

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “1933 Act”), or any state securities laws. Accordingly, except pursuant to an exemption from the registration requirements of the 1933 Act and applicable state securities laws, these securities may not be offered or sold within the United States. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See “Plan of Distribution”.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Altus Group Limited, at 33 Yonge Street, Suite 500, Toronto, Ontario M5E 1G4, (416) 641-9500, and are also available electronically at www.sedar.com.

New Issue

April 4, 2012

PRELIMINARY SHORT FORM PROSPECTUS



ALTUS GROUP LIMITED

\$48,000,000

6.75% Convertible Unsecured Subordinated Debentures

Due June 30, 2017

Altus Group Limited (the “**Company**”, “**Altus**”, “**us**”, “**we**” or “**our**” and, where the context requires, also includes Altus’ subsidiaries) is hereby qualifying for distribution an aggregate of \$48,000,000 principal amount of 6.75% convertible unsecured subordinated debentures (the “**Debentures**”) at a price of \$1,000 per Debenture (the “**Offering**”). See “*Plan of Distribution*”.

The Debentures will bear interest at an annual rate of 6.75% payable in equal instalments semi-annually in arrears on June 30 and December 31 in each year commencing June 30, 2012. The maturity date of the Debentures will be June 30, 2017 (the “**Maturity Date**”).

Debenture Conversion Privilege

Each Debenture will be convertible into common shares of the Company (the “**Shares**” or “**Common Shares**”) at the option of the holder (a “**Debentureholder**”) at any time prior to the close of business on the earlier of: (i) the Maturity Date; or (ii) if called for redemption, on the business day immediately preceding the date specified by the Company for redemption of the Debentures, at a conversion price of \$10.00 per Common Share (the “**Conversion Price**”), being a conversion rate (the “**Conversion Rate**”) of 100 Common Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain events as described in the Indenture (as defined herein). Further particulars concerning the conversion privilege, including provisions for the adjustment of the Conversion Price in certain events, are set out under “*Details of the Offering—Conversion Privilege*”.

The issued and outstanding Common Shares are listed on the Toronto Stock Exchange (the “TSX”) under the trading symbol AIF. On March 28, 2012, the last trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$7.03 and on April 3, 2012, the last trading day prior to the filing of this short form prospectus, the closing price of the Common Shares on the TSX was \$7.14. We have applied to list the Debentures and the Common Shares issuable upon conversion of the Debentures on the TSX. Listing will be subject to our fulfilling all of the listing requirements of the TSX. **There is currently no market through which the Debentures may be sold and purchasers may not be able to resell Debentures purchased under this short form prospectus. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures and the extent of issuer regulation. See “Risk Factors”.**

The terms and offering price of the Debentures were determined by negotiation between the Company and BMO Nesbitt Burns Inc., on its own behalf and on behalf of CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc., Canaccord Genuity Corp. and HSBC Securities (Canada) Inc. (collectively, the “Underwriters”).

Price: \$1,000 per Debenture

	<u>Price to the Public</u>	<u>Underwriters’ Fee⁽¹⁾</u>	<u>Net Proceeds to the Company⁽²⁾</u>
Per Debenture.....	\$1,000	\$40	\$960
Total.....	\$48,000,000	\$1,920,000	\$46,080,000

Notes:

- (1) The Underwriters’ fee is payable upon the closing of the Offering.
- (2) Before deducting expenses of the Offering estimated to be \$625,000, which will be paid from the net proceeds of the Offering.

The Debentures may not be redeemed (except in the event of a specified Change of Control) before June 30, 2015. On or after June 30, 2015 and prior to the Maturity Date, the Company may at its option redeem the Debentures, in whole or in part, from time to time, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the Current Market Price (as defined herein) at the time of the redemption notice is not less than 125% of the Conversion Price. Notice of redemption must be provided by the Company not more than 60 days and not less than 30 days prior to the redemption date.

Subject to required regulatory approval and provided that there is not a current Event of Default (as defined herein), we may, at our option, elect to satisfy the obligation to pay the principal amount of the Debentures on redemption or at maturity through, in whole or in part, the issuance of Common Shares upon at least 40 days and not more than 60 days prior notice, by delivering that number of Common Shares obtained by dividing the principal amount of the Debentures by 95% of the Current Market Price as at the date of redemption or maturity. In addition, subject to regulatory approval, Common Shares may be issued to the Debenture Trustee (as defined herein) and sold, with the proceeds used to satisfy the obligations to pay interest on the Debentures. Further particulars concerning the interest, repurchase and maturity provisions of the Debentures are set out under “Details of the Offering”.

The Underwriters, as principals, conditionally offer the Debentures, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in

the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to approval of certain legal matters relating to the Offering on behalf of the Company by Goodmans LLP and on behalf of the Underwriters by Davies Ward Phillips & Vineberg LLP. **The Underwriters may offer the Debentures at lower prices than stated above. See “*Plan of Distribution*”.**

A Canadian chartered bank affiliate of each of BMO Nesbitt Burns Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. is a lender to the Company under its senior credit facilities. Consequently, the Company may be considered to be a connected issuer of BMO Nesbitt Burns Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. under applicable securities laws in certain Canadian provinces and territories. See “*Relationship between the Company and Underwriters*”.

Our head and registered office is located at 33 Yonge Street, Suite 500, Toronto, Ontario M5E 1G4.

Our consolidated earnings coverage ratio for the year ended December 31, 2011, as adjusted to reflect the Offering and the use of proceeds described herein, is less than one to one. See “*Earnings Coverage Ratios*”.

Investing in the Debentures involves risks. Prospective investors should carefully review and evaluate the risk factors identified under the heading “*Risk Factors*” herein and in the AIF (as defined herein) which is incorporated by reference in this short form prospectus and is available electronically at www.sedar.com.

Subscriptions for Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing will occur on or about April 19, 2012 or such later date as may be agreed upon, but in any event, no later than 42 days after a receipt for the final prospectus is issued by the Ontario Securities Commission. The Debentures will be represented by a global certificate issued in registered form to CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee under the book-based system administered by CDS. No certificates evidencing the Debentures will be issued to subscribers except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers of Debentures will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Debentures is purchased.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Debentures or the Common Shares at levels other than those that might otherwise prevail on the open market. See “*Plan of Distribution*”.

The Debentures and the Common Shares are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

Unless otherwise indicated, references in this short form prospectus to “\$” or “dollars” are to Canadian dollars.

TABLE OF CONTENTS

	Page
SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION	1
NON-IFRS MEASURES	1
DOCUMENTS INCORPORATED BY REFERENCE.....	2
SUMMARY DESCRIPTION OF THE BUSINESS	3
RECENT DEVELOPMENTS	4
CONSOLIDATED CAPITALIZATION.....	5
USE OF PROCEEDS	6
DETAILS OF THE OFFERING.....	6
PLAN OF DISTRIBUTION	18
EARNINGS COVERAGE RATIOS	19
DESCRIPTION OF SECURITIES BEING DISTRIBUTED.....	20
RELATIONSHIP BETWEEN THE COMPANY AND UNDERWRITERS	21
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	22
ELIGIBILITY FOR INVESTMENT	25
RISK FACTORS	26
INTEREST OF EXPERTS	29
AUDITORS, TRANSFER AGENT AND REGISTRAR.....	29
STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION	29
AUDITORS' CONSENT.....	A-1
CERTIFICATE OF THE COMPANY	C-1
CERTIFICATE OF THE UNDERWRITERS	C-2

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain of the statements made and information contained in this short form prospectus and the documents incorporated by reference herein may contain “forward-looking statements” or “forward-looking information” within the meaning of applicable securities laws. Forward-looking information is prospective in nature and includes, but is not limited to, information with respect to the anticipated completion of the Offering and timing to completion, the Company’s expected use of proceeds from the Offering, the anticipated completion of the acquisition and cancellation of the US Convertible Debentures (as defined herein), the Company’s objectives and strategies to achieve those objectives, expected financial results and the outlook for the business of the Company. Forward-looking information is based on the views, opinions, intentions and estimates of management at the date the information is made, and is based on a number of assumptions and subject to a variety of known and unknown risks and uncertainties and other factors, including, among other things, risks related to the Offering (the timing to completion of the Offering and market impact of the Offering) and risks related to the acquisition and cancellation of the US Convertible Debentures (including timing to completion and the purchase price paid), the general state of the economy, integration of acquisitions and successful cross-marketing efforts, currency risk, interest rate risk, revenue and cash flow volatility, credit risk, ability to meet solvency requirements to pay dividends, leverage and restrictive covenants, unpredictability and volatility of common share price, as well as those risk factors discussed herein under “Risk Factors” or in the section “Risk Factors” that is included in our AIF (as defined herein) incorporated by reference herein. Many of these assumptions are based on factors and events that are not within our control and there is no assurance they will prove to be correct.

Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. The timing and completion of the proposed transactions is subject to certain conditions, termination rights and other risks and uncertainties. There can be no assurance that the forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information; there can be no assurance that the proposed transactions will occur, or that they will occur on the timetable or on the terms and conditions contemplated or that the strategic benefits and competitive, operational and cost efficiencies expected to result from the transactions will be fully realized. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except as required by applicable securities laws, or to comment on analyses, expectations or statements made by third parties in respect of the Offering or the acquisition of the US Convertible Debentures, the Company or its financial or operating results or its securities.

NON-IFRS MEASURES

The Company uses certain non-IFRS (as defined herein) 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. The Company believes that these measures are useful supplemental measures that may assist investors in assessing an investment in Common Shares and provides 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, corporation conversion and legal reorganization costs, share of profit or loss of associate, unrealized foreign exchange gains (losses), gains (losses) on sale of property, plant and equipment, asset impairments, the effect of stock options and other equity-settled performance plans, gains (losses) on hedging transactions and

certain other expenses or income, which other expenses or income are of a non-operating and/or non-recurring nature.

