

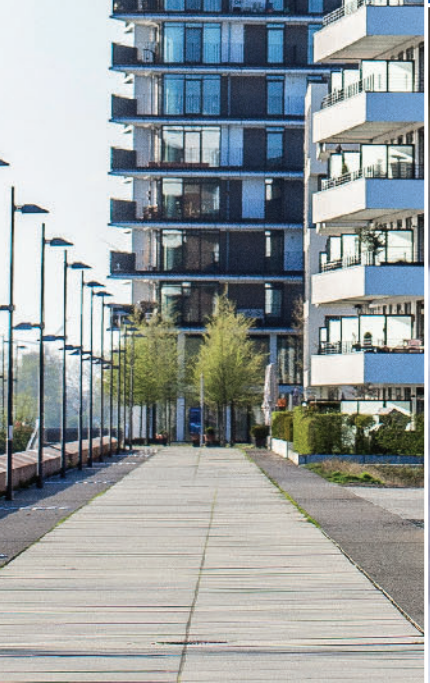


Colliers

2020

Annual Report

Accelerating success.



World of Colliers



Annualized Revenue

\$3.3B



Established in

67

Countries



54,000

Lease/Sale
Transactions



\$40B

Assets Under
Management



Managing

2B

square feet



Comprised of

18,000

professionals

All statistics for 2020 are in U.S. dollars and include affiliates.

Why invest in Colliers?

Enterprising culture drives success

- Unique enterprising culture attracts the highest caliber of professionals and leaders that bring the best opportunities and business intelligence to clients
- Partnership philosophy and significant insider ownership ensures alignment of stakeholders' interests

Experienced leadership team with proven track record

- Nearly 20% CAGR in total shareholders' return over 26 years
- Disciplined growth strategy focused on strong internal growth, augmented by strategic acquisitions
- More than \$2 billion invested in 88 strategic acquisitions

Recurring revenues and scalable services

- Majority of revenues and more than 60% of adjusted EBITDA generated from higher margin, higher value-add recurring professional services and investment management
- Global scale and service line diversification bring balance and resilience to business model

Compelling industry dynamics and growth opportunities

- \$340 billion global market for real estate related professional services
- Significant opportunities to increase market share, consolidate and add services in a highly fragmented, growing industry
- Increasing trends toward greater institutional real estate investment and outsourcing of related services

Asset-light business model

- Strong balance sheet with ample access to capital
- Modest CapEx requirement supports strong EBITDA to free cash flow conversion
- Proven record of disciplined capital allocation focused on strategic fit and return on invested capital



Letter to Shareholders

At Colliers, we are always at the forefront of our industry, backed by an exceptional record of success.

As one of the world's leading diversified professional services and investment management firms, we are building for our future – and that of our clients and investors – one step at a time!



Jay S. Hennick
Global Chairman and CEO

2020 Highlights

In 2020, Colliers delivered strong financial results, despite the impact of the global pandemic. Our remarkable performance is a testament to our enterprising culture and the bold steps we have taken over the past four years to transform Colliers into a more balanced and resilient firm. We continue to build our business faster than others by augmenting internal growth with strategic acquisitions that increase market share, expand service offerings and extend our geographic reach for the benefit of our clients. Last year was no different as our unique, decentralized operating model undoubtedly allowed us to respond to challenges and seize opportunities faster than most.

In fact, we completed two of the largest acquisitions in our history, both of which are outperforming our expectations. The addition of these new services, now branded Colliers Mortgage and Colliers Engineering & Design, represents another important

step in our strategy to add more highly valued, essential services to further diversify our business. Our high-quality, recurring services like Investment Management, Property and Project Management, Engineering & Design and Mortgage Servicing, now represent more than 50% of our revenues and more than 60% of our adjusted EBITDA.

The balance comes from transactional services, Leasing and Capital Markets. While volumes in these areas were down somewhat, it is reassuring to see their resilience despite the challenges of the past year. It is important to remember that while these services may be delayed at times, they will continue to be essential to owners and occupiers of property around the world. Colliers benefits from being diversified by geography, service and asset class, which adds to our stability as market conditions may vary around the world.

Increased assets under management

Our investment management business now accounts for 18% of our adjusted EBITDA. Comprised of two platforms – Harrison Street and Colliers Global Investors – we continue to add significant and enduring value to Colliers, with \$40 billion of assets under management, up 20 per cent from last year.

Key acquisitions

We completed four acquisitions and one green-field start-up, including **Colliers Mortgage**, a specialty real estate debt finance business primarily for multifamily, healthcare and senior housing real estate; and **Colliers Engineering & Design**, a trusted provider of best-in-class, multi-discipline engineering, design and consulting services.



Student Housing Development | Harrison Street

Together with our competitive advantages, proven 26-year track record, strong balance sheet and significant inside ownership, we are confident that Colliers will emerge from this pandemic stronger and more balanced than ever.

Our success is made possible by our 15,000 people around the world who dedicated their efforts to the business in a challenging year. As always, our people are our most important assets, and we continue to safeguard their health and wellness. Early in the pandemic, we responded swiftly to focus on safety, business continuity, people engagement and support. We were able to seamlessly transition our people to remote working environments, and as an essential service in many countries, we kept our offices open safely and in accordance with local regulations. I am deeply grateful for the commitment and enterprising spirit shown by our people all through the year.

In addition to health and safety, the pandemic has shed an important light

on topics related to the environment and society. As leaders in our industry, we recognize the importance of driving positive impact and are committed to fostering Environment, Social and Governance (ESG) strategies that will align our business to maximize our positive impact. We are addressing this in 2021 by publishing our first global Impact Report, followed by the establishment of a strong impact position, strategy and targets to ensure that ESG is an integral part of how we do business.

Also core to our business are technologies that deliver the best service and expertise to our clients. In 2020, we engaged leaders across our business to focus our approach to technology investments and shape our innovation roadmap to meet the needs of our clients and our people. As part of this, we continue to work with our Colliers Proptech Accelerator companies. In 2020, we partnered to develop virtual solutions that help navigate the impacts of COVID-19, including artificial intelligence, virtual office tours and workplace analytics to give our people and clients a competitive advantage.

Our highly recognized global brand and platform continues to be one of our competitive advantages. We have worked very hard to build the Colliers brand into what it is today: an undisputed global leader in professional services and investment management. This February, we launched the new Colliers visual identity, which is designed for today's evolving digital era. It is a natural evolution of the iconic Colliers brand and reaffirms our commitment to accelerating success and leading our company and industry into the future.

Recognizing the powerful role that our people and brand play across the organization, we were proud to announce Becky Finley's promotion to the newly created role of Global Chief Brand and People Officer.

This is a testament to her many accomplishments with Colliers and I am confident she will continue to differentiate Colliers and strengthen our brand and people services worldwide in the years to come.

We were also pleased to appoint Jane Gavan to our Board of Directors in 2020. Bringing more than 30 years of experience in the real estate industry in North America and Europe, Jane is a distinguished leader with deep knowledge and global perspective on the industry and will help us advance our strategy and enhance shareholder value for years to come.



Colliers Shanghai

I am incredibly proud of our achievements this year and deeply thankful to our business leaders and professionals for their enterprising spirit and their dedication to our company values. As we continue to build our business in the future, I am confident we will emerge from the pandemic stronger than before. Together, we take pride in building a global, diversified professional service and investment management company that will continue to grow from strength to strength.

Jay S. Hennick



Accelerating success.

Colliers International Group Inc.

MD&A and Consolidated Financial Statements

Year Ended
December 31, 2020

COLLIERS INTERNATIONAL GROUP INC.

Management's discussion and analysis
For the year ended December 31, 2020
(in US dollars)
February 18, 2021

The following management's discussion and analysis ("MD&A") should be read together with the unaudited consolidated financial statements and the accompanying notes (the "Consolidated Financial Statements") of Colliers International Group Inc. ("we," "us," "our," the "Company" or "Colliers") for the year ended December 31, 2020. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). All financial information herein is presented in United States dollars.

The Company has prepared this MD&A with reference to National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators (the "CSA"). Under the U.S./Canada Multijurisdictional Disclosure System, the Company is permitted to prepare this MD&A in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. This MD&A provides information for the year ended December 31, 2020 and up to and including February 18, 2021.

Additional information about the Company can be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

This MD&A includes references to "adjusted EBITDA" and "adjusted EPS", which are financial measures that are not calculated in accordance with GAAP. For a reconciliation of these non-GAAP measures to the most directly comparable GAAP financial measures, see "Reconciliation of non-GAAP financial measures".

Consolidated review

Our consolidated revenues for the year ended December 31, 2020 were \$2.79 billion, a decrease of 9% versus the prior year (9% in local currency). The decrease was primarily attributable to lower transactional activity due to the impact of the COVID-19 pandemic (see "Impact of COVID-19 pandemic and 2021 outlook" below). Our recurring Outsourcing & Advisory and Investment Management revenue streams were largely resilient. Recent acquisitions positively impacted our Outsourcing & Advisory and Capital Markets revenues. Diluted net earnings per common share were \$1.22 relative to \$2.57 in the prior year with the decrease primarily attributable to (i) higher amortization expense and contingent consideration expense, both related to recent acquisitions, (ii) higher non-controlling interest with greater proportion of earnings coming from non-wholly owned Investment Management and Outsourcing & Advisory businesses and (iii) an increase in diluted share count related to an offering of 4% Convertible Senior Subordinated Notes due 2025 (the "Convertible Notes") in May 2020. Adjusted earnings per share, which exclude restructuring costs, non-controlling interest redemption increment and amortization of intangible assets (see "Reconciliation of non-GAAP financial measures" below) were \$4.18, down 10% from \$4.67 in the prior year. Adjusted earnings per share and GAAP net earnings per share for the year ended December 31, 2020 would have been approximately \$0.04 lower excluding the impact of changes in foreign exchange rates.

On May 19, 2020, we completed an offering of 4% Convertible Senior Subordinated Notes due 2025 for \$223.8 million in net proceeds.

On May 29, 2020, we acquired a controlling interest in four subsidiaries of Dougherty Financial Group LLC – Dougherty Mortgage LLC, Dougherty & Company LLC, Dougherty Funding LLC and Dougherty Insurance Agency LLC. Dougherty's mortgage banking operations have rebranded as "Colliers Mortgage" which provides specialty debt financing through its relationships with US government agencies while all brokerage, investment banking, capital markets and public finance services are carried on through newly branded "Colliers Securities" which is licensed under the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority ("FINRA").

On July 13, 2020, we acquired a controlling interest in Maser Consulting P.A. (“Maser”), a leading multi-disciplinary engineering design and consulting firm in the U.S. This operation will be rebranded as “Colliers Engineering & Design Services” in the first half of 2021.

In 2020, we also completed the acquisitions of our Colliers International affiliates in Austin, Texas and Nashville, Tennessee.

In the second quarter of 2020, the Company renamed its Sales Brokerage service line to Capital Markets, which includes sales brokerage, mortgage origination and mortgage investment banking revenues. In addition, the Company added mortgage loan servicing under its Outsourcing & Advisory revenues. With the closing of the Maser Consulting acquisition in July 2020, the Company added engineering and design services to its Outsourcing & Advisory service line.

For both the three month and twelve month ended December 31, 2020 periods, local currency revenue declines were primarily attributable to reduced transactional Leasing activity due to the pandemic.

(in thousands of US\$) (LC = local currency)	Three months ended				Twelve months ended			
	December 31		Change in US\$	Change in LC%	December 31		Change in US\$	Change in LC%
	2020	2019			2020	2019		
Outsourcing & Advisory	\$ 377,191	\$ 331,152	14%	12%	\$ 1,226,877	\$ 1,148,915	7%	7%
Investment Management	43,676	44,722	-2%	-3%	172,594	174,588	-1%	-1%
Leasing	215,516	292,489	-26%	-29%	686,482	946,399	-27%	-28%
Capital Markets	277,333	259,925	7%	4%	700,904	775,909	-10%	-10%
Total revenues	\$ 913,716	\$ 928,288	-2%	-4%	\$ 2,786,857	\$ 3,045,811	-9%	-9%

Results of operations – year ended December 31, 2020

For the year ended December 31, 2020, revenues were \$2.79 billion, 9% lower compared to the 2019 (9% in local currency). Acquisitions contributed 7% to local currency revenue growth while internally generated revenues were down 16% with the impact of the COVID-19 pandemic beginning in March 2020.

Operating earnings were \$164.6 million in 2020 versus \$218.2 million in 2019. The operating earnings margin was 5.9% versus 7.2% in the prior year. The decline in operating earnings margin is attributable to lower transactional revenues and fair value adjustments related to contingent considerations, partially offset by (i) the impact of higher-margin acquisitions of Colliers Mortgage and Maser as well as (ii) cost savings implemented to adjust costs to expected revenues in light of the pandemic. Adjusted EBITDA (see “Reconciliation of non-GAAP financial measures” below) was \$361.4 million, up 1% versus \$359.5 million in the prior year. Adjusted EBITDA margin increased by 120 basis points to 13.0% as compared to 11.8% in 2019.

Depreciation expense was \$39.3 million relative to \$33.4 million in 2019, with the increase attributable to the impact of recent acquisitions and increased investments in office leaseholds.

Amortization expense was \$86.6 million relative to \$61.3 million in 2019, with the increase attributable mainly to intangible assets recognized in connection with recent business acquisitions, including those of Colliers Mortgage and Maser.

Net interest expense was \$30.9 million, up from \$29.5 million in the prior year and included the incremental interest from our Convertible Notes offering in May 2020. The average interest rate on our debt during the period was 3.0%, versus 3.8% in the prior year with the decline attributable to a decline in floating reference rates.

Consolidated income tax expense was \$42.0 million relative to \$53.0 million in 2019, reflecting effective tax rates of 31% and 28%, respectively. The tax rate in 2020 was impacted by (i) the reversal of a \$2.0 million tax benefit

recorded in 2019 due to a change in tax law applied retroactively and (ii) a change in valuation allowance of \$5.2 million related to certain operations.

Net earnings were \$94.5 million, compared to \$137.6 million in the prior year.

Revenues in the Americas region totalled \$1.63 billion for the full year compared to \$1.69 billion in the prior year, down 4% (3% in local currency). The decline was primarily attributable to lower Leasing activity due to the pandemic, which was partly offset by contributions from recent acquisitions. Internally generated Outsourcing & Advisory revenues were flat versus prior year. Adjusted EBITDA was \$180.4 million, up 19% from \$151.3 million in the prior year and included the impact of (i) recent acquisitions of Colliers Mortgage and Colliers Engineering & Design and (ii) measures implemented to manage operating costs as a result of the pandemic. GAAP operating earnings were \$121.4 million, versus \$103.7 million in 2019.

EMEA region revenues totalled \$516.5 million for the year compared to \$636.5 million in the prior year, down 19% (20% in local currency) on lower activity attributable to the pandemic across all service lines. Foreign exchange tailwinds positively impacted revenue growth by 1%. Adjusted EBITDA was \$45.9 million, versus \$80.3 million in the prior year. GAAP operating earnings were \$8.3 million as compared to \$48.5 million in 2019.

Asia Pacific region revenues totalled \$470.6 million for the year compared to \$542.6 million in the prior year, down 13% (15% in local currency) primarily on lower Leasing and Capital Markets activity due to the pandemic, partially offset by a small increase in Outsourcing & Advisory revenues. Foreign exchange tailwinds positively impacted revenue growth by 2%. Adjusted EBITDA was \$66.3 million, versus \$76.2 million in the prior year. GAAP operating earnings were \$45.2 million, versus \$67.1 million in the prior year.

Investment Management revenues were \$172.6 million compared to \$174.6 million in the prior year, down 1% (1% in local currency). Pass-through revenue from historical carried interest represented \$4.2 million in the current year versus \$19.2 million in the prior year. Excluding the impact of pass-through revenue, revenues were up 8% (8% in local currency) and were positively impacted by strong fundraising in closed end funds and growth in open-end funds. Adjusted EBITDA was \$69.5 million relative to \$61.9 million in the prior year. GAAP operating earnings were \$40.7 million, versus \$35.0 million in 2019. Assets under management were \$39.5 billion at December 31, 2020, up 9% from \$36.2 billion at September 30, 2020 and up 20% from \$32.9 billion at December 31, 2019.

Unallocated global corporate costs as reported in Adjusted EBITDA were \$0.7 million in 2020, relative to \$10.3 million in the prior year with the change attributable to lower compensation and variable expenses. The corporate GAAP operating loss was \$51.1 million, relative to \$36.2 million in 2019 attributable to an increase in the fair value of contingent acquisition consideration based on strong operating performance of recently acquired businesses.

Selected annual information - last five years
(in thousands of US\$, except share and per share amounts)

	Year ended December 31				
	2020	2019	2018	2017	2016
Operations					
Revenues	\$ 2,786,857	\$ 3,045,811	\$ 2,825,427	\$ 2,435,200	\$ 1,896,724
Operating earnings	164,578	218,197	201,398	167,376	146,173
Net earnings	94,489	137,585	128,574	94,074	91,571
Financial position					
Total assets	\$ 3,292,167	\$ 2,892,714	\$ 2,357,580	\$ 1,507,560	\$ 1,194,779
Long-term debt	479,895	611,404	672,123	249,893	262,498
Convertible Notes	223,957	-	-	-	-
Redeemable non-controlling interests	442,375	359,150	343,361	145,489	134,803
Shareholders' equity	586,109	517,299	391,973	303,014	212,513
Common share data					
Net earnings (loss) per common share:					
Basic					
	1.23	2.60	2.49	1.32	1.76
Diluted					
	1.22	2.57	2.45	1.31	1.75
Weighted average common shares outstanding (thousands)					
Basic					
	39,986	39,550	39,155	38,830	38,596
Diluted					
	40,179	39,981	39,795	39,308	38,868
Cash dividends per common share	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.09
Other data					
Adjusted EBITDA	\$ 361,442	\$ 359,476	\$ 311,435	\$ 242,823	\$ 203,062
Adjusted EPS	4.18	4.67	4.09	3.16	2.44

New revenue guidance was adopted retrospectively effective January 1, 2018 and accordingly, comparative information for the year ended December 31, 2017 and as at December 31, 2017 has been restated. Data for 2016 and prior periods in the table above has not been restated.

Results of operations - fourth quarter ended December 31, 2020

Consolidated revenues for the fourth quarter declined 4% on a local currency basis to \$913.7 million, driven by pandemic-related declines primarily in Leasing activity. Consolidated internal revenues measured in local currencies were down 15%, while acquisitions contributed 11% to revenue growth. Operating earnings for the fourth quarter ended December 31, 2020 were \$79.4 million, down 20% and adjusted EBITDA was \$154.9 million, up 7%.

Summary of quarterly results (unaudited)

The following table sets forth our unaudited quarterly consolidated results of operations data. The information in the table below has been derived from unaudited interim consolidated financial statements that, in management's opinion, have been prepared on a consistent basis and include all adjustments necessary for a fair presentation of information. The information below is not necessarily indicative of results for any further quarter.

Summary of quarterly results - years ended December 31, 2020, 2019 and 2018
(in thousands of US\$, except per share amounts)

	Q1	Q2	Q3	Q4
Year ended December 31, 2020				
Revenues	\$ 630,628	\$ 550,206	\$ 692,307	913,716
Operating earnings	18,537	14,523	52,074	79,443
Net earnings	6,458	6,483	31,979	49,568
Basic net earnings per common share	0.12	(0.26)	0.53	0.84
Diluted net earnings per common share	0.11	(0.26)	0.52	0.80
Year ended December 31, 2019				
Revenues	\$ 635,123	\$ 745,517	\$ 736,883	\$ 928,288
Operating earnings	13,397	57,198	48,175	99,428
Net earnings	5,463	35,575	28,672	67,877
Basic net earnings per common share	0.04	0.60	0.75	1.21
Diluted net earnings per common share	0.04	0.60	0.74	1.20
Year ended December 31, 2018				
Revenues	\$ 552,473	\$ 667,350	\$ 715,721	\$ 889,883
Operating earnings	15,745	45,569	41,956	98,128
Net earnings	8,541	28,804	25,382	65,847
Basic net earnings per common share	0.13	0.61	0.41	1.34
Diluted net earnings per common share	0.13	0.60	0.41	1.33
Other data				
Adjusted EBITDA - 2020	\$ 54,454	\$ 59,962	\$ 92,120	154,906
Adjusted EBITDA - 2019	43,571	87,323	84,262	\$ 144,320
Adjusted EBITDA - 2018	36,140	69,427	72,665	133,203
Adjusted EPS - 2020	0.54	0.70	1.08	1.79
Adjusted EPS - 2019	0.51	1.10	1.04	2.01
Adjusted EPS - 2018	0.45	0.95	0.92	1.77

Impact of COVID-19 pandemic and 2021 outlook

The COVID-19 pandemic resulted in a sharp reduction in Leasing and Capital Markets transaction activity beginning in March 2020 as governments around the world implemented lockdowns and other measures to contain the virus. The impact of the pandemic is expected to subside over the course of 2021, although the timing and extent remain uncertain. Transactional revenues are anticipated to rebound in the second half of the year, while Outsourcing & Advisory and Investment Management revenues are expected to remain resilient throughout the year. The outlook for the full year 2021 (relative to 2020), including the full year impact of acquisitions completed during 2020, is as follows:

Full Year 2021 Outlook

Revenue	+10% to +25%
Adjusted EBITDA	+10% to +25%

This outlook is based on the Company's best available information as of the date of this MD&A and remains subject to change based on numerous macroeconomic, health, social, geo-political and related factors (see "Risks associated with COVID-19 pandemic" below).

