



AltusGroup

A leading provider of
independent commercial real estate
consulting and advisory services,
software and data solutions.

Q1
2014

FIRST QUARTER REPORT 2014
for the three months ended March 31, 2014

SHAREHOLDERS' REPORT

Altus Group Limited



Management's Discussion & Analysis

March 31, 2014

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, outlook and the risks applicable to Altus Group. It should be read in conjunction with our unaudited interim condensed consolidated financial statements and accompanying notes (the "financial statements") for the three months ended March 31, 2014, 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 May 7, 2014.

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 information that relates to, among other things, our objectives, strategies and intentions, and future financial and operating performance and prospects. 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 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 our level of liquidity.

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 our 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

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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; competition in the industry; ability to attract and retain professionals; commercial real estate market; integration of acquisitions; oil and gas sector; Canadian multi-residential market; customer concentration; currency risk; interest rate risk; reliance on larger software transactions with longer and less predictable sales cycles; success of new product introductions; ability to respond to technological change and develop products on a timely basis; ability to maintain profitability and manage growth; revenue and cash flow volatility; credit risk; protection of intellectual property or defending against claims of intellectual property rights of others; weather; fixed-price and contingency engagements; operating risks; performance of obligations/maintenance of client satisfaction; appraisal mandates; information technology governance and security; legislative and regulatory changes; risk of future legal proceedings; insurance limits; income tax matters; 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 well as those described in our publicly filed documents, including the Annual Information Form (which are available on SEDAR at www.sedar.com).

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

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 effect of amortization of intangibles, depreciation of property, plant and equipment, acquisition-related expenses (income), restructuring costs, share of profit or loss of associates, unrealized foreign exchange gains (losses), gains (losses) on sale of property, plant and equipment, gains (losses) on sale of business assets, impairment charges, Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-

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market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs") being hedged and other expenses or income of a non-operating and/or non-recurring nature. Refer to page 12 for a reconciliation of Adjusted EBITDA to our financial statements.

Adjusted Basic Earnings (Loss) per Share, ("Adjusted Basic EPS"), represents basic earnings per share adjusted for the effect of amortization of intangibles acquired as part of business acquisitions, non-cash finance costs (income) related to the revaluation of amounts payable to unitholders, distributions related to amounts payable to unitholders, acquisition-related expenses (income), restructuring costs, share of profit or loss of associates, unrealized foreign exchange gains (losses), gains (losses) on sale of property, plant and equipment, gains (losses) on sale of business assets, interest accretion on vendor payables, impairment charges, 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. All of the adjustments are made net of tax. Refer to page 14 for a reconciliation of Adjusted Basic EPS to our financial statements.

Overview of the Business

We are a leading provider of independent commercial real estate consulting and advisory services, software and data solutions. We operate five Business Units, bringing together years of experience and a broad range of expertise into one comprehensive platform: Research, Valuation and Advisory ("RVA"); ARGUS Software; Property Tax Consulting ("Property Tax"); Cost Consulting and Project Management ("Cost") and Geomatics. Our suite of services and software enables clients to analyze, gain insight and recognize value on their real estate investments.

We have over 1,900 employees in multiple offices around the world, including Canada, the United States (the "US"), the United Kingdom (the "UK"), Australia and Asia Pacific. Our clients include financial institutions, private and public investment funds, insurance companies, accounting firms, public real estate organizations, real estate investment trusts, healthcare institutions, industrial companies, foreign and domestic private investors, real estate developers, governmental institutions and firms in the oil and gas sector.

Business Focus

The depth and diversity of our service and technology offerings are unique in the industry and important differentiators which are highly valued by our clients. We empower our clients through our analytical tools and expert advice and enable them to better manage and realize greater value from their real estate assets.

Over the past two years, we have made great progress to strengthen our balance sheet and improve the financial strength of the Company. We have steadily reduced our debt levels through a combination of non-strategic asset sales, internally generated cash flows and an equity raise, to not only improve our leverage metric, but more importantly, to reposition us for substantive growth. In the fourth quarter of 2013, we raised gross proceeds of \$46.1 million through an equity offering, of which substantially all of

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the net proceeds were used to repay debt. The offering had a significant and positive impact on our leverage position. In addition, we have continued to focus on increasing operational rigour within each business unit with established goal-oriented metrics. There is now greater visibility and accountability within each of our business segments. Operational execution, innovation and employee engagement remain key attributes that have become entrenched into a 'One Altus' culture. With a stronger balance sheet and improved capabilities in operational execution, we now have greater financial flexibility to invest in areas of strategic growth, both organically and through acquisitions.

We will continue to focus on strategic and operational improvements for better results in each of our businesses. We will also focus on three key strategic initiatives, which are as follows:

- Grow our global asset and investment management businesses.
- Expand our Property Tax services business in the US and globally.
- Grow our current capabilities across every business unit and bring to market composite products.

Grow Global Asset and Investment Management

Our expertise in valuation and advisory, software and data offerings are tailored to meet the needs of the global asset and investment management ("GAIM") marketplace. We are moving our North America RVA and ARGUS Software businesses closer together under the banner of GAIM in order to offer our global clients a range of solutions and advice in the increasingly important management of the complex and changing real estate environment. Our intelligence platform provides clients with tools to facilitate aggregation, analysis, exchange and re-purposing of data that empower their decision-making processes. With additional functionality, these products become more comprehensive in scope and generate multi-phase relationships with our clients that produce longer-term engagements, new product offerings and opportunities for more sustainable growth. These products are expected to result in an increased market penetration and additional opportunities to add value for our clients. This will increase our differentiation as we grow our markets in Europe and Asia directly with our customers and alliance partners.

Expand Property Tax in the US and Globally

Our strategic investments in US tax services continue to generate positive returns. The US market offers significant growth opportunities for our services as our current penetration is modest relative to the size of the opportunity. We intend to increase our presence in the US, which we may do organically or by acquisition, in order to capture more business and grow profitability. In addition, the UK remains an attractive market for tax services and we will be opportunistic with any further investments.

Bring to Market Composite Products

Another strategic growth opportunity for us is in the development of composite products. Our specialized services from across several business lines, including Cost, RVA, Property Tax and Geomatics, can be combined in a fashion to deliver unique service offerings and compelling value propositions to our clients. This strategy leads to improved cross-selling and recurring organic revenue growth. One such example is the TransCanada Energy East right of way project in which combined services from several of these business units have been brought together under one engagement which helps the client assess pipeline access routes in the most cost efficient manner. We are taking similar composite product approaches for large global industrial companies, where we can combine our

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expertise in valuation, tax, and cost in order to assist clients with cost planning, refurbishment, and lower operating cost strategies. Our goal is to increase the scope of these products in the future, combining services, data and software from each of our business units.

Operating Highlights

Gross revenue from professional services is fee-based and we are typically engaged on either an hourly-based, fixed-price or contingency-based arrangement. We are usually retained on a project-by-project basis, although some clients have annual or multi-year arrangements for the provision of services. Gross revenue generated from software sales is based on license fees, support and maintenance fees and/or related training and consulting services.

Our largest operating expense is compensation, including salaries, performance-based bonuses, benefits and payroll taxes.

Selected Financial Information	For the three months ended March 31,	
<i>In thousands of dollars, except for per share amounts</i>	2014	2013
Operations		
Gross revenues	\$ 86,691	\$ 76,154
Adjusted EBITDA	14,882	12,253
Operating profit (loss)	10,111	11,724
Profit (loss)	4,883	6,843
Earnings (loss) per share:		
Basic	\$0.17	\$0.30
Diluted	\$0.17	\$0.26
Adjusted basic	\$0.26	\$0.25
Dividends declared per share	\$0.15	\$0.15

	At March 31, 2014	At December 31, 2013
Balance sheet		
Total assets	\$ 451,270	\$ 442,438
Long-term liabilities (excluding deferred income taxes)	174,964	173,825

Gross revenues were \$86.7 million for the three months ended March 31, 2014, up 13.8% or \$10.5 million from \$76.2 million in the same period in 2013. The 2013 acquisitions of Complex Property Advisors Corporation ("CPAC") and Eileen Bilton Partnership Ltd. ("EBP") contributed approximately 1.5% to revenue growth.

ARGUS Software experienced a strong quarter. License sales were the key driver in revenue growth as we continue to experience increased adoption of ARGUS Enterprise ("AE") in the market. The number of AE clients has doubled, exceeding 200, since the release of AE 9.5 in September 2013. North America RVA also saw revenues rise as a result of new client additions and favourable exchange rate differences.

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In North America, our Property Tax practice experienced a record quarter with strong organic growth in Canada and continued organic and acquisition growth in the US. In the UK, revenues rose due to exchange rate improvements and acquisition growth.

Increased activity levels in Western Canada continued into the first quarter and benefitted our Geomatics business as they experienced the strongest first quarter gross revenue on record.

Our core Cost business in North America saw modest revenue declines as a result of a decrease in lower margin infrastructure work. In Asia Pacific, our operations in Australia maintained consistent revenue performance, while in Asia we continue to exit lower margin projects.

Adjusted EBITDA was \$14.9 million for the three months ended March 31, 2014, up 21.5% or \$2.6 million from \$12.3 million in the same period in 2013. As discussed above, Adjusted EBITDA results reflected improved revenue performance from North America Property Tax, Geomatics and ARGUS Software. Prudent expense management improved North America Cost's Adjusted EBITDA margin, which had a positive impact on the overall Adjusted EBITDA for the quarter. Adjusted EBITDA was impacted by lower performance in Asia Pacific Cost and investments in staff and product development in North America RVA.

Operating profit was \$10.1 million for the three months ended March 31, 2014, as compared to \$11.7 million in the same period in 2013. In addition to the impacts on Adjusted EBITDA as discussed above, operating profit for the quarter included \$4.6 million in depreciation and amortization.

Acquisition of Paddison Chartered Surveyors, a niche Business Rates Firm in the United Kingdom

Effective January 31, 2014, we acquired certain business assets of Paddison Chartered Surveyors ("Paddison"), one of the leading business rates consultants in the regions of Nottingham and Saffron Walden in the UK, for cash consideration of \$0.2 million. The addition of Paddison is expected to enable us to further expand operations in our business rates business into the East of England and the East Midlands regions.

Strategic investment in Voyanta Limited, a Real Estate Data Management and Analytics Software Company

Effective February 14, 2014, we acquired a 29.7% interest in the outstanding shares of Voyanta Limited ("Voyanta") for cash consideration of \$3.0 million, including transaction costs. If all stock options to be granted under Voyanta's share option plan are exercised, our fully diluted interest in Voyanta would decline to 27.0%. If Voyanta does not meet established revenue targets by December 31, 2015, our ownership in Voyanta may increase to an estimated maximum 32.3% total equity interest. Voyanta is a provider of cloud-based data management and analytics solutions to the global real estate industry. The partnership with Voyanta is expected to strengthen our service offerings and secure additional opportunities for growth. We also acquired a license to use the Voyanta platform to enhance North America RVA's current and future data analytics services.

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Subsequent Events

Effective April 1, 2014, we acquired certain business assets of Maltais Geomatics Inc. ("MGI") and entered into non-compete agreements with certain key employees of MGI. As partial consideration for these assets, we paid cash of \$10.75 million and issued 106,440 common shares. In addition, the purchase agreement provides for maximum contingent consideration payable of \$6.0 million, due on May 31, 2015, subject to certain performance targets being achieved. 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.

