

**COLLIERS INTERNATIONAL
GROUP INC.**

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Third Quarter

September 30, 2019

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

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Revenues	\$ 736,883	\$ 715,721	\$ 2,117,523	\$ 1,935,544
Cost of revenues (exclusive of depreciation and amortization shown below)	477,365	472,079	1,382,933	1,265,104
Selling, general and administrative expenses	179,640	172,254	527,773	497,601
Depreciation	7,957	7,906	24,446	22,679
Amortization of intangible assets	14,878	15,255	44,835	32,624
Acquisition-related items (note 5)	8,867	6,271	18,765	14,265
Operating earnings	48,176	41,956	118,771	103,271
Interest expense, net	7,298	6,896	22,775	13,753
Other income, net (note 6)	(663)	(581)	(985)	(1,041)
Earnings before income tax	41,541	35,641	96,981	90,559
Income tax expense (note 7)	12,868	10,257	27,270	27,832
Net earnings	28,673	25,384	69,711	62,727
Non-controlling interest share of earnings	6,069	4,073	13,900	8,290
Non-controlling interest redemption increment (note 13)	(7,043)	5,125	919	9,439
Net earnings attributable to Company	\$ 29,647	\$ 16,186	\$ 54,892	\$ 44,998
Net earnings per common share (note 14)				
Basic	\$ 0.75	\$ 0.41	\$ 1.39	\$ 1.15
Diluted	\$ 0.74	\$ 0.41	\$ 1.37	\$ 1.13

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

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

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Net earnings	\$ 28,673	\$ 25,384	\$ 69,711	\$ 62,727
Foreign currency translation gain (loss)	(3,847)	(4,402)	(3,901)	(11,491)
Unrealized gain (loss) on interest rate swaps, net of tax	(598)	290	(4,883)	1,747
Pension liability adjustments, net of tax	-	-	(4)	-
Comprehensive earnings	24,228	21,272	60,927	52,983
Less: Comprehensive earnings attributable to non-controlling shareholders	2,707	9,295	18,336	21,522
Comprehensive earnings attributable to Company	\$ 21,521	\$ 11,977	\$ 42,591	\$ 31,461

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

COLLIERS INTERNATIONAL GROUP INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands of US dollars)

	September 30, 2019	December 31, 2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 101,676	\$ 127,032
Accounts receivable, net of allowance of \$13,814 (December 31, 2018 - \$30,789)	322,643	455,232
Contract assets	29,931	99,468
Income tax recoverable	10,440	13,090
Prepaid expenses and other current assets (note 12)	139,869	65,491
	604,559	760,313
Other receivables	12,184	12,088
Contract assets	6,205	10,964
Other assets	62,878	60,713
Fixed assets	101,392	93,483
Operating lease right-of-use assets (note 8)	261,277	-
Deferred income tax, net	40,084	34,195
Intangible assets	463,753	497,930
Goodwill	887,583	887,894
	1,835,356	1,597,267
	\$ 2,439,915	\$ 2,357,580
Liabilities and shareholders' equity		
Current Liabilities		
Accounts payable and accrued expenses	\$ 215,411	\$ 251,375
Accrued compensation	363,180	469,563
Income taxes payable	11,360	30,034
Contract liabilities	26,252	28,773
Long-term debt - current (note 9)	6,507	1,834
Contingent acquisition consideration - current (note 12)	23,930	17,122
Operating lease liabilities (note 8)	69,551	-
	716,191	798,701
Long-term debt - non-current (note 9)	604,361	670,289
Contingent acquisition consideration (note 12)	65,381	76,743
Deferred rent	-	27,137
Operating lease liabilities (note 8)	225,060	-
Other liabilities	27,362	21,826
Deferred income tax, net	21,118	27,550
	943,282	823,545
Redeemable non-controlling interests (note 13)	323,362	343,361
Shareholders' equity		
Common shares	435,809	415,805
Contributed surplus	59,193	54,717
Retained earnings (deficit)	31,162	(21,751)
Accumulated other comprehensive loss	(73,523)	(61,218)
Total Company shareholders' equity	452,641	387,553
Non-controlling interests	4,439	4,420
Total shareholders' equity	457,080	391,973
	\$ 2,439,915	\$ 2,357,580

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

COLLIERS INTERNATIONAL GROUP INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(in thousands of US dollars, except share information)

Nine months ended September 30, 2019

	Common shares		Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive 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	-	-	-	69,711	-	-	69,711
Pension liability adjustment, net of tax	-	-	-	-	(4)	-	(4)
Foreign currency translation loss	-	-	-	-	(3,901)	-	(3,901)
Unrealized loss on interest rate swaps, net of tax	-	-	-	-	(4,883)	-	(4,883)
Other comprehensive earnings attributable to NCI	-	-	-	-	(3,517)	54	(3,463)
NCI share of earnings	-	-	-	(13,900)	-	1,705	(12,195)
NCI redemption increment	-	-	-	(919)	-	-	(919)
Distributions to NCI	-	-	-	-	-	(1,553)	(1,553)
Acquisition of businesses, net	-	-	-	-	-	(187)	(187)
Subsidiaries' equity transactions	-	-	2,568	-	-	-	2,568
Subordinate Voting Shares:							
Stock option expense	-	-	5,198	-	-	-	5,198
Stock options exercised	490,675	20,004	(3,290)	-	-	-	16,714
Dividends	-	-	-	(1,979)	-	-	(1,979)
Balance, September 30, 2019	39,703,811	\$ 435,809	\$ 59,193	\$ 31,162	\$ (73,523)	\$ 4,439	\$ 457,080