During 2020, the Company took significant measures to maintain business continuity across all service lines, including steps to optimize the level of all critical functions across our business. Expenses incurred in connection

with these adjustments are recorded as restructuring costs and were primarily severance related. The Company may take further cost management measures in future quarters.

The Company also received wage subsidies totalling \$10.9 million during the fourth quarter (\$34.8 million for the full year) from governments in several countries. These subsidies were recorded in earnings as an offset to employment costs. The Company may receive further government wage subsidies in future quarters.

As of December 31, 2020, the Company's financial leverage ratio expressed in terms of net debt to pro forma Adjusted EBITDA was 1.0x (1.4x as of December 31, 2019), relative to a maximum of 3.5x permitted under its debt agreements. As of the same date, the Company had \$777 million of unused credit under its committed revolving credit facility maturing in April 2024.

As a result of the changes in the current economic environment related to the pandemic, management has performed asset impairment testing across the Company's reporting units. Management has concluded that no impairment loss is required to be recognized for the 2020 financial year. The testing considered a range of scenarios, but is subject to significant estimation uncertainty given the factors noted above. If there are future adverse developments, impairment losses may be required to be recognized.

Seasonality and quarterly fluctuations

The Company generates peak revenues and earnings in the month of December followed by a low in January and February as a result of the timing of closings on Capital Markets transactions. Revenues and earnings during the balance of the year are relatively even. Historically, Capital Markets operations comprised approximately 25% of consolidated annual revenues. Variations can also be caused by business acquisitions which alter the consolidated service mix.

Liquidity and capital resources

The Company generated cash flow from operating activities of \$166.5 million for the year ended December 31, 2020, relative to \$310.8 million in the prior year. Adjusting for the cash proceeds generated from the AR Facility as well as collections of the deferred purchase price related to AR Facility, net cash flow from operating activities in 2020 was \$245.9 million relative to \$213.9 million. The increase in cash flow is primarily attributable to a reduction of working capital in the business, primarily related to lower accounts receivable and lower accrued compensation. We believe that cash from operations and other existing resources, including our \$1.0 billion multi-currency revolving credit facility (the "Revolving Credit Facility"), will continue to be adequate to satisfy the ongoing working capital needs of the Company.

For the year ended December 31, 2020, capital expenditures were \$40.4 million (2019 - \$44.2 million). Capital expenditures for the year ending December 31, 2021 are expected to be \$65-\$75 million with the increase primarily attributable to investments in office space in major markets, some deferred investments from 2020 and are expected to be funded with cash on hand.

We distributed \$35.7 million (2019 - \$31.9 million) to non-controlling shareholders of subsidiaries, in part to facilitate the payment of income taxes on account of those subsidiaries organized as flow-through entities. The increase in distributions is largely attributable to the acquisition of Harrison Street completed in July 2018.

During 2020, we invested cash in acquisitions as follows: an aggregate of \$205.6 million (net of cash acquired) in four new business acquisitions, \$11.2 million in contingent consideration payments related to previously completed acquisitions, and \$26.0 million in net acquisitions of redeemable non-controlling interests.

Net indebtedness as at December 31, 2020 was \$323.3 million, versus \$496.4 million at December 31, 2019, which excludes the Convertible Notes. Including the Convertible Notes, our net indebtedness as at December 31, 2020 would have been \$547.2 million. Net indebtedness is calculated as the current and non-current portion of long-term debt less cash and cash equivalents. We are in compliance with the covenants contained in our agreements relating to our debt agreements as at December 31, 2020 and, based on our outlook for 2021, we expect to remain in compliance with these covenants.

Colliers Mortgage utilizes warehouse credit facilities for the purpose of funding warehouse receivables. Warehouse receivables represent mortgage loans receivable, the majority of which are offset by borrowings under warehouse credit facilities which fund loans that financial institutions have committed to purchase. The warehouse credit facilities are excluded from the financial leverage calculations under our debt agreements.

During 2019 and 2020, the Company acquired certain real estate assets in connection with the establishment of new Investment Management funds. The real estate assets, as well as corresponding liabilities, were transferred to the respective funds during 2020, without gain or loss, with no such assets or liabilities on the consolidated balance sheet as of December 31, 2020.

On April 27, 2020, we renewed and extended our structured accounts receivable facility (the "AR Facility") with a third-party financial institution. The AR Facility has committed availability of \$125,000 with a term of 364 days extending to April 26, 2021 and includes selected US and Canadian trade accounts receivable (the "Receivables").

During 2020, we amended our Revolving Credit Facility to make certain amendments to increase the flexibility of our debt capital structure.

During 2020, we amended our Euro-denominated 2.23% senior unsecured notes due 2028 (the "Senior Notes") to make certain amendments to increase the flexibility of our debt capital structure. These amendments were similar to the amendments made to our Revolving Credit Facility, which ranks equal in seniority to the Senior Notes.

On May 19, 2020, we completed an offering of 4% Convertible Senior Subordinated Notes due 2025 for \$223.8 million in net proceeds. The Convertible Notes are unsecured and subordinated to all of the existing and future senior and/or secured indebtedness, and are treated as equity for financial leverage calculations under our existing debt agreements. The Convertible Notes are convertible into 3.97 million subordinate voting shares or, if not converted, may be settled at maturity with subordinate voting shares or cash at the option of the Company.

The Company's Board of Directors declared two semi-annual dividends of \$0.05 per common share (being the Subordinate Voting Shares together with the Multiple Voting Shares) during 2020, unchanged from the prior year amounts per share. These dividends are paid in cash after the end of the second and fourth quarters to shareholders of record on the last business day of the quarter. The Company's policy is to pay dividends on its common shares in the future, subject to the discretion of our Board of Directors. Total common share dividends paid by the Company during 2020 were \$4.0 million.

In relation to acquisitions completed during the past three years, we have outstanding contingent consideration, assuming all contingencies are satisfied and payment is due in full, totalling \$208.6 million as at December 31, 2020 (December 31, 2019 - \$187.5 million). The contingent consideration liability is recognized at fair value upon acquisition and is updated to fair value each quarter, unless it contains an element of compensation, in which case such element is treated as compensation expense over the contingency period. The fair value of contingent consideration recorded on the consolidated balance sheet as at December 31, 2020 was \$115.6 million (December 31, 2019 - \$85.0 million). The liability recorded on the consolidated balance sheet for the compensatory element of contingent consideration arrangements as at December 31, 2020 was \$17.6 million (December 31, 2019 - \$23.0 million). The contingent consideration is based on achieving specified earnings levels and is paid or payable after the end of the contingency period, which extends to December 2024. We estimate that approximately 85% of the contingent consideration outstanding as of December 31, 2020 will ultimately be paid.

The following table summarizes our contractual obligations as at December 31, 2020:

Contractual obligations (in thousands of US\$)	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term debt	\$ 477,465	\$ 7,910	\$ 526	\$ 213,239	\$ 255,790
Warehouse credit facilities	218,018	218,018			
Convertible Notes	223,957	-	-	223,957	
Interest on long-term debt and Convertible Notes	102,663	21,224	41,965	26,164	13,310
Finance lease obligations	2,430	1,114	1,307	9	-
Contingent acquisition consideration	115,642	5,802	107,403	2,327	110
Operating leases obligations	511,625	97,081	154,616	102,798	157,130
Purchase commitments	33,312	18,076	7,252	3,080	4,904
Co-investment Commitments	14,345	14,345	-	-	-
Total contractual obligations	\$ 1,699,457	\$ 383,570	\$ 313,069	\$ 571,574	\$ 431,244

At December 31, 2020, we had commercial commitments totaling \$15.7 million comprised of letters of credit outstanding due to expire within one year.

In order to effectively manage our corporate risk and support our global insurance program, we supplement our commercial insurance placements with the use of a wholly-owned captive insurance company to provide support for our professional indemnity, general liability and US workers' compensation programs. The level of risk retained by our captive insurance company varies by coverage. Currently, the captive insures up to \$0.75 million per claim with respect to professional indemnity and \$2.0 million with respect general liability. All limits are inclusive of commercial market self-insured retentions. Liability insurance claims can be complex and take a number of years to resolve. Within our captive insurance company, we estimate the ultimate cost of these claims by way of specific claim accruals developed through periodic reviews of the circumstances of individual claims, validated annually by a third-party actuary. As of December 31, 2020, the captive insurance company has reserves for unpaid claim liabilities of \$7.6 million.

Redeemable non-controlling interests

In most operations where managers or employees are also non-controlling owners, the Company is party to shareholders' agreements. These agreements allow us to "call" the redeemable non-controlling interests ("RNCI") at a value determined with the use of a formula price, which is in most cases equal to a multiple of trailing two-year average earnings, less debt. Non-controlling owners may also "put" their interest to the Company at the same price, with certain limitations including (i) the inability to "put" more than 50% of their holdings in any twelve-month period and (ii) the inability to "put" any holdings for at least one year after the date of our initial acquisition of the business or the date the non-controlling shareholder acquired their interest, as the case may be.

The total value of the RNCI (the "redemption amount"), as calculated in accordance with shareholders' agreements, was \$415.1 million as of December 31, 2020 (December 31, 2019 - \$333.1 million). The amount recorded on our balance sheet under the caption "redeemable non-controlling interests" is the greater of (i) the redemption amount (as above) or (ii) the amount initially recorded as RNCI at the date of inception of the minority equity position. As at December 31, 2020, the RNCI recorded on the balance sheet was \$442.4 million (December 31, 2019 - \$359.2 million). The purchase prices of the RNCI may be paid in cash or in Subordinate Voting Shares of Colliers. If all RNCI were redeemed in cash, the pro forma estimated accretion to diluted net earnings per share for 2020 would be \$0.81, and the accretion to adjusted EPS would be \$0.39.

Critical accounting estimates

Critical accounting estimates are those that we deem to be most important to the portrayal of our financial condition and results of operations, and that require management's most difficult, subjective or complex judgments due to the need to make estimates about the effects of matters that are inherently uncertain. We have identified seven critical accounting estimates, which are discussed below.

1. *Revenue recognition.* We earn revenues from brokerage transaction commissions, advisory fees, debt finance fees, property management fees, project management fees, engineering and design fees and investment management fees. Some of the contractual terms related to the process of earning revenue from these sources, including potentially contingent events, can be complex and may require us to make judgments about the timing of when we should recognize revenue and whether revenue should be reported on a gross basis or net basis. Changes in judgments could result in a change in the period in which revenues are reported, or in the amounts of revenue and cost of revenue reported.
2. *Goodwill.* Goodwill impairment testing involves assessing whether events have occurred that would indicate potential impairment and making estimates concerning the fair values of reporting units and then comparing the fair value to the carrying amount of each unit. The determination of what constitutes a reporting unit requires significant management judgment. We have four reporting units, consistent with our four operating segments. Goodwill is attributed to the reporting units at the time of acquisition. Estimates of fair value can be impacted by changes in the business environment, prolonged economic downturns or declines in the market value of the Company's own shares and therefore require significant management judgment in their determination. When events have occurred that which would suggest a potential decrease in fair value, the determination of fair value is done with reference to a discounted cash flow model which requires management to make certain estimates. The most sensitive estimates are estimated future cash flows and the discount rate applied to future cash flows. Changes in these assumptions could result in a materially different fair value.
3. *Business combinations.* The determination of fair values of assets acquired and liabilities assumed in business combinations requires the use of estimates and management judgment, particularly in determining fair values of intangible assets acquired. For example, if different assumptions were used regarding the profitability and expected attrition rates of acquired customer relationships or asset management contracts, different amounts of intangible assets and related amortization could be reported.
4. *Contingent acquisition consideration.* Contingent consideration is required to be measured at fair value at the acquisition date and at each balance sheet date until the contingency expires or is settled. The fair value at the acquisition date is a component of the purchase price; subsequent changes in fair value are reflected in earnings. Most acquisitions made by us have a contingent consideration feature, which is usually based on the acquired entity's profitability (measured in terms of adjusted EBITDA) during a one to five year period after the acquisition date. Significant estimates are required to measure the fair value of contingent consideration, including forecasting profits for the contingency period and the selection of an appropriate discount rate.
5. *Deferred income tax assets.* Deferred income tax assets arise primarily from the recognition of the benefit of certain net operating loss carry-forwards. We must weigh the positive and negative evidence surrounding the future realization of the deferred income tax assets to determine whether a valuation allowance is required, or whether an existing valuation allowance should remain in place. These determinations, which involve projections of future taxable income, require significant management judgment. Changes in judgments, in particular of future taxable earnings, could result in the recognition or de-recognition of a valuation allowance which could impact income tax expense materially.
6. *Uncertain tax positions.* In the ordinary course of business, there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination by tax authorities based upon an evaluation of the facts and circumstances at the

reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a tax authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements.

7. *Allowance for uncollectible accounts receivable.* Accounts receivable allowances are determined using a combination of historical experience, current information, and management judgment. Actual collections may differ from our estimates. A 10% increase in the accounts receivable allowance as of December 31, 2020 would increase bad debt expense by \$2.6 million.

Reconciliation of non-GAAP financial measures

In this MD&A, we make reference to “adjusted EBITDA” and “adjusted EPS,” which are financial measures that are not calculated in accordance with GAAP.

Adjusted EBITDA is defined as net earnings, adjusted to exclude: (i) income tax; (ii) other expense (income) other than equity earnings from non-consolidated investments; (iii) interest expense; (iv) depreciation and amortization, including amortization of mortgage servicing rights (“MSRs”); (v) gains attributable to MSRs; (vi) acquisition-related items (including transaction costs, contingent acquisition consideration fair value adjustments and contingent acquisition consideration-related compensation expense); (vii) restructuring costs and (viii) stock-based compensation expense. We use adjusted EBITDA to evaluate our own operating performance and our ability to service debt, as well as an integral part of our planning and reporting systems. Additionally, we use this measure in conjunction with discounted cash flow models to determine the Company’s overall enterprise valuation and to evaluate acquisition targets. We present adjusted EBITDA as a supplemental measure because we believe such measure is useful to investors as a reasonable indicator of operating performance because of the low capital intensity of the Company’s service operations. We believe this measure is a financial metric used by many investors to compare companies, especially in the services industry. This measure is not a recognized measure of financial performance under GAAP in the United States, and should not be considered as a substitute for operating earnings, net earnings or cash flow from operating activities, as determined in accordance with GAAP. Our method of calculating adjusted EBITDA may differ from other issuers and accordingly, this measure may not be comparable to measures used by other issuers. A reconciliation of net earnings to adjusted EBITDA appears below.

(in thousands of US\$)	Three months ended		Twelve months ended	
	December 31		December 31	
	2020	2019	2020	2019
Net earnings	\$ 49,568	\$ 67,877	\$ 94,489	\$ 137,585
Income tax	22,980	25,742	42,046	53,013
Other income, net	(1,427)	(868)	(2,906)	(1,853)
Interest expense, net	8,322	6,677	30,949	29,452
Operating earnings	79,443	99,428	164,578	218,197
Depreciation and amortization	38,795	25,382	125,906	94,664
Gains attributable to MSRs	(9,668)	-	(17,065)	-
Equity earnings from non-consolidated investments	1,468	-	2,919	-
Acquisition-related items	34,349	9,767	45,848	28,532
Restructuring costs	6,947	7,110	29,628	10,252
Stock-based compensation expense	3,572	2,633	9,628	7,831
Adjusted EBITDA	\$ 154,906	\$ 144,320	\$ 361,442	\$ 359,476

Adjusted EPS is defined as diluted net earnings per share as calculated under the If-Converted method, adjusted for the effect, after income tax, of: (i) the non-controlling interest redemption increment; (ii) amortization expense related to intangible assets recognized in connection with acquisitions and MSRs; (iii) gains attributable to MSRs; (iv) acquisition-related items; (v) restructuring costs and (vi) stock-based compensation expense. We believe this measure is useful to investors because it provides a supplemental way to understand the underlying operating

performance of the Company and enhances the comparability of operating results from period to period. Adjusted EPS is not a recognized measure of financial performance under GAAP, and should not be considered as a substitute for diluted net earnings per share from continuing operations, as determined in accordance with GAAP. Our method of calculating this non-GAAP measure may differ from other issuers and, accordingly, this measure may not be comparable to measures used by other issuers. A reconciliation of net earnings to adjusted net earnings and of diluted net earnings per share to adjusted EPS appears below.

Adjusted EPS is calculated using the “if-converted” method of calculating earnings per share in relation to the Convertible Notes, which were issued on May 19, 2020. As such, the interest (net of tax) on the Convertible Notes is added to the numerator and the additional shares issuable on conversion of the Convertible Notes are added to the denominator of the earnings per share calculation to determine if an assumed conversion is more dilutive than no assumption of conversion. The “if-converted” method is used if the impact of the assumed conversion is dilutive. For the year ended December 31, 2020, the “if-converted” method is anti-dilutive for the GAAP diluted EPS calculation but dilutive for the adjusted EPS calculation

(in thousands of US\$)	Three months ended December 31		Twelve months ended December 31	
	2020	2019	2020	2019
Net earnings	\$ 49,568	\$ 67,877	\$ 94,489	\$ 137,585
Non-controlling interest share of earnings	(15,666)	(12,930)	(29,572)	(26,829)
Interest on Convertible Notes	2,300	-	5,673	-
Amortization of intangible assets	27,544	16,437	86,557	61,273
Gains attributable to MSRs	(9,668)	-	(17,065)	-
Acquisition-related items	34,349	9,767	45,848	28,532
Restructuring costs	6,947	7,110	29,628	10,252
Stock-based compensation expense	3,572	2,633	9,628	7,831
Income tax on adjustments	(15,115)	(7,493)	(35,350)	(22,232)
Non-controlling interest on adjustments	(4,257)	(2,769)	(11,479)	(9,868)
Adjusted net earnings	\$ 79,574	\$ 80,632	\$ 178,357	\$ 186,544

(in US\$)	Three months ended December 31		Twelve months ended December 31	
	2020	2019	2020	2019
Diluted net earnings per common share	\$ 0.80	\$ 1.20	\$ 1.25	\$ 2.57
Non-controlling interest redemption increment	0.01	0.17	0.37	0.20
Amortization expense, net of tax	0.35	0.25	1.23	0.93
Gains attributable to MSRs, net of tax	(0.09)	-	(0.22)	-
Acquisition-related items	0.53	0.19	0.82	0.58
Restructuring costs, net of tax	0.12	0.13	0.51	0.19
Stock-based compensation expense, net of tax	0.07	0.07	0.22	0.20
Adjusted EPS	\$ 1.79	\$ 2.01	\$ 4.18	\$ 4.67

Diluted weighted average shares for Adjusted EPS	44,365	40,109	42,647	39,980
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We believe that the presentation of adjusted EBITDA and adjusted earnings per share, which are non-GAAP financial measures, provides important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations. We use these non-GAAP financial measures when evaluating operating performance because we believe that the inclusion or exclusion of the items described above, for which the amounts are non-cash or non-recurring in nature, provides a supplemental measure of our operating results that facilitates comparability of our operating performance from period to period, against our business model objectives, and against other companies in our industry. We have chosen to provide this information to investors so they can analyze our operating results in

the same way that management does and use this information in their assessment of our core business and the valuation of the Company. Adjusted EBITDA and adjusted earnings per share are not calculated in accordance with GAAP, and should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Non-GAAP financial measures have limitations in that they do not reflect all of the costs or benefits associated with the operations of our business as determined in accordance with GAAP. As a result, investors should not consider these measures in isolation or as a substitute for analysis of our results as reported under GAAP.

Percentage revenue variances presented on a local currency basis are calculated by translating the current period results of our non-US dollar denominated operations to US dollars using the foreign currency exchange rates from the periods against which the current period results are being compared. Percentage revenue variances presented on an internal growth basis are calculated assuming no impact from acquired entities in the current and prior periods. Revenue from acquired entities, including any foreign exchange impacts, are treated as acquisition growth until the respective anniversaries of the acquisitions. We believe that these revenue growth rate methodologies provide a framework for assessing the Company's performance and operations excluding the effects of foreign currency exchange rate fluctuations and acquisitions. Since these revenue growth rate measures are not calculated under GAAP, they may not be comparable to similar measures used by other issuers.

We use the term assets under management ("AUM") as a measure of the scale of our Investment Management operations. AUM is defined as the gross market value of operating assets and the projected gross cost of development properties of the funds, partnerships and accounts to which we provide management and advisory services, including capital that such funds, partnerships and accounts have the right to call from investors pursuant to capital commitments. Our definition of AUM may differ from those used by other issuers and as such may not be directly comparable to similar measures used by other issuers.

Impact of recently adopted accounting standards

Current Expected Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses*. This ASU creates a new framework to evaluate financial instruments, such as trade receivables, for expected credit losses. This new framework replaces the previous incurred loss approach and is expected to result in more timely recognition of credit losses.

The Company has adopted *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* effective January 1, 2020 using the modified retrospective basis recording a cumulative catch-up adjustment to retained earnings. Following adoption of the standard, the Company's methodology of reserving for Accounts receivable and other receivable-related financial assets, including contract assets has changed. See note 2 for details on the significant accounting policies related to receivables and allowance for doubtful accounts. The adoption of the standard has had the impact of accelerating the recognition of credit losses on certain receivables and the Company recognized a non-cash cumulative catch-up adjustment to retained earnings in the amount of \$3.6 million, net of \$0.8 million in taxes, on the opening consolidated balance sheet as of January 1, 2020.

