

**COLLIERS INTERNATIONAL  
GROUP INC.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Second Quarter**

**June 30, 2019**

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

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Revenues	\$ 745,517	\$ 667,350	\$ 1,380,640	\$ 1,219,823
Cost of revenues (exclusive of depreciation and amortization shown below)	484,220	430,725	905,570	793,025
Selling, general and administrative expenses	175,058	169,032	348,130	325,348
Depreciation	8,540	7,504	16,489	14,773
Amortization of intangible assets	15,238	8,779	29,958	17,368
Acquisition-related items (note 5)	5,263	5,741	9,898	7,995
Operating earnings	57,198	45,569	70,595	61,314
Interest expense, net	8,257	3,939	15,476	6,856
Other expense (income), net (note 6)	179	(33)	(322)	(460)
Earnings before income tax	48,762	41,663	55,441	54,918
Income tax expense (note 7)	13,187	12,859	14,402	17,575
Net earnings	35,575	28,804	41,039	37,343
Non-controlling interest share of earnings	6,586	3,547	7,831	4,216
Non-controlling interest redemption increment (note 13)	5,205	1,410	7,962	4,314
Net earnings attributable to Company	\$ 23,784	\$ 23,847	\$ 25,246	\$ 28,813
<b>Net earnings per common share (note 14)</b>				
Basic	\$ 0.60	\$ 0.61	\$ 0.64	\$ 0.74
Diluted	\$ 0.60	\$ 0.60	\$ 0.63	\$ 0.72

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 June 30		Six months ended June 30	
	2019	2018	2019	2018
Net earnings	\$ 35,575	\$ 28,804	\$ 41,039	\$ 37,343
Foreign currency translation gain (loss)	(1,946)	(10,205)	(54)	(7,089)
Unrealized gain (loss) on interest rate swaps, net of tax	(3,343)	393	(4,285)	1,457
Pension liability adjustments, net of tax	21	-	(4)	-
Comprehensive earnings	30,286	18,992	36,700	31,711
Less: Comprehensive earnings attributable to non-controlling shareholders	10,233	9,438	15,629	12,227
Comprehensive earnings attributable to Company	\$ 20,053	\$ 9,554	\$ 21,071	\$ 19,484

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)

	June 30, 2019	December 31, 2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 102,092	\$ 127,032
Accounts receivable, net of allowance of \$11,446 (December 31, 2018 - \$30,789)	259,734	455,232
Contract assets	100,116	99,468
Income tax recoverable	10,418	13,090
Prepaid expenses and other current assets (note 12)	131,530	65,491
	<b>603,890</b>	<b>760,313</b>
Other receivables	13,456	12,088
Contract assets	12,756	10,964
Other assets	62,292	60,713
Fixed assets	102,264	93,483
Operating lease right-of-use assets (note 8)	274,857	-
Deferred income tax, net	38,954	34,195
Intangible assets	481,254	497,930
Goodwill	902,524	887,894
	<b>1,888,357</b>	<b>1,597,267</b>
	<b>\$ 2,492,247</b>	<b>\$ 2,357,580</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 214,728	\$ 251,375
Accrued compensation	333,294	469,563
Income taxes payable	10,303	30,034
Contract liabilities	33,590	28,773
Long-term debt - current (note 9)	2,356	1,834
Contingent acquisition consideration - current (note 12)	21,997	17,122
Operating lease liabilities (note 8)	70,953	-
	<b>687,221</b>	<b>798,701</b>
Long-term debt - non-current (note 9)	690,048	670,289
Contingent acquisition consideration (note 12)	62,953	76,743
Deferred rent	-	27,137
Operating lease liabilities (note 8)	238,602	-
Other liabilities	22,655	21,826
Deferred income tax, net	23,525	27,550
	<b>1,037,783</b>	<b>823,545</b>
Redeemable non-controlling interests (note 13)	338,405	343,361
<b>Shareholders' equity</b>		
Common shares	430,084	415,805
Contributed surplus	58,784	54,717
Retained earnings (deficit)	1,516	(21,751)
Accumulated other comprehensive loss	(65,397)	(61,218)
Total Company shareholders' equity	424,987	387,553
Non-controlling interests	3,851	4,420
Total shareholders' equity	<b>428,838</b>	<b>391,973</b>
	<b>\$ 2,492,247</b>	<b>\$ 2,357,580</b>