Three months ended September 30, 2019

	Common shares		Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive loss	Non-controlling interests	Total shareholders' equity
	Issued and outstanding shares	Amount					
Balance, June 30, 2019	39,584,811	\$ 430,084	\$ 58,784	\$ 1,516	\$ (65,397)	\$ 3,851	\$ 428,838
Net earnings	-	-	-	28,672	-	-	28,672
Foreign currency translation loss	-	-	-	-	(3,847)	-	(3,847)
Unrealized loss on interest rate swaps, net of tax	-	-	-	-	(598)	-	(598)
Other comprehensive earnings attributable to NCI	-	-	-	-	(3,681)	(148)	(3,829)
NCI share of earnings	-	-	-	(6,069)	-	773	(5,296)
NCI redemption increment	-	-	-	7,043	-	-	7,043
Distributions to NCI	-	-	-	-	-	(58)	(58)
Acquisition of businesses, net	-	-	-	-	-	21	21
Subsidiaries' equity transactions	-	-	12	-	-	-	12
Subordinate Voting Shares:							
Stock option expense	-	-	1,558	-	-	-	1,558
Stock options exercised	119,000	5,725	(1,161)	-	-	-	4,564
Balance, September 30, 2019	39,703,811	\$ 435,809	\$ 59,193	\$ 31,162	\$ (73,523)	\$ 4,439	\$ 457,080

Nine months ended September 30, 2018

	Common shares		Contributed surplus	Deficit	Accumulated other comprehensive loss	Non-controlling interests	Total shareholders' equity
	Issued and outstanding shares	Amount					
Balance, December 31, 2017	38,934,161	\$ 406,984	\$ 50,219	\$ (115,489)	\$ (43,157)	\$ 4,457	\$ 303,014
Net earnings	-	-	-	62,727	-	-	62,727
Foreign currency translation loss	-	-	-	-	(11,491)	-	(11,491)
Unrealized gain on interest rate swaps, net of tax	-	-	-	-	1,747	-	1,747
Other comprehensive earnings attributable to NCI	-	-	-	-	(3,793)	109	(3,684)
NCI share of earnings	-	-	-	(8,290)	-	991	(7,299)
NCI redemption increment	-	-	-	(9,439)	-	-	(9,439)
Distributions to NCI	-	-	-	-	-	(1,795)	(1,795)
Acquisition of businesses, net	-	-	-	-	-	(220)	(220)
Subsidiaries' equity transactions	-	-	(23)	-	-	-	(23)
Subordinate Voting Shares:							
Stock option expense	-	-	4,978	-	-	-	4,978
Stock options exercised	266,475	8,415	(1,350)	-	-	-	7,065
Dividends	-	-	-	(1,960)	-	-	(1,960)
Balance, September 30, 2018	39,200,636	\$ 415,399	\$ 53,824	\$ (72,451)	\$ (56,694)	\$ 3,542	\$ 343,620

Three months ended September 30, 2018

	Common shares		Contributed surplus	Deficit	Accumulated other comprehensive loss	Non-controlling interests	Total shareholders' equity
	Issued and outstanding shares	Amount					
Balance, June 30, 2018	39,194,786	\$ 415,302	\$ 52,464	\$ (88,637)	\$ (52,486)	\$ 3,579	\$ 330,222
Net earnings	-	-	-	25,384	-	-	25,384
Foreign currency translation loss	-	-	-	-	(4,402)	-	(4,402)
Unrealized gain on interest rate swaps, net of tax	-	-	-	-	290	-	290
Other comprehensive earnings attributable to NCI	-	-	-	-	(96)	40	(56)
NCI share of earnings	-	-	-	(4,073)	-	391	(3,682)
NCI redemption increment	-	-	-	(5,125)	-	-	(5,125)
Distributions to NCI	-	-	-	-	-	(468)	(468)
Subordinate Voting Shares:							
Stock option expense	-	-	1,277	-	-	-	1,277
Stock options exercised	5,850	97	83	-	-	-	180
Balance, September 30, 2018	39,200,636	\$ 415,399	\$ 53,824	\$ (72,451)	\$ (56,694)	\$ 3,542	\$ 343,620

