442,792
Total Assets		\$ 590,851	\$ 597,724
Liabilities			
Current liabilities			
Trade payables and other	17	\$ 91,573	\$ 81,282
Income taxes payable		5,099	1,015
Borrowings	18	7,000	2,129
Amounts payable to unitholders	19	851	-
		104,523	84,426
Non-current liabilities			
Trade payables and other	17	18,924	13,890
Borrowings	18	116,935	134,302
Derivative financial instruments	12	501	1,398
Deferred income taxes	10	9,375	10,586
Amounts payable to unitholders	19	-	2,527
		145,735	162,703
Total Liabilities		250,258	247,129
Shareholders' Equity			
Share capital	20	460,003	452,472
Equity component of convertible debentures		231	312
Contributed surplus	21	18,476	14,084
Accumulated other comprehensive income (loss)	22	46,781	60,558
Deficit		(184,898)	(176,831)
Total Shareholders' Equity		340,593	350,595
Total Liabilities and Shareholders' Equity		\$ 590,851	\$ 597,724

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

Consolidated Statements of Changes in Equity For the Years Ended December 31, 2016 and 2015 (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, 2015		\$ 405,443	\$ 1,567	\$ 9,008	\$ 22,360	\$ (165,274)	\$ 273,104
Profit (loss) for the year		-	-	-	-	9,249	9,249
Other comprehensive income (loss), net of tax:							
Cash flow hedges	22	-	-	-	468	-	468
Currency translation differences	22	-	-	-	36,612	-	36,612
Share of other comprehensive income (loss) of associates	22	-	-	-	1,118	-	1,118
Total comprehensive income (loss) for the year		-	-	-	38,198	9,249	47,447
Transactions with owners:							
Dividends declared	25	-	-	-	-	(20,806)	(20,806)
Share-based compensation	21, 23	-	-	5,946	-	-	5,946
Dividend Reinvestment Plan	20	3,628	-	-	-	-	3,628
Shares issued under the Share Option Plan	20, 21, 23	4,539	-	(526)	-	-	4,013
Shares issued on conversion of convertible debentures	20	37,058	(1,255)	-	-	-	35,803
Shares issued on acquisitions	5, 20	4,510	-	-	-	-	4,510
Treasury shares purchased under the Restricted Share Plan	20, 23	(3,112)	-	-	-	-	(3,112)
Release of treasury shares under the Restricted Share Plan	20, 21, 23	406	-	(347)	-	-	59
Gain on sale of RSs and shares held in escrow	21	-	-	3	-	-	3
		47,029	(1,255)	5,076	-	(20,806)	30,044
As at December 31, 2015		\$ 452,472	\$ 312	\$ 14,084	\$ 60,558	\$ (176,831)	\$ 350,595
As at January 1, 2016		\$ 452,472	\$ 312	\$ 14,084	\$ 60,558	\$ (176,831)	\$ 350,595
Profit (loss) for the year		-	-	-	-	14,268	14,268
Other comprehensive income (loss), net of tax:							
Currency translation differences	22	-	-	-	(12,408)	-	(12,408)
Share of other comprehensive income (loss) of associates	22	-	-	-	(1,369)	-	(1,369)
Total comprehensive income (loss) for the year		-	-	-	(13,777)	14,268	491
Transactions with owners:							
Dividends declared	25	-	-	-	-	(22,335)	(22,335)
Share-based compensation	21, 23	-	-	7,123	-	-	7,123
Dividend Reinvestment Plan	20	3,699	-	-	-	-	3,699
Shares issued under the Share Option Plan	20, 21, 23	1,704	-	(255)	-	-	1,449
Shares issued on acquisitions	5, 20	799	-	-	-	-	799
Treasury shares purchased under the Restricted Share Plan	20, 23	(3,589)	-	-	-	-	(3,589)
Shares issued on conversion of convertible debentures	20	2,185	(81)	-	-	-	2,104
Release of treasury shares under the Restricted Share Plan	20, 21, 23	2,753	-	(2,458)	-	-	295
Gain on sale of RSs and shares held in escrow	21	-	-	(18)	-	-	(18)
Other	20	(20)	-	-	-	-	(20)
		7,531	(81)	4,392	-	(22,335)	(10,493)
As at December 31, 2016		\$ 460,003	\$ 231	\$ 18,476	\$ 46,781	\$ (184,898)	\$ 340,593

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

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

(Expressed in Thousands of Canadian Dollars)

	Notes	For the year ended December 31, 2016	For the year ended December 31, 2015
Cash flows from operating activities			
Profit (loss) before income taxes		\$ 21,079	\$ 10,097
Adjustments for:			
Amortization of intangibles	15	26,197	33,040
Depreciation of property, plant and equipment	14	7,233	7,017
Amortization of lease inducements		(262)	318
Amortization of capitalized software development costs	15	523	526
Tax credits recorded through employee compensation		(133)	(18)
Finance costs (income), net	9	4,549	11,253
Share-based compensation	21, 23	7,123	5,946
Unrealized foreign exchange (gain) loss		1,793	(1,678)
(Gain) loss on sale of certain business assets	13, 29	(9,935)	(3,483)
(Gain) loss on disposal of property, plant and equipment	8	118	420
(Gain) loss on equity derivatives		(3,960)	207
Share of (profit) loss of associates	13	2,617	1,270
Impairment charge	16	12,500	-
Net changes in operating working capital		11,740	(1,681)
Net cash generated by (used in) operations		81,182	63,234
Less: interest paid		(4,246)	(7,205)
Less: income taxes paid		(10,410)	(8,606)
Add: income taxes received		710	714
Net cash provided by (used in) operating activities		67,236	48,137
Cash flows from financing activities			
Proceeds from exercise of options	20, 21, 23	1,452	4,013
Redemption of Altus UK LLP Class B and D units	19	(2,062)	(187)
Financing fees paid		(86)	(1,269)
Proceeds from borrowings		6,000	10,000
Repayment of borrowings		(17,153)	(13,914)
Dividends paid		(18,548)	(16,493)
Treasury shares purchased under the Restricted Share Plan	20, 23	(3,589)	(3,112)
Interest paid to Altus UK LLP Class B and D unitholders	9	(32)	(98)
Net cash provided by (used in) financing activities		(34,018)	(21,060)
Cash flows from investing activities			
Purchase of intangibles	15	(2,597)	(1,739)
Purchase of property, plant and equipment		(4,230)	(12,320)
Proceeds from disposal of property, plant and equipment		481	159
Acquisitions	5	(1,715)	(12,960)
Net cash provided by (used in) investing activities		(8,061)	(26,860)
Effect of foreign currency translation		(1,088)	1,935
Net increase (decrease) in cash and cash equivalents		24,069	2,152
Cash and cash equivalents			
Beginning of year		19,604	17,452
End of year		\$ 43,673	\$ 19,604

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

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

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 independent advisory services, software and data solutions 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 23, 2017.

3. Summary of Significant Accounting Policies

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

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.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

3. Summary of Significant Accounting Policies, cont'd

Consolidation

Subsidiaries

Investments in other entities where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, are considered subsidiaries due to the control exercised over the investee by the Company. 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.

Intercompany transactions, balances and unrealized gains and losses on transactions between subsidiaries are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

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 but not control. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost from the date at which significant influence is demonstrated. The Company's investment in its associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income (loss) is recognized in other comprehensive income (loss). The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

3. Summary of Significant Accounting Policies, cont'd

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

The Company reviews its 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.

If the ownership interest in an associate is reduced, the Company calculates the related gain or loss on any actual disposal as well as any disposal that is deemed to have occurred and recognizes this amount in profit or loss. Where the Company retains significant influence over the associate after the reduction in ownership interest, only a proportionate share of the amounts previously recognized in other comprehensive income (loss) are reclassified to profit or loss.

In accordance with International Accounting Standard ("IAS") 28, Investments in Associates, the Company has significant influence with respect to its investment in Real Matters Inc. ("Real Matters"). As a result, the equity method is used to account for this investment.

Revenue Recognition

Revenue consists of the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the Company's activities. Revenue is shown net of returns and discounts and after eliminating intercompany revenue.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

3. Summary of Significant Accounting Policies, cont'd

Sale of services

The Company provides real estate consulting and advisory services. These services are provided on a time incurred basis (cost plus contracts), as fixed price contracts or as contingency arrangements, with contract terms generally ranging from less than one year to three years. Cost plus contracts record revenue on an hourly basis as work is performed. Fixed price contracts record revenue on a percentage of completion basis based on a measure of contract costs or hours incurred to date against total estimated costs or hours for each contract. Contingency arrangements record revenue when the uncertainty is resolved and the outcome of the contract becomes determinable and it is more likely than not that costs incurred will be recovered. Losses are recognized in the period identified such that provisions are made for any onerous contracts to cover the cost of fulfilling the obligation.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in revenues and are reflected in profit or loss in the period in which they arise.

Services rendered but not yet billed are recognized in revenue on the basis described above and recorded as unbilled revenue on customer contracts within trade receivables and other less progress bills. Progress bills not yet paid by customers are included within trade receivables and other.

Customer retainers are included in trade payables and other to the extent that they exceed unbilled revenue on customer contracts.

Subscription-based products, including software term licenses

Subscription revenues from sales of products and services that are delivered under a contract over a period of time are recognized on a straight-line basis over the term of the subscription. Subscription revenues received or receivable in advance of the delivery of services or publications is included in deferred revenue within trade payables and other.

Sale of perpetual software licenses

Revenue from the sale of perpetual software licenses is generally recognized upon delivery of the products, provided that no significant vendor obligations remain, the prices are fixed and determinable, and collection is probable.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

3. Summary of Significant Accounting Policies, cont'd

Multiple element arrangements

Where a single sales transaction requires the delivery of more than one product or service (multiple elements), revenue recognition criteria are applied to separately identifiable components. A component is considered to be separately identifiable if the product or service delivered has stand-alone value to the customer and the fair value associated with the product or service can be measured reliably, and delivery or performance of the undelivered components is considered probable and substantially under the Company's control. Revenue from the arrangement is allocated to the components on a relative fair value basis, or based on the residual method using the fair value of the undelivered element, as applicable.

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 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 (the "functional currency").

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, except for qualifying cash flow hedges, which are deferred in other comprehensive income (loss).

All foreign exchange gains and losses are presented in the consolidated statements of comprehensive income (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).

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

3. Summary of Significant Accounting Policies, cont'd

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in accumulated other comprehensive income (loss) are recognized in profit or loss as part of the gain or loss on sale.

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 at inception of the lease.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to profit or loss within occupancy or office and other operating expenses, depending on the lease, 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 charges. The rental obligations, net of finance charges, 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.

Current and Deferred Income Taxes

The tax expense for the period 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.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

3. Summary of Significant Accounting Policies, cont'd

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; deferred income tax is not accounted for if it arises from 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 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 are recognized only to the extent that it is probable that the assets can be recovered.

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.

Deferred income tax assets and liabilities are presented as non-current.

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.

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.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

3. Summary of Significant Accounting Policies, cont'd

Profit-sharing and bonus plans

The Company recognizes a liability and an expense for bonuses and profit-sharing awards, based on a performance measure that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognizes the expense and related liability 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 equity-settled 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, and a restricted share plan that is structured as a Deferred Compensation Plan.

The Company also has cash-settled share-based compensation plans: a Directors' Deferred Share Unit Plan ("DSU Plan") for its Board of Directors and a restricted share unit plan that is structured as a Deferred Compensation Plan.

Share Option Plan

The Company recognizes a compensation expense through profit or loss related to option grants that will be settled by issuing common shares. The compensation expense is the fair value of the options on the grant date using the Black-Scholes option pricing model and is recognized through profit or loss 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, 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 through profit or loss.

Equity Compensation Plan

The Company recognizes a compensation expense through profit or loss related to grants under the Equity Compensation Plan that will be settled by issuing common shares. The compensation expense is the fair value of the award when granted and is recognized through profit or loss 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.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

3. Summary of Significant Accounting Policies, cont'd

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

Deferred Compensation Plans

The Company established Deferred Compensation Plans in 2013 that are structured as a restricted share plan ("RS Plan") in Canada and as a restricted share unit plan ("RSU Plan") outside of Canada. If annual performance targets are met, restricted shares and restricted share units 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 the award.