Goodwill impairment testing

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles – Goodwill and Other: Simplifying the Accounting for Goodwill Impairment* to remove Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. Under this guidance, a goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The Company has adopted the standard effective January 1, 2020. Adoption of the ASU simplifies the goodwill impairment testing process for the Company without any direct impact on the financial statements.

Capitalization of implementation costs in relation to hosting arrangements

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40)*. This ASU aligns the capitalizing of implementation costs incurred in relation to a hosting arrangement

with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. It also requires these capitalized costs to be expensed over the term of the hosting arrangement and to the same line as the hosting arrangement. As this ASU clarifies the previously existing ambiguity related to capitalization, it was determined that the guidance under the ASU is consistent with the Company's existing capitalization process for development costs as relate to hosting arrangements without any impact on the financial statements.

Recently issued accounting guidance, not yet adopted

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. With LIBOR ceasing at the end of 2021, a significant volume of contracts and other arrangements will be impacted by the transition required to alternative reference rates. This ASU provides optional expedients and exceptions to reduce the costs and complexity of applying existing GAAP to contract modifications and hedge accounting if certain criteria are met. The standard is effective from the beginning of an interim period that includes the March 12, 2020 issuance date of the ASU through December 31, 2022. On March 25, 2020, the Alternative Reference Rates Committee (the "ARRC"), which is a group of private-market participants convened by the Federal Reserve Board and the New York Fed, reiterated the end of 2021 timeline for the phase out of LIBOR amid the uncertainty surrounding the COVID-19 pandemic. The Company is currently assessing the options available under this ASU and their potential impacts on its consolidated financial statements.

In August 2020, the FASB issued ASU No. 2020-06, *Debt- Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contract in an Entity's Own Equity*. The ASU simplifies the accounting for convertible instruments and reduces the number of embedded conversion features being separately recognized from the host contract as compared to current GAAP. The ASU also enhances information transparency through targeted improvements to the disclosures for convertible instruments and earnings-per-share guidance. The standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. The standard can be applied using the modified retrospective method of transition or a fully retrospective method of transition. The Company is currently assessing the options available under this ASU and their potential impacts on its consolidated financial statements.

Impact of IFRS

On January 1, 2011, many Canadian companies were required to adopt IFRS. In 2004, in accordance with the rules of the CSA, Old FSV elected to report exclusively using US GAAP and further elected not to adopt IFRS on January 1, 2011. Under the rules of the CSA, the Company is permitted to continue preparing financial statements in accordance with US GAAP going forward.

Financial instruments

We use financial instruments as part of our strategy to manage the risk associated with interest rates and currency exchange rates. We do not use financial instruments for trading or speculative purposes. On April 11, 2017 we entered into interest rate swap agreements to convert the LIBOR floating interest rate on \$100.0 million of US dollar denominated debt into a fixed interest rate of 1.897%. In December 2018, the Company entered into interest rate swap agreements to convert the LIBOR floating interest rate on \$100.0 million of US dollar denominated debt into a fixed interest rate of 2.7205% plus the applicable margin. Hedge accounting is being applied to these interest rate swaps. Financial instruments involve risks, such as the risk that counterparties may fail to honor their obligations under these arrangements. If we have financial instruments outstanding and such events occur, our results of operations and financial position may be adversely affected.

Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial performance or financial condition other than (i) the payments which may be required to be made under the long term arrangement contained in the restated management services agreement with Colliers, Jayset Management CIG Inc. and Jay S. Hennick, (see Note 19 to the Consolidated Financial Statements for a full description) and (ii) the AR Facility. As of December 31, 2020, the Company had drawn \$115.9 million under the AR Facility. The AR Facility is recorded as a sale of accounts

receivable, and accordingly sold Receivables are derecognized from the consolidated balance sheet. The AR Facility results in a significant decrease to our borrowing costs.

Transactions with related parties

As at December 31, 2020, the Company had \$3.4 million of loans receivable from non-controlling shareholders (December 31, 2019 - \$3.4 million). The majority of the loans receivable represent amounts assumed in connection with acquisitions and amounts issued to non-controlling interests to finance the sale of non-controlling interests in subsidiaries to senior managers. The loans are of varying principal amounts and interest rates which range from nil to 4.0%. These loans are due on demand or mature on various dates up to 2026, but are open for repayment without penalty at any time.

Outstanding share data

The authorized capital of the Company consists of an unlimited number of preference shares, issuable in series, an unlimited number of Subordinate Voting Shares and an unlimited number of Multiple Voting Shares. The holders of Subordinate Voting Shares are entitled to one vote in respect of each Subordinate Voting Share held at all meetings of the shareholders of the Company. The holders of Multiple Voting Shares are entitled to twenty votes in respect of each Multiple Voting Share held at all meetings of the shareholders of the Company. Each Multiple Voting Share is convertible into one Subordinate Voting Share at any time at the election of the holders thereof.

As of the date hereof, the Company has outstanding 38,863,742 Subordinate Voting Shares and 1,325,694 Multiple Voting Shares. In addition, as at the date hereof 2,190,125 Subordinate Voting Shares are issuable upon exercise of options granted under the Company's stock option plan.

On July 16, 2020, the Company announced a Normal Course Issuer Bid ("NCIB") effective from July 20, 2020 to July 19, 2021. The Company is entitled to repurchase up to 3,000,000 Subordinate Voting Shares on the open market pursuant to the NCIB. Any shares purchased under the NCIB will be cancelled.

Canadian tax treatment of common share dividends

For the purposes of the enhanced dividend tax credit rules contained in the *Income Tax Act (Canada)* and any corresponding provincial and territorial tax legislation, all dividends (and deemed dividends) paid by us to Canadian residents on our Subordinate Voting Shares and Multiple Voting Shares are designated as "eligible dividends". Unless stated otherwise, all dividends (and deemed dividends) paid by us hereafter are designated as "eligible dividends" for the purposes of such rules.

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted by us under U.S. and Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules, and include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted by us under U.S. and Canadian securities legislation is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to permit timely decisions regarding required disclosure. Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in the rules of the U.S. Securities and Exchange Commission and the Canadian Securities Administrators, as at December 31, 2020. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as at December 31, 2020.

Changes in internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well-designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework to evaluate the effectiveness of

our internal control over financial reporting. Based on this assessment, management has concluded that as at December 31, 2020, our internal control over financial reporting was effective.

During the year ended December 31, 2020, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Legal proceedings

Colliers is involved in various legal claims associated with the normal course of operations and believes it has made adequate provision for such legal claims.

Spin-off risk

On June 1, 2015, the predecessor to our Company, FirstService Corporation ("Old FSV"), completed a plan of arrangement (the "Spin-off") which separated Old FSV into two independent publicly traded companies – Colliers International Group Inc., a global leader in commercial real estate services and new FirstService Corporation ("FirstService"), a North American leader in residential property management and related services. Under the Spinoff, Old FSV shareholders received one Colliers share and one FirstService share of the same class as each Old FSV share previously held.

Although the Spin-off is complete, the transaction exposes Colliers to certain ongoing risks. The Spin-off was structured to comply with all the requirements of the public company "*butterfly rules*" in the *Income Tax Act* (Canada). However, there are certain requirements of these rules that depend on events occurring after the Spin-off is completed or that may not be within the control of Colliers and/or FirstService. If these requirements are not met, Colliers could be exposed to significant tax liabilities which could have a material effect on the financial position of Colliers. In addition, Colliers has agreed to indemnify FirstService for certain liabilities and obligations related to its business at the time of the Spin-off. These indemnification obligations could be significant. These risks are more fully described in the Management Information Circular of Old FSV dated March 16, 2015, which is available under Colliers' SEDAR profile at www.sedar.com and on EDGAR at www.sec.gov.

Risks associated with COVID-19 pandemic

We are closely monitoring the impact of the COVID-19 pandemic on all aspects of our business, including how it will impact our clients, employees, and services. We expect that we will continue to be adversely impacted on a global basis in future periods, and we are unable to predict the ultimate impact that it may have on our business, future results of operations, financial position or cash flows. The extent to which our operations may be impacted by the pandemic will depend largely on future developments, which are uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and actions by government authorities to contain the pandemic or treat its impact. Furthermore, the impacts of a potential worsening of global macroeconomic conditions and the continued disruptions to and volatility in the financial markets remain unknown.

Operating during the global pandemic exposes the Company to multiple risks which, individually or in the aggregate, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows, including following:

- a reduction in commercial real estate transactions and decreases in expenditure at our clients and therefore a reduction in the demand for the services the Company provides;
- a decrease in property values and vacancy rates, which could negatively impact Leasing and Capital Markets commissions;
- liquidity challenges, including impacts related to delayed customer payments and payment defaults associated with customer liquidity issues and bankruptcies;
- inability to access capital or financing at favorable terms due to possible adverse effect on our liquidity and financial position; and
- the occurrence of asset impairment losses.

Further, many of the risks discussed in the “Risk Factors” section of the Company’s Annual Information Form are, and could be, exacerbated by the COVID-19 pandemic and any worsening of the global business and economic environment as a result. Given the dynamic nature of these events, the Company cannot reasonably estimate the period of time that the COVID-19 pandemic and related market conditions will persist, the full extent of the impact they will have on our business, financial condition, results of operations or cash flows or the pace or extent of any subsequent recovery. Even after the pandemic and related containment measures subside, we may continue to experience adverse impacts to our business, financial condition and results of operations, the extent of which may be material.

Risks associated with Colliers Mortgage

Our recently acquired Colliers Mortgage operations have certain key risk factors unique to the services provided. The following is a summary of key risk factors:

- a change in or loss of our relationship with US government agencies, such as Fannie Mae or Ginnie Mae could significantly impact our ability to originate mortgage loans;
- defaults by borrowers on loans originated under the Fannie Mae Delegated Underwriting and Servicing Program could materially affect our profitability as we are subject to sharing up to one-third of incurred losses;
- a decline in origination volumes or termination of our current servicing agreements, could significantly impact profitability, with a majority of our earnings generated from loan servicing; and
- a termination or changes to our warehouse credit facilities could lead to unfavourable replacement terms and may significantly impact our ability to originate new loans.

Forward-looking statements and risks

This MD&A contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words “believe,” “anticipate,” “estimate,” “plan,” “expect,” “intend,” “may,” “project,” “will,” “would,” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risk and uncertainties. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Factors which may cause such differences include, but are not limited to those set out below, those set out above under “Spin-off risk”, “Risks associated with the COVID-19 pandemic”, “Risks associated with Colliers Mortgage” and those set out in detail in the “Risk Factors” section of the Company’s Annual Information Form:

- The COVID-19 pandemic and its related impact on global, regional and local economic conditions, and in particular its impact on client demand for our services, our ability to deliver services and ensure the health and productivity of our employees.
- Economic conditions, especially as they relate to commercial and consumer credit conditions and business spending, particularly in regions where our operations may be concentrated.
- Commercial real estate property values, vacancy rates and general conditions of financial liquidity for real estate transactions.
- Trends in pricing and risk assumption for commercial real estate services.
- The effect of significant movements in average cap rates across different property types.
- A reduction by companies in their reliance on outsourcing for their commercial real estate needs, which would affect our revenues and operating performance.
- Competition in the markets served by the Company.
- The impact of changes in the market value of assets under management on the performance of our Investment Management business.
- A decline in our ability to attract, recruit and retain talent.
- A decline in our ability to attract new clients and to retain major clients and renew related contracts.
- Reliance on subcontractors.
- Labor shortages or increases in wage and benefit costs.

- A decline in our performance impacting our continued compliance with the financial covenants under our debt agreements, or our ability to negotiate a waiver of certain covenants with our lenders.
- The effect of increases in interest rates on our cost of borrowing.
- Unexpected increases in operating costs, such as insurance, workers' compensation and health care.
- Changes in the frequency or severity of insurance incidents relative to our historical experience.
- The effects of changes in foreign exchange rates in relation to the US dollar on the Company's Euro, Canadian dollar, Australian dollar and UK pound sterling denominated revenues and expenses.
- A decline in our ability to identify and make acquisitions at reasonable prices and successfully integrate acquired operations.
- Disruptions or security failures in our information technology systems.
- The ability to comply with laws and regulations related to our global operations, including real estate and mortgage banking licensure, labour and employment laws and regulations, as well as the anti-corruption laws and trade sanctions.
- Political conditions, including political instability, elections, referenda, trade policy changes, immigration policy changes and any outbreak or escalation of hostilities or terrorism and the impact thereof on our business.
- The ability to protect against cybersecurity threats as well as to monitor new threats.
- Changes in climate and environment-related policies that directly impact our businesses.
- Changes in government laws and policies at the federal, state/provincial or local level that directly impact our businesses.
- Conversion of the Convertible Notes to subordinate voting shares may dilute the ownership of existing shareholders.

We caution that the foregoing list is not exhaustive of all possible factors, as other factors could adversely affect our results, performance or achievements. The reader is cautioned against undue reliance on these forward-looking statements. Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in such forward-looking statements will be realized. The inclusion of such forward-looking statements should not be regarded as a representation by the Company or any other person that the future events, plans or expectations contemplated by the Company will be achieved. We note that past performance in operations and share price are not necessarily predictive of future performance, particularly in light of the ongoing and developing COVID-19 pandemic and its impact on the global economy and its anticipated impact on our business. We disclaim any intention and assume no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

Additional information

Additional information about Colliers, including our Annual Information Form for the year ended December 31, 2020, is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Further information about us can also be obtained at www.colliers.com.

Colliers International Group Inc.

Consolidated Financial Statements

Year Ended
December 31, 2020

COLLIERS INTERNATIONAL GROUP INC.

MANAGEMENT'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements and management discussion and analysis ("MD&A") of **Colliers International Group Inc.** ("Colliers" or the "Company") and all information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States of America using the best estimates and judgments of management, where appropriate. The most significant of these accounting principles are set out in Note 2 to the consolidated financial statements. Management has prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with the consolidated financial statements.

The MD&A has been prepared in accordance with National Instrument 51-102 of the Canadian Securities Administrators, taking into consideration other relevant guidance, including Regulation S-K of the US Securities and Exchange Commission.

The Board of Directors of the Company has an Audit & Risk Committee consisting of four independent directors. The Audit & Risk Committee meets regularly to review with management and the independent auditors any significant accounting, internal control, auditing and financial reporting matters.

These consolidated financial statements have been audited by PricewaterhouseCoopers LLP, which have been appointed as the independent registered public accounting firm of the Company by the shareholders. Their report outlines the scope of their examination and opinion on the consolidated financial statements. As auditors, PricewaterhouseCoopers LLP have full and independent access to the Audit & Risk Committee to discuss their findings.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of its effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has excluded four individually insignificant entities acquired by the Company during the last fiscal period from its assessment of internal control over financial reporting as at December 31, 2020. The total assets and total revenues of the four majority-owned entities represent 16.5% and 7.0%, respectively of the related consolidated financial statement amounts as at and for the year ended December 31, 2020. The most significant of these entities, representing 13.5% and 2.8% of consolidated total assets and 3.6% and 3.0% of consolidated total revenues were related to the four subsidiaries of Dougherty Financial Group LLC – Dougherty Mortgage LLC, Dougherty & Company LLC, Dougherty Funding LLC and Dougherty Insurance Agency LLC (renamed "Colliers Mortgage" and "Colliers Securities") and Maser Consulting P.A., respectively.

Management has assessed the effectiveness of the Company's internal control over financial reporting as at December 31, 2020, based on the criteria set forth in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as at December 31, 2020, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as at December 31, 2020, has been audited by PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm as stated in their report which appears herein.

/s/ Jay S. Hennick
Chairman and Chief Executive Officer
February 18, 2020

/s/ Christian Mayer
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Colliers International Group Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Colliers International Group Inc. and its subsidiaries (together, the Company) as of December 31, 2020 and 2019, and the related consolidated statements of earnings, comprehensive earnings, shareholders' equity and cash flows for the years then ended, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded four entities from its assessment of internal control over financial reporting as of December 31, 2020 because they were acquired by the Company in purchase business combinations during 2020. We have also excluded these four entities from our audit of internal control over financial reporting. These entities comprised, in the aggregate, total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting of approximately 16.5% and 7.0% of consolidated total assets and consolidated total revenues, respectively, as of and for the year ended December 31, 2020. The most significant of these entities, representing 13.5% and 2.8% of consolidated total assets and 3.6% and 3.0% of consolidated total

revenues, were related to the four subsidiaries of Dougherty Financial Group LLC: Dougherty Mortgage LLC, Dougherty & Company LLC, Dougherty Funding LLC and Dougherty Insurance Agency LLC (renamed “Colliers Mortgage” and “Colliers Securities”); and Maser, Consulting P.A., respectively.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue recognition – sales brokerage and leasing revenue

As described in notes 2 and 28 to the consolidated financial statements, the Company recognized leasing revenue of \$686.5 million, and revenue from real estate sales brokerage services, which makes up a significant portion of capital markets revenue, of \$700.9 million for the year ended December 31, 2020. Revenue is recognized upon the transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. Management has determined that control of sales brokerage services rendered transfer to a customer when a sale and purchase agreement becomes unconditional and leasing services rendered transfer to a customer when a lease between the landlord and the tenant is executed. At these points in time, the customer has received substantially all of the benefit of the services provided by the Company. Sales brokerage and leasing revenue contracts may include terms that result in variability to the transaction price and ultimate revenues earned beyond the underlying value of the transaction, which may include contingencies. As described by management, sales brokerage and leasing revenue is constrained when it is probable that the Company may not be entitled to the total amount of the revenue under the contract, which is associated with the occurrence or non-occurrence of an event that is outside of the Company's control or where the facts and circumstances of the contract limit the Company's ability to predict whether this event will occur. When sales brokerage and leasing revenue is constrained, revenue is not recognized until the uncertainty has been resolved. Management estimates variable consideration and performs a constraint analysis for these contracts on the basis of historical information to estimate the amount the Company will ultimately be entitled. Management used significant judgment to determine whether sales brokerage and leasing revenue should be constrained and the timing of when such revenue should be recognized.

The principal considerations for our determination that performing procedures relating to sales brokerage and leasing revenue recognition is a critical audit matter are (i) the significant judgment by management in

determining whether sales brokerage and leasing revenue should be constrained and the timing of when such revenue should be recognized, which in turn led to (ii) significant auditor judgment, subjectivity and effort in performing procedures and evaluating management's assessment of sales brokerage and leasing revenue recognition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the sales brokerage and leasing revenue recognition process, including controls over management's review and approval of revenue recognition based upon the supporting evidence available for each sales brokerage and leasing revenue contract. These procedures also included, among others, evaluating the appropriateness of management's assessment of sales brokerage and leasing revenue recognition for a sample of sales brokerage and leasing revenue transactions recognized, including evaluating the contractual terms identified in the underlying brokerage transaction agreements and considering other supporting evidence such as customer or third party correspondence and cash receipts.

Acquisition of Colliers Mortgage – Fair value of intangible assets

As described in notes 2 and 4 to the consolidated financial statements, the Company acquired controlling interests in four subsidiaries of Dougherty Financial Group LLC (renamed "Colliers Mortgage"), which included mortgage servicing rights of \$99.9 million and licenses of \$29.2 million among the intangible assets recognized as a result of the acquisition. Management records intangible assets at fair value on the date they are acquired using valuation methods. Management applied significant judgment in estimating the fair value of intangible assets acquired, which included the use of assumptions related to revenue growth rates, attrition rates, conditional prepayment rates, interest on escrow deposits and discount rates.

The principal considerations for our determination that performing procedures relating to the fair value of intangible assets recorded in the acquisition of Colliers Mortgage is a critical audit matter are (i) the judgment by management when developing the fair value estimates of intangible assets acquired; (ii) the high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's assumptions related to revenue growth rates, attrition rates, conditional prepayment rates, interest on escrow deposits and discount rates; and (iii) the audit effort that involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management's valuation of the intangible assets acquired, including controls over the development of the aforementioned assumptions. These procedures also included, among others, reading the purchase agreement, testing management's process for developing the fair value estimates of intangible assets acquired, evaluating the appropriateness of the valuation methods used, testing the completeness and accuracy of underlying data used in the valuation methods, and evaluating the reasonableness of the assumptions used by management. Evaluating the reasonableness of the assumptions used by management related to the revenue growth rates and attrition rates involved considering the past performance of the acquired business and consistency with external industry data. Professionals with specialized skill and knowledge were used to assist in testing management's process, including evaluating the appropriateness of the valuation methods and the reasonableness of the assumptions used by management relating to conditional prepayment rates, interest on escrow deposits and discount rates.

/s/ PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
February 18, 2021

We have served as the Company's auditor since 1995.