Discussion of Operations

<i>In thousands of dollars</i>	Three months ended March 31,	
	2014	2013
Revenues		
Gross revenues	\$ 86,691	\$ 76,154
Less: disbursements	8,008	7,297
Net revenue	78,683	68,857
Expenses		
Employee compensation	52,318	45,743
Occupancy	3,574	3,540
Office and other operating	7,546	7,058
Depreciation and amortization	4,550	4,649
Acquisition related expenses (income)	159	210
Share of (profit) loss of associates	403	78
Restructuring costs	22	1,133
(Gain) loss on sale of certain business assets	-	(5,278)
Operating profit (loss)	10,111	11,724
Finance costs (income), net	3,761	3,943
Profit (loss) before income tax	6,350	7,781
Income tax expense (recovery)	1,467	938
Profit (loss) for the period	\$ 4,883	\$ 6,843

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Gross Revenue by Business Segment

<i>In thousands of dollars</i>	Three months ended March 31,		
	2014	2013	% Change
Property Tax:			
North America Property Tax	\$ 18,611	\$ 15,173	22.7%
UK	6,183	5,237	18.1%
Global Asset and Investment Management:			
North America RVA	20,259	18,664	8.5%
ARGUS Software	11,551	8,605	34.2%
North America Geomatics	19,095	15,794	20.9%
Cost Consulting and Project Management:			
North America Cost	6,950	7,688	(9.6%)
Asia Pacific Cost ⁽¹⁾	4,257	5,054	(15.8%)
Intercompany eliminations	(215)	(61)	(252.5%)
Gross Revenues	\$ 86,691	\$ 76,154	13.8%

⁽¹⁾ Includes Hawaii.

Property Tax:

North America Property Tax

Gross revenue was \$18.6 million for the three months ended March 31, 2014, up 22.7% or \$3.4 million from \$15.2 million in the same period in 2013. The growth in revenue was driven by strong organic performance in Canadian operations, which contributed 10.6% of the growth, with strong performances in Alberta, Manitoba and Ontario. In addition, US operations contributed 12.1% of the growth driven by organic growth in our expansion offices and the acquisition of CPAC.

UK

Gross revenue was \$6.2 million for the three months ended March 31, 2014, up 18.1% or \$1.0 million from \$5.2 million in the same period in 2013. The UK tax business had another healthy quarter in the fourth year of the assessment cycle and our agency business performed exceptionally well in the quarter as the transactions market in the UK is recovering. Gross revenue from the acquisition of EBP contributed approximately 2.2% to revenue growth for the three months ended March 31, 2014. The improvement in the exchange rate against the Canadian Dollar benefitted gross revenues by 17.0%.

Global Asset and Investment Management:

North America RVA

Gross revenue was \$20.3 million for the three months ended March 31, 2014, up 8.5% or \$1.6 million from \$18.7 million in the same period in 2013. Our US operations grew as a result of continued client additions and in Canada we continue to have success with right of way and economic advisory work. The value of the right of way work grew significantly in the quarter compared to the same period in 2013. The improvement in the exchange rate against the Canadian Dollar benefitted gross revenues by

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2.9%.

ARGUS Software

Gross revenue was \$11.6 million for the three months ended March 31, 2014, up 34.2% or \$3.0 million from \$8.6 million in the same period in 2013. We continue to experience increased adoption of AE in the market. In the quarter, the sale of AE licenses and associated consulting services drove growth in gross revenue. The number of AE clients has doubled, exceeding 200, since the release of AE 9.5 in September 2013. In addition, we had strong growth in maintenance revenues. The improvement in the exchange rates against the Canadian Dollar benefitted gross revenues by 10.0%.

North America Geomatics:

Gross revenue was \$19.1 million for the three months ended March 31, 2014, up 20.9% or \$3.3 million from \$15.8 million in the same period in 2013. Continuing activity levels in the oil and gas and pipeline sectors in Western Canada benefitted our Geomatics business as they experienced their strongest first quarter gross revenue. We saw a strong increase in work volume in Northern Alberta as well as right of way work and construction survey work.

Cost Consulting and Project Management:

North America Cost

Gross revenue was \$7.0 million for the three months ended March 31, 2014, down 9.6% or \$0.7 million from \$7.7 million in the same period in 2013. Our core Cost business maintained its performance year over year and the decline in revenues was solely from decreases in low margin infrastructure work.

Asia Pacific Cost

Gross revenue was \$4.3 million for the three months ended March 31, 2014, down 15.8% or \$0.8 million from \$5.1 million in the same period in 2013. Our operations in Australia maintained revenue performance and in Asia we continue to exit low margin projects and target high value opportunities.

Operating Expenses

Disbursements, including subcontractor costs, represent expenses directly related to the provision of services to a client. Consistent with most professional services firms, these costs are billed back to the client. Disbursements were \$8.0 million for the three months ended March 31, 2014, up 9.7% or \$0.7 million from \$7.3 million in the same period in 2013. Higher disbursements were due to higher subcontractor costs relating to Geomatics, offset by lower appeal fees in North America Property Tax. For the three months ended March 31, 2014, disbursements as a percentage of gross revenues decreased to 9.2% from 9.6% in the same period in 2013.

Employee Compensation was \$52.3 million for the three months ended March 31, 2014, up 14.4% or \$6.6 million from \$45.7 million in the same period in 2013. The increase in compensation reflects growth initiatives underway in the US, including the US Property Tax business, the 2013 acquisition of CPAC, investments in personnel in North America RVA and ARGUS Software. In Canada, our Geomatics

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business had increased personnel costs due to increased volume of work and rising wages due to competitive local market conditions. Lower personnel costs were realized in North America Cost as a result of restructuring activities undertaken in the latter half of 2013. Employee compensation was also impacted by higher accrual of variable compensation due to improved performance in the businesses and mark-to-market adjustments taken on outstanding units awarded as part of the restricted share unit plan ("RSU Plan") and our deferred share unit plan ("DSU Plan"). In Q1 2013, we benefitted from Media Tax credits of \$0.5 million, which was recorded as reduction to employee compensation. For the three months ended March 31, 2014, employee compensation as a percentage of gross revenues increased to 60.3% from 60.1% in the same period in 2013.

Occupancy was \$3.6 million for the three months ended March 31, 2014, up 1.0% or \$0.1 million from \$3.5 million in the same period in 2013. Higher occupancy costs were due to the opening of new offices in the US. Occupancy as a percentage of gross revenues decreased to 4.1% from 4.6% in the same period in 2013.

Office and Other Operating costs were \$7.5 million for the three months ended March 31, 2014, up 6.9% or \$0.4 million from \$7.1 million in the same period in 2013. The increase was due to the 2013 acquisition of CPAC, higher professional fees and other operating costs, offset by lower bad debt expense. Office and other operating costs as a percentage of gross revenues decreased to 8.7% from 9.3% in the same period in 2013.

Adjusted EBITDA ⁽¹⁾

<i>In thousands of dollars</i>	Three months ended March 31,		
	2014	2013	% Change
Property Tax:			
North America Property Tax	\$ 5,036	\$ 3,298	52.7%
UK	1,516	1,291	17.4%
Global Asset and Investment Management:			
North America RVA	4,357	5,032	(13.4%)
ARGUS Software	3,659	2,105	73.8%
North America Geomatics	4,327	3,143	37.7%
Cost Consulting and Project Management:			
North America Cost	1,832	1,420	29.0%
Asia Pacific Cost ⁽²⁾	(77)	125	(161.6%)
Corporate	(5,768)	(4,161)	(38.6%)
Adjusted EBITDA	\$ 14,882	\$ 12,253	21.5%

⁽¹⁾ Refer to page 12 for a reconciliation of Adjusted EBITDA.

⁽²⁾ Includes Hawaii.

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Property Tax:

North America Property Tax

Adjusted EBITDA was \$5.0 million for the three months ended March 31, 2014, up 52.7% or \$1.7 million from \$3.3 million in the same period in 2013. The increase in earnings was due to strong revenue growth in our Canadian and US operations.

UK

Adjusted EBITDA was \$1.5 million for the three months ended March 31, 2014, up 17.4% or \$0.2 million from \$1.3 million in the same period in 2013. Higher earnings were primarily due to the improvement in the exchange rate against the Canadian Dollar, which benefitted Adjusted EBITDA by 18.0%.

Global Asset and Investment Management:

North America RVA

Adjusted EBITDA was \$4.4 million for the three months ended March 31, 2014, down 13.4% or \$0.6 million from \$5.0 million in the same period in 2013. Earnings in the quarter were impacted by investments in resources to support future revenue growth. In addition, Canadian operations benefitted from media tax credits of \$0.4 million in the same period in 2013. The improvement in the exchange rate against the Canadian Dollar benefitted Adjusted EBITDA by 3.7%.

ARGUS Software

Adjusted EBITDA was \$3.7 million for the three months ended March 31, 2014, up 73.8% or \$1.6 million from \$2.1 million in the same period in 2013. For the three months ended March 31, 2014, the improvement in results was driven by the strong revenue growth. Higher personnel costs were incurred as investments in staff were made to support future growth. During the quarter, there were \$0.5 million of costs capitalized which related to software development of our upcoming release of AE that expands functionality for the UK market and delivers a world-class property budgeting solution. The improvement in the exchange rate against the Canadian Dollar benefitted Adjusted EBITDA by 10.6%.

North America Geomatics:

Adjusted EBITDA was \$4.3 million for the three months ended March 31, 2014, up 37.7% or \$1.2 million from \$3.1 million in the same period in 2013. Earnings were driven by strong revenue growth.

Cost Consulting and Project Management:

North America Cost

Adjusted EBITDA was \$1.8 million for the three months ended March 31, 2014, up 29.0% or \$0.4 million from \$1.4 million in the same period in 2013. Earnings benefitted from reduced headcount as a result of restructuring activities undertaken in the latter half of 2013.

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Asia Pacific Cost

Adjusted EBITDA was \$(0.1) million for the three months ended March 31, 2014, down 161.6% or \$0.2 million from \$0.1 million in the same period in 2013. Our Australian operations maintained earnings performance year over year while earnings from our Asian offices were impacted by reduced volume of projects.

Corporate:

Corporate costs were \$5.8 million for the three months ended March 31, 2014, up 38.6% or \$1.6 million from \$4.2 million in the same period in 2013. The increase in corporate costs was mainly due to higher accrual of variable compensation due to improved performance in the businesses.

Profit (Loss)

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

<i>In thousands of dollars</i>	Three months ended March 31,	
	2014	2013
Adjusted EBITDA	\$ 14,882	\$ 12,253
Depreciation and amortization	(4,550)	(4,649)
Acquisition related (expenses) income	(159)	(210)
Share of profit (loss) of associates	(403)	(78)
Unrealized foreign exchange gain (loss) ⁽¹⁾	501	371
Gain (loss) on sale of property, plant and equipment ⁽¹⁾	25	(6)
Gain (loss) on sale of certain business assets ⁽²⁾	-	5,278
Executive Compensation Plan costs ⁽³⁾	(121)	(102)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽³⁾	(69)	-
Restructuring costs	(22)	(1,133)
Other non-operating and/or non-recurring income (costs) ⁽⁴⁾	27	-
Operating profit (loss)	10,111	11,724
Finance (costs) income, net	(3,761)	(3,943)
Profit (loss) before income tax	6,350	7,781
Income tax recovery (expense)	(1,467)	(938)
Profit (loss) for the period	\$ 4,883	\$ 6,843

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

⁽²⁾ In 2013, the amount relates to the gain on sale of Altus Residential Limited ("ARL").

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

⁽⁴⁾ Other non-operating and/or non-recurring income (costs) for the three months ended March 31, 2014 relate to the reversal of amounts owed to former owners of Altus Québec included in office and other operating expenses.

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Depreciation and Amortization was \$4.5 million for the three months ended March 31, 2014, as compared to \$4.6 million in the same period in 2013.

Acquisition Related Expenses (Income) was \$0.2 million for the three months ended March 31, 2014, consistent with the same period in 2013. For the three months ended March 31, 2014, the amount included expenses related to the MGI acquisition.

Share of Profit (Loss) of Associates was \$(0.4) million for the three months ended March 31, 2014, as compared to \$(0.1) million in the same period in 2013. This represents our proportionate share in the profit or loss of Real Matters Inc. ("Real Matters") and Voyanta for the period as well as an amortization charge on acquired intangibles. As at March 31, 2014, we held an 18.2% equity interest in Real Matters and a 29.7% equity interest in Voyanta.

Gain (Loss) on Sale of Certain Business Assets was \$Nil for the three months ended March 31, 2014, as compared to \$5.3 million in the same period in 2013. In 2013, the amount was related to the gain on sale of ARL.

Executive Compensation Plan Costs were \$0.1 million for the three months ended March 31, 2014, consistent with the same period in 2013.