With respect to the RS Plan, the Company recognizes a compensation expense through profit or loss 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 compensation expense is the fair value of the award when granted. 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 restricted shares ("RSs") will be 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 a 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

The Company recognizes a compensation expense through profit or loss for each deferred share unit ("DSU") granted equal to the market value of the Company's common shares on the grant date 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 deferred share units are settled in cash upon termination of Board service.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

3. Summary of Significant Accounting Policies, cont'd

Financial Assets and Liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

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 available-for-sale or held-to-maturity.

The Company classifies its financial liabilities as fair value through profit or loss or as other liabilities. The classification depends on the purpose for which the liability was assumed, and is determined at initial recognition.

Financial assets or liabilities are classified as current assets or liabilities if expected to be settled within 12 months, otherwise, they are classified as non-current.

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 and are subsequently measured at amortized cost using the effective interest method.

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. A financial asset or liability is classified in this category if acquired principally for the purpose of selling in the short term. 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.

Other liabilities

Other liabilities are non-derivative financial liabilities. Other liabilities are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

3. Summary of Significant Accounting Policies, cont'd

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

The Company has classified its financial assets and liabilities as follows:

<u>Financial Instrument</u>	<u>Classification</u>
Cash and cash equivalents	Fair value through profit or loss
Trade receivables and other (excluding prepayments)	Loans and receivables
Trade payables and other (excluding lease inducements, deferred revenue, RSU Plan and DSU Plan payables and contingent consideration payable)	Other liabilities
RSU Plan and DSU Plan payables	Fair value through profit or loss
Contingent consideration payable	Fair value through profit or loss
Borrowings	Other liabilities
Derivative financial instruments	Fair value through profit or loss
Amounts payable to unitholders	Fair value through profit or loss

Impairment of Financial Assets

Assets carried at amortized cost

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.

The criteria used to determine if there is objective evidence of an impairment loss include:

- delinquencies in payments;
- significant financial difficulty of the obligor; or
- it becomes probable that the obligor will enter bankruptcy.

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.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

3. Summary of Significant Accounting Policies, cont'd

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, such as an improvement in the debtor's credit rating, the reversal of the previously recognized impairment loss is recognized in profit or loss.

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, as well as changes in the fair value of amounts payable to unitholders, due to changes in the fair value of the Company's common shares. 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 that do not qualify for hedge accounting are recorded in the consolidated balance sheets at fair value with changes in fair value recorded within finance costs (income), net or employee compensation expense in profit or loss, depending on the nature of the derivative.

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.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

3. Summary of Significant Accounting Policies, cont'd

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.

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

Intangibles acquired in business combinations

Brands, custom software applications, internally generated software, customer backlog, customer lists and databases 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.

Computer application software

Computer application software is recorded at cost less accumulated amortization.

Custom software applications

Costs associated with maintaining computer software applications 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.

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3. Summary of Significant Accounting Policies, cont'd

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

Costs incurred during the research phase are expensed as incurred.

Non-compete agreements

Non-compete agreements are recognized at fair value at the acquisition date and carried at cost less accumulated amortization.

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

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

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount, as discussed below in Impairment of Non-financial Assets.

The Altus Group and ARGUS brands are intangibles with an indefinite life and are not amortized.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets acquired on the date of acquisition. Goodwill is tested annually for impairment, or more frequently should a change in circumstances indicate the carrying amount may not be recoverable, and carried at cost less accumulated impairment losses. 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 entity sold.

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.

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

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.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost with any difference between the proceeds, net of transaction costs, and the redemption value recognized in finance costs (income), net 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.

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 over the period to settlement and correspondingly increases the carrying amount of the provision.

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3. Summary of Significant Accounting Policies, cont'd

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 equity holders 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 equity holders.

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, will replace current lease accounting standards. It proposes to record all leases on the balance sheet with certain limited exceptions. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Limited earlier adoption is permitted. The Company is in the process of evaluating the impact of this standard on its consolidated financial statements.

International Financial Reporting Standard 9, Financial Instruments

The final version of IFRS 9, Financial Instruments, as issued in July 2014 as a complete standard, introduces a model for the classification and measurement of financial instruments, a single, forward-looking expected-loss impairment model that will require more timely recognition of expected credit losses and a substantially reformed approach for hedge accounting, with enhanced disclosures about risk management activity. 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is in the process of evaluating the impact of this standard on its consolidated financial statements.

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

3. Summary of Significant Accounting Policies, cont'd

International Financial Reporting Standard 15, Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers, which was issued in May 2014, will replace all current revenue recognition requirements under IFRS. IFRS 15 establishes a new five-step model that will apply 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 required for annual periods beginning on or after January 1, 2018, using either a full or modified retrospective application. Earlier adoption is permitted. The Company has engaged an advisor to assist with the analysis of the revenue streams. The Company is in the process of finalizing the accounting policy for each revenue stream. The Company intends to apply this standard on a full retrospective basis. An assessment of the impact on opening balances is under way.

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.

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, with early application permitted. The Company is in the process of assessing the potential effect of these amendments on its consolidated financial statements.

International Accounting Standard 12, Income Taxes

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in the opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after January 1, 2017 with early application permitted. These amendments are not expected to have a significant impact on the consolidated financial statements of the Company.

Notes to Consolidated Financial Statements

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

3. Summary of Significant Accounting Policies, cont'd

International Accounting Standard 7, Statement of Cash Flows

The IASB amended IAS 7, Statement of Cash Flows, to include a new section on disclosure initiatives. The updated guidance requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The mandatory effective date of these amendments is January 1, 2017. The Company is in the process of evaluating the impact of these amendments on its consolidated financial statements.

4. 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 valuation of unbilled revenue on customer contracts

The Company reviews its unbilled revenue for each project on a monthly basis to determine whether the amount is a true reflection of the amount that will be invoiced in respect of the project. Where the review determines that the value of unbilled revenue exceeds the amount that will be invoiced, adjustments are made to the unbilled revenue. The valuation of the unbilled revenue involves estimates of the amount of work required to complete the project. Changes in estimates could lead to the under or overvaluation of unbilled revenue.

Notes to Consolidated Financial Statements

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

4. Critical Accounting Estimates and Judgments, cont'd

Revenue recognition and multiple element arrangements

The Company assesses the criteria for the recognition of revenue for arrangements that have multiple elements. These assessments require judgment by management to determine if there are separately identifiable components and how the total price of the arrangement is to be allocated among the components. Deliverables are accounted for as separately identifiable components if the product or service has stand-alone value to the customer and the fair value associated with the product or service can be measured reliably. In determining whether components are separately identifiable, management considers, among other factors, whether the product or service is sold separately by the Company in the normal course of business or whether the customer could purchase the product or service separately. With respect to the allocation of the total price among the components, management uses its judgment to assign a fair value to each component or the undelivered component, as applicable. Fair value is determined based on such items as the price for the component when sold separately and renewal rates for specific components. Changes in these assessments and judgments could lead to an increase or decrease in the amount of revenue recognized in a particular period.

Allowance for doubtful accounts

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. An allowance is established when the likelihood of collecting the account has significantly diminished. Future collections of receivables that differ from management's current estimates would affect trade receivables and office and other operating expenses. 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.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

4. Critical Accounting Estimates and Judgments, cont'd

Intangibles

Intangibles are acquired assets that lack physical substance and that meet the specified criteria for recognition separately from goodwill. Intangibles with a finite life, as summarized in Note 3, are recorded at cost and are amortized over the period of expected future benefit using the straight-line method or the diminishing balance method. Intangibles with an indefinite life, which include the Altus Group and ARGUS brands, are recorded at cost. On an annual basis, management reviews the carrying amount of intangibles that have an indefinite life for possible impairment by evaluating the recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Intangibles are written down to their recoverable amount when a decline is identified. 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 companies 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 tax assets and liabilities in the period in which such determination is made. Refer to Note 10 for the carrying value of current and deferred income tax assets and liabilities.

Notes to Consolidated Financial Statements

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

5. Acquisitions

Acquisitions in 2016

The Company completed two acquisitions during the year ended December 31, 2016 as part of its continuing strategy to strengthen each business unit.

Acquisition of Bay Partnership Pty Ltd.

On April 1, 2016, the Company acquired all the issued and outstanding shares of Bay Partnership Pty Ltd. ("Bay Partnership") for \$241 in cash, common shares and contingent consideration, subject to working capital adjustments. The purchase price was allocated to intangibles and goodwill of \$147 and \$157, respectively, with the remainder to deferred income tax liabilities and working capital. Based in New South Wales, Australia, Bay Partnership is a provider of quantity surveying services. The addition of Bay Partnership expands the Company's market share.

Acquisition of R2G Limited

On August 1, 2016, the Company acquired all the issued and outstanding shares of R2G Limited ("R2G") and its subsidiaries for \$6,119, subject to working capital adjustments. As part of the transaction, the Company entered into non-compete agreements with key management of R2G. Based in Hertfordshire, U.K., but operating nationally since 2002, R2G specializes in tax representation for all types of commercial real estate. The addition of R2G expands the Company's market share and adds regional scale in the U.K. market while strategically positioning the Company for the 2017 revaluation cycle in support of the Company's current growth initiatives. On August 2, 2016, R2G was wound up and its assets were transferred to Altus Group (UK) Limited. As consideration for these shares, the Company paid cash of \$3,835, common shares of \$1,142 (equivalent to 50,973 common shares) and contingent consideration of \$1,142. The purchase agreement provides for maximum contingent consideration payable of GBP663, subject to certain performance targets being achieved over a two-year period from the closing date. As at the date of the acquisition, it was estimated that the maximum amount would be payable. 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.

For accounting purposes, the consideration transferred for the acquired business includes a discount factor on the contingent consideration payable reflecting the time value of money and a discount on the value of the common shares reflecting the trading restrictions placed on the shares. Further, the non-compete agreements are valued separately from the acquired business. As a result, under IFRS, the total consideration attributable to the acquired business, subject to adjustments, and to the non-compete agreements was \$4,516 and \$1,146, respectively.

Revision of contingent consideration payable for Maxwell Brown

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 \$498 (2015 - \$(1,178)) in acquisition related expenses (income) (Note 26).

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

5. Acquisitions, cont'd

Finalization of working capital adjustments for SC&H SALT

The Company finalized the working capital adjustments related to the SC&H Group Inc.'s State and Local Tax consulting practice ("SC&H SALT") acquisition completed on December 1, 2014 resulting in a net recovery of \$323 in acquisition related expenses (income).

	Year ended December 31, 2016		
	Bay Partnership	R2G	Total
Acquisition related costs (included in acquisition related expenses (income) in the consolidated statements of comprehensive income (loss))	\$ 51	\$ 210	\$ 261
Consideration:			
Cash	\$ 76	\$ 3,835	\$ 3,911
Contingent consideration	113	1,142	1,255
Common shares	80	1,142	1,222
	269	6,119	6,388
Less: discount on contingent consideration	(8)	(114)	(122)
Less: discount on common shares	(20)	(343)	(363)
	241	5,662	5,903
Less: consideration transferred for non-compete agreements	(12)	(1,146)	(1,158)
Consideration transferred for acquired businesses	229	4,516	4,745
Recognized amounts of identifiable assets acquired and liabilities assumed:			
Cash and cash equivalents	5	2,191	2,196
Trade receivables and other	187	1,104	1,291
Income taxes payable	(29)	(531)	(560)
Trade payables and other	(192)	(937)	(1,129)
Deferred income tax liabilities	(40)	(605)	(645)
Property, plant and equipment	6	16	22
Intangibles	135	2,047	2,182
Total identifiable net assets of acquired businesses	72	3,285	3,357
Goodwill	\$ 157	\$ 1,231	\$ 1,388
Goodwill and intangibles deductible for tax purposes	\$ -	\$ -	\$ -

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.