Reconciliation between Adjusted EBITDA and profit (loss)

Year ended December 31, 2011 (audited)

(In thousands of dollars)

Adjusted EBITDA	\$ 39,205
Depreciation and amortization	(23,781)
Acquisition related (expenses) income	(2,924)
Corporate conversion and legal reorganization costs	(89)
Share of profit (loss) of associate	(1,073)
Unrealized foreign exchange gain (loss) ⁽¹⁾	(3,291)
Gain (loss) on sale of property, plant and equipment ⁽¹⁾	(276)
Gain (loss) on hedging transactions ⁽¹⁾	840
Stock options and other equity-settled performance plan costs ⁽²⁾	(202)
Restructuring costs	(4,403)
Impairment charge	(9,235)
Other non-operating and/or non-recurring costs ⁽³⁾	(3,332)
Operating profit (loss)	(8,561)
Finance (costs) income, net	(11,436)
Profit (loss) before income tax	(19,997)
Income tax recovery (expense)	1,687
Profit (loss) for the year	\$ (18,310)

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

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

(3) Other non-operating and/or non-recurring costs for 2011 include the following: (i) \$2,332 of termination benefits owed to the former chief executive officer of Altus included in employee compensation costs; (ii) \$779 of amounts owed to former owners of certain acquired businesses included in office and other operating costs; and (iii) \$221 of other termination related costs included in office and other operating costs. Termination benefits owed to the former chief executive officer of Altus are considered to be one-time costs that are not expected to re-occur. A total of \$779 was incurred with respect to consulting agreements with former owners of certain businesses acquired in 2005 and 2006, respectively. Management has excluded these amounts from Adjusted EBITDA as these are considered to be non-operational and similar in nature to acquisition related expenses (income).

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Company, filed with the various securities commissions or similar authorities in the provinces and territories of Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) our annual information form dated March 30, 2012 (the “**Annual Information Form**” or “**AIF**”);
- (b) our audited consolidated financial statements, together with the accompanying report of the auditors, as at and for the years ended December 31, 2011 and 2010;
- (c) our management’s discussion and analysis of results of operations and financial condition of the Company for the year ended December 31, 2011 (the “**MD&A**”);

- (d) our management information circular dated June 1, 2011 in respect of the annual and special meeting of Shareholders held on June 28, 2011;
- (e) our material change report dated January 19, 2012 regarding a non-cash adjustment to income tax expense related to operations in the United Kingdom for the quarters ended March 31, 2011, June 30, 2011 and September 30, 2011 in the approximate amounts of \$1.1 million, \$0.3 million and \$0.2 million, respectively;
- (f) our material change report dated January 27, 2012 regarding the announcement that Shane D'Arcy, Global President, Cost Consulting & Project Management was no longer with Altus;
- (g) our material change report dated April 4, 2012 regarding the announcement of this Offering and an agreement to acquire the US Convertible Debentures; and
- (h) our business acquisition report re-filed on January 23, 2012 with respect to our acquisition of Realm Solutions, Inc., excluding (i) our audited consolidated financial statements, together with the accompanying report of the auditors, for the twelve months ended December 31, 2010 and 2009 and (ii) our unaudited consolidated financial statements for the three months ended March 31, 2011 and 2010, in each case, incorporated by reference therein.

Any documents of the type described in Section 11.1(1) of Form 44-101F1 - *Short Form Prospectus*, if filed by the Company with the securities commissions or similar authorities in the provinces and territories of Canada after the date of this short form prospectus and before the termination of this distribution, are deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

SUMMARY DESCRIPTION OF THE BUSINESS

Altus is a multi-disciplinary provider of independent real estate consulting, professional advisory services, technical services and front-office and back-office commercial real estate software applications and e-business solutions covering the entire life cycle of real estate. These services are provided through five real estate related practice areas: Research, Valuation and Advisory; Cost Consulting and Project Management; Realty Tax Consulting; Geomatics; and Argus Software.

Our client base includes prominent organizations in Canada, the United States, the United Kingdom, Australia and the Asia Pacific region, such as banking institutions, pension funds, insurance companies, accounting firms, public real estate organizations (including REITs), industrial companies, private investors, asset and fund managers, real estate developers, governmental institutions, utilities, telecommunications companies and oil and gas companies. With increased consolidation in the real

estate market, ownership of assets is increasingly concentrated on a national or multi regional level, rather than on a local level, and is frequently held by international investors. We believe this trend has created a strong demand for consistent professional advisory service providers with broad geographic capabilities, and we intend to leverage our national and international reach to respond to this demand.

RECENT DEVELOPMENTS

Argus Acquisition

On June 1, 2011, pursuant to an agreement and plan of merger dated April 11, 2011, as amended on June 1, 2011 (the “**Merger Agreement**”), Altus indirectly acquired 100% of the shares of Realm Solutions, Inc. (“**Realm**”), owner of the Argus business, for aggregate consideration of approximately US\$129.8 million, subject to adjustments. The consideration paid to the vendors included a cash payment of US\$80.0 million, US\$0.5 million of options to purchase common shares of Altus and the issuance of approximately US\$49.3 million principal amount of convertible unsecured subordinated debentures issued by the Company to certain of the shareholders of Realm (the “**US Convertible Debentures**”).

On March 29, 2012, Altus announced that it had entered into an agreement (the “**Acquisition Agreement**”) to acquire the outstanding US Convertible Debentures. Subject to the terms and conditions of the Acquisition Agreement, Altus agreed to acquire all of the US Convertible Debentures (which, as of May 1, 2012, will have an aggregate principal and interest amount outstanding of approximately US\$52.2 million) for an aggregate purchase price of (i) US\$46 million if closing of the transaction occurs on or before May 1, 2012, and (ii) US\$46.4 million if closing of the transaction occurs after May 1, 2012 and on or before June 1, 2012.

As described under “*Use of Proceeds*”, Altus will apply the net proceeds of the Offering to acquire the US Convertible Debentures. Whereas the Debentures issued pursuant to the Offering will have an interest rate until maturity of 6.75%, the US Convertible Debentures, which mature on June 1, 2014, bear interest at the following rates during the following terms:

- 6.0% per annum for the period between June 1, 2011 and June 1, 2012;
- 8.0% per annum for the period between June 1, 2012 and December 3, 2012;
- 10.0% per annum for the period between December 3, 2012 and June 1, 2013; and
- 12.0% per annum for the period between June 1, 2013 and June 1, 2014.

The US Convertible Debentures would bear interest at rates ranging between 14.0% and 18.0% per annum if the principal portion remains unpaid beyond a period of three years. The interest is compounded quarterly and is payable on June 1, 2014.

Directors and Officers

Stuart H.B. Smith was appointed as Executive Chairman and Acting Chief Executive Officer of the Company effective November 17, 2011, replacing Gary Yeoman who ceased to be employed by the Company on the same date. Pursuant to Mr. Smith’s executive employment agreement, he is paid a base salary of \$62,500 per month and is eligible to receive, in aggregate, up to \$500,000 in incentive bonuses upon satisfaction of certain performance targets. Mr. Smith is also entitled to receive 75,000 share options granted pursuant to the Company’s share option plan, which vest over a period of approximately three years.

The term of Mr. Smith’s employment agreement expires on December 31, 2012, unless renewed or earlier terminated pursuant to the terms of the agreement or upon the appointment of a successor to Mr. Smith as

Chief Executive Officer of the Company (and in such event, he will continue to act as Executive Chairman or in such other positions as determined by the board of directors of the Company for the duration of the term of his employment agreement).

If Mr. Smith's employment is terminated by the Company without cause, he would be entitled to continue to receive his base salary, annual incentive bonus awards and benefits until the expiry of the term of his employment agreement as if his employment had not been terminated. If his employment had been terminated by the Company without cause on December 31, 2011, his total termination compensation would have been \$1,250,000.

Angelo Bartolini, Chief Financial Officer of the Company, entered into a new employment agreement dated as of November 1, 2011. Pursuant to this employment agreement, he continued to receive a base salary of \$340,000 for the remainder of the 2011 fiscal year. Commencing on January 1, 2012, Mr. Bartolini's base salary increased to \$380,000 for the 2012 fiscal year. He is also eligible to receive a performance bonus and an annual incentive payment and is eligible to participate in the Company's incentive plan, in each case, in such amounts as the board of directors of the Company may determine. The term of Mr. Bartolini's employment agreement expires on November 1, 2014 unless it is terminated earlier in accordance with its terms. If Mr. Bartolini's employment is terminated by the Company without cause, he would be entitled to receive a lump sum payment in an amount equal to his base salary, bonus, unused vacation, benefits and professional dues payable during the 24-month notice period. If his employment had been terminated by the Company without cause on December 31, 2011, his total termination compensation would have been \$884,350.

Trevor Eyton resigned from the Audit Committee of our board of directors on March 29, 2012. The Audit Committee continues to include Eric Slavens, A. B. (Sandy) McArthur and Harvey Naglie.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the Common Share capitalization or in the indebtedness of the Company since December 31, 2011. The following table sets forth the consolidated capitalization of the Company as at December 31, 2011, on an actual basis and on an as adjusted basis to give effect to the Offering and the application of the net proceeds therefrom, together with borrowings under the revolving facility of the Credit Facility (as defined herein), to acquire all of the outstanding US Convertible Debentures for cancellation.

	As at December 31, 2011	As at December 31, 2011 After Giving Effect to the Offering
	(in thousands of dollars)	
Bank indebtedness		
Revolving debt ⁽¹⁾	\$-	\$292
Term debt ⁽²⁾	129,712	129,712
Canadian Convertible Debentures ⁽³⁾		
Liability component	43,787	87,424
Equity component	4,634	6,452
US Convertible Debentures	50,418	-
Shareholders' equity ⁽⁴⁾⁽⁵⁾	146,359	146,359
Total capitalization	<u>\$374,910</u>	<u>\$370,239</u>

- (1) Management has entered into foreign exchange forward contracts to purchase US\$46,000 at a fixed price of \$45,747 (at a rate of \$0.9945 per US\$1), which will be used to purchase the US Convertible Debentures. This rate is applicable any time between May 1, 2012 and June 1, 2012. It is assumed that \$45,747 is used to acquire all of the outstanding US Convertible Debentures as at December 31, 2011. As the net proceeds from the Debentures are estimated to be \$45,455 the shortfall of \$292 is assumed to be funded with revolving operating debt.
- (2) Term debt of \$129,712 includes revolving term debt of \$96,400, non-revolving reducing term debt of \$35,900 and other borrowings of \$1,783 net of transaction costs of \$4,371.
- (3) “**Canadian Convertible Debentures**” includes convertible unsecured convertible debentures issued by Altus on December 1, 2010 (the “**2010 Debentures**”), together with the Debentures to be issued pursuant to the Offering. The 2010 Debentures’ aggregate carrying value of \$43,787 is net of transaction costs of \$1,857. The Canadian Convertible Debentures’ aggregate carrying value of \$87,424 is net of transaction costs of \$4,402.
- (4) There were also 955,221 options to purchase Common Shares outstanding as at December 31, 2011.
- (5) Excluding the equity component of the Canadian Convertible Debentures.