Restructuring Costs were \$Nil for the three months ended March 31, 2014, as compared to \$1.1 million in the same period in 2013. In 2013, restructuring costs were related to the restructuring activities in ARGUS Software, which mainly consisted of employee severance costs.

Finance Costs (Income), Net	Three months ended March 31,		
<i>In thousands of dollars</i>	2014	2013	% Change
Interest on borrowings	\$ 3,195	\$ 3,802	(16.0%)
Unwinding of discount	101	146	(30.8%)
Distributions related to amounts payable to unitholders	50	55	(9.1%)
Change in fair value of amounts payable to unitholders	420	(26)	1,715.4%
Change in fair value of interest rate swap (not designated as cash flow hedge)	-	5	(100.0%)
Other, net costs (income)	(5)	(39)	87.2%
Finance costs (income), net	\$ 3,761	\$ 3,943	(4.6%)

Finance Costs (Income), Net for the three months ended March 31, 2014 was \$3.8 million, down 4.6% or \$0.1 million from \$3.9 million in the same period in 2013. Finance costs decreased as a result of lower interest on borrowings, offset by unfavourable changes in fair value of amounts payable to UK unitholders. The lower interest on borrowings was mainly due to a lower borrowings balance. The average borrowings outstanding were \$156.9 million for the three months ended March 31, 2014, as compared to \$205.9 million in the same period in 2013. The effective annual interest rate on borrowings for the three months ended March 31, 2014 increased to 8.1%, as compared to 7.4% in the same period in 2013.

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Income Tax Expense (Recovery) for the three months ended March 31, 2014 was an expense of \$1.5 million, as compared to an expense of \$0.9 million in the same period in 2013.

Profit (Loss) during the three months ended March 31, 2014 was \$4.9 million and \$0.17 per share, basic and diluted, as compared to \$6.8 million and \$0.30 per share, basic and \$0.26 per share, diluted, in the same period in 2013.

Adjusted Basic Earnings (Loss) Per Share

<i>In thousands of dollars, except for per share amounts</i>	Three months ended March 31,	
	2014	2013
Profit (loss) for the period	\$ 4,883	\$ 6,843
Amortization of intangibles of acquired businesses	3,012	3,083
Non-cash finance cost (income) related to amounts payable to unitholders	420	(26)
Share of loss (profit) of associates	403	78
Unrealized foreign exchange loss (gain)	(501)	(371)
Loss (gain) on sale of property, plant and equipment	(25)	6
Distributions related to amounts payable to unitholders	50	55
Executive Compensation Plan costs	121	102
Loss (gain) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged	69	-
Interest accretion on vendor payables	98	141
Loss (gain) on hedging transactions, including interest expense (income) on swaps not designated as cash flow hedge	-	5
Restructuring costs	22	1,133
Acquisition related expenses (income)	159	210
Loss (gain) on sale of certain business assets	-	(5,278)
Other non-operating and/or non-recurring income (costs)	(27)	-
Tax impact on above	(1,221)	(262)
Adjusted earnings (loss) for the period	\$ 7,463	\$ 5,719
Weighted average number of shares - basic	28,399,272	22,936,930
Weighted average number of restricted shares	205,692	10,670
Weighted average number of shares - adjusted	28,604,964	22,947,600
Adjusted basic earnings (loss) per share	\$0.26	\$0.25

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Summary of Quarterly Results

	2014	2013				2012		
<i>In thousands of dollars, except for per share amounts</i>	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Results of Operations								
Gross revenues	\$ 86,691	\$ 89,584	\$ 80,139	\$ 78,572	\$ 76,154	\$ 80,737	\$ 76,776	\$ 78,908
Adjusted EBITDA	14,882	16,681	14,616	13,828	12,253	11,784	13,690	11,809
Profit (loss) for the period	4,883	6,957	1,600	3,207	6,843	(21,462)	2,262	3,678
Earnings (loss) per share:								
Basic	\$0.17	\$0.26	\$0.07	\$0.14	\$0.30	\$(0.94)	\$0.10	\$0.16
Diluted	\$0.17	\$0.24	\$0.06	\$0.13	\$0.26	\$(0.94)	\$0.10	\$(0.03)
Adjusted basic	\$0.26	\$0.31	\$0.30	\$0.27	\$0.25	\$0.30	\$0.25	\$0.14
Weighted average number shares ('000s):								
Basic	28,399	27,127	23,337	22,871	22,937	22,934	23,023	23,042
Diluted	33,810	35,762	24,987	24,455	31,586	22,934	23,127	27,998

Certain segments of our operations are subject to seasonal variations which may impact overall quarterly results. 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. Gross revenues for Geomatics tend to peak in the third and fourth quarters of the year in line with higher activity levels during these periods. In the UK, the Property Tax business has a higher proportion of property tax appeals resolved and gross revenue recognized in the first and fourth quarters of the year, due to the March 31 fiscal year end for UK municipalities.

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Outlook

We maintain a positive outlook for 2014 as we believe our business fundamentals for each of our segments remain strong.

ARGUS Software is an important asset critical to the attainment of our overall objectives. In 2013, we made significant and important changes to its operating model and created a strong foundation for growth. We have been seeing strong adoption of our AE solution having recently announced our 200th AE client. We have a strong developmental roadmap that will see significant enhancements in the coming year including budgeting functionality, UK valuation and Australia valuation which we believe will fuel future growth.

North America RVA has performed well and we expect this trend to continue. In particular, the US business offers additional opportunities as we attract large clients that benefit from our independent advice, innovative consulting services and access to important data and analytic capabilities. The focus on appraisal management for large global real estate funds provides a stable business platform and recurring revenue streams which are less susceptible to changing economic conditions. The US RVA platform is a critical asset in our continuing focus on a North American model as we leverage our relationships for cross business unit opportunities. We expect to invest in additional strategic resources in order to drive growth both in the US and globally.

North America Geomatics has shown continued strength in the quarter. The Western Canada market is expected to remain strong for the foreseeable future. We also expect to benefit from the regulatory approval of large pipeline projects.

In North America Cost, performance improved in the quarter. We have redeployed our resources and are transitioning to expanded services in infrastructure while investing geographically in Western and Eastern Canada. Our relationships with large Canadian-based institutions also provide future opportunities to win business outside of Canada.

In Asia Pacific Cost, we continue to stabilize our operations and reduce our involvement with low margin engagements. We recently closed our office in Shanghai and are servicing the market through our Hong Kong location. Oversight of the Asian offices has been placed with our Australian leadership. We have reduced our cost structure and expect modest returns in the near term.

We see North America Property Tax as a significant growth area for our business. Investments made in the US are showing positive returns. Both the organic and acquisition investments made in the US are expected to contribute to gross revenue and Adjusted EBITDA growth in 2014. We see significant opportunities for further consolidation in a still largely fragmented US market. Also in 2014, the business is expected to continue to benefit from the provincial tax assessment cycles which began in 2013 in several major markets, including Ontario and Québec.

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The UK business is performing well. In 2014, it is expected that the business will maintain its top line performance through expansion of its services. Acquisition opportunities in the UK will be sought out as the market provides strong opportunities for further consolidation.

We are confident in our strategy as we follow our path to provide better knowledge, insight and advice to our customers.

Liquidity and Capital Resources

Cash Flow	Three months ended March 31,	
	2014	2013
<i>In thousands of dollars</i>		
Net cash from operating activities	\$ 162	\$ 9,129
Net cash from financing activities	(3,163)	(7,772)
Net cash from investing activities	(5,664)	(755)
Effect of foreign currency translation	344	4
Change in cash position during the period	\$ (8,321)	\$ 606
Dividends paid	\$ 3,432	\$ 3,440

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.

Cash from operating activities

Working Capital		
	March 31, 2014	December 31, 2013
<i>In thousands of dollars</i>		
Current assets	\$ 128,787	\$ 127,547
Current liabilities	62,137	63,708
Working capital	\$ 66,650	\$ 63,839

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

Trade receivables and unbilled revenue on customer contracts increased 7.8% from December 31, 2013 to March 31, 2014. As a percentage of trailing 12 months gross revenues, trade receivables and unbilled revenue on customer contracts was 33.6% as at March 31, 2014, as compared to 32.2% as at December 31, 2013, a five day increase in the number of days revenue outstanding.

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

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March 31, 2014, the amounts owing to the vendors of acquired businesses were approximately \$3.6 million, as compared to \$4.5 million as at December 31, 2013. We intend to fund the deferred purchase price payments through 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 bank credit facilities are summarized below:

<i>In thousands of dollars</i>	March 31, 2014
Revolving Operating Facility: Senior secured revolving operating facility for general corporate purposes, including letters of credit due on demand, which will mature December 31, 2015.	\$ 20,000
Revolving Term Facility: Senior secured revolving term facility to finance investments as permitted by the credit agreement, which will mature December 31, 2015. Certain provisions allow us to increase the limit further to \$189,700.	139,700
	\$ 159,700

As at March 31, 2014, our total borrowings on our bank credit facilities amounted to \$66.9 million, consistent with the balance as at December 31, 2013.

We also have outstanding letters of credit under our bank credit facilities in the total amount of \$0.3 million to secure a credit facility for operating leases (December 31, 2013 - \$0.9 million).

The cost of our facilities is tied to the Canadian Prime rate, Bankers' Acceptance rate, US base rates or LIBOR rates. As at March 31, 2014, \$65.6 million of the bank credit facilities were subject to interest rate swap agreements to fix the interest rate. The effective annual rate of interest for the three months ended March 31, 2014 on our bank credit facilities was 5.52%, as compared to 5.32% in the same period in 2013.

As at March 31, 2014, we were in compliance with the financial covenants of our bank credit facilities, which are summarized below:

	March 31, 2014
Funded debt to EBITDA (maximum of 2.75:1)	1.02:1
Fixed charge coverage (minimum of 1.20:1)	6.17:1
Funded debt to capitalization (maximum of 55%)	20%

Other than long-term debt and letters of credit, we are subject to contractual obligations for operating leases for office facilities and office equipment, as well as finance leases for office equipment.

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Contractual Obligations	Payments Due by Period (undiscounted)				
	Total	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years
<i>In thousands of dollars</i>					
Long-term debt	\$ 67,948	\$ 796	\$ 67,028	\$ 124	\$ -
Operating lease obligations	54,735	10,176	15,450	10,317	18,792
Finance lease obligations	1,132	366	596	170	-
Contingent consideration payable	3,063	130	2,819	114	-
Convertible debentures ⁽¹⁾	97,104	-	-	97,104	-
Provisions	1,026	902	124	-	-
Amounts payable to unitholders	6,066	-	-	-	6,066
Other liabilities	42,999	39,667	1,697	118	1,517
Total Contractual Obligations	\$ 274,073	\$ 52,037	\$ 87,714	\$ 107,947	\$ 26,375

⁽¹⁾ Includes the \$48.0 million of 6.75% convertible unsecured subordinated debentures issued by us on April 19, 2012 (the "2012 convertible debentures") and \$50.0 million of 5.75% convertible unsecured subordinated debentures issued by us on December 1, 2010 (the "2010 convertible debentures", and, collectively with the 2012 convertible debentures, the "Canadian convertible debentures"). The terms of the Canadian convertible debentures are described in detail in Note 19 of the 2013 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, such as computer equipment and software, trucks and field equipment and office equipment and furnishings. Capital expenditures for accounting purposes include property, plant and equipment in substance as well as form, including assets under finance lease and intangible assets comprising of computer application software.

Capital expenditures are reconciled as follows:

Capital Expenditures	Three months ended March 31,	
	2014	2013
<i>In thousands of dollars</i>		
Property, plant and equipment additions	\$ 1,533	\$ 754
Intangible asset additions	984	16
Proceeds on disposal of operational property, plant and equipment	(41)	(15)
Capital expenditures funded by cash from investing activities	\$ 2,476	\$ 755

Share Data

As at April 30, 2014, there were 28,726,321 common shares outstanding and 205,692 restricted shares. These restricted shares are shares held by Altus Group which are subject to restricted covenants and may or may not vest for employees. Accordingly, these shares are not included in the total number of common shares outstanding for financial reporting purposes and are not included in basic earnings per share calculations.