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December 31, 2016 and 2015

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

5. Acquisitions, cont'd

Revenues and profit (loss) for each acquisition for the period from their respective date of acquisition to December 31, 2016 that are included in the consolidated statements of comprehensive income (loss) are as follows:

		Revenues	Profit (Loss)
Bay Partnership	\$	668	\$ (12)
R2G		479	(422)

The pro-forma revenues and profit (loss) of the combined entity for the year ended December 31, 2016 would have been \$444,711 and \$15,100, respectively, assuming the acquisitions were completed on January 1, 2016.

For all acquisitions, the intangibles acquired are as follows:

	Year ended December 31, 2016			
	Bay Partnership		R2G	Total
Finite-life assets				
Customer lists	\$	135	\$ 1,257	\$ 1,392
Brands of acquired businesses		-	409	409
Customer backlog		-	381	381
	\$	135	\$ 2,047	\$ 2,182

Acquisitions in 2015

The Company completed seven acquisitions during the year ended December 31, 2015 as part of its continuing strategy to strengthen each business unit.

Acquisition of Hoffer Wilkinson & Associates Ltd.

On April 1, 2015, the Company acquired all of the issued and outstanding shares of Hoffer Wilkinson & Associates Ltd. ("HWA") for \$700. As part of the transaction, the Company entered into non-compete agreements with key management of HWA. Founded in 1986, HWA is an independent Canadian provider of real estate appraisal services and information serving the Manitoba and Northwestern Ontario markets. The addition of HWA is expected to enable the Company to enhance offerings with private and public sector assignments in the Province of Manitoba. On April 2, 2015, HWA was wound up and its assets were transferred to Altus Group Limited. As consideration for these shares, the Company paid cash of \$525 and \$175 in common shares (equivalent to 8,620 common shares). The common shares will be held in escrow and will be released in three equal annual installments commencing on the second anniversary of the closing date, subject to compliance with certain terms and conditions.

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December 31, 2016 and 2015

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

5. Acquisitions, cont'd

For accounting purposes, the consideration transferred for the acquired business includes a discount on the value of the common shares reflecting the trading restrictions placed on the shares. Further, the non-compete agreements are valued separately from the acquired business. As a result, under IFRS, the total consideration attributable to the acquired business, subject to adjustments, and to the non-compete agreements was \$559 and \$71, respectively.

Acquisition of MPC Intelligence Inc.

On June 1, 2015, the Company acquired the operating business assets of MPC Intelligence Inc. ("MPC") for \$549 in cash. MPC is a provider of residential market information in the Greater Vancouver area (the second largest new home market in Canada). The addition of MPC gives us national scale in residential market information and allows the Company to enhance its existing RealNet offerings.

Acquisition of Maxwell Brown Surveyors Group Limited

On June 1, 2015, the Company acquired all the issued and outstanding shares of Maxwell Brown Surveyors Group Limited ("Maxwell Brown") and its subsidiaries for \$5,908 (net of cash acquired), subject to working capital adjustments. As part of the transaction, the Company entered into non-compete agreements with key management of Maxwell Brown. Based in London, U.K., Maxwell Brown is an independent provider of commercial real estate advisory services throughout the U.K. The addition of Maxwell Brown expands the Company's market share and adds regional scale in the U.K. market while strengthening the Company's tax offering with complementary service lines in the U.K. in support of the Company's current growth initiatives. As consideration for these shares, the Company paid net cash of \$2,739 and \$1,551 in common shares (equivalent to 82,544 common shares) and contingent consideration of \$1,618. The purchase agreement provides for maximum contingent consideration payable of GBP850, subject to certain performance targets being achieved over a two-year period from the closing date. As at the date of the acquisition, it was estimated that the maximum amount would be payable. The common shares will be held in escrow and will be released in three equal annual installments commencing on the second 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 factor on the contingent consideration payable reflecting the time value of money and a discount on the value of the common shares reflecting the trading restrictions placed on the shares. Further, the non-compete agreements are valued separately from the acquired business. As a result, under IFRS, the total consideration attributable to the acquired business, subject to adjustments, and to the non-compete agreements was \$3,487 and \$1,805, respectively.

Notes to Consolidated Financial Statements

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

5. Acquisitions, cont'd

Acquisition of Integris Real Estate Counsellors

On July 1, 2015, the Company acquired certain operating assets of Integris Real Estate Counsellors ("Integris") for \$5,575, subject to working capital adjustments. As part of the transaction, the Company entered into non-compete agreements with key management of Integris. Founded in 2000, Integris is an independent firm with a focus on real estate litigation and dispute resolution serving the Canadian market. The addition of Integris is expected to enable the Company to further enhance expert services offerings. As consideration for these assets, the Company paid cash of \$2,787 and \$1,394 in common shares (equivalent to 75,665 common shares). The common shares will be held in escrow and will be released in three equal annual installments commencing on the second anniversary of the closing date, subject to compliance with certain terms and conditions. In addition, the purchase agreement provides for maximum contingent consideration payable of \$1,394, due September 30, 2016, subject to certain performance targets being achieved.

For accounting purposes, the consideration transferred for the acquired business includes a discount on the value of the common shares reflecting the trading restrictions placed on the common shares. Further, the non-compete agreements are valued separately from the acquired business. As a result, under IFRS, the total consideration attributable to the acquired business, subject to adjustments, and to the non-compete agreements was \$4,033 and \$1,041, respectively.

Acquisition of ATATAX, LLC

On October 1, 2015, the Company acquired certain operating assets of ATATAX, LLC ("ATA") for US\$3,340 (CAD\$4,476), subject to working capital adjustments. As part of the transaction, the Company entered into non-compete agreements with key members of management of ATA. Operating in Dallas since 2001, ATA is Texas' leading tax consultant of industrial distribution warehouses, in addition to tax representation for all types of income producing commercial properties, including office and retail properties, and multi-family residential properties. The addition of ATA is expected to enable the Company to further enhance Property Tax opportunities in the U.S. As consideration for these assets, the Company paid cash of US\$1,670 (CAD\$2,238) and US\$835 (CAD\$1,119) in common shares (equivalent to 54,660 common shares). In addition, the purchase agreement provides for maximum contingent consideration payable of US\$835 (CAD\$1,119), due November 30, 2016, subject to certain performance targets being achieved. As at the date of the acquisition, it was estimated that the maximum amount would be payable. The common shares will be held in escrow and will be released in three equal annual installments commencing on the first anniversary of the closing date, subject to compliance with certain terms and conditions.

Notes to Consolidated Financial Statements

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

5. Acquisitions, cont'd

For accounting purposes, the consideration transferred for the acquired business includes a discount factor on the contingent consideration payable reflecting the time value of money and a discount on the value of the common shares reflecting the trading restrictions placed on the shares. Further, the non-compete agreements are valued separately from the acquired business. As a result, under IFRS, the total consideration attributable to the acquired business, subject to adjustments, and to the non-compete agreements was US\$2,694 (CAD\$3,610) and US\$391 (CAD\$524), respectively.

Acquisition of Integrated Real Estate Resources, Inc.

On December 1, 2015, the Company acquired certain operating assets of Integrated Real Estate Resources, Inc. ("INTRER") for US\$4,000 (CAD\$5,347), subject to working capital adjustments. As a part of the transaction, the Company entered into non-compete agreements with key members of management of INTRER. Founded in 2003 and operating in the Greater Los Angeles area, the Greater Philadelphia area and Boston, INTRER is a full service consulting firm providing multi-dimensional services and expertise to the real estate industry. INTRER combines a broad range of real estate knowledge and technical expertise, specializing in ARGUS Enterprise consulting, implementation, integration and custom reporting. The addition of INTRER is expected to enable the Company to further enhance Altus Analytics' service offerings. As consideration for these assets, the Company paid cash of US\$2,500 (CAD\$3,342) and US\$1,500 (CAD\$2,005) in common shares (equivalent to 103,420 common shares). The common shares will be held in escrow and will be released in three equal annual installments commencing on the first anniversary of the closing date, subject to compliance with certain terms and conditions. In addition, INTRER will be granted a total of 250,000 options, subject to conditions customary to the Company's Share Option Plan, over a five-year period to be distributed to INTRER employees (Note 23).

For accounting purposes, the consideration transferred for the acquired business includes a discount on the value of the common shares reflecting the trading restrictions placed on the shares. Further, the non-compete agreements are valued separately from the acquired business. As a result, under IFRS, the total consideration attributable to the acquired business, subject to adjustments, and to the non-compete agreements was US\$3,378 (CAD\$4,516) and US\$247 (CAD\$330), respectively.

Acquisition of Lambournes Holdings Limited

On November 20, 2015, the Company acquired all of the issued and outstanding shares of Lambournes Holdings Limited ("Lambournes") for GBP500 (CAD\$1,015), subject to certain adjustments. As a part of the transaction, the Company entered into non-compete agreements with key management of Lambournes. Operating in Southern U.K., Lambournes is a real estate tax consulting service specializing in the hospitality industry. The addition of Lambournes is expected to enable the Company to expand its market share in the U.K. As consideration for these shares, the Company paid cash of GBP400 (CAD\$812). In addition, the purchase agreement provides for maximum contingent consideration payable of GBP100 (CAD\$203), due November 20, 2016, subject to certain adjustments. As at the date of the acquisition, it was estimated that the maximum amount would be payable.

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5. Acquisitions, cont'd

For accounting purposes, the non-compete agreements are valued separately from the acquired business. As a result, under IFRS, the total consideration attributable to the acquired business, subject to adjustments, and to the non-compete agreements was GBP440 (CAD\$894) and GBP55 (CAD\$112), respectively.

Acquisition of SC&H Group Inc.'s State and Local Tax consulting practice

In 2015, as a result of further validation work performed, the Company finalized the purchase price and made an adjustment to the purchase price allocation. Trade receivables and other decreased by \$2,474, trade payables and other increased by \$541 and intangibles increased by \$141 with a corresponding adjustment to goodwill.

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5. Acquisitions, cont'd

	Year ended December 31, 2015								
	HWA	MPC	Maxwell Brown	Integris	ATA	INTRER	Lambournes	Total	
Acquisition related costs (included in acquisition related expenses (income) in the consolidated statements of comprehensive income (loss))	\$ 72	\$ 48	\$ 233	\$ 94	\$ 147	\$ 104	\$ 31	\$ 729	
Consideration:									
Cash	\$ 525	\$ 549	\$ 2,739	\$ 2,787	\$ 2,238	\$ 3,342	\$ 812	\$ 12,992	
Contingent consideration	-	-	1,618	1,394	1,119	-	203	4,334	
Common shares	175	-	1,551	1,394	1,119	2,005	-	6,244	
	700	549	5,908	5,575	4,476	5,347	1,015	23,570	
Less: discount on contingent consideration	-	-	(151)	(83)	(62)	-	(9)	(305)	
Less: discount on common shares	(70)	-	(465)	(418)	(280)	(501)	-	(1,734)	
	630	549	5,292	5,074	4,134	4,846	1,006	21,531	
Less: consideration transferred for non-compete agreements	(71)	-	(1,805)	(1,041)	(524)	(330)	(112)	(3,883)	
Consideration transferred for acquired businesses	559	549	3,487	4,033	3,610	4,516	894	17,648	
Recognized amounts of identifiable assets acquired and liabilities assumed:									
Cash and cash equivalents	1	-	-	-	-	-	31	32	
Trade receivables and other	230	31	307	1,506	698	516	103	3,391	
Income taxes payable	(26)	-	(295)	-	-	-	(35)	(356)	
Trade payables and other	(100)	(151)	(213)	(806)	(363)	(248)	(87)	(1,968)	
Deferred income tax liabilities	(85)	(44)	(952)	(202)	-	-	(199)	(1,482)	
Property, plant and equipment	12	-	7	98	-	-	-	117	
Intangibles	235	527	2,952	2,047	2,670	3,016	882	12,329	
Total identifiable net assets of acquired businesses	267	363	1,806	2,643	3,005	3,284	695	12,063	
Goodwill	\$ 292	\$ 186	\$ 1,681	\$ 1,390	\$ 605	\$ 1,232	\$ 199	\$ 5,585	
Goodwill and intangibles deductible for tax purposes	\$ -	\$ 669	\$ -	\$ 4,276	\$ 3,022	\$ 5,079	\$ -	\$ 13,046	

Notes to Consolidated Financial Statements

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

5. Acquisitions, cont'd

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.