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

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

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Cash provided by (used in)				
Operating activities				
Net earnings	\$ 28,673	\$ 25,384	\$ 69,711	\$ 62,727
Items not affecting cash:				
Depreciation and amortization	22,835	23,161	69,281	55,303
Deferred income tax	(2,941)	1,406	(9,985)	2,805
Earnings from equity method investments	(480)	(428)	(1,220)	(997)
Stock option expense	1,558	1,277	5,199	4,978
Allowance for uncollectible accounts receivable	3,272	2,098	5,490	3,869
Amortization of advisor loans	5,216	4,671	15,282	12,753
Other	1,291	2,945	16,748	6,503
Net changes from operating assets / liabilities				
Accounts receivable	(7,487)	(26,979)	9,810	11,678
Contract assets	2,284	(4,559)	7,055	5,115
Prepaid expenses and other current assets	(6,222)	(2,100)	(16,597)	(7,401)
Accounts payable and accrued expenses	9,617	1,067	(54,939)	(34,944)
Accrued compensation	35,923	63,401	(107,315)	(53,177)
Contract liabilities	(6,640)	9,742	(2,597)	4,447
Other liabilities	1,716	(1,380)	5,280	(923)
Contingent acquisition consideration paid	(499)	(1,509)	(5,712)	(4,365)
Sale proceeds from AR Facility, net of repurchases (note 10)	(1,730)	-	117,695	-
Net cash provided by operating activities	86,386	98,197	123,186	68,371
Investing activities				
Acquisitions of businesses, net of cash acquired (note 4)	-	(476,108)	(23,677)	(574,688)
Disposition of business, net of cash disposed (note 4)	-	17,287	-	17,287
Purchases of fixed assets	(7,245)	(7,571)	(31,309)	(21,561)
Advisor loans issued	(4,292)	(4,499)	(15,198)	(20,008)
Cash collections of AR Facility deferred purchase price	7,827	-	15,164	-
Other investing activities	(19)	586	(4,715)	(1,865)
Net cash used in investing activities	(3,729)	(470,305)	(59,735)	(600,835)
Financing activities				
Increase in long-term debt	74,982	489,544	394,595	949,411
Repayment of long-term debt	(145,106)	(87,637)	(443,295)	(620,081)
Issuance of senior notes	-	-	-	244,938
Purchase of non-controlling interests, net	(4,063)	-	(10,828)	(73)
Contingent acquisition consideration paid	(302)	(7,760)	(8,696)	(15,503)
Proceeds received on exercise of options	4,564	180	16,714	7,064
Dividends paid to common shareholders	(1,979)	(1,959)	(3,940)	(3,906)
Distributions paid to non-controlling interests	(8,294)	(3,544)	(27,851)	(16,147)
Financing fees paid	114	(1,225)	(1,243)	(3,055)
Net cash provided by (used in) financing activities	(80,084)	387,599	(84,544)	542,648
Effect of exchange rate changes on cash	(2,989)	(5,000)	(4,263)	(3,970)
Increase (decrease) in cash and cash equivalents	(416)	10,491	(25,356)	6,214
Cash and cash equivalents, beginning of period	102,092	104,246	127,032	108,523
Cash and cash equivalents, end of period	\$ 101,676	\$ 114,737	\$ 101,676	\$ 114,737

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

COLLIERS INTERNATIONAL GROUP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2019
(Unaudited)
(in thousands of US dollars, except per share amounts)

1. **DESCRIPTION OF THE BUSINESS** – Colliers International Group Inc. (“Colliers” or the “Company”) provides commercial real estate services to corporate and institutional clients in 35 countries around the world (68 countries including affiliates and franchisees). Colliers’ primary services are outsourcing and advisory services, lease brokerage, sales brokerage 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 (“IM”).

2. **SUMMARY OF PRESENTATION** – These unaudited Interim Consolidated Financial Statements (the “Financial Statements”) have been prepared by the Company in accordance with disclosure requirements for the presentation of interim financial information. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) in the United States of America have been condensed or omitted in accordance with such disclosure requirements, although the Company believes that the disclosures are adequate to make the information not misleading. These Financial Statements should be read in conjunction with the audited consolidated financial statements of Colliers for the year ended December 31, 2018.

In the opinion of management, the Financial Statements contain all adjustments necessary to a fair statement of the financial position of the Company as at September 30, 2019 and the results of operations and its cash flows for the three and nine month periods ended September 30, 2019 and 2018. All such adjustments are of a normal recurring nature. The results of operations for the nine month period ended September 30, 2019 are not necessarily indicative of the results to be expected for the year ending December 31, 2019.

Prior year comparatives in relation to accounts payable and accrued expenses, accrued compensation and contract liabilities on the consolidated balance sheets and consolidated statements of cash flows have been restated to better reflect the classification of certain liabilities and to improve comparability with 2019. The amounts have no net impact on current liabilities or operating cash flows.

These Financial Statements follow the same accounting policies as the most recent audited consolidated financial statements of Colliers, except as noted in notes 3, 10 and 12. The accounting policy for leases is shown below and the accounting for the accounts receivable facility is shown in notes 10 and 12.

Leases

The Company is (i) a lessee in relation to premises and equipment and (ii) acts as a lessor in relation to certain premises that it owns or leases from third parties.

(a) As a lessee

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.