As at March 31, 2014, there were 942,134 share options outstanding (December 31, 2013 – 1,010,198 share options outstanding) at a weighted average exercise price of \$8.74 per share (December 31, 2013 - \$8.96

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per share) and 282,966 options were exercisable (December 31, 2013 – 259,364). All share options are exercisable into common shares on a one-to-one basis.

During the first quarter of 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 dividend distributions in additional Altus Group common shares.

Pursuant to the DRIP, and in the case where common shares are issued from treasury, cash dividend distributions 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 of 4%. In the case where common shares will be purchased on the open market, cash dividend distributions will be reinvested in additional Altus Group common shares at the relevant, average market price paid in respect of satisfying this reinvestment plan.

During the three months ended March 31, 2014, 51,696 common shares were issued under the DRIP.

During the three months ended March 31, 2014, 43,200 common shares were issued on the conversion of the 2012 convertible debentures.

As at March 31, 2014, there were \$97.1 million of Canadian convertible debentures outstanding. Of these, \$50.0 million are exchangeable into common shares at the option of the holder at a conversion price of \$18.60 per common share, equivalent to a maximum of 2,688,172 common shares and \$47.1 million 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 4,710,400 common shares.

Our common shares are also issuable to certain vendors of acquired businesses if certain earning levels are met under the terms of the agreements with such vendors. The asset purchase agreement with respect to the CPAC acquisition provides for contingent consideration payable in cash or, if agreed to by the parties, by the issuance of common shares, to a maximum of US\$2.2 million due on September 30, 2015, subject to certain performance targets being achieved.

Financial Instruments and Other Instruments

Financial instruments held in the normal course of business included in our consolidated balance sheet as at March 31, 2014 consist of cash and cash equivalents, trade and other receivables (excluding prepayments and lease inducements), trade and other payables (excluding lease inducements, deferred revenue and RSU Plan and DSU Plan payable), contingent consideration payable, borrowings (including long-term debt and convertible debentures), derivatives (interest rate swaps and equity derivatives) 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 the long-term debt are not significantly different than their carrying values, as these instruments bear interest at rates comparable to current market rates. The fair value of other long-term liabilities and

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contingent consideration payable is estimated by discounting the future contractual cash flows at the cost of money to us, which is equal to their carrying value.

The fair value of the 2012 convertible debentures as at March 31, 2014 was approximately \$85.7 million, based on market quotes. The fair value of the 2010 convertible debentures as at March 31, 2014 was approximately \$55.0 million, based on market quotes.

The fair value of the amounts payable to unitholders as at March 31, 2014 was approximately \$6.1 million, based on market quotes for our common shares.

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

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

In 2010, we entered into an interest rate swap agreement, effective August 31, 2011, for a notional amount of \$75.0 million and a fixed interest rate of 2.77% per annum plus a stamping fee of 2.25% as at March 31, 2014. This agreement expires on August 31, 2015. During the year ended December 31, 2013, we cancelled \$9.4 million of the interest rate swap designated as a cash flow hedge incurring a cost of collapsing the swap of \$0.3 million. As at March 31, 2014, we have \$65.6 million of the swap outstanding and the fair value of this swap was \$1.4 million in favor of the counterparty.

During the three months ended March 31, 2014, we entered into equity derivative instruments 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 instruments are recorded as compensation expense and offset the impact of mark-to-market adjustments on the RSUs and DSUs that have been accrued.

As at March 31, 2014, we have equity derivative instruments outstanding with a notional amount of \$2.2 million. The fair value of these derivatives is \$0.1 million in favor of the counterparty.

On April 1, 2014, we entered into an equity derivative instrument to manage our exposure to changes in the fair value of RSUs relating to the 2013 performance year due to changes in the fair value of our common shares for a notional amount of \$1.1 million.

We are exposed to credit risk with respect to our cash and cash equivalents and trade and other receivables, and more specifically our trade receivables. 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

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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 reviews and approves our operating and capital budgets, as well as any material transactions out of the ordinary course of business.

We are also exposed to price risk as the amounts payable to unitholders are classified as fair value through profit or loss, and linked to the price of our own common shares.

Related Party Transactions

We provide appraisal services to Real Matters, an entity in which we hold an 18.2% equity interest as at March 31, 2014. During the three months ended March 31, 2014, we recorded gross revenues of \$5,000 for appraisal services provided to Real Matters (three months ended March 31, 2013 - \$2,000).

Effective January 1, 2013, we sold ARL to Real Matters for consideration of \$8.2 million, subject to adjustments. The purchase price was settled through the issuance of additional Real Matters' common shares. An accounting gain of \$5.3 million was recorded on the transaction.

On December 16, 2013, we completed the partial sale of our investment in Real Matters for net consideration of \$2.6 million. An accounting gain of \$1.3 million was recorded on the transaction. We also determined that a deemed disposal of our interest in Real Matters had occurred due to the funds raised by Real Matters in a common equity financing transaction, which together with the partial sale decreased our ownership percentage in Real Matters from 25.3% to 18.2%. Accordingly, we calculated the deemed disposal of our interest in Real Matters and recognized a gain on this deemed disposal of \$2.3 million during the year ended December 31, 2013 with a related increase to the carrying value of the investment in Real Matters.

As part of ongoing operations with Real Matters, there was \$4,000 included in trade and other receivables as at March 31, 2014 (December 31, 2013 - \$4,000).

Effective February 14, 2014, we acquired a 29.7% interest in Voyanta for cash consideration of \$3.0 million, including transaction costs. In addition, we purchased a perpetual and non-exclusive license to certain software for US\$300,000 (CAD\$331,000). As part of the license agreement, we also agreed to pay an annual software maintenance fee of US\$120,000 per year for approximately seven years with the ability to terminate such services at any point after the second year with three months' notice. During the three months ended March 31, 2014, we recorded an expense of \$17,000 with respect to these software maintenance fees. As part of ongoing operations with Voyanta, there was \$331,000 included in trade and other payables as at March 31, 2014.

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All related party transactions were in the normal course of operations 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, management believes that liabilities, if any, arising from pending litigation will not have a material adverse effect on our financial position or results of operations, other than those that have been accrued 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.

We have received notices of reassessments from the Canada Revenue Agency with respect to certain input tax credits claimed. A total of \$1.1 million has been expensed over the years ended December 31, 2012 and 2013. We have filed notices of objection to such reassessments. However, there is no certainty as to the outcome of the issues in dispute.

Critical Accounting Estimates and Judgments

The preparation of the unaudited interim condensed 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 unaudited interim condensed consolidated financial statements for the three months ended March 31, 2014 use the same significant estimates and assumptions in determining the value of assets and liabilities and the same significant judgments in applying accounting policies as those applied in our annual consolidated financial statements for the year ended December 31, 2013. Refer to Note 4 of the 2013 annual consolidated financial statements for a detailed summary of these critical accounting estimates and judgments.

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Changes in Accounting Policies Including Initial Adoption of New Accounting Pronouncements

The following standards and amendments to existing standards have been adopted for the period beginning January 1, 2014:

International Financial Reporting Interpretations Committee 21, Levies

International Financial Reporting Interpretations Committee 21, Levies ("IFRIC 21") is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., International Accounting Standard 12, Income Taxes) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and is applied retrospectively. The adoption of this new interpretation did not result in any changes to the unaudited interim condensed consolidated financial statements.

International Accounting Standard 32, Financial Instruments: Presentation

International Accounting Standard 32, Financial Instruments: Presentation, was amended in 2011 and provides additional guidance when applying the offsetting requirements and clarifies the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The amendments are effective for annual periods beginning on or after January 1, 2014. The adoption of this amendment did not result in any changes to the unaudited interim condensed consolidated financial statements.

The following standard has been published but is not yet effective. We have not yet early adopted this standard.

International Financial Reporting Standard 9, Financial Instruments

International Financial Reporting Standard 9, Financial Instruments ("IFRS 9"), as issued in 2010, reflects the first phase of the IASB's work on the replacement of International Accounting Standard 39, Financial Instruments: Recognition and Measurement ("IAS 39") and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB is addressing impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of an entity's financial assets, but will not have an impact on classification and measurements of financial liabilities. In November 2013, IFRS 9 was amended to include new requirements for hedge accounting and the effective date and transition provisions were amended to remove the mandatory effective date of IFRS 9. Entities may still choose to apply IFRS 9 immediately, but are not required to do so. We have not yet begun the process of evaluating the impact of this standard on our unaudited interim condensed consolidated financial statements, and will do so in conjunction with the other phases, when the final standard including all phases is issued.

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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 our consolidated subsidiaries, is made known to our Chief Executive Officer and our Chief Financial Officer for the period in which the interim filings were 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.

Management has caused such ICFR to be designed under its supervision using the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the unaudited interim condensed consolidated financial statements for external purposes in accordance with IFRS.

There have been no changes in our internal controls over financial reporting that occurred during the three month period ended March 31, 2014, the most recently completed interim period, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

The audit committee and our Board of Directors have reviewed and approved this MD&A and the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2014.

Additional Information

Additional information relating to Altus Group Limited, including our Annual Information Form is available on SEDAR at www.sedar.com.

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

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Interim Condensed Consolidated Financial Statements

March 31, 2014 and 2013

(Unaudited)

(Expressed in Thousands of Canadian Dollars)



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Interim Condensed Consolidated Statements of Comprehensive Income (Loss) For the Three Months Ended March 31, 2014 and 2013 (Unaudited)

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

		Three months ended March 31	
	Notes	2014	2013
Revenues			
Gross revenues		\$ 86,691	\$ 76,154
Less: disbursements		8,008	7,297
Net revenue		78,683	68,857
Expenses			
Employee compensation		52,318	45,743
Occupancy		3,574	3,540
Office and other operating		7,546	7,058
Amortization of intangibles	9	3,392	3,521
Depreciation of property, plant and equipment	8	1,158	1,128
Acquisition related expenses (income)		159	210
Share of (profit) loss of associates		403	78
Restructuring costs	13	22	1,133
(Gain) loss on sale of certain business assets		-	(5,278)
Operating profit (loss)		10,111	11,724
Finance costs (income), net	4	3,761	3,943
Profit (loss) before income tax		6,350	7,781
Income tax expense (recovery)	5	1,467	938
Profit (loss) for the period attributable to equity holders		\$ 4,883	\$ 6,843
Other comprehensive income (loss):			
Items that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges	18	161	51
Currency translation differences	18	5,543	1,299
Share of other comprehensive income (loss) of associates	18	62	-
Other comprehensive income (loss), net of tax		5,766	1,350
Total comprehensive income (loss) for the period, net of tax, attributable to equity holders		\$ 10,649	\$ 8,193
Earnings (loss) per share attributable to the equity holders of the Company during the period			
Basic earnings (loss) per share	20	\$0.17	\$0.30
Diluted earnings (loss) per share	20	\$0.17	\$0.26

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

Altus Group Limited



Interim Condensed Consolidated Balance Sheets

As at March 31, 2014 and 2013

(Unaudited)

(Expressed in Thousands of Canadian Dollars)

	Notes	March 31, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents		\$ 8,343	\$ 16,664
Trade and other receivables	6	119,177	109,589
Income taxes recoverable		1,267	1,294
		128,787	127,547
Non-current assets			
Trade and other receivables	6	314	304
Investment in associates	7	16,892	14,130
Deferred income taxes		14,019	13,018
Property, plant and equipment	8	19,023	18,213
Intangibles	9	77,191	76,964
Goodwill	10	195,044	192,262
		322,483	314,891
Total Assets		\$ 451,270	\$ 442,438
Liabilities			
Current liabilities			
Trade and other payables	11	\$ 58,551	\$ 59,851
Income taxes payable		1,594	678
Borrowings	12	1,090	1,441
Provisions	13	902	1,738
		62,137	63,708
Non-current liabilities			
Trade and other payables	11	11,340	10,981
Borrowings	12	155,922	155,420
Derivative financial instruments	14	1,533	1,637
Provisions	13	103	141
Deferred income taxes		3,171	2,692
Amounts payable to unitholders	15	6,066	5,646
		178,135	176,517
Total Liabilities		240,272	240,225
Shareholders' Equity			
Share capital	16	342,635	340,445
Equity component of convertible debentures		6,322	6,338
Contributed surplus	17	6,394	6,130
Accumulated other comprehensive income (loss)	18	15,206	9,440
Deficit		(159,559)	(160,140)
Total Shareholders' Equity		210,998	202,213
Total Liabilities and Shareholders' Equity		\$ 451,270	\$ 442,438