COLLIERS INTERNATIONAL GROUP INC.
CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands of US dollars, except per share amounts)

Year ended December 31,	2020	2019
Revenues (note 28)	\$ 2,786,857	\$ 3,045,811
Cost of revenues (exclusive of depreciation and amortization shown below)	1,740,860	1,959,544
Selling, general and administrative expenses	709,665	744,874
Depreciation	39,349	33,391
Amortization of intangible assets	86,557	61,273
Acquisition-related items (note 6)	45,848	28,532
Operating earnings	164,578	218,197
Interest expense, net	30,949	29,452
Equity earnings from unconsolidated investments	(2,919)	(2,065)
Other income, net (note 7)	13	212
Earnings before income tax	136,535	190,598
Income tax expense (note 22)	42,046	53,013
Net earnings	94,489	137,585
Non-controlling interest share of earnings	29,572	26,829
Non-controlling interest redemption increment (note 18)	15,843	7,853
Net earnings attributable to Company	\$ 49,074	\$ 102,903
Net earnings per common share (note 20)		
Basic	\$ 1.23	\$ 2.60
Diluted	\$ 1.22	\$ 2.57

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

COLLIERS INTERNATIONAL GROUP INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(in thousands of US dollars)

Year ended December 31,	2020	2019
Net earnings	\$ 94,489	\$ 137,585
Foreign currency translation gain (loss)	2,591	(185)
Unrealized loss on interest rate swaps, net of tax	(2,448)	(4,073)
Pension liability adjustments, net of tax	(753)	(811)
Comprehensive earnings	93,879	132,516
Less: Comprehensive earnings attributable to non-controlling interests	39,620	35,559
Comprehensive earnings attributable to Company	\$ 54,259	\$ 96,957

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

COLLIERS INTERNATIONAL GROUP INC.

CONSOLIDATED BALANCE SHEETS

(in thousands of US dollars)

As at December 31,	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 156,614	\$ 114,993
Restricted cash	20,919	-
Accounts receivable, net of allowance of \$25,632 (December 31, 2019 - \$9,131)	372,149	393,945
Contract assets (note 28)	61,101	42,772
Warehouse receivables (note 25)	232,207	-
Income tax recoverable	15,041	10,435
Prepaid expenses and other current assets (note 8)	177,780	145,171
Real estate assets held for sale (note 5)	-	10,741
	1,035,811	718,057
Other receivables	14,989	16,678
Contract assets (note 28)	5,335	6,162
Other assets (note 8)	74,355	69,510
Fixed assets (note 10)	129,221	107,197
Operating lease right-of-use assets (note 9)	288,134	263,639
Deferred tax assets, net (note 22)	45,008	37,420
Intangible assets (note 11)	610,330	477,454
Goodwill (note 12)	1,088,984	949,221
Real estate assets held for sale (note 5)	-	247,376
	2,256,356	2,174,657
	\$ 3,292,167	\$ 2,892,714
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued expenses	\$ 297,766	\$ 261,910
Accrued compensation	450,894	495,374
Income tax payable	26,783	15,756
Contract liabilities (note 28)	21,076	24,133
Long-term debt - current (note 13)	9,024	4,223
Contingent acquisition consideration - current (note 25)	5,802	16,813
Warehouse credit facilities (note 15)	218,018	-
Operating lease liabilities (note 9)	78,923	69,866
Liabilities related to real estate assets held for sale (note 5)	-	36,191
	1,108,286	924,266
Long-term debt - non-current (note 13)	470,871	607,181
Contingent acquisition consideration (note 25)	109,841	68,180
Operating lease liabilities (note 9)	251,680	229,224
Other liabilities	48,525	31,693
Deferred tax liabilities, net (note 22)	50,523	28,018
Convertible notes (note 14)	223,957	-
Liabilities related to real estate assets held for sale (note 5)	-	127,703
	1,155,397	1,091,999
Redeemable non-controlling interests (note 18)	442,375	359,150
Shareholders' equity		
Common shares (note 19)	457,993	442,153
Contributed surplus	66,971	60,706
Retained earnings	119,421	77,181
Accumulated other comprehensive loss	(61,979)	(67,164)
Total Company shareholders' equity	582,406	512,876
Non-controlling interests	3,703	4,423
Total shareholders' equity	586,109	517,299
	\$ 3,292,167	\$ 2,892,714

Commitments and contingencies (notes 19 and 26)

The accompanying notes are an integral part of these consolidated financial statements.**On behalf of the Board of Directors,***/s/Frederick Sutherland*

Director

/s/Jay S. Hennick

Director

COLLIERS INTERNATIONAL GROUP INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands of US dollars, except share information)

	Common shares		Contributed surplus	Retained Earnings (Deficit)	Accumulated other comprehensive earnings (loss)	Non-controlling interests	Total shareholders' equity
	Issued and outstanding shares	Amount					
Balance, December 31, 2018	39,213,136	\$415,805	\$ 54,717	\$ (21,751)	\$ (61,218)	\$ 4,420	\$ 391,973
Net earnings	-	-	-	137,585	-	-	137,585
Pension liability adjustment, net of tax	-	-	-	-	(811)	-	(811)
Foreign currency translation	-	-	-	-	(185)	-	(185)
Unrealized loss on interest rate swaps, net of tax	-	-	-	-	(4,073)	-	(4,073)
Other comprehensive loss attributable to NCI	-	-	-	-	(877)	233	(644)
NCI share of earnings	-	-	-	(26,829)	-	2,270	(24,559)
NCI redemption increment	-	-	-	(7,853)	-	-	(7,853)
Distributions to NCI	-	-	-	-	-	(2,305)	(2,305)
Acquisitions of businesses, net	-	-	-	-	-	(195)	(195)
Subsidiaries' equity	-	-	2,567	-	-	-	2,567
Subordinate Voting Shares:							
Stock option expense	-	-	7,831	-	-	-	7,831
Stock options exercised	632,075	26,348	(4,409)	-	-	-	21,939
Dividends	-	-	-	(3,971)	-	-	(3,971)
Balance, December 31, 2019	39,845,211	\$442,153	\$ 60,706	\$ 77,181	\$ (67,164)	\$ 4,423	\$ 517,299
Cumulative effect adjustment:							
Current expected credit losses, net of tax (note 3)	-	-	-	(2,824)	-	-	(2,824)
Net earnings	-	-	-	94,489	-	-	94,489
Pension liability adjustment, net of tax	-	-	-	-	(753)	-	(753)
Foreign currency translation	-	-	-	-	2,591	-	2,591
Unrealized loss on interest rate swaps, net of tax	-	-	-	-	(2,448)	-	(2,448)
Other comprehensive loss attributable to NCI	-	-	-	-	5,795	(154)	5,641
NCI share of earnings	-	-	-	(29,572)	-	2,023	(27,549)
NCI redemption increment	-	-	-	(15,843)	-	-	(15,843)
Distributions to NCI	-	-	-	-	-	(2,524)	(2,524)
Acquisition of businesses, net	-	-	-	-	-	(65)	(65)
Subsidiaries' equity	-	-	134	-	-	-	134
Subordinate Voting Shares:							
Stock option expense	-	-	9,628	-	-	-	9,628
Stock options exercised	344,225	15,840	(3,497)	-	-	-	12,343
Dividends	-	-	-	(4,010)	-	-	(4,010)
Balance, December 31, 2020	40,189,436	\$457,993	\$ 66,971	\$ 119,421	\$ (61,979)	\$ 3,703	\$ 586,109

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

COLLIERS INTERNATIONAL GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands of US dollars)

Year ended December 31,	2020	2019
Cash provided by (used in)		
Operating activities		
Net earnings	\$ 94,489	\$ 137,585
Items not affecting cash:		
Depreciation and amortization	125,906	94,664
Gains attributable to mortgage servicing rights	(17,065)	-
Gains attributable to the fair value of mortgage premiums and origination fees	(38,531)	-
Deferred tax	(13,184)	(6,699)
Earnings from equity method investments	(2,919)	(2,065)
Stock option expense (note 21)	9,628	7,831
Allowance for credit losses	15,275	5,414
Amortization of advisor loans	20,871	20,424
Contingent consideration (note 6)	29,679	22,808
Other	7,963	3,108
(Increase) decrease in accounts receivable, prepaid expenses and other assets	49,039	(89,235)
(Decrease) increase in accounts payable, accrued expenses and other liabilities	(13,901)	(15,692)
(Decrease) increase in accrued compensation	(78,591)	16,580
Contingent acquisition consideration paid	(18,224)	(8,928)
Proceeds from sale of mortgage loans	1,226,041	-
Origination of mortgage loans	(1,395,734)	-
Increase in warehouse credit facilities	193,168	-
Sale proceeds from AR Facility, net of repurchases (note 16)	(27,431)	124,963
Net cash provided by operating activities	166,479	310,758
Investing activities		
Acquisitions of businesses, net of cash acquired (note 4)	(205,608)	(80,576)
Purchases of fixed assets	(40,353)	(44,197)
Advisor loans issued	(14,695)	(21,457)
Purchase of held for sale real estate assets (note 5)	(84,382)	(94,223)
Proceeds from sale of held for sale real estate assets (note 5)	178,604	-
Collections of AR facility deferred purchase price (note 16)	51,994	28,100
Other investing activities	982	(5,915)
Net cash used in investing activities	(113,458)	(218,268)
Financing activities		
Increase in long-term debt	616,121	585,358
Repayment of long-term debt	(779,185)	(644,670)
Issuance of convertible notes (note 14)	230,000	-
Purchases of non-controlling interests' subsidiary shares, net	(19,791)	(11,480)
Contingent acquisition consideration paid	(11,181)	(15,033)
Proceeds received on exercise of stock options	12,343	21,939
Dividends paid to common shareholders	(3,992)	(3,940)
Distributions paid to non-controlling interests	(35,698)	(31,858)
Financing fees paid (note 14)	(7,568)	(1,304)
Net cash provided by (used in) financing activities	1,049	(100,988)
Effect of exchange rate changes on cash	8,470	(3,541)
Net change in cash, cash equivalents and restricted cash	62,540	(12,039)
Cash, cash equivalents and restricted cash, beginning of year	114,993	127,032
Cash, cash equivalents and restricted cash, end of year	\$ 177,533	\$ 114,993

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

COLLIERS INTERNATIONAL GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of US dollars, except share and per share amounts)

1. Description of the business

Colliers International Group Inc. ("Colliers" or the "Company") provides commercial real estate oriented professional services and investment management to corporate and institutional clients in 36 countries around the world (67 countries including affiliates and franchisees). Colliers' primary services are Outsourcing & Advisory services, Leasing, Capital Markets and Investment Management. Operationally, Colliers is organized into four distinct segments: Americas; Europe, Middle East and Africa ("EMEA"); Asia and Australasia ("Asia Pacific") and Investment Management.

2. Summary of presentation

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The most significant estimates are related to the judgments used to determine the timing and amount of revenue recognition, recoverability of goodwill and intangible assets, determination of fair values of assets acquired and liabilities assumed in business combinations, estimated fair value of contingent consideration related to acquisitions, quantification of uncertain tax positions, recoverability of deferred tax assets, warehouse receivables, capitalized mortgage servicing rights, derivative financial instruments and current expected credit losses on financial assets including collectability of accounts receivable and allowance for loss sharing obligations. Actual results could be materially different from these estimates.

The Company revised the name of its Sales Brokerage revenue line to Capital Markets. The Company has also combined project management, property management and engineering & design into a Property Services revenue line. Loan servicing revenues are included in Other revenue.

Significant accounting policies are summarized as follows:

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and those variable interest entities where the Company is the primary beneficiary. Where the Company does not have a controlling interest but has the ability to exert significant influence, the equity method is used. Inter-company transactions and accounts are eliminated on consolidation.

When applying the principles of consolidation, the Company begins by determining whether an investee is a variable interest entity ("VIE") or a voting interest entity ("VOE"). Assessing whether an entity is a VIE or a VOE involves judgment and analysis. Factors considered in this assessment include the entity's legal organization, the entity's capital structure and equity ownership, and any related party or de facto agent implications of the Company's involvement with the entity.

VOEs are embodied by common and traditional corporate and certain partnership structures. For VOEs, the interest holder with control through majority ownership and majority voting rights consolidates the entity.

For VIEs, identification of the primary beneficiary determines the accounting treatment. In evaluating whether the Company is the primary beneficiary, it evaluates its direct and indirect economic interests in the entity. A reporting entity is determined to be the primary beneficiary if it holds a controlling

financial interest in the VIE. Determining which reporting entity, if any, has a controlling financial interest in a VIE is primarily a qualitative approach focused on identifying which reporting entity has both (1) the power to direct the activities of a VIE that most significantly impact such entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits from such entity that could potentially be significant to such entity.

The primary beneficiary analysis is performed at the inception of the Company's investment and upon the occurrence of a reconsideration event. When the Company determines it is the primary beneficiary of a VIE, it consolidates the VIE; when it is determined that the Company is not the primary beneficiary of the VIE, the investment in the VIE is accounted for at fair value or under the equity method, based upon an election made at the time of investment.

Cash and cash equivalents

Cash equivalents consist of short-term interest-bearing securities and money market mutual funds. These cash equivalents are readily convertible into cash and the interest-bearing securities have original maturities at the date of purchase of three months or less. The Company also maintains custodial escrow accounts, agency and fiduciary funds relating to its debt finance operations and as an agent for its property management operations. These amounts are not included in the accompanying consolidated balance sheets as they are not assets of the Company.

Restricted cash

Restricted cash consists primarily of cash amounts set aside to satisfy legal or contractual requirements arising in the normal course of business, primarily at Colliers Mortgage.

Receivables and allowance for credit losses

Accounts receivable are recorded when the Company has a right to payment within customary payment terms or it recognizes a contract asset if revenue is recognized prior to when payment is due. From the point of initial recognition, the carrying value of such receivables and contract assets, net of allowance for doubtful accounts, represents their estimated net realizable value after deducting for potential credit losses. The Company's expected loss allowance methodology uses historical collection experience, the current status of customers' accounts receivable and considers both current and expected future economic and market conditions. Due to the short-term nature of such receivables, the estimate of accounts receivable that may be collected is based on the aging of the receivable balances and the financial condition of customers. Additionally, specific allowance amounts are established to record the appropriate provision for customers that have a higher probability of default. The allowances are then reviewed on a quarterly basis to ensure that they are appropriate. After all collection efforts have been exhausted by management, the outstanding balance considered not collectible is written off against the allowance. In providing for credit losses as at December 31, 2020, the Company considered the current and expected future economic and market conditions surrounding the novel coronavirus ("COVID-19") pandemic and determined to adjust its historical loss rates for the increased credit risk with an associated credit loss expense included in Selling, general and administrative expenses.

In some cases, the Company may record a receivable or a contract asset which corresponds with payables which the Company is only obligated to pay upon collection of the receivable ("Reimbursable receivables"). These receivables correspond with commissions payable, payables to facilitate collection from the customer and make payments to subcontractors or relate to collection from tenants for payment to the landlord. These corresponding payables are typically satisfied on a pay-when-paid basis. In relation to Reimbursable receivables, an allowance is only recorded to the extent that the Company will incur credit losses.

Fixed assets

Fixed assets are carried at cost less accumulated depreciation. The costs of additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. Fixed assets are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset group may

not be recoverable. An impairment loss is recorded to the extent the carrying amount exceeds the estimated fair value of an asset group. Fixed assets are depreciated over their estimated useful lives as follows:

Buildings	20 to 40 years straight-line
Vehicles	3 to 5 years straight-line
Furniture and equipment	3 to 10 years straight-line
Computer equipment and software	3 to 5 years straight-line
Leasehold improvements	term of the lease to a maximum of 10 years

Investments

Equity method investments

For equity investments where it does not control the investee, and where it is not the primary beneficiary of a VIE, but can exert significant influence over the financial and operating policies of the investee the Company utilizes the equity method of accounting. The evaluation of whether the Company exerts control or significant influence over the financial and operation policies of the investees requires significant judgement based on the facts and circumstances surrounding each individual investment. Factors considered in these evaluations may include the type of investment, the legal structure of the investee, any influence the Company may have on the governing board of the investee.

The Company's equity method investees that are investment companies record their underlying investments at fair value. Therefore, under the equity method of accounting, the Company's share of the investee's underlying net income predominantly represents fair value adjustments in the investments held by the equity method investees.

The Company's share of the investee's underlying net income or loss is based upon the most currently available information, which may precede the date of the consolidated statement of financial condition and is realized in other (income) expense. Distributions received reduce the Company's carrying value of the investee.

Investments in debt and equity securities

The Company invests in debt and equity securities primarily in relation to its wholly owned captive insurance company and Colliers Securities, a broker-dealer licensed under the Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority ("FINRA"). These investments are accounted for at fair value with changes recorded in net earnings (loss).

Financial instruments and derivatives

Certain loan commitments and forward sales commitments related to the Company's warehouse receivables meet the definition of a derivative asset and are recorded at fair value in the consolidated balance sheets upon the execution of the commitment to originate a loan with a borrower and to sell the loan to an investor, with a corresponding amount recognized as revenue in the consolidated statements of earnings. The estimated fair value of loan commitments includes the value of loan origination fees and premiums on anticipated sale of the loan, net of related costs and broker fees, a loss sharing reserve, the fair value of the expected net cash flows associated with servicing of the loan, and the effects of interest rate movements. The estimated fair value of the forward sales commitments includes the effects of interest rate movements. Adjustments to the fair value related to loan commitments and forward sale commitments are included within Capital Markets revenue on the consolidated statements of earnings.

From time to time, the Company may use interest rate swaps to hedge a portion of its interest rate exposure on long-term debt. Hedge accounting is applied and swaps are carried at fair value on the consolidated balance sheets, with gains or losses recognized in interest expense. The carrying value of the hedged item is adjusted for changes in fair value attributable to the hedged interest rate risk; the associated gain or loss is recognized currently in earnings and the unrealized gain or loss is recognized

in other comprehensive income. If swaps are terminated and the underlying item is not, the resulting gain or loss is deferred and recognized over the remaining life of the underlying item using the effective interest method. In addition, the Company may enter into short-term foreign exchange contracts to lower its cost of borrowing, to which hedge accounting is not applied.

Derivative financial instruments are recorded on the consolidated balance sheets as other assets or other liabilities and carried at fair value. See note 25 for additional information on derivative financial instruments.

Fair value

The Company uses the fair value measurement framework for financial assets and liabilities and for non-financial assets and liabilities that are recognized or disclosed at fair value on a non-recurring basis. The framework defines fair value, gives guidance for measurement and disclosure, and establishes a three-level hierarchy for observable and unobservable inputs used to measure fair value. An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Observable market-based inputs other than quoted prices in active markets for identical assets or liabilities

Level 3 – Unobservable inputs for which there is little or no market data, which requires the Company to develop its own assumptions

Convertible notes

The Company issued Convertible Notes in May 2020 (see note 14). The Convertible Notes are accounted for entirely as debt as no portion of the proceeds is required to be accounted for as attributable to the conversion feature. Interest on the Convertible Notes is recorded as interest expense. Financing fees are amortized over the life of the Convertible Notes as additional non-cash interest expense utilizing the effective interest method.

The earnings per share impact of the Convertible Notes is calculated using the “if-converted” method, if dilutive, where coupon interest expense, net of tax, is added to the numerator and the number of potentially issuable subordinate voting shares is added to the denominator.

Financing fees

Financing fees related to the Revolving Credit Facility are recorded as an asset and amortized to interest expense using the effective interest method. Financing fees related to the Senior Notes and Convertible Notes are recorded as a reduction of the debt amount and are amortized to interest expense using the effective interest method.

Financial guarantees and allowance for loss sharing obligations

For certain loans originated and sold under the Fannie Mae Delegated Underwriting and Servicing (“DUS”) Program the Company undertakes an obligation to partially guarantee performance of the loan typically up to one-third of any losses on loans originated.

When the Company commits to making a loan to a borrower, it recognizes a liability equal to the estimated fair value of this loss sharing obligation (the “Loss Reserve”), which reduces the gain on sale of the loan reported in Capital Markets revenue.

In accordance with ASC 326, the Company estimates the credit losses expected over the life of the credit exposure related to this loss sharing obligation and performs a quarterly analysis of the Loss Reserve. The Company evaluates the Loss Reserve on an individual loan basis and the evaluation models consider the specific details of the underlying property used as collateral, such as occupancy and financial performance. The models also analyze historical losses, current and expected economic conditions, and

reasonable and supportable forecasts. Changes to the Loss Reserve are recognized as an expense. For the period ended December 31, 2020, the analysis incorporated specific economic conditions related to the COVID-19 pandemic. See note 26 for further information on the DUS Program and the loss-sharing obligation.

Warehouse receivables

The Company originates held for sale mortgage loans with commitments to sell to third party investors. These loans are referred to as warehouse receivables and are funded directly to borrowers by the warehouse credit facilities. The facilities are generally repaid within 45 days when the loans are transferred while the Company retains the servicing rights. The Company elects the fair value option for warehouse receivables.

Mortgage servicing rights (“MSRs”)

MSRs, or the rights to service mortgage loans for others, result from the sale or securitization of loans originated by the Company and are recognized as intangible assets on the Consolidated Balance Sheets. The Company initially recognizes MSRs based on the fair value of these rights on the date the loans are sold. Subsequent to initial recognition, MSRs are amortized and carried at the lower of amortized cost or fair value. They are amortized in proportion to and over the estimated period that net servicing income is expected to be received based on projections and timing of estimated future net cash flows.

In connection with the origination and sale of mortgage loans for which the Company retains servicing rights, an asset or liability is recognized based upon the fair value of the MSR on the date that the loans are sold. Upon origination of a mortgage loan held for sale, the fair value of the retained MSR is included in the forecasted proceeds from the anticipated loan sale and results in a net gain (which is reflected in Capital Markets revenue).