(b) As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. All of the Company's lessor arrangements are classified as operating leases.

When the Company is a sublessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lessor classification of a sublease with reference to the underlying asset rather than with reference to the right-of-use asset. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as other revenue.

3. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Recently adopted accounting guidance

Leases

The Financial Accounting Standards Board ("FASB") has issued two Accounting Standards Updates ("ASU") related to leases (collectively, "ASC 842"). In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This ASU affects all aspects of lease accounting and has a significant impact to lessees as it requires the recognition of a right-of-use asset and a lease liability for virtually all leases including operating leases. In addition to balance sheet recognition, additional quantitative and qualitative disclosures is required.

In July 2018, the FASB issued ASU No. 2018-11, *Codification Improvements to Topic 842, Leases*. This ASU affects narrow aspects of the guidance issued in ASU 2016-02 providing an additional (and optional) alternative transition method to adopt the new leases standard. Under this transition method, an entity initially applies ASC 842 at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption.

The Company has adopted ASC 842 effective January 1, 2019, with the election of the new optional transition method offered under ASU 2018-11 to apply the new lease standard at the adoption date without restating comparative figures. Therefore, the comparative information has not been restated and continues to be reported under previous GAAP. In transitioning to ASC 842, the Company has also elected to apply the practical expedient package which permits the Company to (i) not reassess whether expired or existing contracts are or contain leases, (ii) not reassess the lease

classification between operating and finance leases for any expired or existing leases and (iii) not reassess initial direct costs for any existing leases.

The most significant impact is the increase in operating lease right-of-use assets and operating lease liabilities. A summary of the adjustments to the Company's consolidated balance sheet as at adoption on January 1, 2019 were as follows:

	December 31, 2018	ASC 842 adjustment	January 1, 2019
Balance sheet			
Accounts receivable, net of allowance	\$ 455,232	\$ 1,174	\$ 456,406
Prepaid expenses and other current assets	65,491	(1,477)	64,014
Operating lease right-of-use assets	-	274,696	274,696
Accounts payable and accrued expenses	251,375	(6,177)	245,198
Operating lease liabilities (current)		59,831	59,831
Deferred rent	27,137	(27,137)	-
Operating lease liabilities (non-current)	-	247,876	247,876

Related balance sheet ratios were also impacted; however, covenant ratio calculations under the Company's Revolving Credit Facility and Senior Notes were not impacted, as the underlying debt agreements contain provisions that nullify the impact of changes in accounting standards. See notes 2 and 8 for further details on leases.

Hedging activities

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, which increases the scope of hedge accounting for both financial and nonfinancial strategies. The Company adopted the new standard effective January 1, 2019 with no material impact on the Financial Statements. The Company's interest rate swaps are accounted for as cash flow hedges, are deemed to be effective as hedges and are reported in other comprehensive income.

Recently issued accounting guidance, not yet adopted

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 existing incurred loss approach and is expected to result in more timely recognition of credit losses. The standard is effective for annual and interim periods beginning after December 15, 2019. The Company is currently assessing the impact of this ASU on its consolidated financial statements.

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 standard is effective for annual and interim periods beginning after December 15, 2019. The Company is currently assessing the impact of this ASU on its consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. This ASU provides an option to reclassify stranded tax effects within accumulated other comprehensive income to retained earnings in each period in which the effect of the change in the US federal corporate income tax rate (or portion thereof) is recorded.

The standard is effective for annual and interim periods beginning after December 15, 2019. The Company is currently assessing the impact of this ASU on its consolidated financial statements.

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. The standard is effective for annual and interim periods beginning after December 15, 2019. The Company is currently assessing the impact of this ASU on its consolidated financial statements.

4. ACQUISITIONS – During the nine months ended September 30, 2019, the Company acquired controlling interests in three businesses, two operating in Americas (Virginia; North Carolina) and one operating in EMEA (Sweden). The acquisition date fair value of consideration transferred consisted of \$22,875 in cash (net of cash acquired of \$3,571). The Company acquired \$2,284 of net assets, excluding cash, and recognized goodwill of \$12,502, intangible assets of \$15,607 and redeemable non-controlling interest of \$7,518 in its preliminary purchase price allocation.

The primary factors contributing to goodwill are assembled workforces, synergies with existing operations and future growth prospects. Acquired intangible assets consist of customer relationships, revenue backlog and property management contracts with estimated useful lives ranging from 3 months to 15 years. These acquisitions were accounted for by the acquisition method of accounting for business combinations.

During the nine months ended September 30, 2018, the Company acquired controlling interests in ten businesses for cash consideration of \$574,688 (net of cash acquired of \$18,472) and contingent consideration of \$56,871.

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 revenue or earnings level and (iii) the actual revenue or earnings for the contingency period. If the acquired business does not achieve the specified revenue or 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 on the acquisition date and is re-measured to fair value each subsequent reporting period. The fair value recorded on the consolidated balance sheet as at September 30, 2019 was \$89,310 (see note 12). The liability recorded on the balance sheet for the compensatory element of contingent consideration arrangements as of September 30, 2019 was \$19,759. The estimated range of outcomes (undiscounted) for all contingent consideration arrangements, including those with an element of compensation, is \$168,294 to a maximum of \$197,993. The contingencies will expire during the period extending to May 2023.