USE OF PROCEEDS

The net proceeds to the Company from the sale of the Debentures hereunder are estimated to be \$45,455,000, after deducting the fees of \$1,920,000 payable to the Underwriters and the estimated expenses of the issue of \$625,000. See “*Plan of Distribution*” and “*Details of the Offering*”.

The Company will use the net proceeds of the Offering to acquire, on or before May 1, 2012, all of the outstanding US Convertible Debentures. Borrowings under the revolving portion of the Company’s senior credit facilities (the “**Credit Facility**”) will be used to fund the balance of the purchase price for the US Convertible Debentures.

Pending closing of the acquisition of the US Convertible Debentures, which is anticipated to occur on May 1, 2012, the net proceeds of the Offering will be used to temporarily reduce the revolver under the Credit Facility.

DETAILS OF THE OFFERING

The Offering consists of \$48,000,000 aggregate principal amount of Debentures at a price of \$1,000 per Debenture. The Debentures will be issued under an indenture (the “**Indenture**”) to be entered into among the Company and BNY Trust Company of Canada (the “**Debenture Trustee**”). The following statements are subject to the detailed provisions of the Indenture and are qualified in their entirety by reference to the Indenture. After execution, the Indenture will be available for inspection at the offices of the Company and will also be filed at www.sedar.com.

General

The Debentures are limited to \$48,000,000 aggregate principal amount. The Debentures will be issued in denominations of \$1,000 or in integral multiples thereof. The Debentures will be dated as of the date of closing of the Offering (the “**Closing Date**”) and unless previously converted, redeemed or purchased, as described below, the Debentures will mature on June 30, 2017. The principal amount of the Debentures is payable at maturity in cash or, at the Company’s option and subject to satisfaction of certain conditions, by delivery of Common Shares or a combination of cash and Common Shares as further described below under “– *Method of Payment*”. The Debentures will be payable at the principal corporate trust office of the Debenture Trustee.

The Debentures will bear interest from the date of issue at 6.75% per annum, which will be payable semi-annually in arrears on June 30 and December 31 in each year (each, an “**Interest Payment Date**”), commencing on June 30, 2012 to holders of record at the close of business on the preceding June 15 or the preceding December 15, respectively (or the first business day prior to such date if not a business day). The first interest payment will include interest accrued from (and including) the Closing Date to

(but excluding) June 30, 2012. It is estimated that the first interest payment, payable on June 30, 2012, will be \$13.32 per \$1,000 principal amount of Debentures based on an anticipated closing date of April 19, 2012. Each payment of cash interest on the Debentures will include interest accrued for the period commencing on and including the immediately preceding Interest Payment Date (or, if none, the initial issuance date of the Debentures) through the day before the applicable Interest Payment Date (or redemption or purchase date, as the case may be). Any payment required to be made on any day that is not a business day will be made on the next succeeding business day. Interest for all periods shall be computed on the basis of a 365 day year (or 366 days in the case of a leap year).

The Debentures are general unsecured obligations of the Company and are subordinated in right of payment to all existing and future Senior Indebtedness (defined below) to the extent and in the manner described under “– *Subordination*” and are convertible into Common Shares at the option of the Debentureholder as described under “– *Conversion Privilege*”. The Debentures will constitute direct, unsecured obligations of the Company and will rank equally with one another and with all other existing and future unsecured indebtedness of the Company, other than Senior Indebtedness, and except as prescribed by law.

Rank

The Debentures will constitute direct, unsecured obligations of the Company and will rank equally with one another and with all other existing and future unsecured indebtedness of the Company that is not Senior Indebtedness, and except as prescribed by law. The Debentures will rank *pari passu* with the 2010 Debentures. The Debentures will rank subordinate to the Senior Indebtedness as described below under “– *Subordination*”. The Debentures will also be effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries. The Indenture will not restrict the Company or its subsidiaries from incurring additional indebtedness, including Senior Indebtedness, or from mortgaging, pledging or charging its or their properties to secure any indebtedness or liabilities.

Subordination

The indebtedness, liabilities and obligations of the Company under the Indenture and the Debentures (including the payment of the principal and premium, if any, of, and interest on, the Debentures but excluding the issuance of Common Shares pursuant to the terms of the Indenture upon any conversion by the Debentureholder, upon any redemption of the Debentures or at maturity of the Debentures) (collectively, the “**Debenture Liabilities**”) will be subordinated and postponed and subject in right of payment, to the extent and in the manner set forth in the Indenture, to the full and final payment of all Senior Indebtedness. “**Senior Indebtedness**” will be defined in the Indenture but will include all obligations, liabilities and indebtedness of the Company and its subsidiaries (including without limitation, the Credit Facility of the Company but excluding the indebtedness of the Company evidenced by the Debentures and the 2010 Debentures) which would, in accordance with International Financial Reporting Standards (“**IFRS**”), be classified upon a consolidated balance sheet of the Company as liabilities of the Company and its subsidiaries and, whether or not so classified, shall include (without duplication): (a) indebtedness of the Company and its subsidiaries for borrowed money; (b) obligations of the Company and its subsidiaries evidenced by bonds, debentures (other than the Debentures issued pursuant to the Indenture and the 2010 Debentures), notes or other similar instruments; (c) obligations of the Company and its subsidiaries arising pursuant or in relation to bankers’ acceptances, letters of credit and letters of guarantee (including payment and reimbursement obligations in respect thereof) or indemnities issued in connection therewith; (d) obligations of the Company and its subsidiaries under any swap, hedging or other similar contracts or arrangements (including payment and reimbursement obligations in respect thereof); (e) obligations of the Company and its subsidiaries under Guarantees (as defined in the Indenture), indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the Senior Indebtedness or other obligations of any other person which would otherwise

constitute Senior Indebtedness within the meaning of this definition; (f) all indebtedness of the Company and its subsidiaries representing the deferred purchase price of any property including, without limitation, purchase money mortgages; (g) accounts payable to trade creditors of the Company and its subsidiaries; (h) all renewals, extensions and refinancing of any of the foregoing; and (i) all costs and expenses incurred by or on behalf of the holder of any Senior Indebtedness in enforcing payment or collection of any such Senior Indebtedness, including enforcing any security interest securing the same. "Senior Indebtedness" shall not include any indebtedness that would otherwise be Senior Indebtedness if it is expressly stated to be subordinate to or rank *pari passu* with the Debentures.

The Indenture will provide that in the event of any insolvency or bankruptcy proceedings, or any receivership, creditor enforcement, realization, liquidation or other similar proceedings relative to the Company or its subsidiaries, or to its or their property or assets, whether voluntary or involuntary, partial or complete, or in the event of any proceedings for liquidation, dissolution or winding-up of the Company or its subsidiaries, whether or not involving insolvency or bankruptcy, and whether voluntary or involuntary, partial or complete, or any marshalling of the assets and liabilities of the Company or its subsidiaries, then holders of Senior Indebtedness will receive payment in full before the Debentureholders will be entitled to receive any payment or dividends of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon.

The Indenture will also provide that the Company will not make any payment with respect to the Debenture Liabilities, and the Debentureholders will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including, without limitation, by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of the Debentures at any time when a default or an event of default has occurred under any Designated Indebtedness and is continuing and notice of such default, event of default or acceleration (if required under the terms of the agreements relating to the Designated Indebtedness (defined below)) has been given by or on behalf of holders of such Designated Indebtedness to the Company or the Company otherwise has knowledge thereof. The Indenture will further provide that, upon the maturity of any Designated Indebtedness, by lapse of time, acceleration or otherwise, or any other enforcement of any Designated Indebtedness, all such Designated Indebtedness will first be paid in full, before any payment is made on account of the Debenture Liabilities. "**Designated Indebtedness**" means: (x) the obligations, liabilities and indebtedness of the Company and its subsidiaries described in paragraphs (a), (b), (c) and (d) of the definition of Senior Indebtedness herein; (y) obligations of the Company and its subsidiaries under Guarantees (as defined in the Indenture), indemnities, assurances, legal binding comfort letters or other contingent obligations relating to the foregoing obligations, liabilities and indebtedness; and (z) all renewals, extensions and refinancing of any of the foregoing.

The Debenture Trustee and the Company will also be authorized (and obligated upon any request from certain holders of Senior Indebtedness) under the Indenture to enter into subordination agreements on behalf of the Debentureholders with any holder of Senior Indebtedness.

The ability of Debentureholders to take and maintain enforcement action will be subject to the Indenture and is described in more detail therein.

Optional Redemption

Other than as described below under the heading "*Change of Control*", the Debentures are not redeemable by the Company before June 30, 2015. On and after June 30, 2015 and prior to the Maturity Date, the Debentures may be redeemed at the option of the Company, in whole or in part, from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest thereon up to but excluding the date set for

redemption, provided that the Current Market Price at the time of the redemption notice is at least 125% of the Conversion Price. The “**Current Market Price**” means, the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the applicable date.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or in such other manner as the Debenture Trustee deems equitable, subject to regulatory approvals.

Conversion Privilege

Debentureholders may convert their Debentures into Common Shares, at any time prior to the close of business on the earlier of: (i) the Maturity Date; or (ii) if called for redemption, on the business day immediately preceding the date specified by the Company for redemption of the Debentures, based on an initial conversion ratio of 100 Common Shares per \$1,000 principal amount of Debentures (equivalent to an initial conversion price of \$10.00 per Common Share). The conversion rate is subject to adjustment in certain circumstances described below.

A Debenture in respect of which a Debentureholder has accepted a Change of Control Purchase Offer (as described below) requiring the Company to purchase the Debenture may be surrendered for conversion only if such Change of Control Purchase Offer is withdrawn in accordance with the Indenture.

A Debentureholder may convert fewer than all of such holder’s Debentures so long as the Debentures converted are an integral multiple of \$1,000 principal amount of Debentures. A Debentureholder otherwise entitled to a fractional Common Share will receive cash equal to the fraction of the Common Share multiplied by the Current Market Price thereof as at the date of conversion.

No adjustment to the Conversion Price for the Debentures will be made for distributions or dividends (except as set forth below) on Common Shares issuable upon conversion or for interest accrued on Debentures surrendered for conversion; however, holders converting their Debentures shall be entitled to receive, in addition to the applicable number of Common Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect thereof for the period up to, but excluding, the date of conversion from, and including, the most recent Interest Payment Date. For clarity, payment of such interest, may, at the option of the Company, be paid on the next regularly scheduled Interest Payment Date following the date of conversion.