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)

**Six months ended June 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	-	-	-	41,039	-	-	41,039
Pension liability adjustment, net of tax	-	-	-	-	(4)	-	(4)
Foreign currency translation loss	-	-	-	-	(54)	-	(54)
Unrealized loss on interest rate swaps, net of tax	-	-	-	-	(4,285)	-	(4,285)
Other comprehensive earnings attributable to NCI	-	-	-	-	164	202	366
NCI share of earnings	-	-	-	(7,831)	-	932	(6,899)
NCI redemption increment	-	-	-	(7,962)	-	-	(7,962)
Distributions to NCI	-	-	-	-	-	(1,495)	(1,495)
Acquisition of businesses, net	-	-	-	-	-	(208)	(208)
Subsidiaries' equity transactions	-	-	2,556	-	-	-	2,556
Subordinate Voting Shares:							
Stock option expense	-	-	3,640	-	-	-	3,640
Stock options exercised	371,675	14,279	(2,129)	-	-	-	12,150
Dividends	-	-	-	(1,979)	-	-	(1,979)
<b>Balance, June 30, 2019</b>	<b>39,584,811</b>	<b>\$ 430,084</b>	<b>\$ 58,784</b>	<b>\$ 1,516</b>	<b>\$ (65,397)</b>	<b>\$ 3,851</b>	<b>\$ 428,838</b>

**Three months ended June 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, March 31, 2019	39,482,811	\$ 426,456	\$ 56,266	\$ (20,289)	\$ (61,688)	\$ 3,801	\$ 404,546
Net earnings	-	-	-	35,576	-	-	35,576
Pension liability adjustment, net of tax	-	-	-	-	21	-	21
Foreign currency translation loss	-	-	-	-	(1,946)	-	(1,946)
Unrealized loss on interest rate swaps, net of tax	-	-	-	-	(3,343)	-	(3,343)
Other comprehensive earnings attributable to NCI	-	-	-	-	1,559	144	1,703
NCI share of earnings	-	-	-	(6,587)	-	454	(6,133)
NCI redemption increment	-	-	-	(5,205)	-	-	(5,205)
Distributions to NCI	-	-	-	-	-	(516)	(516)
Acquisition of businesses, net	-	-	-	-	-	(32)	(32)
Subsidiaries' equity transactions	-	-	2,166	-	-	-	2,166
Subordinate Voting Shares:							
Stock option expense	-	-	809	-	-	-	809
Stock options exercised	102,000	3,628	(457)	-	-	-	3,171
Dividends	-	-	-	(1,979)	-	-	(1,979)
<b>Balance, June 30, 2019</b>	<b>39,584,811</b>	<b>\$ 430,084</b>	<b>\$ 58,784</b>	<b>\$ 1,516</b>	<b>\$ (65,397)</b>	<b>\$ 3,851</b>	<b>\$ 428,838</b>

**Six months ended June 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	-	-	-	37,343	-	-	37,343
Pension liability adjustment, net of tax	-	-	-	-	-	-	-
Foreign currency translation loss	-	-	-	-	(7,089)	-	(7,089)
Unrealized gain on interest rate swaps, net of tax	-	-	-	-	1,457	-	1,457
Other comprehensive earnings attributable to NCI	-	-	-	-	(3,697)	69	(3,628)
NCI share of earnings	-	-	-	(4,216)	-	600	(3,616)
NCI redemption increment	-	-	-	(4,314)	-	-	(4,314)
Distributions to NCI	-	-	-	-	-	(1,327)	(1,327)
Acquisition of businesses, net	-	-	-	-	-	(220)	(220)
Subsidiaries' equity transactions	-	-	(23)	-	-	-	(23)
Subordinate Voting Shares:							
Stock option expense	-	-	3,701	-	-	-	3,701
Stock options exercised	260,625	8,318	(1,433)	-	-	-	6,885
Dividends	-	-	-	(1,961)	-	-	(1,961)
<b>Balance, June 30, 2018</b>	<b>39,194,786</b>	<b>\$ 415,302</b>	<b>\$ 52,464</b>	<b>\$ (88,637)</b>	<b>\$ (52,486)</b>	<b>\$ 3,579</b>	<b>\$ 330,222</b>