5. ACQUISITION-RELATED ITEMS - Acquisition-related expense is comprised of the following:

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Transaction costs	\$ 984	\$ 3,462	\$ 3,282	\$ 8,401
Contingent consideration fair value adjustments	5,248	302	6,106	(35)
Contingent consideration compensation expense	2,635	2,507	9,377	5,899
	<u>\$ 8,867</u>	<u>\$ 6,271</u>	<u>\$ 18,765</u>	<u>\$ 14,265</u>

6. OTHER EXPENSE (INCOME) - Other expense (income) is comprised of the following:

	Three months ended		Nine months ended	
	September 30		September 30	
	2019	2018	2019	2018
(Gain) loss on investments	\$ 4	\$ (96)	\$ (88)	\$ (177)
Fair value adjustment on DPP (note 10)	6	-	461	-
Equity earnings from non-consolidated investments	(480)	(428)	(1,220)	(997)
Other	(193)	(57)	(138)	133
	<u>\$ (663)</u>	<u>\$ (581)</u>	<u>\$ (985)</u>	<u>\$ (1,041)</u>

7. INCOME TAX – The provision for income tax for the nine months ended September 30, 2019 reflected an effective tax rate of 28.1% (2018 - 30.7%) relative to the combined statutory rate of approximately 26.5% (2018 - 26.5%). The income tax rate of both the current period and prior period was impacted by the foreign tax rate differential, non-deductible expenses and non-deductible contingent acquisition consideration. The effective income tax rate of the current period was also reduced by the tax effect of non-wholly owned flow through entities.

8. 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 eleven years. Leases generally include an initial contract term but some leases include an option to renew the lease for 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:

	Three months ended		Nine months ended	
	September 30		September 30	
	2019	2019	2019	2019
Operating lease cost	\$ 19,633	\$ 57,950		
Finance lease cost				
Amortization of right-of-use assets	181	650		
Interest on lease liabilities	6	16		
Variable lease cost	6,401	19,469		
Short term lease cost	1,143	3,638		
	<u>\$ 27,364</u>	<u>\$ 81,723</u>		
Total lease expense				
Sublease revenues	(1,569)	(2,842)		
Total lease cost, net of sublease revenues	<u>\$ 25,795</u>	<u>\$ 78,881</u>		

Supplemental information related to leases was as follows:

	Nine months ended September 30
	<u>2019</u>
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases recognized on transition to ASC 842	\$ 274,696
Operating leases commencing in 2019	29,083
Finance leases	311
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ (59,144)
Operating cash flows from finance leases	(16)
Financing cash flows from finance leases	(693)

Supplemental balance sheet information related to leases was as follows:

	<u>As at September 30, 2019</u>
Operating leases	
Operating lease right-of-use assets	\$ 261,277
Operating lease liabilities - current	\$ (69,551)
Operating lease liabilities - non-current	(225,060)
Total operating lease liabilities	<u>\$ (294,611)</u>
Finance leases	
Fixed assets, gross	\$ 5,657
Accumulated depreciation	(4,696)
Fixed assets, net	<u>\$ 961</u>
Long-term debt - current	\$ (583)
Long-term debt - non-current	(338)
Total finance lease liabilities	<u>\$ (921)</u>

Maturities of lease liabilities were as follows:

	One year	Two years	Three years	Four years	Five years	Thereafter	Total
Operating leases	\$ 77,450	\$ 64,589	\$ 53,241	\$ 40,756	\$ 32,087	\$ 56,432	\$ 324,555
Present value of operating lease liabilities							<u>294,611</u>
Difference between undiscounted cash flows and discounted cash flows						\$ 29,944	
Finance leases	\$ 585	\$ 272	\$ 105	\$ 1	\$ -	\$ -	\$ 963
Present value of finance lease liabilities							<u>921</u>
Difference between undiscounted cash flows and discounted cash flows						\$ 42	

September 30
2019

Weighted average remaining lease term

Operating leases	5.5 years
Finance leases	1.9 years

Weighted average discount rate

Operating leases	3.4 %
Finance leases	1.5 %

As of September 30, 2019, the Company has additional operating leases, primarily for premises, that have not yet commenced of \$32,153. These operating leases will commence within the next twelve months and have lease terms ranging from three to eleven years.

As previously disclosed in the audited consolidated financial statements for the year ended December 31, 2018 and in accordance with ASC 840, *Leases*, the minimum operating lease payments due in each of the next five years and thereafter are presented in the following table.