Holders of Debentures surrendered for conversion during the period from the close of business on any regular record date for the payment of interest to the opening of business on the next succeeding Interest Payment Date will receive the semi-annual interest payable on such Debentures on the corresponding Interest Payment Date notwithstanding the conversion. If a Debentureholder exercises its conversion right following a notice of redemption by the Company (as further described under “*Optional Redemption*”) and during the period from the close of business on any regular record date for the payment of interest to the opening of business on the next succeeding Interest Payment Date, such holder will be entitled to receive accrued and unpaid interest, in addition to the applicable number of Common Shares to be received on conversion, for the period from the last Interest Payment Date to (but excluding) the date of conversion.

For a discussion of the tax treatment of a holder receiving Common Shares upon converting Debentures see “*Certain Canadian Federal Income Tax Considerations*”.

Subject to the provisions thereof, the Indenture will provide for the adjustment of the Conversion Price in certain events provided that, and only in the event that, the cumulative effect of such adjustment would change the Conversion Price by at least 1%, including:

- the subdivision or consolidation of the outstanding Common Shares;
- the distribution of Common Shares to Shareholders by way of dividend or distribution or otherwise (other than the issue of Common Shares to holders of Common Shares who have elected to receive dividends or distributions in the form of Common Shares in lieu of cash dividends or cash distributions paid in the ordinary course on the Common Shares);
- the issuance of certain options, rights or warrants to Shareholders entitling them to acquire Common Shares or other securities convertible into Common Shares at less than 95% of the then Current Market Price of the Common Shares;
- the distribution to Shareholders of securities in the capital of the Company, other than Common Shares, or evidences of indebtedness or other assets of the Company, including securities (except to the extent the Conversion Price has already been adjusted for the distribution of such securities); and
- the payment to all Shareholders of cash or any other consideration in respect of an issuer bid for Common Shares by the Company or any of the Company's subsidiaries to the extent that the cash and fair market value of any other consideration included in the payment per Common Share exceeds the Current Market Price of the Common Shares on the date of expiry of any such offer (provided that no adjustment will be made for a normal course issuer bid through the facilities of the TSX).

If the Company pays a dividend or makes a distribution to all Shareholders consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of the Company, the Conversion Price will be adjusted based on the market value of the securities so distributed relative to the market value of Common Shares, in each case based on the weighted average trading price of those securities for the 20 consecutive trading days commencing on and including the fifth trading day after the date on which "ex-dividend trading" commences for such dividend or distribution on the TSX, or such other national or regional exchange or market on which the securities are then listed or quoted. No Conversion Price adjustment will be made to the extent that the Company pays an equivalent distribution to Debentureholders.

There will be no adjustment of the Conversion Price in respect of any event described above if the holders of the Debentures are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date. Subject to certain exceptions, the Company will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%. However, the Company will carry forward any adjustments that are less than 1% of the Conversion Price and take them into account when determining subsequent adjustments.

If there is (i) a reclassification of the Common Shares or capital reorganization of the Company, (ii) a consolidation, amalgamation, arrangement, merger, binding securities exchange, acquisition of the Company or other combination pursuant to which the Common Shares are converted into or acquired for cash, securities or other property, or (iii) any sale or conveyance of all or substantially all of the property and assets of the Company as an entirety or substantially as an entirety to any person (other than a direct or indirect wholly owned subsidiary), at the effective time of the transaction the right to convert a Debenture into Common Shares will be changed into the right to convert it into the property which the

Debentureholder would have received if the Debentureholder had converted its Debenture immediately prior to the transaction provided such property would constitute “prescribed securities” for the purposes of clause 212(1)(b)(vii)(E) of the *Income Tax Act* (Canada) (the “**Tax Act**”) as it applied on December 31, 2007 (“**Prescribed Securities**”). However, if such property does not constitute Prescribed Securities, the Debenture will be convertible into Prescribed Securities with a fair market value equal to the fair market value of the property the holder would have received had it converted its Debenture prior to such transaction and the Company shall have the right to deliver such property in lieu of Prescribed Securities. The Company will give notice to the Debentureholders at least 30 days prior to the effective date of such transaction in accordance with the terms of the Indenture of the consideration into which Debentures will be convertible following such transaction.

Change of Control

In the event of a Change of Control (as defined below), the Company shall be required to offer to purchase all of the outstanding Debentures (a “**Change of Control Purchase Offer**”) on a date (the “**Change of Control Purchase Date**”) that is 30 days after the date that such offer is delivered or mailed to holders of the Debentures, at a purchase price equal to 101% of the principal amount of the Debentures (“**Change of Control Purchase Price**”), plus accrued and unpaid interest, if any, to, but not including, the purchase date. If such Change of Control Purchase Date is after a record date but on or prior to an Interest Payment Date, however, then the interest payable on such date will be paid to the holder of record of the Debentures as of the relevant record date.

Within 30 days following the occurrence of a Change of Control, the Company shall be required to give notice to all holders of record of Debentures, as provided in the Indenture, stating among other things, the occurrence of a Change of Control, together with the Change of Control Purchase Offer. The Company must also deliver a copy of the notice to the Debenture Trustee.

If 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered to the Company pursuant to the Change of Control Purchase Offer, the Company will have the right to redeem all the remaining Debentures at the Change of Control Purchase Price. Notice of such redemption must be given by the Company to the Debenture Trustee within 10 days following the expiry of the Change of Control Purchase Offer and by the Debenture Trustee to the holders of the Debentures not tendered pursuant to the Change of Control Purchase Offer.

Under the Indenture, a “**Change of Control**” will be deemed to have occurred at such time after the original issuance of the Debentures upon (i) the occurrence or acquisition by any person, or group of persons acting jointly or in concert (within the meaning of Multilateral Instrument 62-104 – *Take Over Bids and Issuer Bids* (“**MI 62-104**”)), of voting control or direction of an aggregate of more than 66 2/3% of the votes attaching to the outstanding Common Shares or (ii) the sale or other transfer (other than in connection with an internal reorganization) of all or substantially all of the consolidated assets of the Company. Beneficial ownership will be determined in accordance with MI 62-104. The term “person” includes any syndicate or group that would be deemed to be a “person” under MI 62-104.

The Company could, in the future, enter into certain transactions, including certain recapitalizations, that would not constitute a Change of Control for purposes of the Indenture but that could increase the amount of the Company’s or its subsidiaries’ outstanding indebtedness.

The Company’s ability to purchase Debentures upon a Change of Control may be limited by the terms of its then outstanding credit agreements. See “*Risk Factors – Change of Control*”.

Method of Payment

On redemption or at maturity of the Debentures to the extent and in the manner set forth in the Indenture, the Company will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada the amount required to repay the principal amount of the outstanding Debentures, together with accrued and unpaid interest thereon. Subject to required regulatory approvals and the conditions noted below, the Company may, at its option, elect to satisfy its obligation to pay all or a portion of the principal amount of the Debentures, together with accrued and unpaid interest thereon, on redemption or at maturity through, in whole or in part, by the issuance of Freely Tradeable (as such term is defined in the Indenture) Common Shares. See “*Interest Payment Option*”.

The number of Freely Tradeable Common Shares a holder will receive in respect of each Debenture will be determined by dividing the principal amount of the Debentures that are to be redeemed or repaid at maturity, as the case may be, and that are to be paid in Freely Tradeable Common Shares, together with accrued and unpaid interest, by 95% of the Current Market Price as at the date of redemption or maturity. No fractional Common Shares will be issued on redemption or repayment at maturity but in lieu thereof, the Company shall satisfy fractional interests by a cash payment equal to the fraction of the Common Share multiplied by the Current Market Price.

The Company may not satisfy its obligation to pay the principal amount of a Debenture, together with accrued and unpaid interest thereon, by delivering Freely Tradeable Common Shares or a combination of cash and Freely Tradeable Common Shares unless the Company satisfies the requirements of applicable securities laws and certain other conditions, as provided in the Indenture, prior to the maturity date, the redemption date or the purchase date, as applicable, including the following conditions:

- there is not a current Event of Default under the Indenture;
- the Common Shares to be issued upon redemption or repayment at maturity of Debentures shall be Freely Tradeable Common Shares;
- the Company shall be a reporting issuer in good standing in all provinces and territories in which it is a reporting issuer on the Closing Date; and
- the Common Shares to be issued upon redemption or repayment at maturity of Debentures shall be listed on the TSX or a national securities exchange or quoted in an inter-dealer quotation system of any registered national securities association, subject only to the satisfaction of standard listing conditions.

If the conditions are not satisfied with respect to a Debentureholder (or waived by that holder) prior to the close of business on the business day preceding the applicable payment date, the Company will make the required payment entirely in cash. If the Company elects to satisfy any amount payable on redemption of the Debentures by issuing Common Shares, the Company will advise the Debentureholders of such election in the applicable redemption notice. If the Company elects to satisfy any amount payable on redemption or maturity of the Debentures by issuing Common Shares, the Company will provide notice of such election to the Debentureholders not more than 60 days and not less than 40 days before the payment date.

When the Company determines the actual number of Common Shares in accordance with the foregoing procedures, it will issue a press release on a national newswire.

As the Current Market Price of the Common Shares will be determined prior to the applicable payment date, holders of the Debentures will bear the market risk with respect to the value of the Common Shares to be received from the date such price is determined to such payment date.

Interest Payment Option

The Company may elect, from time to time and subject to regulatory approval provided that there is not a current Event of Default under the Indenture, to satisfy its obligation to pay interest on the Debentures (the “**Interest Obligation**”), on an Interest Payment Date (including following conversion, at the time of redemption, or at the time of maturity) by delivering sufficient Common Shares to the Debenture Trustee to satisfy all or any part of the Interest Obligation in accordance with the Indenture (the “**Common Share Interest Payment Election**”). The Indenture will provide that, upon such election, the Debenture Trustee shall: (i) accept delivery of the Common Shares; (ii) accept bids with respect to, and consummate sales of, such Common Shares on behalf of the Company by registered brokers or dealers, each as the Company shall direct in its absolute discretion; (iii) invest the proceeds of such sales in short-term Canadian Government Obligations (as defined in the Indenture), which mature prior to the applicable Interest Payment Date; (iv) use the proceeds received from such permitted Canadian Government Obligations, together with any proceeds from the sale of Common Shares not invested as aforesaid, to satisfy the Interest Obligation; and (v) perform any other action necessarily incidental thereto.