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

Altus Group Limited



Interim Condensed Consolidated Statements of Changes in Equity For the Three Months Ended March 31, 2014 and 2013 (Unaudited) (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, 2013		\$ 279,227	\$ 6,356	\$ 3,598	\$ (967)	\$ (163,820)	\$ 124,394
Profit (loss) for the period		-	-	-	-	6,843	6,843
Other comprehensive income (loss), net of tax:							
Cash flow hedges	18	-	-	-	51	-	51
Currency translation differences	18	-	-	-	1,299	-	1,299
Total comprehensive income (loss) for the period		\$ -	\$ -	\$ -	\$ 1,350	\$ 6,843	\$ 8,193
Transactions with owners:							
Dividends declared	21	-	-	-	-	(3,454)	(3,454)
Reclassification related to Restricted Share Plan	17, 19	-	-	2,277	-	-	2,277
Treasury shares purchased under the Restricted Share Plan	16, 19	(2,277)	-	-	-	-	(2,277)
Share-based compensation	19	-	-	121	-	-	121
Shares issued under the Share Option Plan	19	998	-	(484)	-	-	514
		(1,279)	-	1,914	-	(3,454)	(2,819)
As at March 31, 2013		\$ 277,948	\$ 6,356	\$ 5,512	\$ 383	\$ (160,431)	\$ 129,768
As at January 1, 2014		\$ 340,445	\$ 6,338	\$ 6,130	\$ 9,440	\$ (160,140)	\$ 202,213
Profit (loss) for the period		-	-	-	-	4,883	4,883
Other comprehensive income (loss), net of tax:							
Cash flow hedges	18	-	-	-	161	-	161
Currency translation differences	18	-	-	-	5,543	-	5,543
Share of other comprehensive income (loss) of associates	18	-	-	-	62	-	62
Total comprehensive income (loss) for the period		\$ -	\$ -	\$ -	\$ 5,766	\$ 4,883	\$ 10,649
Transactions with owners:							
Dividends declared	21	-	-	-	-	(4,302)	(4,302)
Share-based compensation	17, 19	-	-	324	-	-	324
Dividend Reinvestment Plan	16	846	-	-	-	-	846
Shares issued under the Share Option Plan	16, 17, 19	912	-	(96)	-	-	816
Shares issued on conversion of convertible debentures	16	432	(16)	-	-	-	416
Gain on sale of shares held in escrow	17	-	-	36	-	-	36
		2,190	(16)	264	-	(4,302)	(1,864)
As at March 31, 2014		\$ 342,635	\$ 6,322	\$ 6,394	\$ 15,206	\$ (159,559)	\$ 210,998

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

Altus Group Limited



Interim Condensed Consolidated Statements of Cash Flows For the Three Months Ended March 31, 2014 and 2013 (Unaudited)

(Expressed in Thousands of Canadian Dollars)

		Three months ended March 31	
	Notes	2014	2013
Cash flows from operating activities			
Profit (loss) before income tax		\$ 6,350	\$ 7,781
Adjustments for:			
Amortization of intangibles	9	3,392	3,521
Depreciation of property, plant and equipment	8	1,158	1,128
Amortization of lease inducements		4	47
Tax credits recorded through employee compensation		-	(521)
Finance costs (income), net	4	3,761	3,943
Share-based compensation	19	324	121
Unrealized foreign exchange (gain) loss		(501)	(371)
(Gain) loss on sale of certain business assets		-	(5,278)
(Gain) loss on disposal of property, plant and equipment		(25)	6
(Gain) loss on equity derivative instruments recorded through employee compensation		114	-
Share of (profit) loss of associates		403	78
Net changes in operating working capital		(13,204)	1,194
Net cash generated by (used in) operations		1,776	11,649
Less: interest paid		(931)	(1,588)
Less: income taxes paid		(800)	(1,040)
Add: income taxes received		117	108
Net cash provided by (used in) operating activities		162	9,129
Cash flows from financing activities			
Proceeds from exercise of options		816	514
Repayment of borrowings		(497)	(2,513)
Dividends paid		(3,432)	(3,440)
Treasury shares purchased under Restricted Share Plan	19	-	(2,277)
Interest paid to other unitholders		(50)	(56)
Net cash provided by (used in) financing activities		(3,163)	(7,772)
Cash flows from investing activities			
Purchase of investment in associates	7	(3,004)	-
Purchase of intangibles		(984)	(16)
Purchase of property, plant and equipment		(1,533)	(754)
Proceeds from disposal of property, plant and equipment		41	15
Acquisitions		(184)	-
Net cash provided by (used in) investing activities		(5,664)	(755)
Effect of foreign currency translation		344	4
Net increase (decrease) in cash and cash equivalents		(8,321)	606
Cash and cash equivalents			
Beginning of period		16,664	4,703
End of period		\$ 8,343	\$ 5,309

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

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements

March 31, 2014 and 2013

(Unaudited)

(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 Canada, the United States of America (“US”), the United Kingdom (“UK”), Australia and several countries in Asia and provides independent commercial real estate consulting and advisory services, software and data solutions. The Company conducts its business through five business units: Research, Valuation & Advisory (“RVA”), ARGUS Software, Property Tax Consulting (“Property Tax”), Cost Consulting & Project Management (“Cost”) 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 and Summary of Significant Accounting Policies

The unaudited interim condensed consolidated financial statements for the period ended March 31, 2014 follow the same accounting policies and methods of their application as those used in the Company’s consolidated financial statements for the year ended December 31, 2013, except for the adoption of recent accounting pronouncements described below. These unaudited interim condensed consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed. Therefore, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Company’s most recent audited annual consolidated financial statements for the year ended December 31, 2013.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements

March 31, 2014 and 2013

(Unaudited)

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

2. Basis of Preparation and Summary of Significant Accounting Policies, cont'd

These unaudited interim condensed consolidated financial statements were approved by the Board of Directors for issue on May 7, 2014.

Adoption of Recent Accounting Pronouncements

The following standards and amendments to existing standards have been adopted for the period beginning January 1, 2014:

International Financial Reporting Interpretations Committee 21, Levies

International Financial Reporting Interpretations Committee 21, Levies ("IFRIC 21") is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., International Accounting Standard 12, Income Taxes) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and is applied retrospectively. The adoption of this new interpretation did not result in any changes to the unaudited interim condensed consolidated financial statements.

International Accounting Standard 32, Financial Instruments: Presentation

International Accounting Standard 32, Financial Instruments: Presentation, was amended in 2011 and provides additional guidance when applying the offsetting requirements and clarifies the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The amendments are effective for annual periods beginning on or after January 1, 2014. The adoption of this amendment did not result in any changes to the unaudited interim condensed consolidated financial statements.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements

March 31, 2014 and 2013

(Unaudited)

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

2. Basis of Preparation and Summary of Significant Accounting Policies, cont'd

Seasonality

Certain segments of the Company's operations are subject to seasonal variations. 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. Gross revenues for Geomatics tend to peak in the third and fourth quarters of the year in line with higher activity levels during these periods. In the UK, the Property Tax business has a higher proportion of property tax appeals resolved and gross revenue recognized in the first and fourth quarters of the year, due to the March 31 fiscal year end for UK municipalities.

Critical Accounting Estimates and Judgments

These unaudited interim condensed consolidated financial statements use the same significant estimates and assumptions in determining the value of assets and liabilities and the same significant judgments in applying accounting policies as those applied in the Company's consolidated financial statements for the year ended December 31, 2013.

3. Segmented Information

Management has determined the reportable segments based on the reports reviewed by the CEO.

The CEO considers the business from both a core service and geographic perspective. The areas of core service are Property Tax, RVA, ARGUS Software, Geomatics and Cost.

Property Tax performs property tax assessment reviews and appeals, and assists with property tax compliance filings. These services are offered in Canada, the US and the UK. The two reportable segments for this service line are North America Property Tax and UK.

RVA performs real estate valuations, litigation support, financial due diligence, research and real estate-related services. These services are offered in Canada and the US. The reportable segment for this service line is North America RVA.

ARGUS Software offers software and solutions for analysis and management of commercial real estate investments. ARGUS Software supports critical business processes and decisions, including real estate asset management, valuation, portfolio management, budgeting, forecasting, reporting and lease management solutions. These products and services are offered in the US, Canada, the UK and the Asia Pacific region. The reportable segment for this service line is ARGUS Software.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements

March 31, 2014 and 2013

(Unaudited)

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

3. Segmented Information, cont'd

Geomatics provides advanced geomatics solutions including geographic information systems, digital mapping, remote sensing, 3-D laser scanning and orthophoto maps. Geomatics operates primarily in the oil and gas sector. It also provides environmental services to the forestry and energy sectors. These services are offered in Canada. The reportable segment for this service line is North America Geomatics.

Cost provides construction cost planning, loan monitoring and project management services to construction companies and financial institutions. These services are offered in Canada, the US and the Asia Pacific region. The reportable segments for this service line are North America Cost and Asia Pacific Cost.

Operating and financial information is available for these reportable segments and is used to determine operating performance for each segment and to allocate resources.

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

The CEO assesses the performance of the reportable segments based on a measure of Adjusted EBITDA. This measurement basis represents operating profit (loss) adjusted for the effect of amortization of intangibles, depreciation of property, plant and equipment, acquisition related expenses (income), restructuring costs, share of profit or loss of associates, unrealized foreign exchange gains (losses), gains (losses) on sale of property, plant and equipment, gains (losses) on sale of business assets, impairment charges, 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.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements March 31, 2014 and 2013 (Unaudited)

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

3. Segmented Information, cont'd

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

	Three months ended March 31, 2014	Three months ended March 31, 2013
Adjusted EBITDA for reportable segments	\$ 14,882	\$ 12,253
Depreciation of property, plant and equipment	(1,158)	(1,128)
Amortization of intangibles	(3,392)	(3,521)
Acquisition related (expenses) income	(159)	(210)
Share of profit (loss) of associates	(403)	(78)
Unrealized foreign exchange gain (loss) ⁽¹⁾	501	371
Gain (loss) on sale of property, plant and equipment ⁽¹⁾	25	(6)
Gain (loss) on sale of certain business assets ⁽²⁾	-	5,278
Executive Compensation Plan costs ⁽³⁾	(121)	(102)
Gain (loss) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged ⁽³⁾	(69)	-
Restructuring costs	(22)	(1,133)
Other non-operating and/or non-recurring income (costs) ⁽⁴⁾	27	-
Operating profit (loss)	10,111	11,724
Finance (costs) income, net	(3,761)	(3,943)
Profit (loss) before income tax	6,350	7,781
Income tax recovery (expense)	(1,467)	(938)
Profit (loss) for the period	\$ 4,883	\$ 6,843

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

⁽²⁾ In 2013, the amount relates to the gain on sale of Altus Residential Limited.

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

⁽⁴⁾ Other non-operating and/or non-recurring income (costs) for the three months ended March 31, 2014 relate to the reversal of amounts owed to former owners of Altus Québec included in office and other operating expenses.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements March 31, 2014 and 2013 (Unaudited)

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

3. Segmented Information, cont'd

The segment information provided to the CEO for the reportable segments for the three months ended March 31, 2014 and 2013 is as follows:

Segment Gross Revenues and Expenditures

	Three months ended March 31, 2014										
	Property Tax		Global Asset and Investment Management		Geomatics	Cost Consulting and Project Management					
	North America Property Tax	UK	North America RVA	ARGUS Software	North America Geomatics	North America Cost	Asia Pacific Cost ⁽¹⁾	Corporate ⁽²⁾	Eliminations	Total	
Gross revenue from external customers	\$ 18,612	\$ 6,183	\$ 20,136	\$ 11,452	\$ 19,101	\$ 6,950	\$ 4,257	\$ -	\$ -	\$ 86,691	
Inter-segment gross revenue	(1)	-	123	99	(6)	-	-	-	(215)	-	
Total segment gross revenue	18,611	6,183	20,259	11,551	19,095	6,950	4,257	-	(215)	86,691	
Adjusted EBITDA	5,036	1,516	4,357	3,659	4,327	1,832	(77)	(5,768)	-	14,882	
Depreciation and amortization	122	33	181	138	439	83	59	3,526	(31)	4,550	
Income tax expense (recovery)	-	-	-	-	-	-	-	1,467	-	1,467	
Finance costs (income), net	-	-	-	-	-	-	-	3,761	-	3,761	
Share of (profit) loss of associates	-	-	-	-	-	-	-	403	-	403	

⁽¹⁾ Includes Hawaii.