Revenues and profit (loss) for each acquisition for the period from their respective date of acquisition to December 31, 2015 that are included in the consolidated statements of comprehensive income (loss) are as follows:

	Revenues	Profit (Loss)
HWA	\$ 828	\$ (28)
MPC	195	(18)
Maxwell Brown	1,160	507
Integris	1,539	125
ATA	217	(379)

INTRER had been fully integrated with Altus Analytics and the stand-alone revenues and profit (loss) cannot be determined.

The stand-alone revenues and profit (loss) is nominal for Lambournes.

The pro-forma revenues and profit (loss) of the combined entity for the year ended December 31, 2015 would have been \$425,078 and \$11,120, respectively, assuming the acquisitions were completed on January 1, 2015.

For all acquisitions, the intangibles acquired are as follows:

Year ended December 31, 2015									
	HWA	MPC	Maxwell Brown	Integris	ATA	INTRER	Lambournes	Total	
Finite-life assets									
Customer lists	\$ 235	\$ 368	\$ 1,781	\$ 2,047	\$ 2,472	\$ 1,571	\$ 882	\$ 9,356	
Brands of acquired businesses	-	-	245	-	-	-	-	245	
Customer backlog	-	-	926	-	198	-	-	1,124	
Custom software applications	-	-	-	-	-	1,445	-	1,445	
Databases	-	159	-	-	-	-	-	159	
	\$ 235	\$ 527	\$ 2,952	\$ 2,047	\$ 2,670	\$ 3,016	\$ 882	\$ 12,329	

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6. Segmented Information

Beginning in the first quarter of 2016, the Company has changed its operating and reportable segments. The formation of Altus Analytics and changes to the Company's internal structure led to changes in the composition of segments. Earlier periods have been presented in a manner consistent with the revised segmentation. The segmentation reflects the way the CEO evaluates performance and allocates resources.

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 subscription products and data analytics platforms provide comprehensive real estate information and enable the performance review, benchmarking and attribution analysis of commercial real estate portfolios. Solutions, such as ARGUS branded products and Voyanta, provide a comprehensive global solution for managing commercial real estate portfolios and improve the visibility and flow of information throughout critical business processes.

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

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

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

The CEO assesses the performance of the operating segments based on a measure of Adjusted EBITDA. This measurement basis represents operating profit (loss) adjusted for the effects of amortization of intangibles, depreciation of property, plant and equipment, acquisition related expenses (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 sale of certain business assets, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged and other expenses or income of a non-operating and/or non-recurring nature.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

6. Segmented Information, cont'd

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

	Year ended December 31, 2016	Year ended December 31, 2015
Adjusted EBITDA for reportable segments	\$ 74,088	\$ 63,382
Depreciation of property, plant and equipment	(7,233)	(7,017)
Amortization of intangibles	(26,197)	(33,040)
Acquisition related (expenses) income	(621)	429
Share of profit (loss) of associates	(2,617)	(1,270)
Unrealized foreign exchange gain (loss) ⁽¹⁾	(1,793)	1,678
Gain (loss) on disposal of property, plant and equipment ⁽¹⁾	(118)	(420)
Non-cash Executive Compensation Plan costs ⁽²⁾	(3,997)	(3,769)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽²⁾	1,277	76
Restructuring costs	(4,059)	(2,694)
Gain (loss) on sale of certain business assets ⁽³⁾	9,935	3,483
Impairment charge	(12,500)	-
Other non-operating and/or non-recurring income (costs) ⁽⁴⁾	(537)	512
Operating profit (loss)	25,628	21,350
Finance (costs) income, net	(4,549)	(11,253)
Profit (loss) before income taxes	21,079	10,097
Income tax recovery (expense)	(6,811)	(848)
Profit (loss) for the year	\$ 14,268	\$ 9,249

⁽¹⁾ Included in office and other operating expenses in the consolidated statements of comprehensive income (loss).

⁽²⁾ Included in employee compensation expenses in the consolidated statements of comprehensive income (loss).

⁽³⁾ Gain (loss) on sale of certain business assets relates to a gain on the partial deemed disposition of the Company's investment in Real Matters.

⁽⁴⁾ Other non-operating and/or non-recurring income (costs) for the year ended December 31, 2016 relate to the following: realized losses on settlement of acquisition-related loans with wholly-owned international subsidiaries; and transactional costs for the restructuring of legal entities within the group. Other non-operating and/or non-recurring income (costs) for the year ended December 31, 2015 relate to the following: a recovery of commodity taxes previously paid; adjustments to non-recurring settlements of legal and related costs; and a reversal of amounts owed to former owners of Altus Québec. These are included in office and other operating expenses in the consolidated statements of comprehensive income (loss).

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December 31, 2016 and 2015

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

6. Segmented Information, cont'd

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

Segment Revenues and Expenditures

	Year ended December 31, 2016								
	Altus Analytics	Commercial Real Estate	Valuation and Cost Property Tax Advisory	Consulting	Geomatics	Corporate ⁽¹⁾	Eliminations	Total	
Revenues from external customers	\$ 150,555	\$ 151,141	\$ 96,114	\$ 247,255	\$ 45,081	\$ -	\$ -	\$ 442,891	
Inter-segment revenues	925	14	(5)	9	1	-	(935)	-	
Total segment revenues	151,480	151,155	96,109	247,264	45,082	-	(935)	442,891	
Adjusted EBITDA	40,987	40,091	12,059	52,150	(868)	(18,181)	-	74,088	
Depreciation and amortization	13,753	11,427	2,139	13,566	4,122	1,989	-	33,430	
Impairment charge	-	-	-	-	12,500	-	-	12,500	
Income tax expense (recovery)	-	-	-	-	-	6,811	-	6,811	
Finance costs (income), net	-	-	-	-	-	4,549	-	4,549	
Share of (profit) loss of associates	-	-	-	-	-	2,617	-	2,617	

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net, share of (profit) loss of associates and income tax expense (recovery).

Notes to Consolidated Financial Statements

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

6. Segmented Information, cont'd

	Year ended December 31, 2015						
	Altus Analytics	Commercial Real Estate Property Tax	Consulting Valuation and Cost Advisory	Geomatics	Corporate ⁽¹⁾	Eliminations	Total
Revenues from external customers	\$ 125,203	\$ 133,886	\$ 90,220	\$ 224,106	\$ 67,104	\$ -	\$ 416,413
Inter-segment revenues	768	4	63	67	95	-	(930)
Total segment revenues	125,971	133,890	90,283	224,173	67,199	-	416,413
Adjusted EBITDA	30,294	27,868	10,432	38,300	10,062	(15,274)	63,382
Depreciation and amortization	17,021	14,459	1,563	16,022	4,576	2,438	40,057
Income tax expense (recovery)	-	-	-	-	-	848	848
Finance costs (income), net	-	-	-	-	-	11,253	11,253
Share of (profit) loss of associates	-	-	-	-	-	1,270	1,270

⁽¹⁾ Corporate includes global corporate office costs, finance costs (income), net, share of (profit) loss of associates and income tax expense (recovery).

Segment Assets

	Altus Analytics	Commercial Real Estate Property Tax	Consulting Valuation and Cost Advisory	Geomatics	Corporate	Total
December 31, 2016	\$ 223,700	\$ 153,320	\$ 95,794	\$ 249,114	\$ 47,512	\$ 70,525
December 31, 2015	232,686	161,514	96,444	257,958	69,491	37,589

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

6. Segmented Information, cont'd

Geographic Information - Revenue from External Customers

	Year ended December 31, 2016	Year ended December 31, 2015
Canada	\$ 202,920	\$ 220,738
U.S.	168,603	128,464
Europe	47,646	46,845
Asia Pacific	23,722	20,366
Total	\$ 442,891	\$ 416,413

Geographic Information - Assets

	December 31, 2016	December 31, 2015
Canada	\$ 272,961	\$ 289,405
U.S.	246,860	225,058
Europe	57,288	72,479
Asia Pacific	13,742	10,782
Total	\$ 590,851	\$ 597,724

7. Employee Compensation

	Year ended December 31, 2016	Year ended December 31, 2015
Salaries and benefits	\$ 261,646	\$ 252,917
Share-based compensation (Note 23)	12,549	7,428
	\$ 274,195	\$ 260,345

Included in salaries and benefits are termination benefits of \$2,240 (2015 - \$485).

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

8. Selected Expenses

Included within expenses are the following items:

	Year ended December 31, 2016	Year ended December 31, 2015
Net foreign exchange (gains) losses	\$ 1,558	\$ (2,356)
(Gain) loss on disposal of property, plant and equipment	118	420
Operating lease rentals	15,131	13,264
Sublease rentals	(469)	(378)

9. Finance Costs (Income)

	Year ended December 31, 2016	Year ended December 31, 2015
Interest on bank credit facilities	\$ 4,059	\$ 5,510
Interest on convertible debentures	669	4,102
Interest on finance lease liabilities	131	132
Contingent consideration payable: unwinding of discount (Note 26)	202	246
Provisions: unwinding of discount (Note 17)	10	22
Distributions payable on Altus UK LLP Class B and D units	32	98
Change in fair value of Altus UK LLP Class B and D units, net of change in fair value of related equity derivative	210	13
Change in fair value of interest rate swaps (not designated as cash flow hedges) (Notes 12 and 18)	(740)	1,241
Other	-	(59)
Finance costs	4,573	11,305
Finance income	(24)	(52)
Finance costs (income), net	\$ 4,549	\$ 11,253

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

10. Income Taxes

	Year ended December 31, 2016	Year ended December 31, 2015
Current income taxes:		
Current income tax on profits for the year	\$ 10,011	\$ 4,602
Adjustments in respect of prior years	(44)	127
Total current income taxes	9,967	4,729
Deferred income taxes:		
Origination and reversal of temporary differences	(2,516)	(4,359)
Adjustments in respect of prior years	(186)	480
Change in income tax rates	(454)	(2)
Total deferred income taxes	(3,156)	(3,881)
Income tax expense (recovery)	\$ 6,811	\$ 848

The tax on the Company's profit (loss) before income taxes differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits (losses) of the consolidated entities as follows:

	Year ended December 31, 2016	Year ended December 31, 2015
Profit (loss) before income taxes	\$ 21,079	\$ 10,097
Tax calculated at domestic income tax rates applicable to profits in Canada of 26.90% (2015 - 26.90%)	5,670	2,716
Tax effects of:		
Impact of countries with different income tax rates	2,135	(839)
Impairment charge	2,090	-
Loss (profit) not subject to income taxes	(4,458)	(2,703)
Change in income tax rates	(454)	6
Expenses not deductible for income tax purposes	1,607	1,134
Other	221	534
Income tax expense (recovery)	\$ 6,811	\$ 848

The Company records deferred income taxes for the effect of all temporary differences between the accounting and tax basis of an asset or liability.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

10. Income Taxes, cont'd

Deferred Income Taxes

The analysis of deferred income tax assets and liabilities is as follows:

	December 31, 2016	December 31, 2015
Deferred income tax assets:		
Deferred income tax asset to be recovered within 12 months	\$ 15,961	\$ 11,578
Deferred income tax asset to be recovered after more than 12 months	6,001	8,134
Total deferred income tax assets	21,962	19,712
Deferred income tax liabilities:		
Deferred income tax liability to be settled within 12 months	-	-
Deferred income tax liability to be settled after more than 12 months	(9,375)	(10,586)
Total deferred income tax liabilities	(9,375)	(10,586)
Deferred income tax assets, net	\$ 12,587	\$ 9,126