The Indenture will set forth the procedures to be followed by the Company and the Debenture Trustee in order to effect the Common Share Interest Payment Election. If a Common Share Interest Payment Election is made, the sole right of a Debentureholder in respect of interest will be to receive cash from the Debenture Trustee out of the proceeds of the sale of Common Shares (plus any amount received by the Debenture Trustee from the Company attributable to any fractional Common Shares) in an amount equal to the applicable interest payment in full satisfaction of the Interest Obligation, and the holder of such Debentures will have no further recourse to the Company in respect of the Interest Obligation.

Neither the Company’s making of the Common Share Interest Payment Election nor the consummation of sales of Common Shares will: (i) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date; or (ii) entitle such holders to receive any Common Shares in satisfaction of the Interest Obligation.

Purchase for Cancellation

The Company may, to the extent permitted by applicable law, at any time purchase the Debentures in the open market or by tender at any price or by private agreement. Any Debenture purchased by the Company will be surrendered to the Debenture Trustee for cancellation. Any Debentures surrendered to the Debenture Trustee may not be reissued or resold and will be cancelled promptly.

Events of Default

The Indenture will provide that an event of default (“**Event of Default**”) in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect of the Debentures: (a) failure for 30 days to pay interest on the Debentures when due; (b) failure to pay principal or premium (whether by way of payment of cash or delivery of Common Shares), if any, on the Debentures when due, whether at maturity, upon redemption, on a Change of Control, by declaration or otherwise; (c) default in the delivery, when due, of any Common Shares or other consideration, payable upon conversion with respect to the Debentures, which default continues for 15 days; (d) default in the observance or performance of any covenant or condition of the Indenture (including the failure to make an offer upon a Change of Control) and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Debenture Trustee or from holders of not

less than 25% in aggregate principal amount of the Debentures to the Company specifying such default and requiring the Company to rectify or obtain a waiver for same; (e) certain events of bankruptcy, insolvency or reorganization of the Company under bankruptcy or insolvency laws; or (f) if a resolution is passed for the winding-up or liquidation of the Company except as permitted under the Indenture. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall upon request of holders of not less than 25% in aggregate principal amount of Debentures then outstanding, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In the case of certain events of bankruptcy or insolvency, the principal amount of the Debentures, together with any accrued and unpaid interest through the occurrence of such event, shall automatically become due and payable. In certain cases, the holders of more than 50% of the principal amount of the Debentures then outstanding may, on behalf of all Debentureholders, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

Consolidation, Mergers or Sales of Assets

The Indenture will provide that the Company may not without the consent of the Debentureholders enter into any transaction or series of transactions whereby all or substantially all of its undertaking, property or assets would become the direct or indirect property of any other person (the “**Successor**”) whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, unless:

- prior to or contemporaneously with the consummation of such transaction the Company and the Successor shall have executed such instruments and done such things as are necessary or advisable to establish that upon the consummation of such transaction:
 - the Successor will have assumed all the covenants and obligations of the Company under the Indenture in respect of the Debentures;
 - the securities of the Successor to be issued upon the conversion, redemption or maturity of the Debentures will be freely tradeable under applicable securities laws and listed on the TSX and will constitute Prescribed Securities;
 - the Successor shall have reserved for issuance a sufficient number of securities to satisfy the Successor’s obligations to issue such securities under the Indenture;
 - the Debentures will be valid and binding obligations of the Successor entitling the holders thereof, as against the Successor, to all the rights of Debentureholders under the Indenture; and
 - in the case of an entity organized otherwise than under the laws of the Province of Ontario, the Successor shall attorn to the jurisdiction of the courts of the Province of Ontario;
- such transaction, in the opinion of counsel, shall be on such terms as to substantially preserve and not impair any of the rights and powers of the Debenture Trustee or of the Debentureholders; and
- no condition or event shall exist as to the Company (at the time of such transaction) or the Successor (immediately after such transaction) and after giving full effect thereto or immediately after the Successor shall become liable to pay the principal monies, premium, if any, interest and other monies due or which may become due hereunder, which constitutes or would constitute an Event of Default.

Upon the assumption of the Company's obligations by such Successor in such circumstances, subject to certain exceptions, the Company shall be discharged from all obligations under the Debentures and the Indenture. An assumption of the Company's obligations under the Debentures and the Indenture by such Successor might be deemed for Canadian federal income tax purposes to be an exchange of the Debentures for new debentures by the Debentureholders thereof, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the Debentureholders. Debentureholders should consult their own tax advisors regarding the tax consequences of such an assumption.

Modifications of the Indenture

The rights of the Debentureholders may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture will contain certain provisions which will make binding on all Debentureholders resolutions passed at meetings of the Debentureholders by votes cast thereat by holders of not less than 66 2/3% of the principal amount of the Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the Debentures then outstanding.

Offers for Debentures

The Indenture will contain provisions to the effect that if an offer is made for the Debentures which is a take-over bid or issuer bid for the Debentures within the meaning of MI 62-104 and within the time provided in the offer or within 120 days after the date the offer is made, not less than 90% of the outstanding principal amount of the Debentures (other than Debentures beneficially owned or controlled at the date of the take-over bid or issuer bid, as applicable, by or on behalf of the offeror or associates, affiliates of the offeror or persons acting jointly or in concert with the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the Debentureholders who did not accept the offer for the same consideration per Debenture paid under such offer.

Discharge of the Indenture – Defeasance Provisions

The Company may satisfy and discharge the Company's obligations under the Indenture in certain circumstances, including by delivering to the Debenture Trustee for cancellation all outstanding Debentures or by depositing with the Debenture Trustee, as trust funds or property in trust for the purpose of making payment on such Debentures, an amount in money or Common Shares, if applicable, sufficient to pay, satisfy and discharge the entire amount of principal of, premium, if any, and interest, if any, to maturity, or any repayment date or redemption dates, or any Change of Control Purchase Date, or upon conversion or otherwise as the case may be, of such Debentures. Despite such discharge, the Debentureholders and the Company shall continue to have and be subject to their respective rights, duties and obligations under certain provisions of the Indenture including the provisions relating to conversion and redemption.

Calculations in Respect of Debentures

The Company is responsible for making all calculations called for under the Debentures. These calculations include, but are not limited to, determination of the Current Market Price of Common Shares. The Company will make all these calculations in good faith and, absent manifest error, the Company's calculations are final and binding on Debentureholders and the Debenture Trustee. The Company will provide a schedule of the Company's calculations to the Debenture Trustee, and the Debenture Trustee is entitled to conclusively rely upon the accuracy of the Company's calculations without independent verification.

No Personal Liability of Directors, Officers, Employees, Subsidiaries, Incorporators and Shareholders

No director, officer, employee, subsidiary, incorporator or shareholder of the Company or its subsidiaries, as such, shall have any liability for any of the obligations of the Company under the Debentures or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Debentureholder by accepting a Debenture waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Debentures.

Governing Law

The Indenture and the Debentures will be governed by and construed in accordance with the laws of the Province of Ontario. The Company will submit to the non-exclusive jurisdiction of any court of the Province of Ontario for purposes of all legal actions and proceedings instituted in connection with the Indenture and the Debentures.

Global Debentures

The Debentures will be issued in “book-entry only” form and must be purchased or transferred through a participant in the depository service of CDS (a “**Participant**”). On the closing date of the Offering, the Debenture Trustee will cause the Debentures to be delivered to CDS and registered in the name of its nominee. The Debentures will be evidenced by a single book-entry only certificate (“**Global Debenture**”). Registration of interests in and transfers of the Global Debenture will be made only through the depository service of CDS.

Except as described below, a purchaser acquiring a beneficial interest in the Global Debenture (a “**Beneficial Owner**”) will not be entitled to a certificate or other instrument from the Debenture Trustee or CDS evidencing that purchaser’s interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a Participant. Pursuant to the Offering, purchasers will receive a confirmation of purchase from the Underwriter or other registered dealer from whom the Debentures are purchased.

Neither the Company nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for the payment of the principal and interest on the Debentures paid by or on behalf of the Company to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (a) may not have Debentures registered in their name; (b) may not have physical certificates representing their interest in the Debentures; (c) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Debentures as security.

The Debentures will be issued to Beneficial Owners in fully registered and certificate form (the “**Debenture Certificates**”) only if: (a) required to do so by applicable law; (b) the book-entry only system ceases to exist; (c) the Company or CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Debentures and the Company has not appointed a qualified successor depository; (d) the Company, at its option, decides to terminate the book-entry only system through CDS; or (e) after the occurrence of an Event of Default,

provided that Participants acting on behalf of Beneficial Owners representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest, and provided further that the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Indenture.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee must notify CDS, for and on behalf of Participants and Beneficial Owners, of the availability through CDS of Debenture Certificates. Upon surrender by CDS of the single certificate representing the Debentures and receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter the Company will recognize the holders of such Debenture Certificates as Debentureholders under the Indenture.

Transfer and Exchange of Debentures

Transfers of beneficial ownership in Debentures represented by Global Debentures will be effected through records maintained by CDS for such Global Debentures or its nominees (with respect to interests of Participants) and on the records of participants (with respect to interests of persons other than Participants). Unless the Company elects in its sole discretion to prepare and deliver Debenture Certificates, beneficial owners who are not Participants in CDS' book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Global Debentures may do so only through Participants in CDS' book-entry system.

The ability of a beneficial owner of an interest in a Debenture represented by a Global Debenture to pledge the Debenture or otherwise take action with respect to such owner's interest in a Debenture represented by a Global Debenture (other than through a Participant) may be limited due to the lack of a physical certificate.

Registered holders of Debenture Certificates, if issued, may transfer such Debentures upon payment of applicable taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Debenture Certificates to the Debenture Trustee for the Debentures at its principal office in Toronto, or such other city or cities as may from time to time be designated by the Company whereupon new Debenture Certificates will be issued in authorized denominations in the same aggregate principal amount as the Debenture Certificates so transferred, registered in the names of the transferees. Neither the Company nor the Debenture Trustee nor any registrar shall be required to (a) make transfers or exchanges of, or convert, any Debentures on any Interest Payment Date for such Debentures or during the five preceding business days; (b) make transfers or exchanges of, or convert, any Debentures on the day of any selection by the Debenture Trustee of Debentures to be redeemed or during the five preceding business days; or (c) make exchanges of any Debentures which will have been selected or called for redemption unless upon due presentation thereof for redemption such Debentures shall not be redeemed.