⁽²⁾ Corporate includes global corporate office costs, finance costs (income), net, amortization of intangibles acquired as part of business acquisitions, share of (profit) loss of associates and income taxes. For the three months ended March 31, 2014, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year end and allocated at that time accordingly.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements March 31, 2014 and 2013 (Unaudited)

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

3. Segmented Information, cont'd

	Three months ended March 31, 2013									
	Property Tax		Global Asset and Investment Management			Geomatics	Cost Consulting and Project Management			
	North America Property Tax	UK	North America RVA	ARGUS Software	North America Geomatics	North America Cost	Asia Pacific Cost ⁽¹⁾	Corporate ⁽²⁾	Eliminations	Total
Gross revenue from external customers	\$ 15,182	\$ 5,237	\$ 18,698	\$ 8,501	\$ 15,794	\$ 7,697	\$ 5,045	\$ -	\$ -	\$ 76,154
Inter-segment gross revenue	(9)	-	(34)	104	-	(9)	9	-	(61)	-
Total segment gross revenue	15,173	5,237	18,664	8,605	15,794	7,688	5,054	-	(61)	76,154
Adjusted EBITDA	3,298	1,291	5,032	2,105	3,143	1,420	125	(4,161)	-	12,253
Depreciation and amortization	98	31	172	100	465	84	68	3,675	(44)	4,649
Income tax expense (recovery)	-	-	-	-	-	-	-	938	-	938
Finance costs (income), net	-	-	-	-	-	-	-	3,943	-	3,943
Share of (profit) loss of associates	-	-	-	-	-	-	-	78	-	78

⁽¹⁾ Includes Hawaii.

⁽²⁾ Corporate includes global corporate office costs, finance costs (income), net, amortization of intangibles acquired as part of business acquisitions, share of (profit) loss of associates and income taxes. For the three months ended March 31, 2013, Corporate also includes accrued bonuses that relate to the entire organization. The allocation to various business units will be determined at year end and allocated at that time accordingly.

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements March 31, 2014 and 2013 (Unaudited)

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

3. Segmented Information, cont'd

Segment Assets

	Property Tax		Global Asset and Investment Management		Geomatics	Cost Consulting and Project Management			Total
	North America Property Tax	UK	North America RVA	ARGUS Software	North America Geomatics	North America Cost	Asia Pacific Cost ⁽¹⁾	Corporate	
March 31, 2014	\$ 73,119	\$ 29,586	\$ 61,949	\$ 58,596	\$ 63,648	\$ 38,278	\$ 6,630	\$ 119,464	\$ 451,270
December 31, 2013	67,165	29,618	54,902	59,611	63,205	40,069	6,751	121,117	442,438

⁽¹⁾ Includes Hawaii.

4. Finance Costs (Income)

	Three months ended March 31, 2014	Three months ended March 31, 2013
Interest on credit facilities	\$ 1,208	\$ 1,870
Interest on Canadian convertible debentures ⁽¹⁾	1,975	1,927
Interest on finance lease liabilities	12	5
Contingent consideration payable: unwinding of discount (Note 22)	98	141
Provisions: unwinding of discount (Note 13)	3	5
Distributions payable on Altus UK LLP Class B and D units	50	55
Change in fair value of Altus UK LLP Class B and D units (Note 15)	420	(26)
Change in fair value of interest rate swap (not designated as cash flow hedge)	-	5
Other	3	-
Finance costs	3,769	3,982
Finance income	(8)	(39)
Finance costs (income), net	\$ 3,761	\$ 3,943

⁽¹⁾ Canadian convertible debentures refer to the \$48,000 of 6.75% convertible unsecured subordinated debentures issued on April 19, 2012 (the "2012 convertible debentures") and the \$50,000 of 5.75% convertible unsecured subordinated debentures issued on December 1, 2010 (the "2010 convertible debentures").

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements

March 31, 2014 and 2013

(Unaudited)

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

5. Income Tax

Income tax is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

	Three months ended March 31, 2014	Three months ended March 31, 2013
Income Tax Expense (Recovery)		
Current	\$ 1,628	\$ 485
Deferred	(161)	453
	\$ 1,467	\$ 938

6. Trade and Other Receivables

	March 31, 2014	December 31, 2013
Trade receivables	\$ 83,888	\$ 80,717
Less: allowance for doubtful accounts	7,562	7,598
Trade receivables, net	76,326	73,119
Unbilled revenue on customer contracts	36,394	31,439
Prepayments	5,784	4,799
Other receivables	983	515
Lease inducements	-	17
Receivables from related parties (Note 24)	4	4
	119,491	109,893
Less non-current portion: prepayments	314	304
	\$ 119,177	\$ 109,589

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements

March 31, 2014 and 2013

(Unaudited)

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

7. Investment in Associates

The Company has an 18.2% equity interest in Real Matters Inc. (“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.

On February 14, 2014, the Company acquired a 29.7% equity interest in Voyanta Limited (“Voyanta”), a company incorporated in England and Wales, which is accounted for using the equity method as it was established that the Company has significant influence with respect to this investment. If all stock options to be granted under Voyanta’s share option plan are exercised, the Company’s fully diluted interest in Voyanta would decline to 27.0%. If Voyanta does not meet established revenue targets by December 31, 2015, the Company’s ownership in Voyanta may increase to an estimated maximum 32.3% total equity interest.

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

	Amount
As at January 1, 2013	\$ 6,380
Increase in equity investment	8,200
Share of profit (loss) for the year	(1,415)
Share of other comprehensive income (loss) of associates	(43)
Partial disposal of equity investment	(1,317)
Deemed disposal gain on equity investment	2,325
As at December 31, 2013	14,130
Investments in associates	3,004
Share of profit (loss) for the period ⁽¹⁾	(304)
Share of other comprehensive income (loss) of associates	62
As at March 31, 2014	\$ 16,892

⁽¹⁾ Amount of share of profit (loss) for the period recorded in the interim condensed consolidated statements of comprehensive income (loss) also includes \$(99) related to the elimination of computer application software purchased from Voyanta (Note 24).

Altus Group Limited



Notes to Interim Condensed Consolidated Financial Statements March 31, 2014 and 2013 (Unaudited)

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

8. Property, Plant and Equipment

	Leasehold Improvements	Furniture, Fixtures and Equipment	Computer Equipment	Total
Balance as at January 1, 2013				
Cost	\$ 8,514	\$ 16,459	\$ 15,515	\$ 40,488
Accumulated depreciation	(2,312)	(9,411)	(10,102)	(21,825)
Net book amount	6,202	7,048	5,413	18,663
Year ended December 31, 2013				
Opening net book amount	6,202	7,048	5,413	18,663
Exchange differences	25	22	58	105
Additions	494	2,512	1,587	4,593
Acquisitions	-	12	51	63
Disposals	(2)	(115)	(177)	(294)
Depreciation charge	(890)	(2,237)	(1,790)	(4,917)
Closing net book amount	5,829	7,242	5,142	18,213
Balance as at December 31, 2013				
Cost	9,024	18,471	16,015	43,510
Accumulated depreciation	(3,195)	(11,229)	(10,873)	(25,297)
Net book amount	5,829	7,242	5,142	18,213
Three months ended March 31, 2014				
Opening net book amount	5,829	7,242	5,142	18,213
Exchange differences	30	30	70	130
Additions	121	872	893	1,886
Disposals	-	(48)	-	(48)
Depreciation charge	(237)	(506)	(415)	(1,158)
Closing net book amount	5,743	7,590	5,690	19,023
Balance as at March 31, 2014				
Cost	9,220	19,256	17,054	45,530
Accumulated depreciation	(3,477)	(11,666)	(11,364)	(26,507)
Net book amount	\$ 5,743	\$ 7,590	\$ 5,690	\$ 19,023

Altus Group Limited



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

9. Intangibles

	Brands of Acquired Businesses	Computer Application Software	Custom Software Applications	Internally Generated Software	Customer Backlog	Customer Lists	Databases	Non-competes Agreements	Indefinite Life Brands	Total
Balance as at January 1, 2013										
Cost	\$ 12,232	\$ 9,871	\$ 18,014	\$ 4,268	\$ 9,635	\$ 124,945	\$ 2,735	\$ 11,697	\$ 22,880	\$ 216,277
Accumulated amortization and impairment	(12,232)	(4,746)	(9,838)	(985)	(9,625)	(84,645)	(2,735)	(11,449)	-	(136,255)
Net book amount	-	5,125	8,176	3,283	10	40,300	-	248	22,880	80,022
Year ended December 31, 2013										
Opening net book amount	-	5,125	8,176	3,283	10	40,300	-	248	22,880	80,022
Exchange differences	1	1	474	204	2	2,513	-	12	1,152	4,359
Acquisitions	116	-	-	-	395	4,185	-	-	-	4,696
Additions	-	712	2	17	-	-	-	736	-	1,467
Amortization charge	-	(1,645)	(2,458)	(729)	(140)	(8,217)	-	(326)	-	(13,515)
Disposals	-	(3)	(62)	-	-	-	-	-	-	(65)
Closing net book amount	117	4,190	6,132	2,775	267	38,781	-	670	24,032	76,964
Balance as at December 31, 2013										
Cost	12,559	10,207	18,928	4,582	10,047	134,298	2,735	12,623	24,032	230,011
Accumulated amortization and impairment	(12,442)	(6,017)	(12,796)	(1,807)	(9,780)	(95,517)	(2,735)	(11,953)	-	(153,047)
Net book amount	117	4,190	6,132	2,775	267	38,781	-	670	24,032	76,964
Three months ended March 31, 2014										
Opening net book amount	117	4,190	6,132	2,775	267	38,781	-	670	24,032	76,964
Exchange differences	6	8	231	105	11	1,480	-	26	683	2,550
Acquisitions	-	-	-	-	92	92	-	-	-	184
Additions	-	356	-	529	-	-	-	-	-	885
Amortization charge	(31)	(329)	(654)	(196)	(78)	(2,065)	-	(39)	-	(3,392)
Closing net book amount	92	4,225	5,709	3,213	292	38,288	-	657	24,715	77,191
Balance as at March 31, 2014										
Cost	12,681	10,588	19,531	5,284	10,202	137,713	2,735	12,671	24,715	236,120
Accumulated amortization and impairment	(12,589)	(6,363)	(13,822)	(2,071)	(9,910)	(99,425)	(2,735)	(12,014)	-	(158,929)
Net book amount	\$ 92	\$ 4,225	\$ 5,709	\$ 3,213	\$ 292	\$ 38,288	\$ -	\$ 657	\$ 24,715	\$ 77,191

Altus Group Limited



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9. Intangibles, cont'd

Effective January 31, 2014, the Company acquired certain business assets of Paddison Chartered Surveyors ("Paddison") for cash consideration of \$184. Paddison is one of the leading business rates consultants in the regions of Nottingham and Saffron Walden in the UK.