2019	\$ 86,376
2020	76,169
2021	62,171
2022	51,011
2023	38,103
Thereafter	<u>97,631</u>
	<u>\$ 411,461</u>

9. **LONG-TERM DEBT** – On April 4, 2019, the Company entered into an amended and restated credit agreement with a syndicate of banks to provide 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 2.50% over floating reference rates, depending on financial leverage ratios. The weighted average interest rate for the nine months ended September 30, 2019 was 3.4% (2018 - 3.0%). The Revolving Credit Facility had \$616,879 of available un-drawn credit as at September 30, 2019. As of September 30, 2019, letters of credit in the amount of \$7,237 were outstanding (\$7,715 as at September 30, 2018). The Revolving Credit Facility requires a commitment fee of 0.25% to 0.5% 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 September 30, 2019. The Company is limited from undertaking certain mergers, acquisitions and dispositions without prior approval.

10. **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. 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 September 30, 2019 the Company had drawn \$117,695 of the committed capacity, the proceeds of which were used to repay outstanding indebtedness under the Revolving Credit 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 impairment or increased obligation at each reporting date. As of September 30, 2019, the servicing liability was nil.

Under the AR Facility, the Company receives a cash payment and a deferred purchase price (“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. From inception, up to September 30, 2019, Receivables sold under the AR Facility were \$683,958 and cash collections from customers on Receivables sold were \$512,684, 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 September 30, 2019, the outstanding principal on trade accounts receivable, net of Allowance for Doubtful Accounts, sold under the AR Facility was \$103,383; and the outstanding principal on contract assets, current and non-current, sold under the AR Facility was \$77,733. See note 12 for fair value information on the DPP.

For the nine months ended September 30, 2019, the Company recognized a loss related to Receivables sold of \$461 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 nine months ended September 30, 2019 were \$78,040.

11. 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 equity co-investments (typically 1%-2%) and fee arrangements.

The following table provides the maximum exposure to loss related to the VIEs which are not consolidated:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Investments in unconsolidated subsidiaries	\$ 1,259	\$ -
Co-investment commitments	8,736	-
Maximum exposure to loss	<u>\$ 9,995</u>	<u>\$ -</u>

12. FAIR VALUE MEASUREMENTS – The following table provides the financial assets and liabilities carried at fair value measured on a recurring basis as of September 30, 2019:

	Carrying value at September 30, 2019	Fair value measurements		
		Level 1	Level 2	Level 3
Assets				
Deferred Purchase Price on AR Facility	\$ 62,877	\$ -	\$ -	\$ 62,877
Investments in equity securities	9,351	3,883	5,468	-
Investments in debt securities	150	-	-	150
Liabilities				
Contingent consideration liability	\$ 89,310	\$ -	\$ -	\$ 89,310
Interest rate swap liability	5,718	-	5,718	-

The Company recorded a DPP under its AR Facility upon the initial sale of Receivables. 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 4.0% depending on the aging of the Receivables. See note 10 for information on the AR Facility.

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 3.0% to 8.5%, with a weighted average of 5.3%). 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. Within the range of discount rates, there is data point concentration at the 3.8% and 8.2% levels. A 2% increase in the weighted average discount rate would reduce the fair value of contingent consideration by \$4,000.

Changes in the fair value of the contingent consideration liability are comprised of the following:

	2019
Balance, January 1	\$ 93,865
Fair value adjustments	6,106
Resolved and settled in cash	(10,111)
Other	(550)
Balance, September 30	\$ 89,310
Less: Current portion	23,930
Non-current portion	\$ 65,380

The carrying amounts for cash and cash equivalents, 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 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.

	<u>September 30, 2019</u>		<u>December 31, 2018</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
Other receivables	\$ 12,184	\$ 12,184	\$ 12,088	\$ 12,088
Advisor loans receivable (non-current)	45,494	45,494	46,661	46,661
Long-term debt, excluding Senior Notes (non-current)	375,847	375,847	430,712	430,712
Senior Notes	228,176	252,370	239,577	268,838

13. 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:

	<u>2019</u>
Balance, January 1	\$ 343,361
RNCI share of earnings	12,193
RNCI redemption increment	919
Distributions paid to RNCI	(27,264)
Purchase of interests from RNCI, net	(13,365)
RNCI recognized on business acquisitions	7,518
Balance, September 30	<u>\$ 323,362</u>

The Company has shareholders’ agreements in place at each of its non-wholly owned subsidiaries. These agreements allow the Company to “call” the non-controlling interest 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 extraordinary items, 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 September 30, 2019 was \$292,626 (September 30, 2018 - \$295,842). The redemption amount is lower than that recorded on the balance sheet as the formula prices 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 September 30, 2019, approximately 4,100,000 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.

14. NET EARNINGS PER COMMON SHARE – Earnings per share calculations cannot be anti-dilutive, therefore diluted shares are not used in the denominator when the numerator is in a loss position. The following table reconciles the basic and diluted common shares outstanding:

(in thousands)	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30</u>	<u>September 30</u>	<u>September 30</u>	<u>September 30</u>
	<u>2019</u>	2018	<u>2019</u>	2018
Basic shares	39,608	39,198	39,481	39,139
Assumed exercise of Company stock options	421	736	457	682
Diluted shares	<u>40,029</u>	<u>39,934</u>	<u>39,938</u>	<u>39,821</u>

15. **STOCK-BASED COMPENSATION** – The Company has a stock option plan for certain directors, officers and key full-time employees of the Company and its subsidiaries, other than its Chairman & CEO who has a Long Term Arrangement as described in note 16. Options are granted at the market price for the underlying shares on 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 September 30, 2019, there were 1,317,500 options available for future grants.