**Three months ended June 30, 2018**

	Common shares		Contributed surplus	Deficit	Accumulated other comprehensive loss	Non-controlling interests	Total shareholders' equity
	Issued and outstanding shares	Amount					
Balance, March 31, 2018	39,143,661	\$ 413,105	\$ 51,377	\$ (110,523)	\$ (38,191)	\$ 4,766	\$ 320,534
Net earnings	-	-	-	28,802	-	-	28,802
Foreign currency translation loss	-	-	-	-	(10,205)	-	(10,205)
Unrealized gain on interest rate swaps, net of tax	-	-	-	-	393	-	393
Other comprehensive earnings attributable to NCI	-	-	-	-	(4,483)	(215)	(4,698)
NCI share of earnings	-	-	-	(3,546)	-	222	(3,324)
NCI redemption increment	-	-	-	(1,409)	-	-	(1,409)
Distributions to NCI	-	-	-	-	-	(1,194)	(1,194)
Acquisition of businesses, net	-	-	-	-	-	-	-
Subsidiaries' equity transactions	-	-	-	-	-	-	-
Subordinate Voting Shares:							
Stock option expense	-	-	1,487	-	-	-	1,487
Stock options exercised	51,125	2,197	(400)	-	-	-	1,797
Dividends	-	-	-	(1,961)	-	-	(1,961)
<b>Balance, June 30, 2018</b>	<b>39,194,786</b>	<b>\$ 415,302</b>	<b>\$ 52,464</b>	<b>\$ (88,637)</b>	<b>\$ (52,486)</b>	<b>\$ 3,579</b>	<b>\$ 330,222</b>

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 June 30		Six months ended June 30	
	2019	2018	2019	2018
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net earnings	\$ 35,575	\$ 28,804	\$ 41,039	\$ 37,343
Items not affecting cash:				
Depreciation and amortization	23,778	16,283	46,447	32,141
Deferred income tax	(3,025)	1,792	(7,044)	1,399
Earnings from equity method investments	(374)	(242)	(740)	(569)
Stock option expense	809	1,487	3,640	3,701
Allowance for uncollectible accounts receivable	1,112	334	2,218	1,771
Amortization of advisor loans	5,034	4,201	10,066	8,082
Other	9,133	2,937	15,457	3,558
Net changes from operating assets / liabilities				
Accounts receivable	(26,039)	(12,612)	17,297	38,655
Contract assets	(299)	20	4,771	9,674
Prepaid expenses and other current assets	(2,117)	(503)	(10,375)	(5,301)
Accounts payable and accrued expenses	(20,574)	1,731	(64,556)	(36,614)
Accrued compensation	(5,648)	(3,870)	(143,238)	(116,578)
Contract liabilities	12,189	10,088	4,043	(4,692)
Other liabilities	(883)	(89)	3,564	457
Contingent acquisition consideration paid	(5,101)	-	(5,213)	(2,856)
Sale proceeds from AR Facility, net of repurchases (note 10)	119,425	-	119,425	-
Net cash provided by (used in) operating activities	142,995	50,361	36,801	(29,829)
<b>Investing activities</b>				
Acquisitions of businesses, net of cash acquired (note 4)	(10,433)	(18,848)	(23,677)	(98,580)
Purchases of fixed assets	(13,685)	(7,781)	(24,064)	(13,990)
Advisor loans issued	(6,000)	(12,716)	(10,906)	(15,509)
Cash collections of AR Facility deferred purchase price	7,337	-	7,337	-
Other investing activities	(403)	(782)	(4,696)	(2,451)
Net cash provided by (used in) investing activities	(23,184)	(40,127)	(56,006)	(130,530)
<b>Financing activities</b>				
Increase in long-term debt	101,132	225,994	319,613	459,867
Repayment of long-term debt	(214,602)	(485,404)	(298,189)	(532,444)
Issuance of senior notes	-	244,938	-	244,938
Purchase of non-controlling interests, net	(4,061)	-	(6,765)	(73)
Contingent acquisition consideration paid	(4,379)	(137)	(8,394)	(7,743)
Proceeds received on exercise of options	3,171	1,798	12,150	6,885
Dividends paid to common shareholders	-	-	(1,961)	(1,947)
Distributions paid to non-controlling interests	(13,363)	(7,399)	(19,557)	(12,603)
Financing fees paid	(1,337)	(1,830)	(1,357)	(1,830)
Net cash provided by (used in) financing activities	(133,439)	(22,040)	(4,460)	155,050
Effect of exchange rate changes on cash	(1,627)	4,403	(1,275)	1,032
Increase (decrease) in cash and cash equivalents	(15,255)	(7,403)	(24,940)	(4,277)
Cash and cash equivalents, beginning of period	117,347	111,649	127,032	108,523
Cash and cash equivalents, end of period	\$ 102,092	\$ 104,246	\$ 102,092	\$ 104,246