10. Goodwill

	Amount
Balance as at January 1, 2013	
Cost	\$ 227,144
Accumulated impairment	(41,005)
Net book amount	186,139
Year ended December 31, 2013	
Opening net book amount	186,139
Acquisitions	1,409
Exchange differences	4,714
Closing net book amount	192,262
Balance as at December 31, 2013	
Cost	235,178
Accumulated impairment	(42,916)
Net book amount	192,262
Three months ended March 31, 2014	
Opening net book amount	192,262
Exchange differences	2,782
Closing net book amount	195,044
Balance as at March 31, 2014	
Cost	239,283
Accumulated impairment	(44,239)
Net book amount	\$ 195,044

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

11. Trade and Other Payables

	March 31, 2014	December 31, 2013
Trade payables	\$ 7,870	\$ 6,121
Accrued expenses	30,439	37,845
Deferred revenue	18,852	14,711
Amounts due to related parties (Note 24)	331	-
Contingent consideration payable (Note 22)	2,514	2,359
Dividends payable	4,348	4,324
Lease inducements	5,537	5,472
	69,891	70,832
Less non-current portion: accrued expenses	3,212	2,916
Less non-current portion: deferred revenue	272	609
Less non-current portion: amounts due to related parties	166	-
Less non-current portion: contingent consideration payable	2,412	2,242
Less non-current portion: lease inducements	5,278	5,214
	\$ 58,551	\$ 59,851

12. Borrowings

	March 31, 2014	December 31, 2013
Borrowings (Current):		
Leasehold improvement loans	\$ 59	\$ 60
Insurance financing loan	718	1,143
Finance lease liabilities	313	238
	1,090	1,441
Borrowings (Non-current):		
Revolving Term Facility	66,900	66,900
Leasehold improvement loans	228	242
Finance lease liabilities	708	517
Canadian convertible debentures	90,964	91,380
Less: deferred financing fees	(2,878)	(3,619)
	155,922	155,420
Total Borrowings	\$ 157,012	\$ 156,861

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March 31, 2014 and 2013

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

13. Provisions

	Restructuring	Commodity Taxes	Onerous Leases	Asset Retirement Obligation	Total
Balance as at January 1, 2013	\$ 1,440	\$ 435	\$ 237	\$ 88	\$ 2,200
Charged (credited) to profit or loss:					
Additional provisions	2,916	620	-	-	3,536
Unwinding of discount	-	-	4	13	17
Used during the year	(2,625)	(1,055)	(232)	-	(3,912)
Exchange differences	40	-	6	(8)	38
Balance as at December 31, 2013	1,771	-	15	93	1,879
Charged (credited) to profit or loss:					
Additional provisions	22	-	-	-	22
Unwinding of discount (Note 4)	-	-	-	3	3
Used during the period	(912)	-	(16)	-	(928)
Exchange differences	21	-	1	7	29
Balance as at March 31, 2014	902	-	-	103	1,005
Less: non-current portion	-	-	-	(103)	(103)
	\$ 902	\$ -	\$ -	\$ -	\$ 902

Restructuring

In 2011, the Company undertook a review of global Cost operations and developed a restructuring plan to drive efficiencies and enhance profitability. In 2012, restructuring initiatives were also implemented with respect to corporate costs, the Altus Capital Planning division and North America Property Tax. In 2013, the Company implemented a restructuring plan with respect to ARGUS Software, additional restructuring plans with respect to global Cost operations and a corporate finance reorganization. For the three months ended March 31, 2014, a total of \$22 was recorded as a restructuring charge, which relates primarily to employee severance costs.

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(Unaudited)

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

13. Provisions, cont'd

Commodity taxes

In the ordinary course of business, the Company is subject to tax audits from various government agencies relating to income and commodity taxes. During the year ended December 31, 2012, Altus Group Limited was audited by the Canada Revenue Agency ("CRA") for both the Goods and Services Tax ("GST") and the Harmonized Sales Tax ("HST") for the 2010 and 2011 years and Altus LP was audited for the 2009 and 2010 years. During the year ended December 31, 2013, both Altus Group Limited and Altus LP received notices of reassessments from the CRA. A total of \$1,055 has been expensed over the years ended December 31, 2012 and 2013. Management has filed notices of objection to such reassessments. However, there is no certainty as to the outcome of the issues in dispute.

Onerous leases

The amount represents the liability for leased premises which are sub-leased at a lower rate. The provision is made for the net losses being incurred over the period of the lease.

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 liability is expected to be settled in 2016 and has been discounted at a rate of 15%. Upon the initial recognition of the liability, an asset retirement cost has been capitalized in property, plant and equipment and is being amortized over the remaining useful life.

14. Derivative Financial Instruments

	March 31, 2014	December 31, 2013
Interest rate swaps designated as cash flow hedges	\$ 1,419	\$ 1,637
Equity derivatives	114	-
	1,533	1,637
Less: non-current portion	1,533	1,637
	\$ -	\$ -

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March 31, 2014 and 2013

(Unaudited)

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

14. Derivative Financial Instruments, cont'd

During the three months ended March 31, 2014, the Company entered into equity derivative instruments to manage its exposure to changes in the fair value of its restricted share units ("RSUs") and deferred share units ("DSUs"), issued under their respective plans (Note 19), due to changes in the fair value of the Company's common shares. Changes in the fair value of these instruments are recorded as compensation expense and offset the impact of mark-to-market adjustments on the RSUs and DSUs that have been accrued.

The following equity derivative instruments were outstanding as at March 31, 2014:

					March 31, 2014
Effective Date	Description	Notional Amount		Fair Value	Contracts Expire
March 21, 2014	Hedging 60,502 RSUs relating to 2012 performance year	\$	1,145	\$ 52	March 31, 2016
March 28, 2014	Hedging 58,089 DSUs	\$	1,049	\$ 62	March 19, 2015 ⁽¹⁾

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

As at April 1, 2014, the Company entered into an equity derivative instrument to manage its exposure to changes in the fair value of its RSUs due to changes in the Company's common shares for a notional amount of \$1,131, representing 59,800 RSUs relating to the 2013 performance year. This equity derivative instrument expires on March 31, 2017.

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15. Amounts Payable to Unitholders

The Company has classified certain units as financial liabilities at fair value through profit or loss as outlined below:

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 Altus UK LLP 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 on the same number of common shares in respect of the same accounting 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, 2013	229,426	1,895	140,065	1,157	3,052
Redemption of units ⁽¹⁾	(6,277)	-	(27,114)	(260)	(260)
Change in fair value	-	1,854	-	1,000	2,854
Balance as at December 31, 2013	223,149	\$ 3,749	112,951	\$ 1,897	\$ 5,646
Change in fair value (Note 4)	-	279	-	141	420
Balance as at March 31, 2014	223,149	\$ 4,028	112,951	\$ 2,038	\$ 6,066

⁽¹⁾ On April 7, 2013, 20,438 Altus UK LLP Class D limited liability partnership units were redeemed at a value \$8.30 per unit. On April 26, 2013, 6,277 Altus UK LLP Class B limited liability partnership units were redeemed at a nominal amount. On October 21, 2013, 6,676 Altus UK LLP Class D limited liability partnership units were redeemed at a value of \$13.50 per unit.

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16. Share Capital

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

	Common Shares	
	Number of Shares	Amount
Balance as at January 1, 2013	22,933,644	\$ 279,227
Issued under Share Option Plan	250,970	2,543
Issued under the Dividend Reinvestment Plan	119,552	1,235
Issued on conversion of Canadian convertible debentures	46,400	464
Issued on acquisitions including separately acquired intangibles	275,365	1,350
Issued on purchase price adjustments	1,360,625	13,581
Issued under the Offering ⁽¹⁾	3,507,500	46,124
Share issuance costs from the Offering, net of tax	-	(1,949)
Treasury shares purchased under Restricted Share Plan (Note 19)	(192,059)	(2,277)
Release of treasury shares under Restricted Share Plan (Note 19)	12,438	147
Balance as at December 31, 2013	28,314,435	\$ 340,445
Issued under Share Option Plan (Note 19)	68,064	912
Issued under the Dividend Reinvestment Plan	51,696	846
Issued on conversion of Canadian convertible debentures	43,200	432
Balance as at March 31, 2014	28,477,395	\$ 342,635

⁽¹⁾ On October 31, 2013, the Company completed the issuance and sale to the public of 3,507,500 common shares at a price of \$13.15 per common share for gross proceeds of \$46,124 (the "Offering"), which included the exercise of an over-allotment option granted to the underwriters.

The 28,477,395 common shares as at March 31, 2014 are net of 179,621 treasury shares with a carrying value of \$2,130 that are being held by the Company under the terms of the Restricted Share Plan until vesting conditions are met and net of 26,071 restricted common shares that have been issued from treasury and are being held in connection with the Equity Compensation Plan until vesting conditions are met (Note 19).

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March 31, 2014 and 2013

(Unaudited)

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

17. Contributed Surplus

	Amount
Balance as at January 1, 2013	\$ 3,598
Reclassification related to Restricted Share Plan (Note 19)	2,277
Release of treasury shares under Restricted Share Plan (Note 19)	(147)
Share-based compensation	1,193
Gain on sale of restricted shares and shares held in escrow	57
Shares issued under Share Option Plan	(848)
Balance as at December 31, 2013	6,130
Share-based compensation (Note 19)	324
Gain on sale of shares held in escrow	36
Shares issued under Share Option Plan	(96)
Balance as at March 31, 2014	\$ 6,394

18. Accumulated Other Comprehensive Income (Loss)

	Currency Translation Reserve	Cash Flow Hedges	Total
Balance as at January 1, 2013	\$ 1,077	\$ (2,044)	\$ (967)
Cash flow hedges:			
Change in fair value	-	69	69
Deferred tax impact	-	(18)	(18)
Currency translation differences	1,299	-	1,299
Balance as at March 31, 2013	2,376	(1,993)	383
Balance as at January 1, 2014	10,648	(1,208)	9,440
Cash flow hedges:			
Change in fair value	-	218	218
Deferred tax impact	-	(57)	(57)
Currency translation differences	5,543	-	5,543
Share of other comprehensive income (loss) of associates	62	-	62
Balance as at March 31, 2014	\$ 16,253	\$ (1,047)	\$ 15,206

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19. Share-based Compensation

Executive Compensation Plan

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

(a) 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; although it is anticipated that: (i) an option shall vest no earlier than 12 months from the date of its grant (the "Vesting Date"); and, (ii) the period during which the option shall be exercisable shall be 12 months from the Vesting Date. 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.

During the year ended December 31, 2013, the administrators approved an amendment to the Share Option Plan to extend the exercise period from 12 months to 36 months after the Vesting Date. This amendment is applicable for options granted on or after May 27, 2013.

Movements in the number of share options outstanding and their weighted average exercise prices are as follows:

	Number of Options	Weighted Average Exercise Price
Balance as at January 1, 2013	1,210,594	\$9.34
Granted on March 25, 2013	200,000	\$8.36
Granted on May 27, 2013	100,000	\$8.03
Exercised	(250,970)	\$6.76
Forfeited	(249,426)	\$12.17
Balance as at December 31, 2013	1,010,198	\$8.96
Exercised	(68,064)	\$11.98
Balance as at March 31, 2014	942,134	\$8.74

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

19. Share-based Compensation, cont'd

Information about the Company's options outstanding and exercisable as at March 31, 2014 is as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
\$13.86	107,220	0.10 years	107,220
\$0.39	3,247	5.79 years	3,247
\$7.25	256,667	1.41 years	35,000
\$8.81	250,000	5.99 years	62,500
\$8.30	25,000	1.72 years	8,333
\$8.36	200,000	1.99 years	66,666
\$8.03	100,000	4.16 years	-
\$8.74	942,134	2.91 years	282,966

During the three months ended March 31, 2014, the Company recorded compensation expense of \$96 (three months ended March 31, 2013 - \$102) related to options granted to employees with a corresponding credit to contributed surplus (Note 17).

(b) 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.

During the three months ended March 31, 2014, the Company recorded compensation expense of \$25 (three months ended March 31, 2013 - \$Nil) with respect to the Equity Compensation Plan. A corresponding amount, net of the withholding taxes of \$8, paid on behalf of the participant, is credited to contributed surplus (Note 17). A total of 26,071 common shares have been issued in escrow to an employee under this plan and will not be available until three years following the date of the award. After three years from the date of grant, these shares are released, provided, subject to certain exceptions such as disability or death, that the individual is employed with the Company at the time of release. If the employee resigns from the Company or is terminated for cause, the common shares are forfeited.