MSRs do not actively trade in an open market with readily observable prices; therefore, fair value is determined based on certain assumptions and judgments. The valuation model incorporates assumptions including contractual servicing fee income, interest on escrow deposits, discount rates, the cost of servicing, prepayment rates, delinquencies, the estimated life of servicing cash flows and ancillary income and late fees. The assumptions used are subject to change based upon changes to estimates of future cash flows and interest rates, among other things. The key assumptions used during the years ended December 31, 2020 in measuring fair value were as follows:

	<u>As at December 31,</u> <u>2020</u>
Discount rate	11.5 %
Conditional prepayment rate	6.0 %

As at December 31, 2020, the estimated fair value of MSRs was \$108,315. See notes 4 and 11 for the acquisition date fair value and current carrying value of the MSR assets. The estimated fair value of Impairment is evaluated quarterly through a comparison of the carrying amount and fair value of the MSRs, and recognized with the establishment of a valuation allowance. Other than write-offs due to prepayments of sold Warehouse receivables where servicing rights have been retained, there have been no instances of impairment since acquiring Colliers Mortgage.

Goodwill and intangible assets

Goodwill represents the excess of purchase price over the fair value of assets acquired and liabilities assumed in a business combination and is not subject to amortization.

Intangible assets are recorded at fair value on the date they are acquired. Indefinite life intangible assets are not subject to amortization. Where lives are finite, they are amortized over their estimated useful lives as follows:

Customer lists and relationships	straight-line over 4 to 20 years
Investment management contracts	straight-line over 5 to 15 years
Trademarks and trade names	straight-line over 2 to 10 years
Franchise rights	straight-line over 2 to 15 years
Management contracts and other	straight-line over life of contract ranging from 2 to 10 years
Backlog	as underlying backlog transactions are completed

The Company reviews the carrying value of finite life intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable from the estimated future cash flows expected to result from their use and eventual disposition. If the sum of the undiscounted expected future cash flows is less than the carrying amount of the asset group, an impairment loss is recognized. Measurement of the impairment loss is based on the excess of the carrying amount of the asset group over the fair value calculated using discounted expected future cash flows.

Goodwill and indefinite life intangible assets are tested for impairment annually, on August 1, or more frequently if events or changes in circumstances indicate the asset might be impaired, in which case the carrying amount of the asset is written down to fair value.

Impairment of goodwill is tested at the reporting unit level. The Company has four distinct reporting units. Impairment is tested by first assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Where it is determined to be more likely than not that its fair value is greater than its carrying amount, then no further testing is required. Where the qualitative analysis is not sufficient to support that the fair value exceeds the carrying amount then a quantitative goodwill impairment test is performed. The quantitative test compares the reporting unit's carrying amount, including goodwill with the estimated fair value of the reporting unit. The fair values of the reporting units are estimated using a discounted cash flow approach. The fair value measurement is classified within Level 3 of the fair value hierarchy. If the carrying amount of the reporting unit exceeds its fair value, the difference is reported as an impairment loss. Certain assumptions are used to determine the fair value of the reporting units, the most sensitive of which are estimated future cash flows and the discount rate applied to future cash flows. Changes in these assumptions could result in a materially different fair value.

Impairment of indefinite life intangible assets is tested by comparing the carrying amount to the estimated fair value on an individual intangible asset basis.

Redeemable non-controlling interests

Redeemable non-controlling interests ("RNCI") are recorded at the greater of (i) the redemption amount or (ii) the amount initially recorded as RNCI at the date of inception of the minority equity position. This amount is recorded in the "mezzanine" section of the balance sheet, outside of shareholders' equity. Changes in the RNCI amount are recognized immediately as they occur.

Revenue

The Company generates revenue from contracts with customers through its provision of commercial real estate services. These services consist of Leasing, Capital Markets, Outsourcing & Advisory and Investment Management services.

(a) Leasing

Leasing includes landlord and tenant representation services. Landlord representation provides real estate owners with services to strategically position properties and to secure appropriate tenants.

Tenant representation focuses on assisting businesses to assess their occupancy requirements and evaluating and negotiating leases and lease renewals.

(b) Capital Markets

Capital Markets revenue is generated through sales brokerage and other capital markets transactions. These services include real estate sales, debt origination and placement, equity capital raising, market value opinions, acquisition advisory and transaction management. The Company's debt finance operations relate to the origination and sale of multifamily and commercial mortgage loans

(c) Outsourcing & Advisory

Outsourcing & Advisory services consist of project management, engineering and design, valuation services, property management as well as loan servicing. Project management services include design and construction management, move management and workplace solutions consulting. Engineering & design services consist of multidisciplinary planning, consulting and design engineering services to multiple end-markets. Project management and engineering & design engagements range from single project contracts with a duration of less than one year to multi-year contracts with multiple discrete projects. Property management provides real estate service solutions to real estate owners. In addition to providing on-site management and staffing, the Company provides support through centralized resources such as technical and environmental services, accounting, marketing and human resources. Consistent with industry standards, management contract terms typically range from one to three years, although most contracts are terminable at any time following a notice period, usually 30 to 120 days. Property management, project management and engineering & design are included in the Property Services revenue line.

Valuation services consist of helping customers determine market values for various types of real estate properties. Such services may involve appraisals of single properties or portfolios of properties. These appraisals may be utilized for a variety of customer needs including acquisitions, dispositions, financing or for tax purposes.

Loan servicing fees consist of revenues earned in accordance with the contractual arrangements associated with the Company's debt finance operations and represent fees earned for servicing loans originated by the Company. Loan servicing revenues are included in the Other revenue line.

(d) Investment Management

Investment Management revenues include consideration for services in the form of asset management advisory and administration fees, transaction fees and incentive fees (carried interest). The performance obligation is to manage client's invested capital for a specified period of time and is delivered over time.

Revenue recognition and unearned revenues

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company enters into contracts that can include various combinations of services, which are capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

(a) Nature of services

The Company has determined that control of real estate sales brokerage services rendered transfer to a customer when a sale and purchase agreement becomes unconditional. Leasing services rendered transfer to a customer when a lease between the landlord and the tenant is executed. At these points in time the customer has received substantially all of the benefit of the services provided by the Company. The transaction price is typically associated with the underlying asset involved in the transaction, most commonly a percentage of the sales price or the aggregate rental payments over the term of the lease which are generally known when revenue is recognized.

Other Capital Market revenues are recorded when the Company's performance obligation is satisfied. Although the performance obligation varies based upon the contractual terms of the transaction or service, the performance obligation is generally recognized at the point in time when a defined outcome is satisfied, including completion of financing or closing of a transaction. At this time, the Company has transferred control of the promised service and the customer obtains control.

Revenues from the Company's debt finance operations, included in Capital Markets revenue, are excluded from the scope of ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). Revenue is recognized and a derivative asset is recorded upon the commitment to originate a loan with a borrower and corresponding sale to an investor. The derivative asset is recognized at fair value, which reflects the fair value of the contractual loan origination, related fees and sale premium, the estimated fair value of the expected net cash flows associated with the servicing of the loan and the estimated fair value of guarantee obligations to be retained. Debt finance revenue also includes changes to the fair value of loan commitments, forward sale commitments and loans held for sale that occur during their respective holding periods. Upon sale of the loans, no gains or losses are recognized as such loans are recorded at fair value during the holding periods. MSR's and guarantee obligations are recognized as assets and liabilities, respectively, upon the sale of the loans.

Outsourcing & Advisory services including those provided in relation to property management, project management and engineering & design transfer to the customer over time as the services are performed and revenue from providing these services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based upon the actual labor hours spent relative to the total expected labor hours or the project costs incurred relative to the total project costs. For some projects certain obligations that are representative of the work completed may be used as an alternative to recognize revenue. The use of labor hours or overall project costs is dependent upon the input that best represents the progress of the work completed in relation to the specific contract. For cost-reimbursable and hourly-fee contracts, revenue is recognized in the amount to which the Company has a right to invoice.

For other advisory services, including valuation and appraisal review, the customer is unable to benefit from the services until the work is substantially complete, revenue is recognized upon delivery of materials to the customer because this faithfully represents when the service has been rendered. For most fixed fee consulting assignments, revenue is recognized based upon the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

Loan servicing revenues are recognized over the contractual service period. Loan servicing fees related to retained MSR's are governed by ASC 820 and ASC 860 and excluded from the scope of ASC 606. Loan servicing fees earned from servicing contracts which the Company does not hold mortgage servicing rights are in scope of ASC 606.

Investment Management advisory fees are recognized as the services are performed over time and are primarily based on agreed-upon percentages of assets under management or committed capital. Revenue recognition for transactional performance obligations are recognized at a point in time when the performance obligation has been met. The Company receives investment management advisory incentive fees (carried interest) from certain investment funds. These incentive fees are dependent upon exceeding specified performance thresholds on a relative or absolute basis, depending on the product. Incentive fees are recognized when it is determined that significant reversal is considered no longer probable (such as upon the sale of a fund's investment or when the amount of assets under management becomes known as of the end of the specified measurement period). Pursuant to the terms of the Harrison Street Real Estate Capital, LLC ("Harrison Street") acquisition, incentive fees related to assets that were invested prior to the acquisition date by its former owners are allocated to certain employees and former owners; as such the full amount of these incentive fees is passed through as compensation expense and recognized as cost of revenues in the consolidated statement of earnings.

(b) Significant judgments

The Company's contracts with customers may include promises to transfer multiple products and services. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Where a contract contains multiple performance obligations, judgment is used to assess whether they are distinct and accounted for separately or not distinct and are accounted for and recognized together.

Brokerage commission arrangement may include terms that result in variability to the transaction price and ultimate revenues earned beyond the underlying value of the transaction, these may include rebates and/or contingencies. The Company estimates variable consideration and performs a constraint analysis for these contracts on the basis of historical information to estimate the amount the Company will ultimately be entitled to. Generally, revenue is constrained when it is probable that the Company may not be entitled to the total amount of the revenue as associated with the occurrence or non-occurrence of an event that is outside of the Company's control or where the facts and circumstances of the arrangement limit the Company's ability to predict whether this event will occur. When revenue is constrained, this revenue is not recognized until the uncertainty has been resolved.

Outsourcing & Advisory arrangements may include incentives tied to achieving certain performance targets. The Company estimates variable consideration or performs a constraint analysis for these contracts on the basis of circumstances specific to the project and historical information in order to estimate the amount the Company will ultimately be entitled to. Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In providing project management, engineering and design or property management services, the Company may engage subcontractors to provide on-site staffing or to provide specialized technical services, materials and/or installation services. These arrangements are assessed and require judgment to determine whether the Company is a principal or an agent of the customer. When the Company acts as a principal, because it is primarily responsible for the delivery of the completed project and controls the services provided by the subcontractors, these amounts are accounted for as revenue on a gross basis. However, when the Company acts as an agent, because it does not control the services prior to delivery to the customer, these costs are accounted for on a net basis.

In some cases, the Company may facilitate collection from the customer and payments to subcontractors or may facilitate collection from tenants for payment to the landlord. In these instances, balances are recorded as accounts receivable and accounts payable until settled.

Investment Management fee arrangements are unique to each contract and evaluated on an individual basis to determine the timing of revenue recognition and significant judgment is involved in making such determination. At each reporting period, the Company considers various factors in estimating revenue to be recognized. Incentive fees have a broad range of possible amounts and the determination of these amounts is based upon the market value for managed assets which is highly susceptible to factors outside of the Company's influence. As a result, incentive fee revenue is generally constrained until significant reversal is considered no longer probable.

Certain constrained Capital Markets and Leasing fees, Outsourcing & Advisory fees and Investment Management fees may arise from services that began in a prior reporting period. Consequently, a portion of the fees the Company recognizes in the current period may be partially related to the services performed in prior periods. In particular, substantially all investment management incentive fees recognized in the period were previously constrained.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. The Company invoices the customer and records a receivable when it has a right to payment within customary payment terms or it recognizes a contract asset if revenue is recognized prior to when payment is due. Contract liabilities consist of payments received in advance of recognizing revenue. These liabilities consist primarily of payments received for outsourcing and advisory engagements where a component of the revenue may be paid by the customer prior to the benefits of the services transferring to the customer. As a practical expedient, the Company does not adjust the promised amount of consideration for the effect of a significant financing component when it is expected, at contract inception, that the period between transfer of the service and when the customer pays for that service will be one year or less. The Company does not typically include extended payment terms in its contracts with customers.

The Company generally does not incur upfront costs to obtain or fulfill contracts that are capitalizable to contract assets and if capitalizable they would be amortized to expense within one year or less of incurring the expense; consequently, the Company applies the practical expedient to recognize these incremental costs as an expense when incurred. Any costs to obtain or fulfill contracts that exceed one year are capitalized to contract assets and amortized over the term of the contract on a method consistent with the transfer of services to the customer and the contract's revenue recognition.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 90 days. With the exceptions of sales brokerage and lease brokerage, the Company does not expect to have any contracts where the period between the transfer of services to the customer and the payment by the customer exceeds one year. With regard to sales brokerage and lease brokerage, arrangements may exist where the service is transferred but payment is not received for a period greater than one year. However, arrangements of this nature do not contain a significant financing component because the amount and timing varies on the basis of the occurrence or non-occurrence of an event that is outside the control of the Company or the customer. As a consequence, the Company does not adjust the transaction prices for the time value of money.

Contract liabilities represent advance payments associated with the Company's performance obligations that have not yet been satisfied. The majority of the balances are expected to be recognized to revenue or disbursed on behalf of the client within a year.

Remaining performance obligations

Remaining performance obligations represent the aggregate transaction prices for contracts where the Company's performance obligations have not yet been satisfied. The Company applies the practical expedient related to remaining performance obligations that are part of a contract that has an original expected duration of one year or less and the practical expedient related to variable consideration from remaining performance obligations.

Stock-based compensation

For equity classified awards, compensation cost is measured at the grant date based on the estimated fair value of the award adjusted for expected forfeitures. The related stock option compensation expense is allocated using the graded attribution method.

Long-term incentive plans

Under these plans, certain subsidiary employees are compensated if the earnings before interest, income tax and amortization of the subsidiary increases. Awards under these plans generally have a term of up to ten years, a vesting period of five to ten years and are settled in cash at the end of the term. If an award is subject to a vesting condition, then the graded attribution method is applied to the fair value or intrinsic value of the award. The related compensation expense is recorded in selling, general and administrative expenses and the liability is recorded in accrued compensation.

Foreign currency translation and transactions

Assets, liabilities and operations of foreign subsidiaries are recorded based on the functional currency of each entity. For certain foreign operations, the functional currency is the local currency, in which case the assets, liabilities and operations are translated at current exchange rates from the local currency to the reporting currency, the US dollar. The resulting unrealized gains or losses are reported as a component of accumulated other comprehensive earnings. Realized and unrealized foreign currency gains or losses related to any foreign dollar denominated monetary assets and liabilities are included in net earnings.

Income tax

Income tax has been provided using the asset and liability method whereby deferred tax assets and liabilities are recognized for the expected future income tax consequences of events that have been recognized in the consolidated financial statements or income tax returns. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to reverse, be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in earnings in the period in which the change occurs. A valuation allowance is recorded unless it is more likely than not that realization of a deferred tax asset will occur based on available evidence.

The Company recognizes uncertainty in tax positions taken or expected to be taken utilizing a two-step approach. The first step is to determine whether it is more likely than not that the tax position will be sustained upon examination by tax authorities on the basis technical merits of the position. The second step is to recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

The Company classifies interest and penalties associated with income tax positions in income tax expense.

Leases

The Company recognizes an operating lease right-of-use ("ROU") asset and a lease liability on the consolidated balance sheet at the lease commencement date. Operating lease ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term adjusted for lease pre-payments and lease incentives. After the commencement date any modifications to the leasing arrangement are assessed and the ROU asset and lease liability are remeasured to recognize modifications to the lease term or fixed payments. As most of the Company's leases do not provide an implicit rate, the incremental borrowing rate based on the information available at commencement date is used to determine the present value of lease payments. The Company uses the implicit rate when readily determinable. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Operating leases ROU assets are amortized to selling, general and administrative expenses ("SG&A") straight-line over the lease term.

Finance leases are included in fixed assets and long-term debt on the consolidated balance sheet. Finance lease assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of lease term.

Variable lease payments and variable payments related to non-lease components are recorded to SG&A as incurred. Variable lease payments include amounts related to changes in payments associated with changes in an index or rate but which are not also associated with a remeasurement of the lease liability.

The Company has operating lease agreements with lease and non-lease components, and the Company has elected to apply the practical expedient to not separate lease and nonlease components and

therefore the ROU assets and lease liabilities include payments related to services included in the lease agreement. Additionally, for certain leases the Company has elected to group leases that commence at the same time and where accounting does not materially differ from accounting for the leases individually as a portfolio of leases.

The Company has elected not to recognize ROU assets and lease liabilities for leases that have a term of twelve months or less. Similarly, the Company will be applying the practical expedient to not recognize assets or liabilities related to a business combination when the acquired lease has a remaining term of twelve months or less at the acquisition date. The payments associated with these leases are recorded to SG&A on a straight-line basis over the remaining lease term.

Business combinations

All business combinations are accounted for using the acquisition method of accounting. Transaction costs are expensed as incurred.

The fair value of the contingent consideration is classified as a financial liability and is recorded on the balance sheet at the acquisition date and is re-measured at fair value at the end of each period until the end of the contingency period, with fair value adjustments recognized in earnings. However, if the contingent consideration includes an element of compensation to the vendors (i.e. it is tied to continuing employment or it is not linked to the business valuation), then the portion of contingent consideration related to such element is treated as compensation expense over the expected employment period.

Government assistance related to the COVID-19 pandemic

The Company received \$34,767 of wage subsidies from governments in several countries around the world during the year ended December 31, 2020. \$24,456 of the wage subsidies were recorded as reduction to cost of revenues and \$9,312 were recorded as a reduction to selling, general and administrative expenses in the Consolidated Statements of Earnings.

3. Impact of recently issued accounting standards

Recently adopted accounting guidance

Current Expected Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses*. This ASU creates a new framework to evaluate financial instruments, such as trade receivables, for expected credit losses. This new framework replaces the previous incurred loss approach and is expected to result in more timely recognition of credit losses.

The Company has adopted *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* effective January 1, 2020 using the modified retrospective basis recording a cumulative catch-up adjustment to retained earnings. Following adoption of the standard, the Company's methodology of reserving for Accounts receivable and other receivable-related financial assets, including contract assets has changed. See note 2 for details on the significant accounting policies related to receivables and allowance for doubtful accounts. The adoption of the standard has had the impact of accelerating the recognition of credit losses on certain receivables and the Company recognized a non-cash cumulative catch-up adjustment to retained earnings in the amount of \$3,629, net of \$805 in taxes, on the opening consolidated balance sheet as of January 1, 2020.

Goodwill impairment testing

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles – Goodwill and Other: Simplifying the Accounting for Goodwill Impairment* to remove Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. Under this guidance, a goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The Company has adopted the standard effective January 1, 2020. Adoption of the

ASU simplifies the goodwill impairment testing process for the Company without any direct impact on the financial statements.

Capitalization of implementation costs in relation to hosting arrangements

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40)*. This ASU aligns the capitalizing of implementation costs incurred in relation to a hosting arrangement with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. It also requires these capitalized costs to be expensed over the term of the hosting arrangement and to the same line as the hosting arrangement. As this ASU clarifies the previously existing ambiguity related to capitalization, it was determined that the guidance under the ASU is consistent with the Company's existing capitalization process for development costs related to hosting arrangements without any impact on the financial statements.

Recently issued accounting guidance, not yet adopted

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. With LIBOR ceasing at the end of 2021, a significant volume of contracts and other arrangements will be impacted by the transition required to alternative reference rates. This ASU provides optional expedients and exceptions to reduce the costs and complexity of applying existing GAAP to contract modifications and hedge accounting if certain criteria are met. The standard is effective from the beginning of an interim period that includes the March 12, 2020 issuance date of the ASU through December 31, 2022. On March 25, 2020, the Alternative Reference Rates Committee (the "ARRC"), which is a group of private-market participants convened by the Federal Reserve Board and the New York Fed, reiterated the end of 2021 timeline for the phase out of LIBOR amid the uncertainty surrounding the COVID-19 pandemic. The Company is currently assessing the options available under this ASU and their potential impacts on its consolidated financial statements.

In August 2020, the FASB issued ASU No. 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contract in an Entity's Own Equity*. The ASU simplifies the accounting for convertible instruments and reduces the number of embedded conversion features being separately recognized from the host contract as compared to current GAAP. The ASU also enhances information transparency through targeted improvements to the disclosures for convertible instruments and earnings-per-share guidance. The standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. The standard can be applied using the modified retrospective method of transition or a fully retrospective method of transition. The Company is currently assessing the options available under this ASU and their potential impacts on its consolidated financial statements.

4. Acquisitions

2020 acquisitions:

On May 29, 2020, the Company acquired controlling interests in four subsidiaries of Dougherty Financial Group LLC – Dougherty Mortgage LLC, Dougherty & Company LLC, Dougherty Funding LLC and Dougherty Insurance Agency LLC. Headquartered in Minneapolis, Dougherty operates across 21 states in the U.S. Dougherty's mortgage banking operations have been renamed as "Colliers Mortgage" while all brokerage, investment banking, capital markets and public finance services were renamed "Colliers Securities" which operates as a broker-dealer and is licensed under the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority.

Colliers Mortgage is licensed as a U.S. Department of Housing and Urban Development ("HUD") title II non-supervised mortgagee, a Government National Mortgage Association ("Ginnie Mae") issuer, and a Federal National Mortgage Association ("Fannie Mae") approved Delegated Underwriting and Servicing Program ("DUS") lender for multifamily affordable and market rate housing and senior housing mortgage

loans. Colliers Mortgage is also an approved lender in the United States Department of Agriculture (“USDA”) Community Facilities Guaranteed Loan Program. Ginnie Mae and Fannie Mae together are referred to as government sponsored enterprises (“GSEs”).