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

There were 515,000 stock options granted during the nine months ended September 30, 2019 (2018 - 455,000). Stock option activity for the nine months ended September 30, 2019 was as follows:

	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Shares issuable under options -				
Beginning of period	1,897,425	\$ 45.08		
Granted	515,000	68.28		
Exercised	(490,675)	34.06		
Forfeited	<u>(211,000)</u>	61.31		
Shares issuable under options -				
End of period	<u>1,710,750</u>	<u>\$ 53.23</u>	<u>2.73</u>	<u>\$ 37,337</u>
Options exercisable - End of period	<u>729,375</u>	<u>\$ 43.78</u>	<u>1.79</u>	<u>\$ 22,804</u>

The amount of compensation expense recorded in the statement of earnings for the nine months ended September 30, 2019 was \$5,199 (2018 - \$4,978). As of September 30, 2019, there was \$8,169 of unrecognized compensation cost related to non-vested awards which is expected to be recognized over the next 4 years. During the nine month period ended September 30, 2019, the fair value of options vested was \$5,606 (2018 - \$4,239).

16. **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.

Pursuant to an agreement approved in February 2004 and restated on June 1, 2015, 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 September 30, 2019, the amount required to be paid to the Chairman & CEO, based on a market price of C\$99.50 per Subordinate Voting Share, would be US\$295,872.

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

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 Management	Corporate	Consolidated
Three months ended September 30						
2019						
Lease brokerage	\$ 159,543	\$ 29,989	\$ 29,184	\$ -	\$ 38	\$ 218,754
Sales brokerage	117,169	41,609	41,737	-	-	200,515
Property management	66,428	17,878	35,214	-	-	119,520
Valuation and advisory	43,879	24,626	17,352	-	-	85,857
Project management	32,621	23,820	7,248	-	-	63,689
IM - Advisory	-	-	-	38,174	-	38,174
IM - Incentive Fees	-	-	-	530	-	530
IM - Transaction and Other	-	-	-	1,169	-	1,169
Other	4,618	897	2,777	-	383	8,675
Total Revenue	\$ 424,258	\$ 138,819	\$ 133,512	\$ 39,873	\$ 421	\$ 736,883
2018						
Lease brokerage	\$ 161,950	\$ 37,649	\$ 29,695	\$ -	\$ -	\$ 229,294
Sales brokerage	115,120	37,559	43,246	-	-	195,925
Property management	58,043	18,786	33,908	-	-	110,737
Valuation and advisory	37,729	25,570	15,025	-	-	78,324
Project management	27,341	22,060	7,701	-	-	57,102
IM - Advisory	-	-	-	29,429	-	29,429
IM - Incentive Fees	-	-	-	2,114	-	2,114
IM - Transaction and Other	-	-	-	286	-	286
Other	4,424	4,715	2,943	-	428	12,510
Total Revenue	\$ 404,607	\$ 146,339	\$ 132,518	\$ 31,829	\$ 428	\$ 715,721
Nine months ended September 30						
2019						
Lease brokerage	\$ 487,582	\$ 87,651	\$ 78,391	\$ -	\$ 288	\$ 653,912
Sales brokerage	298,876	113,300	103,807	-	-	515,983
Property management	195,701	56,458	105,150	-	-	357,309
Valuation and advisory	116,939	68,714	47,393	-	-	233,046
Project management	91,978	81,825	28,353	-	-	202,156
IM - Advisory	-	-	-	111,488	-	111,488
IM - Incentive Fees	-	-	-	16,038	-	16,038
IM - Transaction and Other	-	-	-	2,339	-	2,339
Other	13,396	2,929	7,832	-	1,095	25,252
Total Revenue	\$ 1,204,472	\$ 410,877	\$ 370,926	\$ 129,865	\$ 1,383	\$ 2,117,523
2018						
Lease brokerage	\$ 443,398	\$ 95,130	\$ 80,164	\$ -	\$ -	\$ 618,692
Sales brokerage	308,705	100,367	114,800	-	-	523,872
Property management	168,274	65,051	99,723	-	-	333,048
Valuation and advisory	107,258	70,974	42,862	-	-	221,094

Project management	80,460	67,508	22,997	-	-	170,965
IM - Advisory	-	-	-	34,695	-	34,695
IM - Incentive Fees	-	-	-	2,114	-	2,114
IM - Transaction and Other	-	-	-	289	-	289
Other	13,621	7,322	8,603	-	1,229	30,775
Total Revenue	<u>\$ 1,121,716</u>	<u>\$ 406,352</u>	<u>\$ 369,149</u>	<u>\$ 37,098</u>	<u>\$ 1,229</u>	<u>\$ 1,935,544</u>

Contract balances

As at September 30, 2019, the Company had contract assets totaling \$36,136 of which \$29,931 was current (as at December 31, 2018 - \$111,432 of which \$99,468 was current). During the nine months ended September 30, 2019, approximately 84% of the current contract assets were moved to accounts receivable or sold under the AR Facility (note 10).