Payments

Payments of interest and principal on each Global Debenture will be made to CDS or its nominee, as the case may be, as the registered holder of the Global Debenture, so long as the book entry only system is in effect. As long as CDS or its nominee is the registered owner of a Global Debenture, CDS or its nominee, as the case may be, will be considered the sole legal owner of the Global Debenture for the purposes of receiving payments of interest and principal on the Debentures evidenced by the Global Debenture and for all other purposes under the Indenture and the Global Debentures. The record dates for the payment of interest will be June 15 and December 15 in each year (or the first business day prior to such date if not a business day). Interest payments on Global Debentures will be made by electronic funds transfer on the day interest is payable and delivered to CDS or its nominee, as the case may be.

The Company understands that CDS or its nominee, upon receipt of any payment of interest or principal in respect of a Global Debenture, will credit Participants' accounts, on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interest in the principal amount of such Global Debenture as shown on the records of CDS or its nominee. The Company also understands that payments of interest and principal by Participants to the owners of beneficial interests in such Global Debenture held through such Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participants. The Company's responsibility and liability in respect of payments on Debentures represented by the Global Debentures is limited solely and exclusively, while the Debentures are registered in global form, to making payment of any interest and principal due on such Global Debenture to CDS or its nominee.

If Debenture Certificates are issued instead of or in place of a Global Debenture, payments of interest on each Debenture Certificate will be made by the Company or by the Debenture Trustee as paying agent for the Company. Payment of principal at maturity will be made at the principal office of the Debenture Trustee in Toronto (or in such other city or cities as may from time to time be designated by the Company) against surrender of the Debenture Certificates, if any, or the Global Debenture.

PLAN OF DISTRIBUTION

Pursuant to the agreement dated as of April 4, 2012 among the Company and the Underwriters in respect of the Offering (the "**Underwriting Agreement**"), the Company has agreed to issue and sell an aggregate of \$48,000,000 principal amount of Debentures to the Underwriters, and the Underwriters have severally agreed to purchase such Debentures on or about April 19, 2012. Delivery of the Debentures is conditional upon payment on closing of \$1,000 per Debenture by the Underwriters to the Company. The Underwriting Agreement provides that the Company will pay the Underwriters' fee of \$40 per Debenture for Debentures issued and sold by the Company, for an aggregate fee payable by the Company of \$1,920,000 in consideration for their services in connection with the Offering. The Underwriters' fee in respect of the Debentures is payable upon the closing of the Offering.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint, and may be terminated at their discretion upon the occurrence of certain stated events. If an Underwriter fails to purchase the Debentures that it has agreed to purchase and the number of such Debentures is not more than 10% of the aggregate number of Debentures, the other Underwriters are obligated to purchase such Debentures. If an Underwriter fails to purchase the Debentures which it has agreed to purchase and the number of such Debentures is at least 10% of the aggregate number of Debentures, the other Underwriters may, but are not obligated to, purchase the Debentures. The Underwriters are, however, obligated to take up and pay for all Debentures if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Company will indemnify the Underwriters and their directors, officers, agents, shareholders and employees against certain liabilities and expenses.

Pursuant to the Underwriting Agreement, the officers and directors of the Company have agreed not to sell, or agree to sell (or announce any intention to do so), any Common Shares or securities exchangeable or convertible into Common Shares (other than up to 1,000,000 Common Shares, in the aggregate, issuable upon the exercise of previously granted options) for a period of 90 days from closing without the prior written consent of BMO Nesbitt Burns Inc., which consent will not be unreasonably withheld.

The Debentures will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS. See "*Details of the Offering*".

The Company has been advised by the Underwriters that, in connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Debentures or the

Units at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Except for (i) issuances pursuant to the Company's Stock Option Plan, Equity Compensation Plan and Director Equity Compensation Plan and options in the ordinary course, (ii) Common Shares issuable on conversion of the 2010 Debentures or the Debentures and (iii) the acquisition of the US Convertible Debentures contemplated herein, the Company has agreed that it will not offer or issue, or enter into an agreement to offer or issue, Common Shares or any securities convertible or exchangeable into Common Shares for a period of 90 days subsequent to the closing date of the Offering without the consent of BMO Nesbitt Burns Inc., on behalf of the Underwriters, which consent may not be unreasonably withheld.

The Company has applied to list the Debentures and the Common Shares issued upon the conversion of the Debentures on the TSX. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX.

Neither the Debentures nor the Common Shares issuable upon conversion, redemption or maturity thereof have been, or will be, registered under the 1933 Act or any state securities laws. Accordingly, the Debentures and such Common Shares may not be offered or sold within the United States (as such term is defined in Regulation S under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws.

The Underwriters propose to offer the Debentures to the public initially at the offering price specified on the cover page of this short form prospectus. After the Underwriters have made a reasonable effort to sell all of the Debentures at the offering price specified on the cover page, the offering price of the Debentures may be decreased and may be further changed from time to time to amounts not greater than those set forth in the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Debentures is less than the amount paid by the Underwriters to the Company.

EARNINGS COVERAGE RATIOS

The following earnings coverage ratios are calculated on a consolidated basis for the twelve month period ended December 31, 2011 and are derived from the Company's consolidated audited financial statements for that period.

The Company's consolidated borrowing costs for the twelve month period ended December 31, 2011 were \$11,436,000. The Company's consolidated loss attributable to equity holders before borrowing costs and income taxes for the twelve month period ended December 31, 2011 was \$8,561,000, representing a consolidated earnings coverage ratio of less than one to one. The amount of additional earnings required to attain an earnings coverage ratio of one-to-one for the twelve month period ended December 31, 2011 was \$19,997,000. The Company's consolidated borrowing costs include interest on the Company's credit facilities, interest on the 2010 Debentures and US Convertible Debentures, interest on finance leases for office equipment, amortization of deferred financing fees, interest accretion on contingent consideration payable and provisions, distributions payable and change in fair value of Altus UK LLP Class B and D limited liability partnership units, and changes in fair value of interest rate swaps not designated as cash flow hedges.

The Company's *pro forma* borrowing cost requirements, after giving effect to the issuance of the Debentures and the application of the net proceeds therefrom, together with borrowings under our revolver, to acquire all of the outstanding US Convertible Debentures, for the twelve month period ended December 31, 2011 were \$13,319,000. The Company's *pro forma* consolidated loss attributable to equity holders before borrowing costs and income taxes, after giving effect to the issuance of the Debentures and any retirement of obligations, for the twelve month period ended December 31, 2011 was \$5,932,000,

representing a consolidated earnings coverage ratio of less than one to one. The pro forma consolidated loss attributable to equity holders before borrowing costs and income taxes includes an adjustment to reverse the unrealized foreign exchange loss recorded on the US Convertible Debentures. The amount of additional earnings required to attain a *pro forma* earnings coverage ratio of one-to-one for the twelve month period ended December 31, 2011 was \$19,251,000.

The Company's consolidated Adjusted EBITDA (see "*Non-IFRS Measures*") for the twelve month period ended December 31, 2011 was \$39,205,000, which is 2.94 times the Company's borrowing cost requirement for this period, on a *pro forma* basis.

Under IFRS, the Debentures will be classified as a liability with a portion allocated to equity related to the conversion feature, and with the related interest expensed as incurred, and financing charges included in interest expense using the effective interest rate method over the term of such Debentures. Additional interest expense in an amount equal to the portion of the Debentures allocated to equity will be accreted over the term of the Debentures to increase the carrying value of the liability to the face value of the Debentures.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

A description of the Debentures being distributed pursuant to this short form prospectus is contained in this short form prospectus under the heading "*Details of the Offering*" above.

A description of the Common Shares issued pursuant to the Debentures is contained in the AIF under the heading "*Capital Structure of Altus Group Limited*".

Trading Price and Volume

The outstanding Common Shares are listed and posted for trading on the TSX under the trading symbol "AIF". The following table sets forth the closing price range and trading volume of the Common Shares for the periods indicated.

Month End	High (\$)	Low (\$)	Volume
Apr 2011	11.30	8.30	2,455,046
May 2011	10.25	8.81	827,743
Jun 2011	9.98	7.07	1,499,715
Jul 2011	7.15	6.20	1,272,169
Aug 2011	6.42	3.64	3,670,628
Sep 2011	5.00	3.91	1,041,064
Oct 2011	4.41	2.91	1,302,375
Nov 2011	4.12	2.56	1,792,635
Dec 2011	3.69	2.85	696,460
Jan 2012	6.09	3.60	1,271,915
Feb 2012	5.95	5.32	406,285
Mar 2012	7.46	5.78	1,019,882
Apr 2012 ⁽¹⁾	7.24	6.98	67,470

(1) Figures for April 2012 represent the closing price range and trading volume of the Common Shares for April 2 to 3, 2012 (inclusive) only.

Source: TMX.com

The 2010 Debentures are listed and posted for trading on the TSX under the symbol “AIF.DB”. The following table sets forth the closing price range and trading volume of the 2010 Debentures for the periods indicated.

Month End	High (\$)	Low (\$)	Volume
Apr 2011	99.70	97.50	1,384,000
May 2011	99.60	97.75	744,000
Jun 2011	99.69	97.00	1,015,000
Jul 2011	97.34	89.76	451,000
Aug 2011	90.05	71.01	2,146,000
Sep 2011	78.00	69.00	2,329,000
Oct 2011	70.02	57.00	920,000
Nov 2011	76.00	57.60	1,090,000
Dec 2011	72.00	63.20	976,000
Jan 2012	84.50	70.00	502,000
Feb 2012	86.00	77.01	427,000
Mar 2012	89.50	80.00	1,121,000
Apr 2012 ⁽¹⁾	86.00	85.50	87,000

(1) Figures for April 2012 represent the closing price range and trading volume of the 2010 Debentures for April 2 to 3, 2012 (inclusive) only.

Source: TMX.com

RELATIONSHIP BETWEEN THE COMPANY AND UNDERWRITERS

A Canadian chartered bank affiliate of each of BMO Nesbitt Burns Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. is a lender to the Company under the Credit Facility. Consequently, the Company may be considered a connected issuer of each of BMO Nesbitt Burns Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. under applicable securities laws in certain Canadian provinces and territories.

As at March 30, 2012, approximately \$128.8 million was outstanding under the Credit Facility. As at the date hereof, the Company is in compliance with all material terms of the agreement governing the Credit Facility and none of the lenders under the Credit Facility has waived any breach by the Company thereunder since its execution (with the exception of immaterial waivers given for specific covenants and administrative matters in the ordinary course). We have granted a general security interest over all of our assets to the lenders under the Credit Facility. Except as publicly disclosed by the Company, neither the financial position of the Company and its affiliates nor the value of the security under the Credit Facility has changed substantially since the indebtedness under the Credit Facility was initially incurred. The net proceeds of the Offering will be used to temporarily reduce the revolving facility of the Credit Facility pending closing of the acquisition of the US Convertible Debentures. See “*Use of Proceeds*”.