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

**COLLIERS INTERNATIONAL GROUP INC.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 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 June 30, 2019 and the results of operations and its cash flows for the three and six month periods ended June 30, 2019 and 2018. All such adjustments are of a normal recurring nature. The results of operations for the six month period ended June 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. 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
<b>Balance sheet</b>			
Accounts receivable, net of allowance	\$ 455,232	\$ (2,189)	\$ 453,043
Prepaid expenses and other current assets	65,491	(1,662)	63,829
Operating lease right-of-use assets	-	279,591	279,591
Accounts payable and accrued expenses	251,375	(4,591)	246,784
Operating lease liabilities (current)		59,831	59,831
Deferred rent	27,137	(27,137)	-
Operating lease liabilities (non-current)	-	247,637	247,637

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 six months ended June 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 \$23,179 in cash (net of cash acquired of \$3,571). The Company acquired \$2,310 of net assets, excluding cash, and recognized goodwill of \$14,530, intangible assets of \$13,857 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 six months ended June 30, 2018, the Company acquired controlling interests in six businesses for cash consideration of \$98,580 (net of cash acquired of \$14,984) and contingent consideration of \$10,160.

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 June 30, 2019 was \$84,950 (see note 12). The liability recorded on the balance sheet for the compensatory element of contingent consideration arrangements as of June 30, 2019 was \$17,920. The estimated range of outcomes (undiscounted) for all contingent consideration arrangements, including those with an element of compensation, is \$169,418 to a maximum of \$199,315. The contingencies will expire during the period extending to March 2023.

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

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Transaction costs	\$ 1,175	\$ 3,225	\$ 2,299	\$ 4,940
Contingent consideration fair value adjustments	430	611	858	(337)
Contingent consideration compensation expense	3,658	1,905	6,742	3,392
	<u>\$ 5,263</u>	<u>\$ 5,741</u>	<u>\$ 9,899</u>	<u>\$ 7,995</u>

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

	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
(Gain) loss on investments	\$ 84	\$ 10	\$ (92)	\$ (80)
Fair value adjustment on DPP (note 10)	455	-	455	-
Equity earnings from non-consolidated investments	(374)	(242)	(740)	(569)
Other	13	199	54	189
	<u>\$ 178</u>	<u>\$ (33)</u>	<u>\$ (323)</u>	<u>\$ (460)</u>

7. INCOME TAX – The provision for income tax for the six months ended June 30, 2019 reflected an effective tax rate of 26.0% (2018 - 32.0%) 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 June 30		Six months ended June 30	
	2019		2019	
Operating lease cost	\$ 19,629	\$	38,317	
Finance lease cost				
Amortization of right-of-use assets	249		469	
Interest on lease liabilities	14		30	
Variable lease cost	5,375		13,068	
Short term lease cost	1,462		2,495	
	<u>\$ 26,729</u>	<u>\$</u>	<u>54,379</u>	
Total lease expense				
Sublease revenues	(718)		(1,273)	
Total lease cost, net of sublease revenues	<u>\$ 26,011</u>	<u>\$</u>	<u>53,106</u>	