As at September 30, 2019, the Company had contract liabilities (all current) totaling \$26,252 (As at December 31, 2018 - \$28,773). Revenue recognized for the three months ended September 30, 2019 totaled \$59 (2018 - \$1,318) and the nine months ended September 30, 2019 totaled \$25,555 (2018 - \$14,523) that was included in the contract liability balance at the beginning of the year.

Certain constrained brokerage fees, outsourcing and 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, generally 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.

18. SEGMENTED INFORMATION – Colliers has identified four reportable operating segments. Three segments are grouped geographically into Americas, Asia Pacific and EMEA. The Investment Management segment includes Harrison Street Real Estate Capital, LLC (“Harrison Street”) and the Company’s pre-existing European investment management business which was reported in EMEA prior to the acquisition of Harrison Street in July 2018. 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.

OPERATING SEGMENTS

	<u>Americas</u>	<u>EMEA</u>	<u>Asia Pacific</u>	<u>Investment Management</u>	<u>Corporate</u>	<u>Consolidated</u>
Three months ended September 30						
2019						
Revenues	\$ 424,258	\$ 138,819	\$ 133,512	\$ 39,873	\$ 421	\$ 736,883
Depreciation and amortization	8,496	5,595	1,316	6,623	805	22,835
Operating earnings (loss)	26,490	5,132	17,241	9,295	(9,982)	48,176
2018						
Revenues	\$ 404,607	\$ 146,339	\$ 132,518	\$ 31,829	\$ 428	\$ 715,721
Depreciation and amortization	7,893	5,855	1,482	7,158	773	23,161
Operating earnings (loss)	24,396	9,364	16,201	2,422	(10,427)	41,956

	Americas	EMEA	Asia Pacific	Investment Management	Corporate	Consolidated
Nine months ended September 30						
2019						
Revenues	\$ 1,204,472	\$ 410,877	\$ 370,926	\$ 129,865	\$ 1,383	\$ 2,117,523
Depreciation and amortization	25,776	16,936	4,210	19,862	2,497	69,281
Operating earnings (loss)	68,278	5,828	38,996	25,181	(19,512)	118,771
2018						
Revenues	\$ 1,121,716	\$ 406,352	\$ 369,149	\$ 37,098	\$ 1,229	\$ 1,935,544
Depreciation and amortization	22,714	18,557	4,732	7,179	2,121	55,303
Operating earnings (loss)	71,203	14,945	39,046	1,220	(23,143)	103,271

GEOGRAPHIC INFORMATION

	Three months ended		Nine months ended	
	September 30		September 30	
	2019	2018	2019	2018
United States				
Revenues	\$ 353,918	\$ 331,326	\$ 1,029,495	\$ 864,008
Total long-lived assets				
Long-lived assets excluding operating lease right-of-use assets			943,905	941,459
Operating lease right-of-use assets			124,336	-
Canada				
Revenues	\$ 91,345	\$ 88,171	\$ 251,411	\$ 247,530
Total long-lived assets				
Long-lived assets excluding operating lease right-of-use assets			65,842	66,878
Operating lease right-of-use assets			22,740	-
Euro currency countries				
Revenues	\$ 70,938	\$ 80,685	\$ 225,952	\$ 231,170
Total long-lived assets				-
Long-lived assets excluding operating lease right-of-use assets			247,482	272,297
Operating lease right-of-use assets			36,660	-
Australia				
Revenues	\$ 58,420	\$ 61,581	\$ 156,743	\$ 167,092
Total long-lived assets				
Long-lived assets excluding operating lease right-of-use assets			45,074	46,448
Operating lease right-of-use assets			33,949	-
United Kingdom				
Revenues	\$ 41,615	\$ 44,895	\$ 112,500	\$ 118,848
Total long-lived assets				
Long-lived assets excluding operating lease right-of-use assets			65,901	70,781
Operating lease right-of-use assets			15,213	-
Other				
Revenues	\$ 120,647	\$ 109,063	\$ 341,422	\$ 306,896
Total long-lived assets				
Long-lived assets excluding operating lease right-of-use assets			84,525	89,427
Operating lease right-of-use assets			28,379	-

Consolidated

Revenues	\$	736,883	\$ 715,721	\$	2,117,523	\$ 1,935,544
Total long-lived assets					-	-
Long-lived assets excluding operating lease right-of-use assets					1,452,729	1,487,290
Operating lease right-of-use assets					261,277	-

19. SUBSEQUENT EVENT – On October 15, 2019, the Company completed the acquisition of a majority equity interest in Synergy Property Development Services Private Limited (“Synergy”), a project management firm operating in India. Synergy will be merged with Colliers’ existing operations in India. Total initial cash consideration was \$55,637. This acquisition will be accounted for using the acquisition method of accounting for business combinations.