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

	Amount
Balance as at January 1, 2015	\$ 5,105
(Charged) credited to profit or loss	3,881
(Charged) credited to other comprehensive income (loss)	(341)
(Charged) credited to goodwill on account of acquisitions	(1,482)
Exchange differences	1,963
Balance as at December 31, 2015	9,126
(Charged) credited to profit or loss	3,156
(Charged) credited to other comprehensive income (loss)	206
(Charged) credited to goodwill on account of acquisitions	(622)
Exchange differences	721
Balance as at December 31, 2016	\$ 12,587

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

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, 2015	\$	15,730	\$ 11,408	\$	11,552	\$	38,690
(Charged) credited to profit or loss		(5,519)	2,446		3,620		547
(Charged) credited to other comprehensive income (loss)		-	-		(341)		(341)
Exchange differences		2,940	2,659		768		6,367
Balance as at December 31, 2015		13,151	16,513		15,599		45,263
(Charged) credited to profit or loss		(4,685)	904		2,395		(1,386)
(Charged) credited to other comprehensive income (loss)		-	-		206		206
Exchange differences		(404)	(609)		(394)		(1,407)
Balance as at December 31, 2016	\$	8,062	\$ 16,808	\$	17,806	\$	42,676
		Accelerated Tax Depreciation	Unbilled Revenue on Customer Contracts		Intangibles	Other	Total
Deferred income tax liabilities							
Balance as at January 1, 2015	\$	(533)	\$ (1,255)	\$	(31,794)	\$ (3)	\$ (33,585)
(Charged) credited to profit or loss		(179)	180		4,092	(759)	3,334
(Charged) credited to goodwill on account of acquisitions		-	-		(1,482)	-	(1,482)
Exchange differences		(23)	-		(4,369)	(12)	(4,404)
Balance as at December 31, 2015		(735)	(1,075)		(33,553)	(774)	(36,137)
(Charged) credited to profit or loss		(304)	368		5,196	(718)	4,542
(Charged) credited to goodwill on account of acquisitions		-	-		(622)	-	(622)
Exchange differences		43	-		2,083	2	2,128
Balance as at December 31, 2016	\$	(996)	\$ (707)	\$	(26,896)	\$ (1,490)	\$ (30,089)

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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 tax assets includes earnings forecasts and the utilization of tax losses in the current year.

As at December 31, 2016, there are recognized non-capital loss carryforwards from U.S. acquisitions, which may be applied against taxable income of future years, not later than as follows:

	Amount
2018	\$ 1,295
2019	9,514
2020	3,603
2021	3,603
2022	1,393
2023 - Thereafter	3,321
	\$ 22,729

Net operating losses of \$92,959 in the U.S. were not benefitted on acquisition due to certain limitations. These losses will expire between 2019 and 2021.

In the U.K., there are unrecognized non-trade loss carryforwards of approximately \$594 and unrecognized capital loss carryforwards of approximately \$1,621 that may be carried forward indefinitely. Trade losses of approximately \$4,116 in the U.K. were not benefitted on acquisition, that may be carried forward indefinitely.

In Luxembourg, there are unrecognized loss carryforwards of approximately \$530 that may be carried forward indefinitely.

The Company has unrecognized non-capital loss carryforwards in Asia Pacific of approximately \$4,189 that are available to reduce taxable income of certain foreign subsidiaries that expire between 2017 and 2021 and that certain losses may be carried forward indefinitely.

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11. Trade Receivables and Other

	December 31, 2016	December 31, 2015
Trade receivables	\$ 109,975	\$ 104,106
Less: allowance for doubtful accounts (Note 26)	8,194	8,140
Trade receivables, net	101,781	95,966
Unbilled revenue on customer contracts	26,011	28,709
Prepayments	9,255	8,850
Other receivables	963	1,569
Receivables from related parties (Note 29)	1	1
Balance as at December 31, 2016	138,011	135,095
Less non-current portion:		
Prepayments	613	594
	\$ 137,398	\$ 134,501

12. Derivative Financial Instruments

	December 31, 2016	December 31, 2015
Assets		
Equity derivatives	\$ 4,036	\$ 76
Less: non-current portion	3,414	43
	\$ 622	\$ 33
Liabilities		
Equity derivatives	-	157
Interest rate swaps	501	1,241
Less: non-current portion	501	1,398
	\$ -	\$ -

The Company entered into equity derivatives to manage its exposure to changes in the fair value of its RSUs and DSUs issued under their respective plans (Note 23), as well as changes in the fair value of amounts payable to unitholders (Note 19), due to changes in the fair value of the Company's common shares. Changes in the fair value of the equity derivatives relating to RSUs and DSUs are recorded in employee compensation expense and offset the impact of mark-to-market adjustments on the RSUs and DSUs that have been accrued. Changes in the fair value of equity derivatives relating to amounts payable to unitholders are recorded in finance costs (income), net and offset the impact of mark-to-market adjustments on amounts payable to unitholders that have been accrued.

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12. Derivative Financial Instruments, cont'd

The following equity derivatives were outstanding as at December 31, 2016 and 2015:

			December 31, 2016		December 31, 2015	
Effective Date	Description	Contract Expiry	Notional Amount	Fair Value	Notional Amount	Fair Value
March 21, 2014	Hedging Nil (2015 - 52,822) RSUs relating to 2012 performance year	March 31, 2016	\$ -	\$ -	\$ 999	\$ 33
March 28, 2014	Hedging 87,920 (2015 - 73,299) DSUs	March 22, 2017 ⁽¹⁾	1,764	958	1,427	5
April 4, 2014	Hedging 51,564 (2015 - 54,786) RSUs relating to 2013 performance year	April 5, 2017	975	622	1,036	34
November 14, 2014	Hedging Nil (2015 - 130,322) Altus UK LLP Class B and D units	April 1, 2016	-	-	2,703	(157)
May 15, 2015	Hedging 62,443 (2015 - 74,135) RSUs relating to 2014 performance year	May 16, 2018	1,217	717	1,445	4
April 1, 2016	Hedging 161,881 RSUs relating to 2015 performance year	April 4, 2019	3,274	1,739	-	-

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

The following interest rate swaps were outstanding as at December 31, 2016 and 2015:

			December 31, 2016	December 31, 2015	
Effective Date	Annual Fixed Rate	Notional Amount	Fair Value	Fair Value	Contract Expiry
May 15, 2015	1.48%	\$ 65,000	\$ (501)	\$ (1,241)	May 15, 2020

13. Investment in Associates

The Company has a 13.9% (2015 - 16.4%) equity interest in Real Matters, a company incorporated in Canada, which is accounted for using the equity method as it was established that the Company has significant influence with respect to this investment. Although the Company's ownership interest and voting control in Real Matters is less than 20%, the Company exercises significant influence through both its shareholding and its nominated director's active participation on the Board of Directors of Real Matters.

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13. Investment in Associates, cont'd

On April 1, 2016, the investment held by the Company in Real Matters was diluted due to a private placement and issuance of common shares in connection with an acquisition completed by Real Matters. These transactions reduced the Company's equity interest from 16.4% to 13.9%. The partial deemed disposition of the Company's investment resulted in a gain of \$9,935 with a corresponding increase to the carrying value of the investment in Real Matters. In January 2017, Real Matters issued 1,500,000 common shares, which further diluted the investment held by the Company to 13.8%. The Company continues to have significant influence after this issuance.

The Company's share of Real Matters' profit (loss) and movements in other comprehensive income (loss) are based on unaudited financial information prepared by management of Real Matters.

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

	Amount
As at January 1, 2015	\$ 13,948
Share of profit (loss)	(1,270)
Share of other comprehensive income (loss)	1,286
Deemed disposal gain on equity investment	3,483
As at December 31, 2015	17,447
Share of profit (loss)	(2,617)
Share of other comprehensive income (loss)	(1,575)
Deemed disposal gain on equity investment	9,935
As at December 31, 2016	\$ 23,190

A summary of Real Matters' financial information is as follows:

	December 31, 2016	December 31, 2015
Assets	\$ 247,216	\$ 110,315
Liabilities	104,133	33,872

	Year ended December 31, 2016	Year ended December 31, 2015
Revenues	\$ 375,745	\$ 232,269
Profit (loss)	(11,799)	(5,246)

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

14. Property, Plant and Equipment

	Leasehold Improvements	Furniture, Fixtures and Equipment	Computer Equipment	Total
Balance as at January 1, 2015				
Cost	\$ 9,766	\$ 23,414	\$ 18,502	\$ 51,682
Accumulated depreciation	(4,116)	(13,116)	(11,578)	(28,810)
Net book amount	5,650	10,298	6,924	22,872
Year ended December 31, 2015				
Opening net book amount	5,650	10,298	6,924	22,872
Exchange differences	290	271	516	1,077
Additions	6,186	4,287	3,794	14,267
Acquisitions (Note 5)	47	34	36	117
Disposals	(56)	(212)	(270)	(538)
Depreciation charge	(1,340)	(3,184)	(2,493)	(7,017)
Closing net book amount	10,777	11,494	8,507	30,778
Balance as at December 31, 2015				
Cost	16,203	27,165	21,077	64,445
Accumulated depreciation	(5,426)	(15,671)	(12,570)	(33,667)
Net book amount	10,777	11,494	8,507	30,778
Year ended December 31, 2016				
Opening net book amount	10,777	11,494	8,507	30,778
Exchange differences	(361)	(236)	(218)	(815)
Additions	753	1,747	2,008	4,508
Acquisitions (Note 5)	7	3	12	22
Disposals	(41)	(289)	(283)	(613)
Depreciation charge	(1,746)	(2,944)	(2,543)	(7,233)
Closing net book amount	9,389	9,775	7,483	26,647
Balance as at December 31, 2016				
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

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

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 \$2,756 (2015 - \$2,494) and accumulated depreciation of \$1,112 (2015 - \$720). Computer equipment includes assets held under finance leases amounting to \$1,011 (2015 - \$1,038) and accumulated depreciation of \$461 (2015 - \$328). Additions to assets held under finance leases for the year ended December 31, 2016 were \$308 (2015 - \$1,252).

Leasehold improvements include tenant inducements amounting to \$4,593 (2015 - \$4,451) and accumulated depreciation of \$1,469 (2015 - \$1,003).

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

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, 2015										
Cost	\$ 15,038	\$ 11,376	\$ 20,418	\$ 14,045	\$ 14,510	\$ 181,768	\$ 6,501	\$ 19,348	\$ 25,635	\$ 308,639
Accumulated amortization and impairment	(13,686)	(7,471)	(16,312)	(3,401)	(10,712)	(108,350)	(3,148)	(12,625)	-	(175,705)
Net book amount	1,352	3,905	4,106	10,644	3,798	73,418	3,353	6,723	25,635	132,934
Year ended December 31, 2015										
Opening net book amount	1,352	3,905	4,106	10,644	3,798	73,418	3,353	6,723	25,635	132,934
Exchange differences	16	59	591	1,407	497	9,975	-	1,117	3,791	17,453
Acquisitions (Note 5)	245	-	1,445	-	2,120	8,501	159	-	-	12,470
Additions	-	998	741	-	-	-	-	3,883	-	5,622
Amortization charge	(1,437)	(1,379)	(3,191)	(3,126)	(5,434)	(15,825)	(965)	(2,209)	-	(33,566)
Disposals	-	(30)	-	(11)	-	-	-	-	-	(41)
Closing net book amount	176	3,553	3,692	8,914	981	76,069	2,547	9,514	29,426	134,872
Balance as at December 31, 2015										
Cost	15,671	12,392	25,879	16,236	17,870	210,178	6,659	24,968	29,426	359,279
Accumulated amortization and impairment	(15,495)	(8,839)	(22,187)	(7,322)	(16,889)	(134,109)	(4,112)	(15,454)	-	(224,407)
Net book amount	176	3,553	3,692	8,914	981	76,069	2,547	9,514	29,426	134,872
Year ended December 31, 2016										
Opening net book amount	176	3,553	3,692	8,914	981	76,069	2,547	9,514	29,426	134,872
Exchange differences	(28)	(21)	(114)	(1,212)	(144)	(2,512)	-	(502)	(722)	(5,255)
Acquisitions (Note 5)	409	-	-	-	381	1,392	-	-	-	2,182
Additions	-	725	1,231	2	-	639	-	1,158	-	3,755
Amortization charge	(329)	(1,122)	(2,047)	(2,928)	(722)	(15,823)	(981)	(2,768)	-	(26,720)
Disposals	-	(1)	-	-	-	(582)	-	(46)	-	(629)
Closing net book amount	228	3,134	2,762	4,776	496	59,183	1,566	7,356	28,704	108,205
Balance as at December 31, 2016										
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

For the year ended December 31, 2016, a total of \$523 (2015 - \$526) has been charged to employee compensation, which relates to amortization of capitalized software development costs.