On July 13, 2020, the Company acquired a controlling interest in Maser Consulting P.A. (“Maser”), headquartered in New Jersey. Maser operates in the Americas segment across 13 U.S. states. Maser is a leading multi-disciplinary engineering design and consulting firm in the U.S.

During the year ended December 31, 2020 the Company acquired controlling interests in two Colliers International affiliates operating in the Americas segment (Austin, Texas and Nashville, Tennessee).

The acquisition date fair value of consideration transferred and purchase price allocation was as follows:

	Colliers Mortgage	Maser	Other	Aggregate Acquisitions
Current assets, excluding cash	\$ 46,510	\$ 57,533	\$ 2,800	\$ 106,843
Warehouse receivables	31,282	-	-	31,282
Non-current assets	9,021	37,516	3,449	49,986
Current liabilities	(55,881)	(32,582)	(3,156)	(91,619)
Warehouse credit facilities	(25,850)	-	-	(25,850)
Long-term liabilities	(6,266)	(54,739)	(2,951)	(63,956)
	<u>\$ (1,184)</u>	<u>\$ 7,728</u>	<u>\$ 142</u>	<u>\$ 6,686</u>
Cash consideration, net of cash acquired of	\$ (134,204)	\$ (59,355)	\$ (12,049)	\$ (205,608)
Acquisition date fair value of contingent	(9,250)	(12,204)	(2,263)	(23,717)
Total purchase consideration	<u>\$ (143,454)</u>	<u>\$ (71,559)</u>	<u>\$ (14,312)</u>	<u>\$ (229,325)</u>
Acquired intangible assets (note 11)				
Indefinite life	\$ 29,200	\$ -	\$ -	\$ 29,200
Finite life	\$ 105,150	\$ 51,100	\$ 11,430	\$ 167,680
Goodwill	\$ 53,530	\$ 56,838	\$ 7,616	\$ 117,984
Redeemable non-controlling interest	\$ 43,242	\$ 44,107	\$ 4,876	\$ 92,225

Indefinite life intangible assets consist mainly of the mortgage licenses acquired, and the fair value of these licenses are determined using revenue growth rates, attrition rates and applicable discount rates.

The MSR intangible asset acquired with Colliers Mortgage had a fair value of \$99,900 at the acquisition date and had a weighted average useful life of 8.15 years. The key assumptions used in measuring the fair value of the MSR intangible assets at acquisition date included a discount rate of 11.20% and a conditional prepayment rate of 6.30%.

2019 acquisitions:

The Company acquired controlling interests in four businesses, two operating in the Americas (Virginia; North Carolina), one operating in EMEA (Sweden), and one operating in Asia Pacific (India).

The acquisition date fair value of consideration transferred and purchase price allocation was as follows:

	Aggregate Acquisitions
Current assets, excluding cash	\$ 29,720
Non-current assets	7,989
Current liabilities	(18,616)
Long-term liabilities	(11,913)
	<u>\$ 7,180</u>
Cash consideration, net of cash acquired of \$4,765	\$ (80,576)
Acquisition date fair value of contingent consideration	-
Total purchase consideration	<u>\$ (80,576)</u>
Acquired intangible assets	\$ 42,226
Goodwill	\$ 58,221
Redeemable non-controlling interest	\$ 27,051

In all years presented, the fair values of non-controlling interests were determined using an income approach with reference to a discounted cash flow model using the same assumptions implied in determining the purchase consideration.

The purchase price allocations of acquisitions resulted in the recognition of goodwill. The primary factors contributing to goodwill are assembled workforces, synergies with existing operations and future growth prospects. For acquisitions completed during the year ended December 31, 2020, goodwill in the amount of \$61,146 is deductible for income tax purposes (2019 - \$12,816).

The Company typically structures its business acquisitions to include contingent consideration. Certain vendors, at the time of acquisition, are entitled to receive a contingent consideration payment if the acquired businesses achieve specified earnings levels during the one- to five-year periods following the dates of acquisition. The ultimate amount of payment is determined based on a formula, the key inputs to which are (i) a contractually agreed maximum payment; (ii) a contractually specified earnings level and (iii) the actual earnings for the contingency period. If the acquired business does not achieve the specified earnings level, the maximum payment is reduced for any shortfall, potentially to nil.

Unless it contains an element of compensation, contingent consideration is recorded at fair value each reporting period. The fair value recorded on the consolidated balance sheet as at December 31, 2020 was \$115,643 (December 31, 2019 - \$84,992). See note 25 for discussion on the fair value of contingent consideration. Contingent consideration with a compensatory element is revalued at each reporting period and recognized on a straight-line basis over the term of the contingent consideration arrangement. The liability recorded on the balance sheet for the compensatory element of contingent consideration arrangements as at December 31, 2020 was \$17,646 (December 31, 2019 - \$23,014). The estimated range of outcomes (undiscounted) for all contingent consideration arrangements, including those with an element of compensation is determined based on the formula price and the likelihood of achieving specified earnings levels over the contingency period, and ranges from \$184,660 to a maximum of \$208,610. These contingencies will expire during the period extending to December 2024.

The consideration for the acquisitions during the year ended December 31, 2020 was financed from borrowings on the Revolving Credit Facility and cash on hand. During the year ended December 31, 2020, \$29,405 was paid with reference to contingent consideration (2019 - \$23,962).

The amounts of revenues and earnings contributed from the dates of acquisition and included in the Company's consolidated results for the year ended December 31, 2020, and the supplemental pro forma

revenues and earnings of the combined entity had the acquisition dates been January 1, 2019, are as follows:

	<u>Revenues</u>	<u>Net earnings</u>
Actual from acquired entities for 2020	\$ 194,977	\$ 24,449
Supplemental pro forma for 2020 (unaudited)	2,927,994	104,662
Supplemental pro forma for 2019 (unaudited)	3,378,981	163,942

Supplemental pro forma results were adjusted for non-recurring items.

5. Real estate assets held for sale

From time to time, the Company's Investment Management segment purchases real estate assets for placement into a fund. This typically occurs in the early stages of fundraising where temporary liquidity is needed to fund investment opportunities that arise prior to the availability of fund capital. The purchased assets are recorded as real estate assets held for sale prior to the ultimate sale to the identified fund. The assets are typically held for a short period of time not expected to exceed twelve months. The transactions are not intended as an alternative source of operating earnings and the arrangements to sell the assets to a fund are generally structured not to generate any gain or loss. The purchases are accounted for by the acquisition method of accounting for asset purchases that do not constitute the acquisition of a business.

In December 2019, the Company acquired a controlling interest in a portfolio of land and buildings located in the United Kingdom and associated liabilities ("Asset A") from an unrelated party. In May 2020, the Company sold Asset A to a fund, without gain or loss.

In July 2020, the Company acquired a controlling interest in an undeveloped parcel of land located in the United Kingdom and associated liabilities ("Asset B") from an unrelated party. In December 2020, the Company sold Asset B to a fund, without gain or loss.

In November 2020, the Company acquired a controlling interest in an undeveloped parcel of land located in the United States and associated liabilities ("Asset C") from an unrelated party. In December 2020, the Company sold Asset C to a fund, without gain or loss.

Each of these transactions are related to newly established closed-end funds which are managed by the Company and as is customary for closed-end funds, the Company has a limited partner equity interest of between 1% and 2%.

During the year ended December 31, 2020, the real estate assets generated \$2,396 of net earnings (2019 - \$195) which was included in the Company's consolidated net earnings.

6. Acquisition-related items

Acquisition-related expense comprises the following:

	Year ended December 31,	
	<u>2020</u>	<u>2019</u>
Transaction costs (note 4)	\$ 16,169	\$ 5,725
Contingent consideration fair value adjustments	23,393	10,849
Contingent consideration compensation expense	6,286	11,958
	<u>\$ 45,848</u>	<u>\$ 28,532</u>

Contingent consideration compensation expense and contingent consideration fair value adjustments relate to acquisitions made in the current year as well as the preceding four years.

7. Other income, net

	Year ended December 31,	
	<u>2020</u>	<u>2019</u>
Loss (gain) on investments	\$ 271	\$ (109)
Fair value adjustment on DPP (note 16)	142	465
Other	(400)	(144)
	<u>\$ 13</u>	<u>\$ 212</u>

8. Prepaid expenses and other assets

	As at December 31,	
	<u>2020</u>	<u>2019</u>
Prepaid expenses	\$ 35,956	\$ 42,826
Advisor loans receivable	18,571	18,448
Investments in equity securities	3,918	10,788
Investments in debt securities	12,525	1,862
Deferred Purchase Price (notes 16, 25)	87,957	69,873
Other	18,853	1,374
Prepaid and other assets (Current Assets)	<u>\$ 177,780</u>	<u>\$ 145,171</u>

	As at December 31,	
	<u>2020</u>	<u>2019</u>
Advisor loans receivable	\$ 42,900	\$ 48,283
Equity method investments	11,154	5,926
Investments in equity securities	5,261	5,565
Investments in debt securities	3,948	4,189
Financing fees, net of accumulated amortization of \$4,956 (December 31, 2019 - \$3,632)	3,751	4,469
Other	7,341	1,078
Other assets (Non-Current Assets)	<u>\$ 74,355</u>	<u>\$ 69,510</u>

Held to maturity investments

Investments in debt securities include held-to-maturity investments current \$2,585 and non-current \$3,948, both of which are recorded at amortized cost. The amortized cost (carrying value) of these

investments approximated fair value. At December 31, 2020, all of these investments mature within 10 years.

Investments in equity securities

Investments in equity securities (current) include \$3,847 (2019 - \$3,887) recorded at fair value (see note 25). The remainder of current and non-current investments in equity securities are recorded at fair value following the net asset value practical expedient or recorded at cost less impairment adjusted for observable prices.

9. Leases

The Company enters into premise leases and equipment leases as a lessee.

(a) Premise leases

The Company leases office space where the remaining lease term ranges from less than one year to fifteen years. Leases generally include an initial contract term but some leases include an option to renew the lease for an additional period at the end of this initial term. These renewal periods range in length up to a period equivalent to the initial term of the lease. All of the Company's premise leases are classified as operating leases.

(b) Equipment leases

The Company leases certain equipment in its operations, including furniture and equipment, computer equipment and vehicles. Equipment leases may consist of operating leases or finance leases based upon the assessment of the facts at the commencement date of the lease. The remaining lease terms for equipment leases range from one year to five years. Certain leases may have the option to extend the leases for a short period or to purchase the asset at the end of the lease term.

The components of lease expense were as follows:

	Year ended December 31,	
	2020	2019
Operating lease cost	\$ 82,643	\$ 77,394
Finance lease cost		
Amortization of right-of-use assets	898	920
Interest on lease liabilities	17	19
Variable lease cost	25,297	26,030
Short term lease cost	3,662	4,712
Total lease expense	<u>\$ 112,517</u>	<u>\$ 109,075</u>
Sublease revenues	<u>(2,844)</u>	<u>(3,124)</u>
Total lease cost, net of sublease revenues	<u>\$ 109,673</u>	<u>\$ 105,951</u>

Supplemental information related to leases was as follows:

	Year ended December 31,	
	2020	2019
Operating leases recognized on transition to ASC 842	\$ -	\$ 274,696
Right-of-use assets obtained in exchange for new operating lease obligations	91,575	36,945
Right-of-use assets obtained in exchange for new finance lease obligations	2,160	400
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ (83,351)	\$ (79,764)

Operating cash flows from finance leases	(17)	(19)
Financing cash flows from finance leases	(884)	(874)

Supplemental balance sheet information related to leases was as follows:

	As at December 31,	
	2020	2019
Operating leases		
Operating lease right-of-use assets	\$ 288,13	\$ 263,639
Operating lease liabilities - current	\$ (78,923)	\$ (69,866)
Operating lease liabilities - non-current	(251,680)	(229,224)
Total operating lease liabilities	\$ (330,603)	\$ (299,090)
Finance leases		
Fixed assets, gross	\$ 4,662	\$ 3,164
Accumulated depreciation	(2,327)	(2,320)
Fixed assets, net	\$ 2,335	\$ 844
Long-term debt - current	\$ (1,113)	\$ (550)
Long-term debt - non-current	(1,316)	(303)
Total finance lease liabilities	\$ (2,429)	\$ (853)

Maturities of lease liabilities were as follows:

	One year	Two years	Three years	Four years	Five years	Thereafter	Total
Operating leases	\$ 87,112	\$ 74,269	\$ 59,617	\$ 46,302	\$ 33,393	\$ 60,239	\$ 360,932
Present value of operating lease liabilities							330,603
Difference between undiscounted cash flows and discounted cash flows							\$ 30,329
Finance leases	\$ 1,115	\$ 855	\$ 470	\$ 9	\$ -	\$ -	\$ 2,449
Present value of finance lease liabilities							2,429
Difference between undiscounted cash flows and discounted cash flows							\$ 20

As at December 31,
2020

Weighted average remaining lease term

Operating leases	5.4 years
Finance leases	2.0 years

Weighted average discount rate

Operating leases	3.1 %
Finance leases	1.5 %

As of December 31, 2020, the Company has additional operating leases, primarily for premises, that have not yet commenced of \$150,692. These operating leases will commence within the next year and have lease terms ranging from one to fifteen years.

10. Fixed assets

December 31, 2020

	Cost	Accumulated depreciation	Net
Buildings	\$ 2,558	\$ 1,321	\$ 1,237
Vehicles	8,539	2,505	6,034
Furniture and equipment	82,117	53,353	28,764
Computer equipment and software	151,246	114,429	36,817
Leasehold improvements	113,786	57,417	56,369
	<u>\$ 358,246</u>	<u>\$ 229,025</u>	<u>\$ 129,221</u>

ROU assets - Finance leases are included in these balances.

December 31, 2019

	Cost	Accumulated depreciation	Net
Buildings	\$ 2,521	\$ 1,178	\$ 1,343
Vehicles	2,563	1,628	935
Furniture and equipment	66,338	48,194	18,144
Computer equipment and software	139,685	101,532	38,153
Leasehold improvements	96,102	47,480	48,622
	<u>\$ 307,209</u>	<u>\$ 200,012</u>	<u>\$ 107,197</u>

11. Intangible assets

The following table summarizes the gross value, accumulated amortization and net carrying value of the Company's indefinite life and finite life intangible assets:

December 31, 2020

	Gross carrying amount	Accumulated amortization	Net
Indefinite life intangible assets:			
Licenses	\$ 29,200	\$ -	\$ 29,200
Trademarks and trade names	24,096	-	24,096
	<u>\$ 53,296</u>	<u>\$ -</u>	<u>\$ 53,296</u>
Finite life intangible assets:			
Customer lists and relationships	\$ 345,511	\$ 123,368	\$ 222,143
Investment management contracts	270,600	60,723	209,877
Mortgage servicing rights ("MSRs")	114,909	13,121	101,788
Franchise rights	5,630	5,322	308
Trademarks and trade names	14,803	4,355	10,448
Management contracts and other	20,813	12,406	8,407
Backlog	16,307	12,244	4,063
	<u>\$ 788,573</u>	<u>\$ 231,539</u>	<u>\$ 557,034</u>
	<u>\$ 841,869</u>	<u>\$ 231,539</u>	<u>\$ 610,330</u>

December 31, 2019	Gross carrying amount	Accumulated amortization	Net
Indefinite life intangible assets:			
Trademarks and trade names	\$ 23,810	\$ -	\$ 23,810
	<u>\$ 23,810</u>	<u>\$ -</u>	<u>\$ 23,810</u>
Finite life intangible assets:			
Customer lists and relationships	\$ 310,856	\$ 115,987	\$ 194,869
Investment management contracts	270,600	36,434	234,166
Franchise rights	5,163	4,505	658
Trademarks and trade names	12,435	2,398	10,037
Management contracts and other	16,088	9,306	6,782
Backlog	8,558	1,426	7,132
	<u>\$ 623,700</u>	<u>\$ 170,056</u>	<u>\$ 453,644</u>
	<u>\$ 647,510</u>	<u>\$ 170,056</u>	<u>\$ 477,454</u>

In May 2020, the Company acquired MSR intangible assets in its acquisition of Colliers Mortgage. MSR intangible assets represent the carrying value of servicing assets in the Americas segment. The MSR asset is being amortized over the estimated period that the net servicing income is expected to be received. The amount of MSRs recognized in 2020 are summarized in the table below.

	<u>2020</u>
Balance, January 1	\$ -
Recognized on business acquisitions	99,900
Additions, following the sale of loan	15,009
Amortization expense	(8,553)
Prepayments and write-offs	(4,568)
Balance, December 31	<u>\$ 101,788</u>

During the year ended December 31, 2020, the Company acquired the following intangible assets:

	Amount	Estimated weighted average amortization period (years)
Indefinite life intangible assets:		
Licenses - indefinite life	\$ 29,200	-
Finite life intangible assets:		
Customer lists and relationships	\$ 52,193	9.8
Mortgage servicing rights (MSR)	99,900	8.2
Trademarks and trade names - finite life	3,500	2.0
Customer backlog	8,740	0.7
Other	4,800	4.6
	<u>\$ 198,333</u>	8.1

The following is the estimated future expense for amortization of the recorded MSRs and other intangible assets for each of the next five years and thereafter:

For the year ended December 31,	MSRs	Other	Total
2021	\$ 13,469	68,831	\$ 82,300
2022	12,376	62,153	74,529
2023	11,516	58,429	69,945
2024	10,730	48,828	59,558
2025	9,652	41,493	51,145
Thereafter	44,045	175,512	219,557
	<u>\$ 101,788</u>	<u>455,246</u>	<u>\$ 557,034</u>

12. Goodwill

	Americas	EMEA	Asia Pacific	Investment Management	Consolidated
Balance, December 31, 2018	\$ 207,799	253,752	46,931	379,412	\$ 887,894
Goodwill acquired during the year	11,970	846	45,405	-	58,221
Other items	330	4,404	-	-	4,734
Foreign exchange	311	(1,669)	(9)	(261)	(1,628)
Balance, December 31, 2019	220,410	257,333	92,327	379,151	949,221
Goodwill acquired during the year	117,984	-	-	-	117,984
Other items	-	-	150	-	150
Foreign exchange	(667)	18,213	2,942	1,141	21,629
Balance, December 31, 2020	337,727	275,546	95,419	380,292	1,088,984
Goodwill	363,998	278,858	95,419	380,292	1,118,567
Accumulated impairment loss	(26,271)	(3,312)	-	-	(29,583)
	<u>\$ 337,727</u>	<u>\$ 275,546</u>	<u>\$ 95,419</u>	<u>\$ 380,292</u>	<u>\$ 1,088,984</u>

A test for goodwill impairment is required to be completed annually, in the Company's case as of August 1, or more frequently if events or changes in circumstances indicate the asset might be impaired. No goodwill impairments were recorded in 2020 or 2019. The accumulated impairment loss reflects a goodwill impairment incurred in 2009.

13. Long-term debt

	As at December 31,	
	2020	2019
Revolving Credit Facility	\$ 213,239	\$ 371,929
Senior Notes	255,790	234,901
Capital leases maturing at various dates through 2022	2,430	854
Other long-term debt maturing at various dates up to 2022	8,436	3,720
	<u>479,895</u>	<u>611,404</u>
Less: current portion	9,024	4,223
Long-term debt - non-current	<u>\$ 470,871</u>	<u>\$ 607,181</u>

The Company has a multi-currency senior unsecured revolving credit facility (the "Revolving Credit Facility") of \$1,000,000. The Revolving Credit Facility has a 5-year term ending April 30, 2024 and bears interest at an applicable margin of 1.25% to 3.0% over floating reference rates, depending on financial leverage ratios. The weighted average interest rate at December 31, 2020 was 3% (2019 - 3.4%). The Revolving Credit Facility had \$777,322 of available undrawn credit as at December 31, 2020. As of December 31, 2020, letters of credit in the amount of \$15,663 were outstanding (\$9,836 as at December 31, 2019). The Revolving Credit Facility requires a commitment fee of 0.25% to 0.6% of the unused

portion, depending on certain leverage ratios. At any time during the term, the Company has the right to increase the Revolving Credit Facility by up to \$250,000 on the same terms and conditions.

The Company has outstanding €210,000 of senior unsecured notes with a fixed interest rate of 2.23% (the "Senior Notes"), which are held by a group of institutional investors. The Senior Notes have a 10-year term ending May 30, 2028.

The Revolving Credit Facility and the Senior Notes rank equally in terms of seniority and have similar financial covenants. The Company is required to maintain financial covenants including leverage and interest coverage. The Company was in compliance with these covenants as of December 31, 2020. The Company is limited from undertaking certain mergers, acquisitions and dispositions without prior approval.

The effective interest rate on the Company's long-term debt for the year ended December 31, 2020 was 3.9% (2019 – 3.8%). The estimated aggregate amount of principal repayments on long-term debt required in each of the next five years ending December 31 and thereafter to meet the retirement provisions are as follows:

For the year ended December 31,	
2021	\$ 9,023
2022	1,120
2023	713
2024	213,248
2025 and thereafter	255,791
	<u>\$ 479,895</u>

14. Convertible notes

On May 19, 2020, the Company issued \$230,000 aggregate principal of 4.0% Convertible Senior Subordinated Notes (the "Convertible Notes") at par value. The Convertible Notes will mature on June 1, 2025 and bear interest of 4.0% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2020. The Convertible Notes are accounted for entirely as debt as no portion of the proceeds is required to be accounted for as attributable to the conversion feature. The Convertible Notes are unsecured and subordinated to all of the Company's existing and future secured indebtedness, and are treated as equity for financial leverage calculations under the Company's Revolving Credit Facility and Senior Notes.