Supplemental information related to leases was as follows:

	Six months ended June 30
	<u>2019</u>
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases recognized on transition to ASC 842	279,591
Operating leases commencing in 2019	22,732
Finance leases	266
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ (38,878)
Operating cash flows from finance leases	(30)
Financing cash flows from finance leases	(593)

Supplemental balance sheet information related to leases was as follows:

	<u>As at June 30, 2019</u>
<b>Operating leases</b>	
Operating lease right-of-use assets	\$ 274,857
Operating lease liabilities - current	\$ (70,953)
Operating lease liabilities - non-current	(238,602)
Total operating lease liabilities	<u>\$ (309,555)</u>
<b>Finance leases</b>	
Fixed assets, gross	\$ 5,583
Accumulated depreciation	(4,630)
Fixed assets, net	<u>\$ 953</u>
Long-term debt - current	\$ (719)
Long-term debt - non-current	(293)
Total finance lease liabilities	<u>\$ (1,012)</u>

Maturities of lease liabilities were as follows:

	<b>One year</b>	<b>Two years</b>	<b>Three years</b>	<b>Four years</b>	<b>Five years</b>	<b>Thereafter</b>	<b>Total</b>
Operating leases	\$ 79,455	\$ 67,017	\$ 55,357	\$ 42,529	\$ 33,983	\$ 62,937	\$ 341,278
Present value of operating lease liabilities							<u>309,555</u>
Difference between undiscounted cash flows and discounted cash flows						\$	31,723
Finance leases	\$ 690	\$ 273	\$ 51	\$ 5	\$ -	\$ -	\$ 1,019
Present value of finance lease liabilities							<u>1,012</u>
Difference between undiscounted cash flows and discounted cash flows						\$	7

	<u>June 30</u> <u>2019</u>
<b>Weighted average remaining lease term</b>	
Operating leases	<b>5.6 years</b>
Finance leases	<b>1.9 years</b>
<b>Weighted average discount rate</b>	
Operating leases	<b>3.4 %</b>
Finance leases	<b>1.5 %</b>

As of June 30, 2019, the Company has additional operating leases, primarily for premises, that have not yet commenced of \$29,204. These operating leases will commence within the next twelve months and have lease terms ranging from one 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 six months ended June 30, 2019 was 3.4% (2018 - 3.1%). The Revolving Credit Facility had \$540,067 of available un-drawn credit as at June 30, 2019. As of June 30, 2019, letters of credit in the amount of \$7,922 were outstanding (\$7,624 as at December 31, 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 June 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 (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 June 30, 2019 the Company had drawn \$119,425 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 April 12, 2019 and June 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. For the quarter ended June 30, 2019, Receivables sold under the AR Facility were \$382,946 and cash collections from customers on Receivables sold were \$304,317, 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 June 30, 2019, the outstanding principal on receivables sold under the AR Facility was \$173,079. See note 12 for fair value information on the DPP.

For the quarter ended June 30, 2019, the Company recognized a loss related to Receivables sold of \$455 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 three months ended June 30, 2019 were \$60,991.

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 and fee arrangements.

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Investments in unconsolidated subsidiaries	\$ 610	\$ -
Co-investment commitments	8,281	-
Maximum exposure to loss	<u>\$ 8,891</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 June 30, 2019:

	Carrying value at June 30, 2019	Fair value measurements		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Prepaid expenses and other current assets				
DPP on AR Facility (note 10)	\$ 53,654	\$ -	\$ -	\$ 53,654
Investments in equity securities	8,846	3,498	5,348	-
Investments in debt securities	150	-	-	150
<b>Liabilities</b>				
Contingent acquisition consideration	\$ 84,950	\$ -	\$ -	\$ 84,950
Other liabilities				
Interest rate swaps	4,904	-	4,904	-

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 9.1%, with a weighted average of 6.1%). 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 8.7% levels. A 2% increase in the weighted average discount rate would reduce the fair value of contingent consideration by \$4,100.