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

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.

	December 31, 2016
	Remaining Useful Life
Brands of acquired businesses	7 months
Custom software applications	23 months
Internally generated software	9 months - 33 months
Customer backlog	1 month - 19 months
Customer lists	18 months - 91 months
Databases	19 months - 29 months
Non-compete agreements	3 months - 47 months

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

16. Goodwill

	Amount
Balance as at January 1, 2015	
Cost	\$ 261,254
Accumulated impairment	(45,681)
Net book amount	215,573
Year ended December 31, 2015	
Opening net book amount	215,573
Acquisitions (Note 5)	8,459
Exchange differences	15,314
Closing net book amount	239,346
Balance as at December 31, 2015	
Cost	291,503
Accumulated impairment	(52,157)
Net book amount	239,346
Year ended December 31, 2016	
Opening net book amount	239,346
Acquisitions (Note 5)	1,388
Impairment charge	(12,500)
Exchange differences	(7,637)
Closing net book amount	220,597
Balance as at December 31, 2016	
Cost	283,569
Accumulated impairment	(62,972)
Net book amount	\$ 220,597

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

16. Goodwill, cont'd

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

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

	December 31, 2016		December 31, 2015	
	Goodwill	ARGUS Brand	Goodwill	ARGUS Brand
Canada RVA	\$ 36,019	\$ -	\$ 36,019	\$ -
North America Cost	28,137	-	28,137	-
North America Property Tax	46,039	-	46,432	-
North America Geomatics	23,961	-	36,461	-
ARGUS Software	58,772	22,439	60,646	23,161
U.K. Property Tax	20,460	-	23,745	-
U.S. and Europe RVA	7,055	-	7,906	-
Asia Pacific Cost	154	-	-	-
Total	\$ 220,597	\$ 22,439	\$ 239,346	\$ 23,161

An annual impairment test is completed in the fourth quarter each financial year.

The recoverable amounts of the CGUs are determined based on fair value less costs to sell using the estimation technique of discounted cash flow analysis (Level 3). This analysis incorporates assumptions which market participants use in estimating fair value. The key assumptions used were as follows:

	December 31, 2016		December 31, 2015	
	Perpetual Growth Rate	Discount Rate (after-tax)	Perpetual Growth Rate	Discount Rate (after-tax)
Canada RVA	3.0%	15.0%	3.0%	14.5%
North America Cost	3.0%	14.0%	3.0%	13.0%
North America Property Tax	3.0%	12.5%	3.0%	12.5%
North America Geomatics	1.5%	15.8%	3.0%	15.8%
ARGUS Software	3.0%	14.5%	3.0%	12.5%
U.K. Property Tax	2.5%	14.5%	2.5%	14.5%
U.S. and Europe RVA	3.0%	14.5%	3.0%	25.0%
Asia Pacific Cost	3.0%	23.0%	3.0%	23.0%

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December 31, 2016 and 2015

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

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 CGU.

Impairment

The market conditions in Western Canada for Geomatics services continued to be challenging in the year given the impact of oil prices on drilling and pipeline activities. Although the Company experienced performance improvement on a sequential basis due to seasonal patterns, the level of improvement did not meet expectations. As a result, the Company further reduced staff positions in order to better align to market conditions. In addition, the Company recorded a goodwill impairment charge of \$12,500 reflecting a challenging environment.

The carrying amount of the Geomatics CGU had been reduced to its recoverable amount of \$43,200 through recognition of an impairment charge against goodwill. This loss has been disclosed as a separate line item in the consolidated statement of comprehensive income (loss).

Management performed an impairment analysis as at December 1, 2016 and December 1, 2015, and determined that the indefinite life intangibles and goodwill were not impaired.

If the discount rate (after-tax) were to increase by 100 basis points for Canada Research, Valuation & Advisory ("RVA"), a goodwill impairment charge of \$2,350 would result. If the perpetual growth rate were to decrease by 100 basis points for Canada RVA, a goodwill impairment charge of \$450 would result. For the remaining CGUs, no reasonably possible change in key assumptions would result in an impairment.

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December 31, 2016 and 2015

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

17. Trade Payables and Other

	December 31, 2016	December 31, 2015
Trade payables	\$ 5,811	\$ 6,667
Accrued expenses	51,142	40,028
Deferred revenue	33,439	28,621
Contingent consideration payable (Note 26)	2,183	3,334
Dividends payable	5,617	5,529
Lease inducements	9,381	8,997
Provisions	2,924	1,996
Balance as at December 31, 2016	110,497	95,172
Less non-current portion:		
Accrued expenses	7,623	3,616
Deferred revenue	1,111	965
Contingent consideration payable	1,064	599
Lease inducements	8,759	8,434
Provisions	367	276
	18,924	13,890
	\$ 91,573	\$ 81,282

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

17. Trade Payables and Other, cont'd

Provisions comprise:

	Restructuring	Onerous Leases	Asset Retirement Obligation	Total
Balance as at January 1, 2015	\$ 112	\$ 160	\$ 105	\$ 377
Charged (credited) to profit or loss:				
Additional provisions	2,694	448	(43)	3,099
Unwinding of discount (Note 9)	-	10	12	22
Used during the year	(1,290)	(277)	-	(1,567)
Exchange differences	24	36	5	65
Balance as at December 31, 2015	1,540	377	79	1,996
Charged (credited) to profit or loss:				
Additional provisions	4,059	12	78	4,071
Unwinding of discount (Note 9)	-	2	8	10
Used during the year	(2,884)	(324)	-	(3,133)
Exchange differences	(5)	(11)	(7)	(20)
Balance as at December 31, 2016	2,710	56	158	2,924
Less: non-current portion	(347)	(20)	-	(367)
	\$ 2,363	\$ 36	\$ 158	\$ 2,557

Restructuring

The Company undertook restructuring activities within Altus Analytics and Property Tax to further optimize operations. For the year ended December 31, 2016, \$4,059 (2015 - \$2,694) was recorded as a restructuring charge which relates primarily to employee severance costs.

Onerous leases

The amount represents the liability for leased premises which are subleased at a lower rate. The provision is made for the net losses that will be incurred over the remaining lease term. The non-current portion of the liability is expected to be settled in 2018 and thereafter.

Asset retirement obligation

The asset retirement obligation relates to the estimated future cost to remove leasehold improvements situated on a property under an operating lease. The expected timing of the settlement has been revised upon finalization of a new lease expected to commence in 2017.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

18. Borrowings

	December 31, 2016	December 31, 2015
Borrowings (current):		
Leasehold improvement loans	\$ 121	\$ 120
Insurance financing loan	-	1,217
Finance lease liabilities	825	792
Convertible debentures	6,105	-
Less: deferred financing fees	(51)	-
	7,000	2,129
Borrowings (non-current):		
Bank credit facilities	117,000	126,000
Leasehold improvement loans	616	737
Finance lease liabilities	745	1,336
Convertible debentures	-	8,241
Less: deferred financing fees	(1,426)	(2,012)
	116,935	134,302
Total borrowings	\$ 123,935	\$ 136,431

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. As at December 31, 2016, the amount drawn under this facility was \$117,000 (2015 - \$126,000).

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 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 effective interest rate for the bank credit facilities for the year ended December 31, 2016 was 2.93% (2015 - 3.69%). 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.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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18. Borrowings, cont'd

Loans will bear interest at a floating rate, based on the Canadian Prime rates, Canadian Bankers' Acceptance rates, US 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. As at December 31, 2016, the Company met these requirements. 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, 2016, substantially all of the assets of the Company are provided as a security interest to meet this requirement.

As at December 31, 2016, \$65,000 (2015 - \$65,000) of the bank credit facilities were subject to various interest rate swap agreements (Note 12) to fix the interest rate.

For the year ended December 31, 2016, the Company repaid, on a net basis, \$9,000 (2015 - repaid, on a net basis, \$1,500).

Leasehold improvement loans

The Company received various loans to finance leasehold improvements made to leased premises. The loans are payable in installments with maturity dates ranging from April 2019 to September 2025 and bear interest from Nil to 5.0%. The loans are not secured. The weighted effective interest rate for the year ended December 31, 2016 was 2.01% (2015 - 2.90%).

Insurance financing loan

In 2015, the Company had obtained financing with respect to its errors and omissions and comprehensive general liability insurance. The loan was not secured and was financed at an interest rate of 3.59%. It was repaid on August 31, 2016.

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

	December 31, 2016	December 31, 2015
Less than 1 year	\$ 121	\$ 1,337
1 to 3 years	213	246
4 to 5 years	117,139	126,157
Over 5 years	264	334
	\$ 117,737	\$ 128,074

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

18. Borrowings, cont'd

Finance lease liabilities

Future minimum lease payments required under finance leases, which expire between 2017 and 2020, are as follows:

	December 31, 2016	December 31, 2015
Gross finance lease liabilities - minimum lease payments:		
No later than 1 year	\$ 907	\$ 918
Later than 1 year and no later than 5 years	783	1,431
	1,690	2,349
Less: future finance charges (5.9% to 11.56%)	(120)	(221)
Present value of finance lease liabilities	\$ 1,570	\$ 2,128

Convertible debentures

On April 19, 2012, the Company completed the issuance of \$48,000 2012 convertible debentures with a maturity date of June 30, 2017. The 2012 convertible debentures bear interest at a rate of 6.75% per annum, and are payable semi-annually on June 30 and December 31 each year.

The 2012 convertible debentures are convertible into common shares at the option of the holder at a conversion price of \$10.00 per common share at any time after issuance and prior to the close of business on the earlier of June 30, 2017 and the business day immediately preceding the date fixed for redemption. On or after June 30, 2015 and prior to June 30, 2017, the 2012 convertible debentures may be redeemed at the option of the Company, in whole or in part, at a redemption price equal to the principal amount plus accrued and unpaid interest, provided that the current market price on the date of notice is at least 125% of the conversion price. On redemption or at maturity, the Company may, at its option and subject to regulatory approval, elect to satisfy its obligation to pay all or a portion of the principal amount and the accrued and unpaid interest by the issuance of common shares. The number of common shares to be issued will be determined by dividing all or a portion of the principal amount of the 2012 convertible debentures to be redeemed or repaid at maturity plus accrued and unpaid interest by 95% of the current market price as at the date of redemption or maturity.

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18. Borrowings, cont'd

The 2012 convertible debentures have characteristics of both debt and equity. Accordingly, on issuance, an amount of \$46,182 was initially classified as a liability and the remaining \$1,818 was recorded as a component of equity. Transaction costs totalled \$2,545, of which \$2,449 has been netted against the liability and \$96 against the equity component. Interest expense includes a charge for the coupon interest as well as the accretion of the liability to the 2012 convertible debentures' aggregate face value of \$48,000 at maturity using the effective interest rate method. During the year ended December 31, 2016, 2012 convertible debentures with a face value of \$2,136 (2015 - \$35,657) were converted into 213,600 common shares (2015 - 3,565,700 common shares). As at December 31, 2016, there was a total principal amount of \$6,105 (2015 - \$8,241) of 2012 convertible debentures outstanding. These are exchangeable into common shares at the option of the holder at a conversion price of \$10.00 per common share, equivalent to a maximum of 610,500 common shares (2015 - 824,100 common shares).

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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 is entitled to an allocation from profits in an amount equal to the cash dividends declared and paid equivalent to common shares in respect of the same period. The Class B and Class D limited liability partnership units have no additional interest in the equity of the partnership and are not included in the calculation of diluted earnings (loss) per share.