At the holder's option, the Convertible Notes may be converted at any time prior to maturity into Subordinate Voting Shares based on an initial conversion rate of approximately 17.2507 Subordinate Voting Shares per \$1,000 principal amount of Convertible Notes, which represents an initial conversion price of \$57.97 per Subordinate Voting Share.

The Company, at its option, may also redeem the Convertible Notes, in whole or in part, on or after June 1, 2023 at a redemption price equal to 100% of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest, provided that the last reported trading price of the Subordinate Voting Shares for any 20 trading days in a consecutive 30 trading day period preceding the date of the notice of redemption is not less than 130% of the conversion price.

Subject to specified conditions, the Company may elect to repay some or all of the outstanding principal amount of the Convertible Notes, on maturity or redemption, through the issuance of Subordinate Voting Shares.

In connection with the issuance of the Convertible Notes, the Company incurred financing costs of \$6,795 which are being amortized over five years using the effective interest rate method. For the year ended December 31, 2020 there was \$752 of financing fee amortization included in interest expense within the accompanying Consolidated Statements of Earnings. The effective interest rate on the Convertible Notes is approximately 4.7%.

15. Warehouse credit facilities

The following table summarizes the Company's mortgage warehouse credit facilities as at December 31, 2020:

	<u>Current Maturity</u>	<u>December 31, 2020</u>	
		<u>Maximum Capacity</u>	<u>Carrying Value</u>
Facility A - LIBOR plus 1.60%	January 11, 2021	\$ 275,000	\$ 167,004
Facility B - SOFR plus 1.70%	On demand	125,000	51,014
		<u>\$ 400,000</u>	<u>\$ 218,018</u>

Colliers Mortgage has warehouse credit facilities which are used exclusively for the purpose of funding warehouse mortgages receivable. The warehouse credit facilities are recourse only to Colliers Mortgage; these facilities are revolving and are secured by warehouse mortgages financed on the facilities, if any.

On January 11, 2021 Colliers Mortgage entered into an amendment to the financing agreement for Facility A modifying the borrowing capacity to \$175,000 and extending the maturity date to October 20, 2021. On January 15, 2021 Colliers Mortgage entered into an additional amendment for Facility A temporarily increasing the borrowing capacity to \$250,000 through March 31, 2021; The borrowing capacity will decrease to \$125,000 on October 20, 2021.

16. AR Facility

On April 12, 2019, the Company established a structured accounts receivable facility (the "AR Facility") with committed availability of \$125,000 and an initial term of 364 days, unless extended or an earlier termination event occurs. On April 27, 2020, the Company extended the term of AR Facility for another 364 days. Under the AR Facility, certain of the Company's subsidiaries continuously sell trade accounts receivable and contract assets (the "Receivables") to wholly owned special purpose entities at fair market value. The special purpose entities then sell 100% of the Receivables to a third-party financial institution (the "Purchaser"). Although the special purpose entities are wholly owned subsidiaries of the Company, they are separate legal entities with their own separate creditors who will be entitled, upon their liquidation, to be satisfied out of their assets prior to any assets or value in such special purpose entities becoming available to their equity holders and their assets are not available to pay other creditors of the Company. As of December 31, 2020, the Company had drawn \$97,959 under the AR Facility.

All transactions under the AR Facility are accounted for as a true sale in accordance with ASC 860, *Transfers and Servicing* ("ASC 860"). Following the sale and transfer of the Receivables to the Purchaser, the Receivables are legally isolated from the Company and its subsidiaries, and the Company sells, conveys, transfers and assigns to the Purchaser all its rights, title and interest in the Receivables. Receivables sold are derecognized from the consolidated balance sheet. The Company continues to service, administer and collect the Receivables on behalf of the Purchaser, and recognizes a servicing liability in accordance with ASC 860. The Company has elected the amortization method for subsequent measurement of the servicing liability, which is assessed for changes in the obligation at each reporting date. As of December 31, 2020, the servicing liability was nil.

Under the AR Facility, the Company receives a cash payment and a deferred purchase price (“Deferred Purchase Price” or “DPP”) for sold Receivables. The DPP is paid to the Company in cash on behalf of the Purchaser as the Receivables are collected; however, due to the revolving nature of the AR Facility, cash collected from the Company's customers is reinvested by the Purchaser monthly in new Receivable purchases under the AR Facility. For the year ended December 31, 2020, Receivables sold under the AR Facility were \$1,053,977 and cash collections from customers on Receivables sold were \$1,065,650, all of which were reinvested in new Receivables purchases and are included in cash flows from operating activities in the consolidated statement of cash flows. As of December 31, 2020, the outstanding principal on trade accounts receivable, net of Allowance for Doubtful Accounts, sold under the AR Facility was \$115,889; and the outstanding principal on contract assets, current and non-current, sold under the AR Facility was \$71,025. See note 25 for fair value information on the DPP.

For the year ended December 31, 2020, the Company recognized a loss related to Receivables sold of \$142 (2019 - \$465) that was recorded in other expense in the consolidated statement of earnings. Based on the Company's collection history, the fair value of the Receivables sold subsequent to the initial sale approximates carrying value.

The non-cash investing activities associated with the DPP for the year ended December 31, 2020 were \$70,079.

17. Variable interest entities

The Company holds variable interests in certain Variable Interest Entities (“VIE”) in its Investment Management segment which are not consolidated as it was determined that the Company is not the primary beneficiary. The Company's involvement with these entities is in the form of advisory fee arrangements and equity co-investments (typically 1%-2%).

The following table provides the maximum exposure to loss related to these non-consolidated VIEs:

	As at December 31,	
	2020	2019
Investments in unconsolidated subsidiaries	\$ 6,158	\$ 1,981
Co-investment commitments	14,345	7,969
Maximum exposure to loss	\$ 20,503	\$ 9,950

18. Redeemable non-controlling interests

The minority equity positions in the Company's subsidiaries are referred to as redeemable non-controlling interests (“RNCI”). The RNCI are considered to be redeemable securities. Accordingly, the RNCI is recorded at the greater of (i) the redemption amount or (ii) the amount initially recorded as RNCI at the date of inception of the minority equity position. This amount is recorded in the “mezzanine” section of the balance sheet, outside of shareholders' equity. Changes in the RNCI amount are recognized immediately as they occur. The following table provides a reconciliation of the beginning and ending RNCI amounts:

	2020	2019
Balance, January 1	\$ 359,150	\$ 343,361
RNCI share of earnings	27,550	24,558
RNCI redemption increment	15,843	7,853
Distributions paid to RNCI	(33,293)	(29,662)
Purchase of interests from RNCI, net	(19,100)	(14,011)
RNCI recognized on business acquisitions	92,225	27,051
Balance, December 31	\$ 442,375	\$ 359,150

The Company has shareholders' agreements in place at each of its non-wholly owned subsidiaries. These agreements allow the Company to "call" the RNCI at a price determined with the use of a formula price, which is usually equal to a fixed multiple of average annual net earnings before income taxes, interest, depreciation, and amortization. The agreements also have redemption features which allow the owners of the RNCI to "put" their equity to the Company at the same price subject to certain limitations. The formula price is referred to as the redemption amount and may be paid in cash or in Subordinate Voting Shares. The redemption amount as of December 31, 2020 was \$415,141 (2019 - \$333,064). The redemption amount is lower than that recorded on the balance sheet as the formula price of certain RNCI are lower than the amount initially recorded at the inception of the minority equity position. If all put or call options were settled with Subordinate Voting Shares as at December 31, 2020, approximately 4,600,000 such shares would be issued.

Increases or decreases to the formula price of the underlying shares are recognized in the statement of earnings as the NCI redemption increment.

19. Capital stock

The authorized capital stock of the Company is as follows:

- An unlimited number of Preferred Shares, issuable in series;
- An unlimited number of Subordinate Voting Shares having one vote per share; and
- An unlimited number of Multiple Voting Shares having 20 votes per share, convertible at any time into Subordinate Voting Shares at a rate of one Subordinate Voting Share for each Multiple Voting Share outstanding.

The following table provides a summary of total capital stock issued and outstanding:

	<i>Subordinate Voting Shares</i>		<i>Multiple Voting Shares</i>		<i>Total Common Shares</i>	
	Number	Amount	Number	Amount	Number	Amount
Balances as at:						
December 31, 2019	38,519,517	\$441,780	1,325,694	\$373	39,845,211	\$442,153
December 31, 2020	38,863,742	457,620	1,325,694	373	40,189,436	457,993

During the year ended December 31, 2020, the Company declared dividends on its Common Shares of \$0.10 per share (2019 - \$0.10).

Pursuant to an agreement approved in February 2004 and restated on June 1, 2015 (the "Long Term Arrangement"), the Company agreed that it will make payments to Jay S. Hennick, its Chairman & Chief Executive Officer ("CEO"), that are contingent upon the arm's length acquisition of control of the Company or upon a distribution of the Company's assets to shareholders. The payment amounts will be determined with reference to the price per Subordinate Voting Share received by shareholders upon an arm's length sale or upon a distribution of assets. The right to receive the payments may be transferred among members of the Chairman & CEO's family, their holding companies and trusts. The agreement provides for the Chairman & CEO to receive each of the following two payments. The first payment is an amount equal to 5% of the product of: (i) the total number of Subordinate and Multiple Voting Shares outstanding on a fully diluted basis at the time of the sale and (ii) the per share consideration received by holders of Subordinate and Multiple Voting Shares minus a base price of C\$3.324. The second payment is an amount equal to 5% of the product of (i) the total number of shares outstanding on a fully diluted basis at the time of the sale and (ii) the per share consideration received by holders of Subordinate Voting Shares minus a base price of C\$6.472. Assuming an arm's length acquisition of control of the Company took place on December 31, 2020, the amount required to be paid to the Chairman & CEO, based on a market price of C\$113.28 per Subordinate Voting Share, would be US\$393,850.

20. Net earnings per common share

Diluted EPS is calculated using the “if-converted” method of calculating earnings per share in relation to the Convertible Notes, which were issued on May 19, 2020. As such, the interest (net of income tax) on the Convertible Notes is added to the numerator and the additional shares issuable on conversion of the Convertible Notes are added to the denominator of the earnings per share calculation to determine if an assumed conversion is more dilutive than no assumption of conversion. The “if-converted” method is used if the impact of the assumed conversion is dilutive. The “if-converted” method is dilutive for the year ended December 31, 2020.

The following table reconciles the basic and diluted common shares outstanding:

(in thousands of US dollars, except share information)	Year ended December 31,	
	2020	2019
Net earnings attributable to Company	\$ 49,074	\$ 102,903
Adjusted numerator under the If-Converted Method	\$ 49,074	\$ 102,903
Shares issued and outstanding at beginning of period	39,845,21	39,213,136
Weighted average number of shares:		
Issued during the period	140,657	336,426
Weighted average number of shares used in computing basic earnings per share	39,985,86	39,549,562
Assumed exercise of stock options acquired under the Treasury Stock Method	193,296	431,456
Number of shares used in computing diluted earnings per share	40,179,16	39,981,018

21. Stock-based compensation

The Company has a stock option plan for certain officers, key full-time employees and directors of the Company and its subsidiaries, other than its Chairman & CEO who has a Long Term Arrangement as described in note 19. Options are granted at the market price for the underlying shares on the day immediately prior to the date of grant. Each option vests over a four-year term, expires five years from the date granted and allows for the purchase of one Subordinate Voting Share. All Subordinate Voting Shares issued are new shares. As at December 31, 2020, there were 352,500 options available for future grants.

Grants under the Company's stock option plan are equity-classified awards.

Stock option activity for the years ended December 31, 2020 and 2019 was as follows:

	Number of options	Weighted average exercise price	Weighted remaining contractual life (years)	Aggregate intrinsic value
Shares issuable under options - December 31, 2018	1,897,425	\$ 45.08		
Granted	960,000	70.99		
Exercised	(632,075)	34.71		
Forfeited	<u>(223,750)</u>	61.41		
Shares issuable under options - December 31, 2019	2,001,600	\$ 58.96		
Granted	547,250	85.79		
Exercised	(344,225)	35.86		
Forfeited	<u>(14,500)</u>	70.07		
Shares issuable under options - December 31, 2020	<u>2,190,125</u>	<u>\$ 69.22</u>	<u>3.2</u>	<u>\$ 43,606</u>
Options exercisable - December 31, 2020	<u>747,975</u>	<u>\$ 60.51</u>	<u>2.3</u>	<u>\$ 21,407</u>

The Company incurred stock-based compensation expense related to these awards of \$9,628 during the year ended December 31, 2020 (2019 - \$7,831). As at December 31, 2020, the range of option exercise prices was \$31.62 to \$88.90 per share.

The following table summarizes information about option exercises:

	Year ended December 31,	
	<u>2020</u>	2019
Number of options exercised	344,225	632,075
Aggregate fair value	\$ 25,919	\$ 43,873
Intrinsic value	13,576	21,934
Amount of cash received	12,343	21,939
Tax benefit recognized	\$ 102	\$ 1,322

As at December 31, 2020, there was \$18,826 of unrecognized compensation cost related to non-vested awards which is expected to be recognized over the next four years. During the year ended December 31, 2020, the fair value of options vested was \$7,841 (2019 - \$6,727).

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model, utilizing the following weighted average assumptions:

	As at December 31,	
	<u>2020</u>	2019
Risk free rate	0.2%	2.1%
Expected life in years	4.41	4.75
Expected volatility	36.5%	28.8%
Dividend yield	0.1%	0.1%
Weighted average fair value per option granted	\$28.33	\$19.87

The risk-free interest rate is based on the implied yield of a zero-coupon US Treasury bond with a term equal to the option's expected term. The expected life in years represents the estimated period of time

until exercise and is based on historical experience. The expected volatility is based on the historical prices of the Company's shares over the previous four years.

22. Income tax

The following is a reconciliation stated as a percentage of pre-tax income of the combined statutory corporate income tax rate of Ontario, Canada to the Company's effective tax rate:

	Year ended December 31,	
	<u>2020</u>	<u>2019</u>
Combined statutory rate	26.5 %	26.5 %
Nondeductible expenses	1.5	3.0
Tax effect of flow through entities	(4.6)	(2.0)
Impact of changes in foreign exchange rates	0.3	(0.1)
Adjustments to tax liabilities for prior periods	(0.2)	(0.1)
Effect of changes in enacted tax rate in other jurisdictions	0.3	0.3
Changes in liability for unrecognized tax benefits	0.6	-
Stock-based compensation	1.5	0.3
Foreign, state, and provincial tax rate differential	(2.3)	(1.5)
Change in valuation allowance	3.8	(0.4)
Acquisition related costs and contingent consideration	1.6	1.4
Withholding taxes and other	1.8	0.4
Effective income tax rate	30.8 %	27.8 %

Earnings before income tax by jurisdiction comprise the following:

	Year ended December 31,	
	<u>2020</u>	<u>2019</u>
Canada	\$ 8,257	\$ 10,876
United States	53,111	49,884
Foreign	75,167	129,838
Total	\$ 136,535	\$ 190,598

Income tax expense (recovery) comprises the following:

	Year ended December 31,	
	<u>2020</u>	<u>2019</u>
Current		
Canada	\$ 3,309	\$ 2,939
United States	19,577	15,029
Foreign	32,344	41,745
	55,230	59,713
Deferred		
Canada	2,154	238
United States	(9,765)	(520)
Foreign	(5,573)	(6,418)
	(13,184)	(6,700)
Total	\$ 42,046	\$ 53,013

The significant components of deferred tax assets and liabilities are as follows:

	As at December 31,	
	2020	2019
Loss carry-forwards and other credits	\$ 18,314	\$ 18,969
Expenses not currently deductible	33,442	28,446
Revenue not currently taxable	(14,076)	(6,212)
Stock-based compensation	526	386
Investments	10,696	7,870
Provision for doubtful accounts	8,308	4,585
Financing fees	(325)	(330)
Net unrealized foreign exchange losses	560	68
Depreciation and amortization	(57,746)	(44,577)
Operating leases	8,110	7,998
Less: valuation allowance	(13,324)	(7,801)
Net deferred tax (liabilities) assets	\$ (5,515)	\$ 9,402

As at December 31, 2020, the Company believes that it is more likely than not that its deferred tax assets of \$45,008 will be realized based upon future income, consideration of net operating loss ("NOL") limitations, earnings trends, and tax planning strategies. The amount of deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future income are reduced.

The Company has pre-tax NOL carry-forward balances as follows:

	Pre-tax loss carry forward		Pre-tax losses not recognized		Pre-tax losses recognized	
	2020	2019	2020	2019	2020	2019
Canada	\$ 5,632	\$ 16,525	\$ 65	\$ 24	\$ 5,567	\$ 16,501
United States	3,059	3,144	924	922	2,135	2,222
Foreign	53,997	40,006	32,091	21,476	21,906	18,530

The Company has pre-tax capital loss carry-forwards as follows:

	Pre-tax loss carry forward		Pre-tax losses not recognized		Pre-tax losses recognized	
	2020	2019	2020	2019	2020	2019
Canada	\$ 1,922	\$ 1,864	\$ 1,922	\$ 1,758	\$ -	\$ 106
United States	1,698	1,698	1,698	1,698	-	-
Foreign	6,876	6,271	6,876	6,271	-	-

These amounts above are available to reduce future, federal, state, and provincial income taxes in their respective jurisdictions. NOL carry-forward balances attributable to Canada begin to expire in 2035. NOL carry-forward balances attributable to the United States begin to expire in 2028. Foreign NOL carry-forward balances begin to expire in 2021. The utilization of NOLs may be subject to certain limitations under federal, provincial, state or foreign tax laws.

Cumulative unremitted foreign earnings of US subsidiaries is nil (2019 - nil). Cumulative unremitted foreign earnings of international subsidiaries (other than the US) approximated \$117,897 as at December 31, 2020 (2019 - \$107,323). The Company has not provided a deferred tax liability on the unremitted foreign earnings as it is management's intent to permanently reinvest such earnings outside of Canada. In addition, any repatriation of such earnings would not be subject to significant Canadian or foreign taxes.

A reconciliation of the beginning and ending amounts of the liability for unrecognized tax benefits is as follows:

	<u>2020</u>	<u>2019</u>
Balance, January 1	\$ 1,468	\$ 1,460
Gross increases for tax positions of prior periods	908	71
Reduction for lapses in applicable statutes of limitations	(87)	(129)
Foreign currency translation	<u>55</u>	<u>66</u>
Balance, December 31	<u>\$ 2,344</u>	<u>\$ 1,468</u>

Of the \$2,344 (2019 - \$1,468) in gross unrecognized tax benefits, \$2,344 (2019 - \$1,468) would affect the Company's effective tax rate if recognized. For the year-ended December 31, 2020, additional interest and penalties of \$224 related to uncertain tax positions was accrued (2019 - \$72; 2018 - \$6). The Company reversed \$44 of accrued interest and penalties related to positions lapsed in applicable statute of limitations in 2020 (2019 - \$80; 2018 - \$173). As at December 31, 2020, the Company had accrued \$362 (2019 - \$182) for potential income tax related interest and penalties.

Within the next twelve months, the Company believes it is reasonably possible that \$262 of unrecognized tax benefits associated with uncertain tax positions may be reduced due to lapses in statutes of limitations.

The Company files tax returns in Canada and multiple foreign jurisdictions. The number of years with open tax audits varies depending on the tax jurisdiction. Generally, income tax returns filed with the Canada Revenue Agency and related provinces are open for four to seven years and income tax returns filed with the United States Internal Revenue Service and related states are open for three to five years. Tax returns for significant other jurisdictions in which the Company conducts business are generally open for four years.

The Company does not currently expect any other material impact on earnings to result from the resolution of matters related to open taxation years, other than noted above. Actual settlements may differ from the amounts accrued. The Company has, as part of its analysis, made its current estimates based on facts and circumstances known to date and cannot predict changes in facts and circumstances that may affect its current estimates.

23. Pension plan

The Company has a defined benefit pension plan (the "Plan"), which was assumed in connection with a business acquired during 2016. The Plan covers eligible employees in the Netherlands and provides old age, survivor, orphan and disability benefits. Effective December 31, 2016, enrollment in the Plan was frozen and no additional employees are entitled to join the Plan.

The Plan is covered by an insurance contract which limits the Company's exposure to returns below a fixed discount rate. Effective August 31, 2019, the Company amended its insurance contract reducing its exposure to gains and losses as related to the fair value of the Plan assets and the projected benefit obligations under the Plan. The amendment constituted a settlement of \$45,388 under ASC 715, as a result of the settlement, the insurance benefits were removed from the plan assets and the fair value of Plan assets reduced to \$10 and the projected benefit obligation reduced to \$1,813 as at December 31, 2019.

On December 31, 2020 the amended contract with the insurance company expired. The Company and the employees also completed an agreement to terminate the defined benefit plan and move to a defined contribution plan. The Company fully curtailed and terminated the plan which resulted in a gain of \$2,093 recognized through net earnings in the year ended December 31, 2020.