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19. Share-based Compensation, cont'd

Employee Equity Plan

In 2013, the Company established an Employee Equity Plan that is structured as a restricted share plan (the "RS Plan") in Canada and as a restricted share unit plan (the "RSU Plan") outside of Canada. This incentive compensation plan is available to executives, senior management and key employees and has been implemented in respect of incentive compensation awarded for 2012. Annual grants of restricted shares ("RSs") or RSUs will form part of the total annual discretionary bonus awarded to executives, senior management and key employees 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 award. 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. 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 and the fair value of the total grant for the year is recognized as a compensation expense over a 17 quarter period beginning in the current year in which the award is made and ending on the vesting date. A corresponding credit is made to contributed surplus.

In connection with the 2012 performance year, the Company granted a total of \$2,277 under the RS Plan. As 2013 was the year of initial adoption of the plan, there was a reclassification of \$2,277 previously recorded within trade and other payables to contributed surplus (Note 17). Further, the Company purchased 192,059 common shares with a cost of \$2,277 in the open market (through the facilities of the TSX or by private agreement) during the three months ended March 31, 2013. This amount has been shown as a reduction in the carrying value of the Company's common shares (Note 16). During the year ended December 31, 2013, 12,438 restricted shares have been released. A total of 179,621 RSs remain unvested as at March 31, 2014.

During the three months ended March 31, 2014, the Company recorded compensation expense of \$211 (three months ended March 31, 2013 - \$19) related to 2013 and 2014 awards under the RS Plan with a corresponding credit to contributed surplus (Note 17).

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19. Share-based Compensation, cont'd

On April 1, 2014, in connection with the 2013 performance year, the Company purchased 115,761 common shares with a cost of \$3,086 in the open market (through the facilities of the TSX or by private agreement).

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. 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 and the fair value of the total grant for the year is recognized as a compensation expense over a 17 quarter period beginning in the current year in which the award is made and ending on the vesting date. A corresponding credit is made to trade and other payables. 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 in compensation expense in the period incurred.

A total of 60,502 RSUs granted in connection with the 2012 performance year remain unvested as at March 31, 2014. During the three months ended March 31, 2014, the Company recorded compensation expense of \$193 (three months ended March 31, 2013 - \$3) related to awards under the RSU Plan with a corresponding credit to trade and other payables. The \$193 expense consists of \$76 related to the 2013 and 2014 awards and \$117 related to the mark-to-market adjustments on the 2012 awards. As at March 31, 2014, the carrying value of the liability recorded within trade and other payables was \$1,467.

On April 1, 2014, in connection with the 2013 performance year, the Company granted 59,800 RSUs.

The Company has entered into equity derivative instruments 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. As the fair value of the grant for RSUs and the related mark-to-market adjustments are accrued over the 17 quarter vesting period, there will not be an exact offset each period. Refer to Note 14 for further details.

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19. Share-based Compensation, cont'd

Directors' Deferred Share Unit Plan

The Company has a Directors' Deferred Share Unit Plan (the "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 and other payables. 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.

During the three months ended March 31, 2014, the Company granted 4,353 DSUs. As at March 31, 2014, 72,222 DSUs were outstanding.

During the three months ended March 31, 2014, the Company recorded executive compensation expense of \$212 related to awards under the DSU Plan with a corresponding credit to trade and other payables. As at March 31, 2014, the carrying value of the liability recorded within trade and other payables was \$1,349.

The Company has entered into an equity derivative instrument 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. Refer to Note 14 for further details.

20. 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 period.

The dilutive effect of stock options is determined using the treasury stock method. The dilutive effect of contingently issuable shares is determined based on the number of shares, if any, that would be issuable if the end of the reporting period were the end of the contingency period and the contingency has been met. The contingently issuable shares are included in the denominator of diluted earnings (loss) per share as of the beginning of the year, or as of the date of the contingent share agreement, if later. 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 three months ended March 31, 2014, the 2010 convertible debentures were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

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

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

For the three months ended March 31, 2013, 812,686 common share options outstanding were excluded from the diluted earnings (loss) per share calculation as the impact would have been anti-dilutive.

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

	Three months ended March 31, 2014	Three months ended March 31, 2013
Profit (loss) for the period - basic	\$ 4,883	\$ 6,843
Interest expense on Canadian convertible debentures, net of income tax	749	1,423
Profit (loss) for the period - diluted	\$ 5,632	\$ 8,266
Weighted average number of common shares outstanding - basic	28,399,272	22,936,930
Dilutive effect of stock options issued	468,968	82,483
Dilutive effect of contingently issuable shares	-	1,067,993
Dilutive effect of Canadian convertible debentures	4,735,826	7,488,172
Dilutive effect of restricted shares	205,692	10,670
Weighted average number of common shares outstanding - diluted	33,809,758	31,586,248
Earnings (loss) per share:		
Basic	\$0.17	\$0.30
Diluted	\$0.17	\$0.26

21. Dividends

Dividends are declared in Canadian Dollars. Details of dividends declared per share are as follows:

	Three months ended March 31, 2014	Three months ended March 31, 2013
Common shares	\$0.15	\$0.15
Altus UK LLP Class B and D limited liability partnership units	\$0.15	\$0.15

The Company declared dividends 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.

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Notes to Interim Condensed Consolidated Financial Statements

March 31, 2014 and 2013

(Unaudited)

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

21. Dividends, cont'd

Altus UK LLP declared distributions 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 the end of the quarter.

22. Financial Instruments and Fair Values

Fair value measurements recognized in the consolidated balance sheets must be classified in accordance with the fair value hierarchy established by International Financial Reporting Standard 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 a reporting entity's pricing based upon its own market assumptions.

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

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

	March 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 8,343	\$ -	\$ -	\$ 8,343
Liabilities:				
Derivative financial instruments	-	1,533	-	1,533
Contingent consideration payable	-	-	2,514	2,514
Amounts payable to unitholders	6,066	-	-	6,066

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22. Financial Instruments and Fair Values, cont'd

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 16,664	\$ -	\$ -	\$ 16,664
Liabilities:				
Derivative financial instruments	-	1,637	-	1,637
Contingent consideration payable	-	-	2,359	2,359
Amounts payable to unitholders	5,646	-	-	5,646

The fair value of financial instruments traded in active markets is based on quoted market prices at the 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 amounts payable to unitholders are recorded in Level 1 and are measured at fair value using the quoted market price of the Company's own shares. Cash and cash equivalents are also recorded in Level 1.

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 is 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 is measured using a discounted cash flow analysis of expected payment in future periods. The discount rate used ranged from 9.7% to 18% and is based on management's estimate of credit and other risk factors.

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Notes to Interim Condensed Consolidated Financial Statements March 31, 2014 and 2013 (Unaudited)

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

22. Financial Instruments and Fair Values, cont'd

	Contingent Consideration Payable (Discounted)
Balance as at January 1, 2013	\$ 12,261
Change in expected payment recorded through profit or loss	595
Contingent arrangements entered into during the year	2,162
Unwinding of discount	474
Settlements	(13,581)
Exchange differences	448
Balance as at December 31, 2013	2,359
Unwinding of discount (Note 4)	98
Settlements	(37)
Exchange differences	94
Balance as at March 31, 2014	\$ 2,514

A 1% increase or decrease in the discount rate could decrease or increase the Company's determination of fair value by approximately \$4 for the three months ended March 31, 2014.

The estimated, nominal contractual amount of contingent consideration as at March 31, 2014 is \$3,063 (December 31, 2013 - \$2,980). A total of US\$2,163 may be paid in cash or, if agreed to by the parties, through the issuance of common shares.

Cash and cash equivalents, trade and other receivables (excluding prepayments and lease inducements) and trade and other payables (excluding lease inducements, deferred revenue, RSU Plan and DSU Plan payable 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 value of non-current trade and other payables (excluding lease inducements, deferred revenue, RSU Plan and DSU Plan payable and contingent consideration payable) is estimated by discounting the future contractual cash flows at the cost of money to the Company, which is equal to its carrying value.

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22. Financial Instruments and Fair Values, cont'd

The fair values of the credit facilities approximate their carrying values, as these instruments bear interest at rates comparable to current market rates (Level 2). The fair value of the 2010 and 2012 convertible debentures as at March 31, 2014 was approximately \$55,000 and \$85,692, respectively, based on the published trading prices on the TSX (Level 1).

23. Commitments and Contingencies

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

	March 31, 2014	December 31, 2013
No later than 1 year	\$ 10,176	\$ 10,248
Later than 1 year and no later than 5 years	25,767	26,583
Later than 5 years	18,792	19,878
Total	\$ 54,735	\$ 56,709

As at March 31, 2014, the Company provided letters of credit of approximately \$284 to its lessors (December 31, 2013 - \$902).

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 pending litigation will not have a material adverse effect on the financial position or results of operations of the Company.

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.

As previously noted, the Company has received notices of reassessments from the CRA with respect to certain input tax credits claimed. A total of \$1,055 has been expensed over the years ended December 31, 2012 and 2013. The Company has filed notices of objection to such reassessments. However, there is no certainty as to the outcome of the issues in dispute.

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Notes to Interim Condensed Consolidated Financial Statements

March 31, 2014 and 2013

(Unaudited)

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

24. Related Party Transactions

The Company provides appraisal services to Real Matters, an entity in which the Company holds an 18.2% equity interest as at March 31, 2014. During the three months ended March 31, 2014, the Company recorded gross revenues of \$5 for appraisal services provided to Real Matters (three months ended March 31, 2013 - \$2).

Effective January 1, 2013, the Company sold ARL to Real Matters for consideration of \$8,200, subject to adjustments. The purchase price was settled through the issuance of additional Real Matters' common shares. An accounting gain of \$5,278 was recorded on the transaction.

On December 16, 2013, the Company completed the partial sale of its investment in Real Matters for net consideration of \$2,605. An accounting gain of \$1,288 was recorded on the transaction. The Company also determined that a deemed disposal of its interest in Real Matters had occurred due to the funds raised by Real Matters in a common equity financing transaction, which together with the partial sale decreased the Company's ownership percentage in Real Matters from 25.3% to 18.2%. Accordingly, the Company calculated the deemed disposal of its interest in Real Matters and recognized a gain on this deemed disposal of \$2,325 during the year ended December 31, 2013 with a related increase to the carrying value of the investment in Real Matters.

As part of ongoing operations with Real Matters, there was \$4 included in trade and other receivables as at March 31, 2014 (December 31, 2013 - \$4).

Effective February 14, 2014, the Company acquired a 29.7% interest in Voyanta for cash consideration of \$3,004 including transaction costs (Note 7). In addition, the Company purchased a perpetual and non-exclusive license to certain software for US\$300 (CAD\$331). As part of the license agreement, the Company also agreed to pay an annual software maintenance fee of US\$120 per year for approximately seven years with the ability to terminate such services at any point after the second year with three months' notice. During the three months ended March 31, 2014, the Company recorded an expense of \$17 with respect to these software maintenance fees. As part of ongoing operations with Voyanta, there was \$331 included in trade and other payables as at March 31, 2014.

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

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Notes to Interim Condensed Consolidated Financial Statements March 31, 2014 and 2013 (Unaudited)

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

24. 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 employee services is shown below:

	Three months ended March 31, 2014	Three months ended March 31, 2013
Salaries and other short-term employee benefits	\$ 2,358	\$ 2,067
Termination benefits	-	419
Share-based payments	455	130
	\$ 2,813	\$ 2,616

25. Events After the Reporting Period

Acquisition of Maltais Geomatics Inc.

Effective April 1, 2014, the Company acquired certain business assets of Maltais Geomatics Inc. ("MGI") and entered into non-compete agreements with certain key employees of MGI. As partial consideration for these assets, the Company paid cash of \$10,750 and issued 106,440 common shares. In addition, the purchase agreement provides for maximum contingent consideration payable of \$6,000, due on May 31, 2015, subject to certain performance targets being achieved. 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.

As of the date of issuance of these unaudited interim condensed consolidated financial statements, the initial accounting for this transaction has not been completed.



Altus Group

LISTINGS

Toronto Stock Exchange
Stock trading symbol: AIF
Convertible debenture trading symbols: AIF.DB and AIF.DB.A

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