	Altus UK LLP Class B units		Altus UK LLP Class D units		Total
	Number of Units	Amount	Number of Units	Amount	Amount
Balance as at January 1, 2015	80,248	\$ 1,670	59,323	\$ 1,235	\$ 2,905
Redemption of units ⁽¹⁾	(2,021)	(40)	(7,228)	(147)	(187)
Change in fair value	-	(113)	-	(78)	(191)
Balance as at December 31, 2015	78,227	1,517	52,095	1,010	2,527
Redemption of units ⁽²⁾	(78,227)	(1,567)	(24,593)	(495)	(2,062)
Change in fair value	-	50	-	336	386
Balance as at December 31, 2016	-	\$ -	27,502	\$ 851	\$ 851

⁽¹⁾ On April 6, 2015, 3,221 Class D limited liability partnership units of Altus UK LLP were redeemed at a value of \$20.35 per unit. On April 30, 2015, 2,021 Class B limited liability partnership units of Altus UK LLP were redeemed at a value of \$19.84 per unit. On October 16, 2015, 4,007 Class D limited liability partnership units of Altus UK LLP were redeemed at a value of \$20.43 per unit.

⁽²⁾ On April 6, 2016, 78,227 Class B limited liability partnership units and 22,998 Class D limited liability partnership units of Altus UK LLP were redeemed at a value of \$20.03 per unit. As a result, the equity derivative which was set to expire on November 16, 2016 was settled on April 1, 2016. On July 4, 2016, 1,595 Class D limited liability partnership units of Altus UK LLP were redeemed at a value of \$21.57 per unit.

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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:

	Number of Shares	Common Shares	
			Amount
Balance as at January 1, 2015	31,971,380	\$	405,443
Issued under the Share Option Plan (Note 23)	493,169		4,539
Issued under the Dividend Reinvestment Plan	191,028		3,628
Issued on conversion of convertible debentures	3,565,700		37,058
Issued on acquisitions (Note 5)	324,909		4,510
Treasury shares purchased under the Restricted Share Plan (Note 23)	(103,808)		(3,112)
Release of treasury shares under the Restricted Share Plan (Note 23)	23,856		406
Balance as at December 31, 2015	36,466,234		452,472
Issued under the Share Option Plan (Note 23)	147,139		1,704
Issued under the Dividend Reinvestment Plan	174,262		3,699
Issued on conversion of convertible debentures	213,600		2,185
Issued on acquisitions (Note 5)	50,973		799
Treasury shares purchased under the Restricted Share Plan (Note 23)	(115,406)		(3,589)
Release of treasury shares under the Restricted Share Plan (Note 23)	216,897		2,753
Other	-		(20)
Balance as at December 31, 2016	37,153,699	\$	460,003

The 37,153,699 common shares as at December 31, 2016 are net of 296,144 treasury shares with a carrying value of \$8,696 that are being held by the Company under the terms of the Restricted Share Plan 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 in additional common shares of the Company.

Pursuant to the DRIP, and in the case where common shares are issued from treasury, cash dividends will be reinvested in 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 will be purchased on the open market, cash dividends will be reinvested in additional shares of the Company at the relevant average market price paid in respect of satisfying this reinvestment plan.

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21. Contributed Surplus

	Amount
Balance as at January 1, 2015	\$ 9,008
Share-based compensation (Note 23)	5,946
Gain on sale of RSs and shares held in escrow	3
Shares issued under the Share Option Plan (Note 23)	(526)
Release of treasury shares under the Restricted Share Plan (Note 23)	(347)
Balance as at December 31, 2015	14,084
Share-based compensation (Note 23)	7,123
Gain on sale of RSs and shares held in escrow	(18)
Shares issued under the Share Option Plan (Note 23)	(255)
Release of treasury shares under the Restricted Share Plan (Note 23)	(2,458)
Balance as at December 31, 2016	\$ 18,476

22. Accumulated Other Comprehensive Income (Loss)

	Currency Translation Reserve	Cash Flow Hedges	Total
Balance as at January 1, 2015	\$ 22,828	\$ (468)	\$ 22,360
Cash flow hedges:			
Change in fair value	-	634	634
Deferred tax impact	-	(166)	(166)
Currency translation differences	36,612	-	36,612
Share of other comprehensive income (loss) of associates	1,118	-	1,118
Balance as at December 31, 2015	60,558	-	60,558
Currency translation differences	(12,408)	-	(12,408)
Share of other comprehensive income (loss) of associates	(1,369)	-	(1,369)
Balance as at December 31, 2016	\$ 46,781	\$ -	\$ 46,781

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23. Share-based Compensation

(i) Executive Compensation 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 and are available to executives and key employees.

Share Option Plan

The Share Option Plan provides for the grant of options that have a maximum term of 72 months. The administrators of the Share Option Plan 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-year period from the date of grant. The exercise price for the options under the Share Option Plan 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.

In connection with the acquisition of INTRER, the Company granted 50,000 options to key management on December 1, 2015 and on December 1, 2016.

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

	Number of Options	Weighted Average Exercise Price
Balance as at January 1, 2015	962,662	\$11.73
Granted on May 20, 2015	216,500	\$19.29
Granted on December 1, 2015	50,000	\$20.28
Exercised	(493,169)	\$8.14
Forfeited	(3,250)	\$16.57
Balance as at December 31, 2015	732,743	\$16.95
Granted on March 8, 2016	185,650	\$19.64
Granted on December 1, 2016	50,000	\$30.70
Exercised	(147,139)	\$9.87
Forfeited	(63,312)	\$20.81
Balance as at December 31, 2016	757,942	\$19.56

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23. Share-based Compensation, cont'd

Information about the Company's options outstanding and exercisable as at December 31, 2016 is as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
\$8.81	62,500	4.73 years	62,500
\$8.36	10,000	0.23 years	10,000
\$8.03	33,333	2.40 years	33,333
\$21.23	7,500	2.37 years	7,500
\$23.85	121,666	3.45 years	80,339
\$21.37	46,104	3.63 years	28,434
\$19.29	195,293	4.39 years	58,206
\$20.28	47,333	4.92 years	14,000
\$19.64	184,213	4.19 years	-
\$30.70	50,000	5.92 years	-
\$19.56	757,942	4.14 years	294,312

The options granted in 2016 vest over a period of up to 36 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 2016 Grant	December 2016 Grant
Risk-free interest rate	0.60%	0.94%
Expected dividend yield	3.1%	2.0%
Expected volatility	30% - 31%	29% - 30%
Expected option life	3.00 - 4.00 years	3.50 - 4.50 years
Weighted average grant-date fair value per option	\$3.04 - \$3.44	\$5.32 - \$6.02

Equity Compensation Plan

Under the Equity Compensation Plan, the Company is 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 is 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.

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23. Share-based Compensation, cont'd

In 2013, as part of the Equity Compensation Plan, a total of 26,071 common shares have been issued in escrow to an employee and would not be available until three years following the date of the award. These common shares were released in 2016.

As part of the Equity Compensation Plan, the Company grants 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 following 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.

During 2016 and 2015, the Company granted equity awards of 146,182 and 135,650 common shares, respectively, as part of the Equity Compensation Plan.

(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. These incentive compensation plans are available to executives, senior management and key employees. Annual grants of RSs or RSUs will form part of the total annual discretionary bonus awarded, which typically will consist of an annual cash bonus of 80% and a RS or RSU award of approximately 20%. The total annual discretionary bonus is based on the Company exceeding certain annual performance targets, which are set annually.

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 the 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, the RSs are released to employees, provided, subject to certain exceptions such as disability or death, they are 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 are forfeited. This is an equity-settled compensation arrangement.

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23. Share-based Compensation, cont'd

In connection with the 2015 performance year, the Company granted a total of \$3,382 under the RS Plan. On April 1, 2016, the Company purchased 110,113 common shares with a cost of \$3,382 in the open market (through the facilities of the TSX or by private agreement).

In connection with the 2014 performance year, the Company granted a total of \$2,919 under the RS Plan. On April 1, 2015, the Company purchased 98,826 common shares with a cost of \$2,919 in the open market (through the facilities of the TSX or by private agreement).

These amounts have been shown as a reduction in the carrying value of the Company's common shares (Note 20).

In April 2017, the Company expects to purchase common shares in the open market (through the facilities of the TSX or by private agreement) worth approximately \$3,132 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 vest on the third anniversary date of the 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 they are employed with the Company at that time. During the vesting period, 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 prior to the vesting date, all RSUs are forfeited. This is a cash-settled compensation arrangement.

The Company has 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, 2015 (all unvested)	291,612	111,534
Granted	103,808	75,228
Released	(23,856)	(5,019)
Balance as at December 31, 2015 (all unvested)	371,564	181,743
Granted	115,406	180,223
Released	(190,826)	(86,081)
Balance as at December 31, 2016 (all unvested)	296,144	275,885

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

23. Share-based Compensation, cont'd

(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 has 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).

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

	Number of DSUs
Balance as at January 1, 2015	71,712
Granted	19,187
Redeemed	(17,600)
Balance as at December 31, 2015	73,299
Granted	18,346
Balance as at December 31, 2016	91,645

(iv) Compensation Expense by Plan

	Year ended December 31, 2016	Year ended December 31, 2015
Share Option Plan	\$ 667	\$ 1,029
Equity Compensation Plan	3,330	2,739
RS Plan	3,035	2,156
RSU Plan ⁽¹⁾	4,095	1,277
DSU Plan ⁽²⁾	1,422	227

⁽¹⁾ For the year ended December 31, 2016, the Company recorded mark-to-market adjustments of \$1,849 (2015 - \$(224)).

⁽²⁾ For the year ended December 31, 2016, the Company recorded mark-to-market adjustments of \$1,016 (2015 - \$(165)).

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December 31, 2016 and 2015

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

23. Share-based Compensation, cont'd

(v) Liabilities for Cash-settled Plans

	December 31, 2016	December 31, 2015
RSU Plan - carrying value of liability recorded within trade payables and other	\$ 5,801	\$ 3,307
DSU Plan - carrying value of liability recorded within trade payables and other	2,822	1,400

24. Earnings (Loss) per Share

Basic net 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 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, 2016, 171,666 share options, 2,542 RSs and the 2012 convertible debentures were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

For the year ended December 31, 2015, 501,998 share options, 79,800 equity awards, 3,576 RSs (including common shares issued in escrow as part of the Equity Compensation Plan) and the 2012 convertible debentures were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

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24. Earnings (Loss) per Share, cont'd

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, 2016	Year ended December 31, 2015
Profit (loss) for the year - basic and diluted	\$ 14,268	\$ 9,249
Weighted average number of common shares outstanding - basic	36,809,816	33,348,326
Dilutive effect of share options	131,657	132,725
Dilutive effect of equity awards	358,461	53,076
Dilutive effect of RSs	184,299	284,949
Weighted average number of common shares outstanding - diluted	37,484,233	33,819,076
Earnings (loss) per share:		
Basic	\$0.39	\$0.28
Diluted	\$0.38	\$0.27

25. Dividends

The Company declared a \$0.15 dividend per common share on a quarterly basis to shareholders of record on the last business day of the quarter with dividends paid on the 15th day of the month following quarter end.

Altus UK LLP declared a \$0.15 distribution per unit on a quarterly basis to unitholders of record as of the last business day of each quarter with distributions paid on the 15th day of the month following quarter end.

Dividends are declared in Canadian dollars.

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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: loans and receivables, fair value through profit or loss and other liabilities.