24. Other supplemental information

	<u>Year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Cash payments made during the year		
Income tax, net of refunds	\$ 46,492	\$ 73,031
Interest	29,148	27,685
Non-cash financing activities		
Dividends declared but not paid	2,009	1,992
Other expenses		
Rent expense	\$ 79,795	\$ 76,893

25. Financial instruments

Concentration of credit risk

The Company is subject to credit risk with respect to its cash and cash equivalents, accounts receivable, unbilled revenues, other receivables and advisor loans receivable. Concentrations of credit risk with respect to cash and cash equivalents are limited by the use of multiple large and reputable banks. Concentrations of credit risk with respect to receivables are limited due to the large number of entities comprising the Company's customer base and their dispersion across different service lines in various countries.

Foreign currency risk

Foreign currency risk is related to the portion of the Company's business transactions denominated in currencies other than US dollars. A significant portion of revenue is generated by the Company's Canadian, Australian, UK and Euro currency operations. The Company's head office expenses are incurred primarily in Canadian dollars which are hedged by Canadian dollar denominated revenue.

Fluctuations in foreign currencies impact the amount of total assets and liabilities that are reported for foreign subsidiaries upon the translation of these amounts into US dollars. In particular, the amount of cash, working capital, goodwill and intangibles held by these subsidiaries is subject to translation variance caused by changes in foreign currency exchange rates as of the end of each respective reporting period (the offset to which is recorded to accumulated other comprehensive income on the consolidated balance sheets).

Interest rate risk

The Company utilizes an interest rate risk management strategy that may use interest rate hedging contracts from time to time. The Company's specific goals are to: (i) manage interest rate sensitivity by modifying the characteristics of its debt and (ii) lower the long-term cost of its borrowed funds.

In April 2017, the Company entered into interest rate swap agreements to convert the LIBOR floating interest rate on \$100,000 of US dollar denominated debt into a fixed interest rate of 1.897% plus the applicable margin. The swaps have a maturity of January 18, 2022.

In December 2018, the Company entered into additional interest rate swap agreements to convert the LIBOR floating interest rate on \$100,000 of US dollar denominated debt into a fixed interest rate of 2.7205% plus the applicable margin. The swaps have a maturity of April 30, 2023.

The swaps are being accounted for as cash flow hedges and are measured at fair value on the balance sheet. Gains or losses on the swaps, which are determined to be effective as hedges, are reported in other comprehensive income.

Fair values of financial instruments

The following table provides the financial assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2020:

	Carrying value at December 31, 2020	Fair value measurements		
		Level 1	Level 2	Level 3
Assets				
Cash equivalents	\$ 10,974	\$ 10,974	\$ -	\$ -
Equity securities	3,983	3,847	136	-
Debt securities	9,940	-	9,940	-
Mortgage derivative assets	18,383	-	18,383	-
Warehouse receivables	232,207	-	232,207	-
Deferred Purchase Price on AR Facility	87,957	-	-	87,957
Total assets	<u>\$ 363,444</u>	<u>\$ 14,821</u>	<u>\$ 260,666</u>	<u>\$ 87,957</u>
Liabilities				
Mortgage derivative liability	\$ 7,062	\$ -	\$ 7,062	\$ -
Interest rate swap liability	7,946	-	7,946	-
Contingent consideration liability	115,643	-	-	115,643
Total liabilities	<u>\$ 130,651</u>	<u>\$ -</u>	<u>\$ 15,008</u>	<u>\$ 115,643</u>

There were no significant non-recurring fair value measurements recorded during the year ended December 31, 2020 or 2019.

Cash equivalents

Cash equivalents include highly liquid investments with original maturities of less than three months. Actively traded cash equivalents where a quoted price is readily available are classified as Level 1 in the fair value hierarchy.

Warehouse receivables

As at December 31, 2020, all of the Company's mortgage warehouse receivables were under commitment to be purchased by a GSE or by a qualifying investor. These assets are classified as Level 2 in the fair value hierarchy as a substantial majority of the inputs are readily observable.

Mortgage-related derivatives

The fair value of interest rate lock commitments and forward sale commitments are derivatives and considered Level 2 valuations. Fair value measurements for both interest rate lock commitments and forward sales commitment consider observable market data, particularly changes in interest rates. In the case of interest rate lock commitments, the fair value measurement also considers the expected net cash flows associated with the servicing of the loans or the fair value of MSRs. However, the Company has evaluated the impact of the fair value of the MSRs on the fair value of the derivatives and they do not have a significant impact on the derivative fair values. The Company also considers the impact of counterparty non-performance risk when measuring the fair value of these derivatives. Given the credit quality of the Company's counterparties, the short duration of interest rate lock commitments and forward sales contracts and the Company's historical experience, the risk of nonperformance by the counterparties does not have a significant impact on the determination of fair value.

AR Facility deferred purchase price (“DPP”)

The Company recorded a DPP under its AR Facility. The DPP represents the difference between the fair value of the Receivables sold and the cash purchase price and is recognized at fair value as part of the sale transaction. The DPP is remeasured each reporting period in order to account for activity during the period, including the seller’s interest in any newly transferred Receivables, collections on previously transferred Receivables attributable to the DPP and changes in estimates for credit losses. Changes in the DPP attributed to changes in estimates for credit losses are expected to be immaterial, as the underlying Receivables are short-term and of high credit quality. The DPP is valued using Level 3 inputs, primarily discounted cash flows, with the significant inputs being discount rates ranging from 2.5% to 5.0% depending upon the aging of the Receivables. See note 16 for information on the AR Facility.

Changes in the fair value of the DPP comprises the following:

	<u>2020</u>	<u>2019</u>
Balance, January 1	\$ 69,873	\$ -
Additions to DPP	68,017	100,252
Collections on DPP	(51,994)	(28,100)
Fair value adjustment	(142)	(465)
Foreign exchange and other	2,203	(1,814)
Balance, December 31	<u>\$ 87,957</u>	<u>\$ 69,873</u>

Contingent acquisition consideration

The inputs to the measurement of the fair value of contingent consideration related to acquisitions are Level 3 inputs. The fair value measurements were made using a discounted cash flow model; significant model inputs were expected future operating cash flows (determined with reference to each specific acquired business) and discount rates (which range from 2.1% to 9.5%, with a weighted average of 4.6%). The wide range of discount rates is attributable to level of risk related to economic growth factors combined with the length of the contingent payment periods; and the dispersion was driven by unique characteristics of the businesses acquired and the respective terms for these contingent payments. A 2% increase in the weighted average discount rate would reduce the fair value of contingent consideration by \$3,400.

Changes in the fair value of the contingent consideration liability comprises the following:

	<u>2020</u>	<u>2019</u>
Balance, January 1	\$ 84,993	\$ 93,865
Amounts recognized on acquisitions	23,717	-
Fair value adjustments (note 6)	23,393	10,849
Resolved and settled in cash	(17,249)	(19,665)
Other	788	(56)
Balance, December 31	<u>\$ 115,643</u>	<u>\$ 84,993</u>
Less: current portion	<u>\$ 5,802</u>	<u>\$ 16,813</u>
Non-current portion	<u>\$ 109,841</u>	<u>\$ 68,180</u>

The carrying amounts for cash, restricted cash, accounts receivable, accounts payable and accrued liabilities approximate fair values due to the short maturity of these instruments, unless otherwise indicated. The inputs to the measurement of the fair value of non-current receivables, advisor loans and long-term debt are Level 3 inputs. The fair value measurements were made using a net present value approach; significant model inputs were expected future cash outflows and discount rates.

The following are estimates of the fair values for other financial instruments:

	December 31, 2020		December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Other receivables	\$ 14,989	\$ 14,989	\$ 16,678	\$ 16,678
Advisor loans receivable (non-current)	42,900	42,900	48,283	48,283
Long-term debt (non-current)	215,081	215,081	372,281	372,281
Senior Notes	255,790	275,928	234,901	254,858
Convertible Notes	223,957	230,000	-	-

Other receivables include notes receivable from non-controlling interests and non-current income tax recoverable.

26. Commitments and Contingencies

(a) Purchase commitments

Minimum contractual purchase commitments for the years ended December 31 are as follows:

Year ended December 31,	
2021	\$ 18,076
2022	4,695
2023	2,557
2024	1,540
2025	1,540
Thereafter	4,904
	<u>\$ 33,312</u>

(b) Contingencies

In the normal course of operations, the Company is subject to routine claims and litigation incidental to its business. Litigation currently pending or threatened against the Company includes disputes with former employees and commercial liability claims related to services provided by the Company. The Company believes resolution of such proceedings, combined with amounts set aside, will not have a material impact on the Company's financial condition or the results of operations.

In May 2020, the Company acquired a controlling interest in Colliers Mortgage, a lender in the Fannie Mae DUS Program. Commitments for the origination and subsequent sale and delivery of loans to Fannie Mae represent those mortgage loan transactions where the borrower has locked an interest rate and scheduled closing and the Company has entered into a mandatory delivery commitment to sell the loan to Fannie Mae. As discussed in note 25, the Company accounts for these commitments as derivatives recorded at fair value.

Colliers Mortgage is obligated to share in losses, if any, related to mortgages originated under the DUS Program. These obligations expose the Company to credit risk on mortgage loans for which the Company is providing underwriting, servicing, or other services under the DUS Program. Net losses on defaulted loans are shared with Fannie Mae based upon established loss-sharing ratios, and typically, the Company is subject to sharing up to one-third of incurred losses on loans originated under the DUS Program. As of December 31, 2020, the Company has funded and sold loans subject to such loss sharing obligations with an aggregate unpaid principal balance of approximately \$4,000,000. As at December 31, 2020, the Loss Reserve was \$15,194 and was included within Other liabilities on the Consolidated Balance Sheets.

Pursuant to the Company's licenses with Fannie Mae, Ginnie Mae and HUD the Company is required to maintain certain standards for capital adequacy which include minimum net worth and liquidity requirements. If it is determined at any time that the Company fails to maintain appropriate capital adequacy, the licensor reserves the right to terminate the Company's servicing authority for all or some of the portfolio. At December 31, 2020, the licensees were in compliance with all such requirements.

27. Related party transactions

As at December 31, 2020, the Company had \$3,356 of loans receivable from non-controlling shareholders (2019 - \$3,430). The majority of the loans receivable represent amounts assumed in connection with acquisitions and amounts issued to non-controlling interests to finance the sale of non-controlling interests in subsidiaries to senior managers. The loans are of varying principal amounts and interest rates which range from nil to 4.0%. These loans are due on demand or mature on various dates up to 2026, but are open for repayment without penalty at any time.

See note 19 for discussion of an arrangement between the Company and Jay S. Hennick, its CEO.

28. Revenue

Disaggregated revenue

Colliers has disaggregated its revenue from contracts with customers by type of service and region as presented in the following table.

OPERATING SEGMENT REVENUES

	Americas	EMEA	Asia Pacific	Investment Mgmt	Corporate	Consolidated
Year ended December 31,						
2020						
Leasing	\$ 495,597	\$ 107,947	\$ 82,917	\$ -	\$ 21	\$ 686,482
Capital Markets	460,224	136,479	104,201	-	-	700,904
Property services	471,377	162,853	200,727	-	-	834,957
Valuation and advisory	162,672	104,498	71,463	-	-	338,633
IM - Advisory and other	-	-	-	168,404	-	168,404
IM - Incentive Fees	-	-	-	4,190	-	4,190
Other	36,502	4,730	11,324	-	731	53,287
Total Revenue	\$ 1,626,372	\$ 516,507	\$ 470,632	\$ 172,594	\$ 752	\$ 2,786,857
2019						
Leasing	\$ 691,149	\$ 139,141	\$ 115,916	\$ -	\$ 193	\$ 946,399
Capital Markets	424,703	192,673	158,533	-	-	775,909
Property services	388,117	189,543	187,183	-	-	764,843
Valuation and advisory	167,919	109,517	69,028	-	-	346,464
IM - Advisory and other	-	-	-	155,426	-	155,426
IM - Incentive Fees	-	-	-	19,162	-	19,162
Other	18,619	5,592	11,949	-	1,448	37,608
Total Revenue	\$ 1,690,507	\$ 636,466	\$ 542,609	\$ 174,588	\$ 1,641	\$ 3,045,811

Revenue associated with the Company's debt finance and loan servicing operations are outside the scope of ASC 606. In the year ended December 31, 2020, \$75,975 of revenue was excluded from the scope of ASC 606. These revenues were included entirely within the Americas segment within Capital Markets and Other revenue.

Contract balances

The Company had contract assets totaling \$66,436 of which \$61,101 was current (2019 - \$48,934 of which \$42,772 was current). During the year ended December 31, 2020, substantially all of the current contract assets were either moved to accounts receivable or sold under the AR Facility (Note 16).

The Company had contract liabilities (all current) totaling \$21,076 (2019 - \$24,133). Revenue recognized for the year ended December 31, 2020 totaled \$22,338 (2019 - \$26,568) that was included in the contract liability balance at the beginning of the year.

Certain constrained brokerage fees, outsourcing & advisory fees and investment management fees may arise from services that began in a prior reporting period. Consequently, a portion of the fees the Company recognizes in the current period may be partially related to the services performed in prior periods. Typically, less than 5% of brokerage revenue recognized in a period had previously been constrained and substantially all investment management incentive fees, including carried interest, recognized in the period were previously constrained.

29. Segmented information

Operating segments

Colliers has identified four reportable operating segments. Three segments are grouped geographically into Americas, Asia Pacific and EMEA. The Investment Management segment operates in the Americas and EMEA. The groupings are based on the manner in which the segments are managed. Management assesses each segment's performance based on operating earnings or operating earnings before depreciation and amortization. Corporate includes the costs of global administrative functions and the corporate head office.

Included in segment total assets at December 31, 2020 are investments in non-consolidated subsidiaries accounted for under the equity method: Americas \$3,147 (2019 - \$3,278), EMEA \$1,550 (2019 - \$1,427) and Investment Management \$7,518 (2019 - \$2,161). The reportable segment information excludes intersegment transactions.

2020	Asia Investment					Consolidated
	Americas	EMEA	Pacific	Mgmt	Corporate	
Revenues	\$ 1,626,372	\$ 516,507	\$ 470,632	\$ 172,594	\$ 752	\$ 2,786,857
Depreciation and amortization	56,667	22,391	14,616	27,464	4,768	125,906
Operating earnings (loss)	121,371	8,336	45,221	40,738	(51,088)	164,578
Equity earnings	1,469	75	-	1,181	193	2,919
Other income, net						(13)
Interest expense, net						(30,949)
Income tax expense						(42,046)
Net earnings						\$ 94,489
Total assets	\$ 1,640,046	\$ 648,557	\$ 384,001	\$ 694,270	\$ (74,707)	\$ 3,292,167
Total additions to long-lived assets	357,187	8,194	4,593	3,669	2,255	375,898

2019	Americas	EMEA	Asia Pacific	Investment Mgmt	Corporate	Consolidated
Revenues	\$ 1,690,507	\$ 636,466	\$ 542,609	\$ 174,588	\$ 1,641	\$ 3,045,811
Depreciation and amortization	34,113	22,489	7,969	26,504	3,589	94,664
Operating earnings (loss)	103,731	48,510	67,062	35,048	(36,154)	218,197
Equity earnings	1,361	35	-	669	-	2,065
Other income, net						(212)
Interest expense, net						(29,452)
Income tax expense						(53,013)
Net earnings						<u>\$ 137,585</u>
Total assets	\$ 917,997	\$ 672,691	\$ 388,606	\$ 953,567	\$ (40,147)	<u>\$ 2,892,714</u>
Total additions to long-lived assets	47,132	12,656	79,904	1,829	4,961	146,482

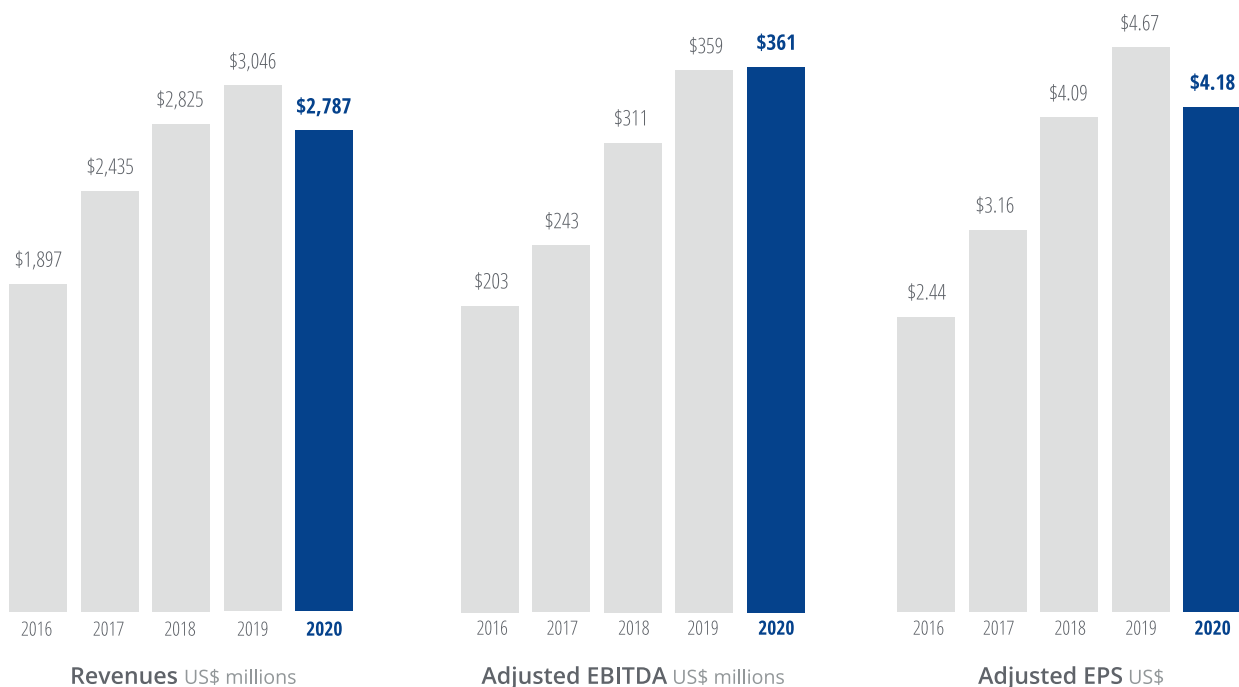
Geographic information

Revenues in each geographic region are reported by customer locations.

GEOGRAPHIC INFORMATION

	Year ended December 31,	
	<u>2020</u>	<u>2019</u>
United States		
Revenues	\$ 1,432,288	\$ 1,429,650
Total long-lived assets	1,378,648	1,057,543
Canada		
Revenues	\$ 304,039	\$ 356,634
Total long-lived assets	82,520	88,589
Euro currency countries		
Revenues	\$ 280,853	\$ 356,171
Total long-lived assets	306,472	293,673
Australia		
Revenues	\$ 190,106	\$ 235,469
Total long-lived assets	84,758	84,969
United Kingdom		
Revenues	\$ 135,572	\$ 170,302
Total long-lived assets	79,738	85,998
Other		
Revenues	\$ 443,999	\$ 497,585
Total long-lived assets	184,533	186,739
Consolidated		
Revenues	\$ 2,786,857	\$ 3,045,811
Total long-lived assets	2,116,669	1,797,511

Financial Highlights



(US\$ thousands, except per share amounts)		Year ended December 31				
	2020	2019	2018	2017	2016	
Operations						
Revenues	\$2,786,857	\$3,045,811	\$2,825,427	\$2,435,200	\$1,896,724	
Operating earnings	164,578	218,197	201,398	167,376	146,173	
Net earnings	94,489	137,585	128,574	94,074	91,571	
Financial Position						
Total assets	\$3,292,167	\$2,892,714	\$2,357,580	\$1,507,560	\$1,194,779	
Long-term debt ¹	479,895	611,404	672,123	249,893	262,498	
Financial leverage ²	1.0	1.4	1.6	0.6	0.7	
Shareholders' equity	586,109	517,299	391,973	303,014	212,513	
Earnings Data						
Adjusted EBITDA ³	\$361,442	\$359,476	\$311,435	\$242,824	\$203,062	
Diluted net earnings per common share	1.22	2.57	2.45	1.31	1.75	
Adjusted EPS ⁴	4.18	4.67	4.09	3.16	2.44	
Diluted weighted average common shares outstanding (thousands)	40,179	39,981	39,795	39,308	38,868	
Cash dividends per common share	0.10	0.10	0.10	0.10	0.09	

¹Excluding warehouse credit facilities and convertible notes.

²Financial leverage expressed in terms of (long term debt less cash) / pro forma adjusted EBITDA.

³Adjusted EBITDA is defined as net earnings before income tax, interest, depreciation, amortization, gains attributable to mortgage servicing rights, acquisition-related items, restructuring costs and stock-based compensation expense.

⁴Adjusted EPS is defined as diluted net earnings per common share, adjusted for the effect, after income tax, of non-controlling interest redemption increment, amortization, gains attributable to mortgage servicing rights, acquisition-related items, restructuring costs and stock-based compensation expense.

Notice of Shareholders Meeting



The virtual annual meeting of shareholders will be held on **April 14, 2021 at 11:00am ET**

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About Colliers

Colliers (NASDAQ, TSX: CIGI) is a leading diversified professional services and investment management company. With operations in 67 countries, our more than 15,000 enterprising professionals work collaboratively to provide expert advice to real estate occupiers, owners and investors. For more than 25 years, our experienced leadership with significant insider ownership has delivered compound annual investment returns of almost 20% for shareholders. With annualized revenues of \$3.0 billion (\$3.3 billion including affiliates) and \$40 billion of assets under management, we maximize the potential of property and accelerate the success of our clients and our people.