The decision to distribute the Debentures offered hereunder and the determination of the terms of the distribution were made through negotiations between the Company and BMO Nesbitt Burns Inc., on its own behalf and on behalf of the other Underwriters. The lenders under the Credit Facility did not have any involvement in such decision or determination other than to provide their respective consents to the distribution of the Debentures and the use of proceeds of the Offering. As a consequence of this issuance,

each of BMO Nesbitt Burns Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. will receive their respective share of the Underwriters' fee.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Goodmans LLP, counsel to the Company, and Davies Ward Phillips & Vineberg LLP, counsel to the Underwriters, (collectively, "**Counsel**") the following summary describes the principal Canadian federal income tax considerations pursuant to the Tax Act and generally applicable to a holder that acquires Debentures pursuant to this Offering and that, for purposes of the Tax Act and all relevant times is, or is deemed to be, resident in Canada, holds the Debentures and will hold the Common Shares issuable on the conversion, redemption or maturity of the Debentures (collectively, the "**Securities**") as capital property and deals at arm's length with the Company and the Underwriters, and is not affiliated with the Company or the Underwriters (a "**Holder**"). Generally, the Securities will be considered to be capital property to a Holder provided the Holder does not hold the Securities in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders that might not otherwise be considered to hold their Securities as capital property may, in certain circumstances, be entitled to have the Securities and all other "Canadian securities" (as defined in the Tax Act) owned by such Holders in the taxation year of the election and all subsequent taxation years deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Holders should consult their own tax advisors for advice with respect to whether an election under subsection 39(4) of the Tax Act is available or advisable having regard to their particular circumstances.

This summary is not applicable to (i) a Holder that is a "financial institution", as defined in the Tax Act for the purposes of the mark-to-market rules, (ii) a Holder an interest in which would be a "tax shelter investment" as defined in the Tax Act, (iii) a Holder that is a "specified financial institution" as defined in the Tax Act or (iv) a Holder that makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act to report its "Canadian tax results" as defined in the Tax Act in a currency other than Canadian currency. Any such Holder should consult its own tax advisor with respect to an investment in the Securities.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and Counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**"). This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law, whether by legislative, administrative, governmental or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ significantly from those discussed herein. **Holders that are not residents of Canada for the purposes of the Tax Act should consult with their own tax advisors with respect to the tax consequences of acquiring, holding and disposing of Securities under the Tax Act and in any jurisdiction in which they may be subject to tax.**

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder or prospective Holder, and no representations with respect to the income tax consequences to any Holder or prospective Holder are made. Consequently, Holders and prospective Holders should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Debentures pursuant to this Offering, having regard to their particular circumstances.

Taxation on Interest of Debentures

A Holder of Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Debentures that accrues or is deemed to accrue to the Holder to the end of the particular taxation year or that has become receivable by or is received by the Holder before the end of that taxation year, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year all interest on the Debentures that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), except to the extent that the interest was included in the Holder's income for a preceding taxation year. In addition, if at any time a Debenture should become an "investment contract" (as defined in the Tax Act) in relation to a Holder (other than a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary), such Holder will be required to include in computing income for a taxation year any interest that accrues or is deemed to accrue to the Holder on the Debenture up to any "anniversary day" (as defined in the Tax Act) in that year to the extent such interest was not otherwise included in the Holder's income for that year or a preceding year.

A Holder of Debentures that throughout the relevant taxation year is a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay a refundable tax on its "aggregate investment income", which is defined in the Tax Act to include interest income.

Any amount paid by the Company as a penalty or bonus because of early repayment of all or part of the principal amount of the Debenture will be deemed to be received by the Holder as interest on the Debenture and will be required to be included in the Holder's income as described above, to the extent such amount can reasonably be considered to relate to, and does not exceed the value at the time of payment of, interest that would otherwise have been payable on the Debenture for periods ending after the payment of such amount.

Upon a conversion, redemption or repayment at maturity of a Debenture or other disposition, interest accrued thereon to the date of conversion, redemption, repayment or disposition will be included in computing the Holder's income, except to the extent that it was included in computing the Holder's income for that or a preceding taxation year.

If the Company was to satisfy an Interest Obligation in the manner described under "*Details of the Offering – Interest Payment Option*", the Canadian federal income tax consequences to a Holder would not differ from those described above.

Exercise of Conversion Privilege

Generally, a Holder that converts a Debenture into Common Shares (or Common Shares and cash delivered in lieu of a fraction of a Common Share) pursuant to the conversion privilege will be deemed not to have disposed of the Debenture for the purposes of the Tax Act and, accordingly, will not be considered to realize a capital gain (or capital loss) on such conversion. Under the current administrative practice of the CRA, a Holder that, upon conversion of a Debenture, receives cash not in excess of \$200 in lieu of a fraction of a Common Share may either treat this amount as proceeds of disposition of a portion of the Debenture, thereby realizing a capital gain (or capital loss), or reduce the adjusted cost base of the Common Shares that the Holder receives on the conversion by the amount of the cash received.

The aggregate cost to a Holder of the Common Shares acquired on the conversion of a Debenture will generally be equal to the Holder's adjusted cost base of the Debenture immediately before the conversion.

The adjusted cost base to a Holder of Common Shares at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Holder as capital property at that time.

Disposition of Debentures

A disposition or deemed disposition of a Debenture by a Holder, including a redemption, payment on maturity or purchase for cancellation or otherwise, but not including the conversion of a Debenture into Common Shares pursuant to the Holder's conversion privilege as described above, will generally result in the Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (adjusted as described below) are greater (or less) than the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Taxation of Capital Gains and Capital Losses*".

If the Company pays any amount upon the redemption, purchase or maturity of a Debenture by issuing Common Shares to the Holder, the Holder's proceeds of disposition of the Debenture will be equal to the fair market value, at the time of disposition of the Debenture, of the Common Shares and any other consideration so received (except any consideration received in satisfaction of accrued interest). The Holder's adjusted cost base of any Common Shares so received will be equal to the fair market value of such Common Shares. The adjusted cost base to a Holder of Common Shares at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Holder as capital property at that time.

Upon a disposition or deemed disposition of a Debenture, interest accrued thereon to the date of disposition will be included in computing the income of the Holder as described above under "*Taxation of Interest on Debentures*", and will be excluded in computing the Holder's proceeds of disposition of the Debenture.

Disposition of Common Shares

A disposition or a deemed disposition of a Common Share by a Holder (except to the Company) will generally result in the Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share are greater (or less) than the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder in a taxation year must be included in the Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Holder in a taxation year must be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust.

A Holder that throughout the relevant taxation year is a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay a refundable tax on “aggregate investment income” which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

Receipt of Dividends on Common Shares

A Holder will be required to include in computing its income for a taxation year any taxable dividends received (or deemed to be received) on such Holder’s Common Shares unless, in the case of Canadian resident corporations, the application of a specific anti-avoidance rule recharacterizes such dividends as proceeds of disposition or a capital gain.

In the case of a Holder that is an individual (other than certain trusts), such taxable dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules for “eligible dividends”. Eligible dividends will generally include dividends paid by a taxable Canadian corporation, such as the Company, where those dividends have been designated as “eligible dividends” by the corporation at or prior to the time the dividends are paid. Counsel has been advised that the Company intends to designate all dividends paid on the Common Shares as eligible dividends for these purposes, but there is no assurance that this will always be the case.

Taxable dividends received by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

In the case of a Holder that is a corporation, dividends received (or deemed to be received) on Common Shares by the Holder will generally be included in the Holder’s income for the taxation year in which such dividends are received and will generally be deductible in computing the Holder’s taxable income. A Holder that is a “private corporation” or a “subject corporation”, as such terms are defined in the Tax Act, may be liable to pay a refundable tax of 33⅓ % under Part IV of the Tax Act on dividends received (or deemed to be received) on Common Shares in a taxation year to the extent such dividends are deductible in computing the corporation’s taxable income for the year.

ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, counsel to the Company, and Davies Ward Phillips & Vineberg LLP, counsel to the Underwriters, provided that the Debentures, or in the case of the Common Shares, the Common Shares, are listed on a “designated stock exchange”, as defined in the Tax Act, which currently includes the TSX, the Debentures being offered pursuant to this short form prospectus and the Common Shares issuable on the conversion, redemption or maturity of the Debentures, if issued on the date hereof, would be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (a “**RRSP**”), registered education savings plans, registered retirement income funds (a “**RRIF**”), deferred profit sharing plans (except, in the case of the Debentures, a deferred profit sharing plan to which the Company, or an employer that does not deal at arm’s length with the Company, has made a contribution), registered disability savings plans and tax-free savings accounts (a “**TFSA**”).

Notwithstanding the foregoing, if the Debentures or Common Shares are a “prohibited investment” for a TFSA, RRSP or RRIF, the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. Debentures or Common Shares, as the case may be, will generally be a “prohibited investment” for a TFSA, RRSP or RRIF if the holder of a TFSA or the annuitant of a RRSP or RRIF, as the case may be, does not deal at arm’s length with the Company for purposes of the Tax Act or has a “significant interest” (within the meaning of the Tax Act) in the

Company or in any person or partnership with which the Company does not deal at arm's length for purposes of the Tax Act. Holders of a TFSA and annuitants of a RRSP or RRIF should consult their own tax advisors as to whether the Debentures or Common Shares will be a "prohibited investment" in their particular circumstances.

RISK FACTORS

An investment in the Debentures and Common Shares is subject to certain risks. Investors should carefully consider the risks described under "*Risk Factors - Risks Related to the Business and the Industry*" in the AIF and the additional risk factors set forth below.

Credit Risk

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the Company and its creditworthiness. After giving effect to the Offering and the application of the net proceeds to acquire all of the outstanding US Convertible Debentures, as of December 31, 2011, we would have had approximately \$217 million of outstanding borrowings. In addition, the terms of the Credit Facility would permit us to incur additional indebtedness under certain circumstances. This substantial indebtedness may have a number of important consequences, including making it more difficult for us to satisfy our obligations under the Debentures and our other financial obligations. Our ability to satisfy our obligations and reduce our total indebtedness depends on our future operating performance and on economic, financial, competitive and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow, and future financings may not be available to provide sufficient net proceeds, to meet these obligations or to successfully execute our business strategy.

See "*Earnings Coverage Ratios*", which is relevant to an assessment of the risk that the Company may be unable to pay interest or principal on the Debentures when due.