	December 31, 2016		December 31, 2015	
	Fair Value Through Profit or Loss	Loans and Receivables	Fair Value Through Profit or Loss	Loans and Receivables
Assets as per Balance Sheet:				
Cash and cash equivalents	\$ 43,673	\$ -	\$ 19,604	\$ -
Trade receivables and other (excluding prepayments)	-	128,756	-	126,245
Derivative financial instruments	4,036	-	76	-
	\$ 47,709	\$ 128,756	\$ 19,680	\$ 126,245

	December 31, 2016		December 31, 2015	
	Fair Value Through Profit or Loss	Other Liabilities	Fair Value Through Profit or Loss	Other Liabilities
Liabilities as per Balance Sheet:				
Trade payables and other (excluding lease inducements, deferred revenue, RSU Plan and DSU Plan payables and contingent consideration payable)	\$ -	\$ 56,871	\$ -	\$ 49,513
RSU Plan and DSU Plan payables	8,623	-	4,707	-
Contingent consideration payable	2,183	-	3,334	-
Borrowings	-	123,935	-	136,431
Derivative financial instruments	501	-	1,398	-
Amounts payable to unitholders	851	-	2,527	-
	\$ 12,158	\$ 180,806	\$ 11,966	\$ 185,944

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.

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26. Financial Instruments and Fair Values, cont'd

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

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

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 43,673	\$ -	\$ -	\$ 43,673
Derivative financial instruments	-	4,036	-	4,036
Liabilities:				
RSU Plan and DSU Plan payables	8,623	-	-	8,623
Contingent consideration payable	-	-	2,183	2,183
Derivative financial instruments	-	501	-	501
Amounts payable to unitholders	851	-	-	851

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 19,604	\$ -	\$ -	\$ 19,604
Derivative financial instruments	-	76	-	76
Liabilities:				
RSU Plan and DSU Plan payables	4,707	-	-	4,707
Contingent consideration payable	-	-	3,334	3,334
Derivative financial instruments	-	1,398	-	1,398
Amounts payable to unitholders	2,527	-	-	2,527

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 and amounts payable to unitholders are recorded in Level 1 and are measured at fair value using the quoted market price of the Company's common shares. Cash and cash equivalents are also recorded in Level 1.

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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.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. Contingent consideration payable is the only instrument recorded as Level 3 as the amount payable is not based on observable inputs. Contingent consideration payable is measured using a discounted cash flow analysis of expected payment in future periods.

	Contingent Consideration Payable (Discounted)
Balance as at January 1, 2015	\$ 6,424
Contingent arrangements entered into during the year (Note 5)	4,029
Change in expected payment recorded through profit or loss	(1,178)
Unwinding of discount (Note 9)	246
Settlements	(6,334)
Exchange differences	147
Balance as at December 31, 2015	3,334
Contingent arrangements entered into during the year (Note 5)	1,133
Changes in expected payment recorded through profit or loss	498
Unwinding of discount (Note 9)	202
Settlements	(2,767)
Exchange differences	(217)
Balance as at December 31, 2016	\$ 2,183

The Company revised its estimate of the contingent consideration payable related to the Maxwell Brown acquisition completed on June 1, 2015 resulting in an expense of \$498 (2015 - \$(1,178)) in acquisition related expenses (income) (Note 5).

The contingent consideration payable to Maltais Geomatics Inc. was settled during the year ended December 31, 2015 and a total of \$6,000 was paid in cash.

A 1% increase or decrease in the discount rate could decrease or increase the Company's determination of fair value by approximately \$24 as at December 31, 2016.

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26. Financial Instruments and Fair Values, cont'd

The estimated contractual amount of contingent consideration payable as at December 31, 2016 was \$2,303 (2015 - \$3,537), net of a discount of \$120 (2015 - \$203).

Trade receivables and other (excluding prepayments) and trade payables and other (excluding lease inducements, deferred revenue, RSU Plan and DSU Plan payables, and contingent consideration payable), due within one year, are all short-term in nature and, as such, their carrying values approximate fair values. The fair values of non-current trade payables and other (excluding lease inducements, deferred revenue, RSU Plan and DSU Plan payables, and contingent consideration payable), leasehold improvement loans, insurance financing loan 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 values of the bank credit facilities approximate their carrying values, as these instruments bear interest at rates comparable to current market rates. The fair value of the 2012 convertible debentures as at December 31, 2016 was approximately \$18,315, based on the published trading price on the TSX.

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, US 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 has 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, 2016 were \$65,000 (2015 - \$65,000).

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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, 2016, every 1% increase or decrease in the Revolving Term Facility interest rate results in a corresponding \$576 decrease or increase in the Company's profit (loss), respectively (2015 - \$436).

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 different values depending on 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.

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, 2016	Year ended December 31, 2015
Currency risk:		
U.S.	\$ (2,563)	\$ (295)
Europe	106	(195)
Australia	(112)	(64)
Asia	(27)	30

A 10% weakening of the Canadian dollar would have an equal but opposite effect on the above currencies to the amounts shown above, assuming all other variables remain unchanged.

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26. Financial Instruments and Fair Values, cont'd

Price risk

The Company is exposed to price risk because the liabilities for cash-settled plans and amounts payable to unitholders are classified as fair value through profit or loss, and linked to the price of the Company's common shares. If the market price of the Company's common shares had increased by 5% with all other variables held constant, the impact on profit (loss) would be a decrease of \$474. 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 has entered into equity derivatives. Changes in the fair value of these equity derivatives offset the impact of mark-to-market adjustments that have been accrued. The notional amount outstanding on these equity derivatives as at December 31, 2016 was \$7,230 (2015 - \$7,610).

(b) Credit Risk

The Company is exposed to credit risk with respect to its cash and cash equivalents, trade receivables and other, more specifically its trade receivables, 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. This practice increases the risk and likelihood of future bad debts. In addition, the risk of non-collection of trade receivables is greater in Asia Pacific compared to North American or European countries. Trade receivables are monitored on an ongoing basis with respect to their collectability and, where appropriate, a specific reserve is recorded.

Movement in the Company's allowance for doubtful accounts is as follows:

	Amount
As at January 1, 2015	\$ 6,239
Charges during the year	3,615
Receivables written off during the year as uncollectible	(2,021)
Exchange differences	307
As at December 31, 2015	8,140
Charges during the year	2,589
Receivables written off during the year as uncollectible	(2,250)
Exchange differences	(285)
As at December 31, 2016	\$ 8,194

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26. Financial Instruments and Fair Values, cont'd

The movement of the allowance for doubtful accounts has been included in office and other operating expenses in the consolidated statements of comprehensive income (loss). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. As at December 31, 2016, amounts of trade receivables past due which are outstanding over 60 days but not considered impaired are estimated at \$5,962 (2015 - \$6,598).

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.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall 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 purposes of working capital, investment and debt repayment at maturity.

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26. Financial Instruments and Fair Values, cont'd

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, 2016						
	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, deferred revenue, RSU Plan and DSU Plan payables and contingent consideration payable)	\$ 56,871	\$ 56,897	\$ 56,122	\$ 481	\$ 74	\$ 220	\$ 56,897
RSU Plan and DSU Plan payables	8,623	8,623	1,469	3,635	697	2,822	8,623
Contingent consideration payable	2,183	2,303	1,150	1,153	-	-	2,303
Borrowings (excluding convertible debentures)	117,881	119,470	1,041	983	117,176	270	119,470
Convertible debentures	6,054	6,105	6,105	-	-	-	6,105
Derivative financial instruments	501	501	-	-	501	-	501
Amounts payable to unitholders	851	851	851	-	-	-	851
	\$ 192,964	\$ 194,750	\$ 66,738	\$ 6,252	\$ 118,448	\$ 3,312	\$ 194,750

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26. Financial Instruments and Fair Values, cont'd

	December 31, 2015						
	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, deferred revenue, RSU Plan and DSU Plan payables and contingent consideration payable)	\$ 49,513	\$ 49,553	\$ 48,848	\$ 337	\$ 73	\$ 295	\$ 49,553
RSU Plan and DSU Plan payables	4,707	4,707	977	1,383	947	1,400	4,707
Contingent consideration payable	3,334	3,537	2,870	667	-	-	3,537
Borrowings (excluding convertible debentures)	128,437	130,498	2,288	1,600	126,266	344	130,498
Convertible debentures	7,994	8,241	-	8,241	-	-	8,241
Derivative financial instruments	1,398	1,398	-	-	1,241	157	1,398
Amounts payable to unitholders	2,527	2,527	-	-	-	2,527	2,527
	\$ 197,910	\$ 200,461	\$ 54,983	\$ 12,228	\$ 128,527	\$ 4,723	\$ 200,461

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 debt, amounts payable to unitholders 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 controlling interest in strategic acquisitions. Additionally, vendors of acquired businesses typically receive a portion of the consideration in the form of the Company's common shares.

Amounts payable to unitholders relates to the Altus UK LLP Class B and D units.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

27. Capital Management, cont'd

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

	December 31, 2016	December 31, 2015
Borrowings (Note 18)	\$ 123,935	\$ 136,431
Less: cash and cash equivalents	43,673	19,604
Net-debt	80,262	116,827
Amounts payable to unitholders (Note 19)	851	2,527
Shareholders' equity	340,593	350,595
Total capitalization	\$ 421,706	\$ 469,949

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
- Minimum fixed charge coverage ratio: minimum of 1.20:1
- Maximum funded debt to capitalization ratio: maximum of 55%

As at December 31, 2016, the Company is in compliance with the financial covenants of the bank credit facilities as illustrated below:

	December 31, 2016
Funded debt ⁽¹⁾ to EBITDA (maximum 3.00:1)	1.53:1
Minimum fixed charge coverage ratio (minimum 1.20:1)	10.74:1
Maximum funded debt to capitalization ratio (maximum 55%)	23%

⁽¹⁾ Funded debt includes primarily total borrowings, excluding deferred financing fees and the convertible debentures, less cash and cash equivalents on hand to a maximum of \$5,000.

28. Commitments and Contingencies

The Company leases various offices and equipment under non-cancellable operating leases. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2016	December 31, 2015
No later than 1 year	\$ 15,602	\$ 14,787
Later than 1 year and no later than 5 years	47,926	51,990
Later than 5 years	26,388	33,230
Total	\$ 89,916	\$ 100,007

Notes to Consolidated Financial Statements

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

28. Commitments and Contingencies, cont'd

The future aggregate minimum sublease payments to be received under non-cancellable subleases as at December 31, 2016 were \$558 (2015 - \$964).

As at December 31, 2016, the Company provided letters of credit of approximately \$504 to its lessors (2015 - \$396).

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 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 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

The Company provides appraisal services to Real Matters, an entity in which the Company holds a 13.9% (2015 - 16.4%) equity interest as at December 31, 2016. During the year ended December 31, 2016, the Company recorded revenues of \$2 for appraisal services provided to Real Matters (2015 - \$32).

As part of ongoing transactions with Real Matters, there was \$1 included in trade receivables and other as at December 31, 2016 (2015 - \$1).

On April 1, 2016, the investment held by the Company in Real Matters was diluted due to a private placement and issuance of common shares in connection with an acquisition completed by Real Matters. These transactions reduced the Company's equity interest from 16.4% to 13.9%. The partial deemed disposition of the Company's investment resulted in a gain of \$9,935 with a corresponding increase to the carrying value of the investment in Real Matters. In January 2017, Real Matters issued 1,500,000 common shares, which further diluted the investment held by the Company to 13.8%. The Company continues to have significant influence after this issuance.

All related party transactions were in the normal course of business and measured at the exchange amount.

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

29. Related Party Transactions, cont'd

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, 2016	Year ended December 31, 2015
Salaries and other short-term employee benefits	\$ 8,289	\$ 8,043
Termination benefits	2,012	
Share-based payments	4,907	3,070
	\$ 15,208	\$ 11,113

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, 2016
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%
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%
RealNet Canada Inc.	100%
Altus Group S.à.r.l.	100%
Voyanta Limited (UK)	100%
Altus Group II ULC	100%

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

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

29. Related Party Transactions, cont'd

Entity's Name	December 31, 2016
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%
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%
Page Kirkland Queensland Pty Limited	100%
Altus Group Cost Management Pty Limited	100%
Altus Group Bay Partnership Pty Limited	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%

⁽¹⁾ Two land surveyors, who are employees of Altus Geomatics Limited Partnership and registered with Land Surveyor's 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 Geomatics 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
Convertible debenture trading
symbol: AIF.DB.A

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