The Debentures are Subordinated

The Debentures are subordinate to the present and future Senior Indebtedness to the extent and in the manner set forth in the Indenture. Under and subject to the terms of the subordination, the Company may not make any payment of the principal amount of the Debentures and may not pay interest on the Debentures if default occurs (or would occur upon such payment) in respect of any Designated Indebtedness, upon or after the maturity of any Designated Indebtedness (unless repaid) or upon or after any enforcement of any Senior Indebtedness (see "*Details of the Offering - Subordination*"). No cash redemption in respect of the Debentures is permitted under the Credit Facility so long as Senior Indebtedness is outstanding thereunder. In addition, the Debenture Trustee and the Debentureholders will not be entitled under the Indenture to demand repayment of the Debentures or to institute proceedings for the collection of, or receive any payment or benefit (including, without limitation, by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness evidenced by the Debentures if repayment of any Designated Indebtedness is demanded or accelerated or if at any time a default or event of default has occurred and is continuing in respect of any Designated Indebtedness and notice thereof (if required under the terms of the agreements relating to Designated Indebtedness) has been given by or on behalf of the holders of such Designated Indebtedness to the Company or the Company otherwise has knowledge thereof. As of March 30, 2012 there was indebtedness of approximately \$128.8 million outstanding under the Credit Facility.

Market for Debentures

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this short form prospectus. Although the Company has applied

to list the Debentures distributed under this short form prospectus and the Common Shares issuable on the conversion of the Debentures on the TSX, such listing will be subject to the Company fulfilling all of the listing requirements of the TSX. No assurance can be given that an active or liquid trading market for the Debentures will develop or be sustained. If an active or liquid market for the Debentures fails to develop or be sustained, the prices at which the Debentures trade may be adversely affected.

The market price of the Debentures will be based on a number of factors, including: (i) the prevailing interest rates being paid by entities similar to us; (ii) the overall condition of the financial and credit markets; (iii) interest rate volatility; (iv) the liquidity of the Debentures and the markets for similar securities; (v) our financial condition, results of operation and prospects; (vi) the publication of earnings estimates or other research reports and speculation in the press or investment community; (vii) the market price and volatility of the Common Shares; (viii) changes in the industry in which we operate and competition affecting us; and (ix) general market and economic conditions.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Debentures.

Ranking of Debentures

The Debentures will constitute direct, unsecured obligations of the Company and will rank equally with one another and with all other existing and future unsecured indebtedness of the Company that is not Senior Indebtedness, and except as prescribed by law. The Debentures will rank subordinate to the Senior Indebtedness as described under “*Details of the Offering - Subordination*”. The payment of the principal and premium, if any, of, and interest on, the Debentures will be subordinate in right of payment, to the extent and in the manner set forth in the Indenture, to the prior payment of Senior Indebtedness of the Company. See “ – *The Debentures are Subordinated*” above. Furthermore, since the Debentures are unsecured obligations of the Company, they are effectively subordinate to all of the Company’s existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. In the event of any insolvency, bankruptcy, liquidation, dissolution or winding up of the Company, the Company’s assets will be available to satisfy its obligations with respect to the Debentures only after it has paid in full all of its obligations to secured creditors and to all holders of Senior Indebtedness. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures and other obligations of the Company that rank equally with the Debentures then outstanding.

Our subsidiaries will not guarantee or otherwise be responsible for the payments required under the Debentures. Accordingly, the Debentures are effectively subordinated to all existing and future liabilities (including trade payables and indebtedness) of our subsidiaries. See “ – *Payment Risk*.”

Absence of Covenant Protection

Other than as described herein, the Indenture will not restrict the Company or its subsidiaries from incurring additional indebtedness or other liabilities, including Senior Indebtedness, or from mortgaging, pledging or charging its properties to secure any indebtedness or liabilities. The Indenture will not contain any provision specifically intended to protect holders of the Debentures in the event of a future leveraged transaction by the Company and will not restrict us from making any distributions.

Change of Control

The Company is required to make an offer to holders of the Debentures to purchase all of their Debentures for cash in the event of certain transactions that would constitute a Change of Control. The Company cannot assure Debentureholders that, if required, it would have sufficient cash or other financial resources at that time or would be able to arrange financing to pay the purchase price of the Debentures in

cash. The Company's ability to purchase the Debentures in such an event may be limited by law, by the Indenture governing the Debentures, by the terms of other present or future agreements relating to the Company's credit facilities and other indebtedness and agreements that the Company may enter into in the future which may replace, supplement or amend the Company's future debt. The Credit Facility contains provisions that prohibit, and any future credit agreements or other agreements that we enter into in the future may contain provisions that could prohibit, the purchase by the Company of the Debentures without the consent of the lenders or other parties thereunder. If the Company's obligation to offer to purchase the Debentures arises at a time when the Company is prohibited from purchasing the Debentures, the Company could seek the consent of lenders to purchase the Debentures or could attempt to refinance the borrowings that contain this prohibition (assuming that such borrowings are open to prepayment). If the Company does not obtain a consent of lenders or is unable to refinance such borrowings, the Company could remain prohibited from purchasing the Debentures under its offer. The Company's failure to purchase the Debentures would constitute an Event of Default under the Indenture, which might constitute a default under the terms of agreements relating to the Company's other indebtedness at that time.

Payment Risk

The ability of the Company to make the interest payments set forth in the Indenture and to repay principal to the holders of Debentures, may be limited by the terms of present or future agreements relating to the Credit Facility of the Company and other indebtedness and agreements that the Company may enter into in the future which may replace, supplement or amend the future debt of the Company, which for greater certainty may include direct indebtedness secured by the Company's subsidiaries. The credit agreements or other agreements of the Company currently, and may in the future, contain provisions that restrict the making of such payments by the Company without the consent of the lenders or other parties thereunder. Further, the Company may in the future become reliant on distributions of cash from its subsidiaries, which distributions may be prohibited or delayed. If the Company's obligation to make a payment of interest or principal arises at a time when the Company is restricted from making such payment, or a subsidiary is restricted from making a payment to the Company, the Company could seek the consent of lenders to the making of such payment or could attempt to refinance the borrowings that contain this restriction. If the Company does not obtain a consent or refinance these borrowings or is not able to receive cash flow from its subsidiaries, the Company could remain prohibited from making such a payment. The Company's failure to make a payment of interest or principal would constitute (after a grace period in respect of a non-payment of interest) an Event of Default under the Indenture, which might constitute a default under the terms of the Company's other indebtedness at that time.

In addition, subject to regulatory approval, the Company may decide to redeem outstanding Debentures for Common Shares or repay outstanding principal amounts thereunder at maturity of the Debentures by issuing additional Common Shares or to satisfy all or part of the Company's obligation to pay interest on the Debentures in accordance with the Indenture by delivering sufficient Common Shares to the Debenture Trustee. As a result, Debentureholders may not receive cash on a redemption or the maturity of the Debentures. See "*Details of the Offering – Method of Payment*" and "*Details of the Offering – Interest Payment Option*".

Redemption Prior to Maturity

On or after June 30, 2015 and prior to the Maturity Date, the Company may at its option redeem the Debentures, in whole or in part, from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest, provided that the Current Market Price is not less than 125% of the Conversion Price. Debentureholders should assume that this redemption option will be exercised if the Company is able to refinance at a lower interest rate or it is otherwise in the interests of the Company to redeem the Debentures. See "*Details of the Offering – Optional Redemption*".

Prevailing Yields on Similar Securities

Prevailing yield on similar securities will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Conversion Right Following Certain Transactions

In the event of certain transactions, pursuant to the terms of the Indenture, the right to convert a Debenture into Common Shares will be changed into the right to convert it into the property which the Debentureholder would have received if the Debentureholder had converted its Debenture immediately prior to the transaction, provided such property would constitute Prescribed Securities. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future.

Dividends

The amount of any dividend that we pay is not guaranteed, and our dividends may be reduced or suspended. Our ability to pay dividends is dependent on our operations and assets, and is subject to various factors including our financial performance, our obligations under applicable credit facilities and agreements governing our other indebtedness, fluctuations in our working capital, the sustainability of our margins and our capital expenditure and debt service requirements. If our directors determine that it would be in the best interest of Altus, they may reduce or suspend for any period the dividends to be paid to Shareholders. If this were to occur, the market price of the Common Shares (and, consequently, the Debentures) may decline, and the decline may be material.

INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Goodmans LLP on behalf of the Company, and by Davies Ward Phillips & Vineberg LLP on behalf of the Underwriters. As at the date hereof, the partners and associates of Goodmans LLP, as a group and Davies Ward Phillips & Vineberg LLP, as a group, each own, directly or indirectly, less than 1% of the Common Shares.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Ernst & Young LLP, Chartered Accountants, Licensed Public Accountants, Toronto, Ontario. Such firm is independent of the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. The transfer agent and registrar for the Shares and the Debentures is BNY Trust Company of Canada at its principal offices in Toronto, Ontario.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the purchase price or damages if the prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of such purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of such purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the short form prospectus of Altus Group Limited (the "Company") dated April ●, 2012 relating to the qualification for distribution of \$48,000,000 principal amount of 6.75% convertible unsecured subordinated Debentures of the Company due June 30, 2017. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the Shareholders of the Company dated March 14, 2012 on the consolidated balance sheets of the Company as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of comprehensive income (loss), statements of changes in equity and cash flows for the years ending December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

"Ernst and Young LLP"

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario
●, 2012

CERTIFICATE OF ALTUS GROUP LIMITED

Dated: April 4, 2012

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

By: "Stuart H.B. Smith"
Stuart H.B. Smith
Acting Chief Executive Officer

By: "Angelo Bartolini"
Angelo Bartolini
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

By: "Harvey Naglie"
Harvey Naglie
Director

By: "Eric Slavens"
Eric Slavens
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: April 4, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

BMO NESBITT BURNS INC.

By: "Craig King"
Craig King
Director

CIBC WORLD MARKETS INC.

By: "Mark Johnson"
Mark Johnson
Managing Director

NATIONAL BANK FINANCIAL INC.

By: "Glen Hirsh"
Glen Hirsh
Managing Director

SCOTIA CAPITAL INC.

By: "Anthony Aulicino"
Anthony Aulicino
Director

CANACCORD GENUITY CORP.

By: "Justin Bosa"
Justin Bosa
Managing Director

HSBC SECURITIES (CANADA) INC.

By: "Jay Lewis"
Jay Lewis
Managing Director