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

	<b>2019</b>
Balance, January 1	<b>\$ 93,865</b>
Fair value adjustments	<b>858</b>
Resolved and settled in cash	<b>(9,727)</b>
Other	<b>(46)</b>
Balance, June 30	<b>\$ 84,950</b>
Less: Current portion	<b>21,997</b>
Non-current portion	<b>\$ 62,953</b>

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>June 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	\$ 13,456	\$ 13,456	\$ 12,088	\$ 12,088
Advisor loans receivable (non-current)	46,441	46,441	46,661	46,661
Long-term debt, excluding Senior Notes (non-current)	451,641	451,641	430,712	430,712
Senior Notes	238,115	256,549	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	6,898
RNCI redemption increment	7,962
Distributions paid to RNCI	(18,062)
Purchase of interests from RNCI, net	(9,272)
RNCI recognized on business acquisitions	7,518
Balance, June 30	<u>\$ 338,405</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 June 30, 2019 was \$299,633 (June 30, 2018 - \$135,598). 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 June 30, 2019, approximately 4,400,000 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>Six months ended</u>	
	<u>June 30</u>	<u>June 30</u>	<u>June 30</u>	<u>June 30</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Basic shares	39,532	39,168	39,416	39,108
Assumed exercise of Company stock options	421	674	472	644
Diluted shares	<u>39,954</u>	<u>39,842</u>	<u>39,887</u>	<u>39,752</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 June 30, 2019, there were 1,292,000 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 six months ended June 30, 2019 (2018 - 455,000). Stock option activity for the six months ended June 30, 2019 was as follows:

	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining contractual life (years)</b>	<b>Aggregate intrinsic value</b>
Shares issuable under options -				
Beginning of period	1,897,425	\$ 45.08		
Granted	515,000	68.28		
Exercised	(371,675)	32.69		
Forfeited	(185,500)	60.43		
Shares issuable under options -				
End of period	<u>1,855,250</u>	<u>\$ 52.47</u>	<u>2.88</u>	<u>\$ 35,528</u>
Options exercisable - End of period	<u>851,875</u>	<u>\$ 43.70</u>	<u>1.98</u>	<u>\$ 23,787</u>

The amount of compensation expense recorded in the statement of earnings for the six months ended June 30, 2019 was \$3,640 (2018 - \$3,701). As of June 30, 2019, there was \$9,742 of unrecognized compensation cost related to non-vested awards which is expected to be recognized over the next 4 years. During the six month period ended June 30, 2019, the fair value of options vested was \$5,327 (2018 - \$4,020).

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 June 30, 2019, the amount required to be paid to the Chairman & CEO, based on a market price of C\$93.63 per Subordinate Voting Share, would be US\$281,115.

## 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
<b>Three months ended June 30</b>						
<b>2019</b>						
Lease brokerage	\$ 188,250	\$ 35,958	\$ 28,916	\$ -	\$ 250	\$ 253,374
Sales brokerage	95,103	39,466	29,034	-	-	163,603
Property management	65,476	19,432	34,931	-	-	119,839
Valuation and advisory	37,308	25,033	16,202	-	-	78,543
Project management	30,949	30,894	12,726	-	-	74,569
IM - Advisory	-	-	-	41,884	-	41,884
IM - Incentive Fees	-	-	-	4,321	-	4,321
IM - Transaction and Other	-	-	-	697	-	697
Other	4,299	812	3,290	-	286	8,687
<b>Total Revenue</b>	<b>\$ 421,385</b>	<b>\$ 151,595</b>	<b>\$ 125,099</b>	<b>\$ 46,902</b>	<b>\$ 536</b>	<b>\$ 745,517</b>
<b>2018</b>						
Lease brokerage	\$ 161,074	\$ 33,640	\$ 26,992	\$ -	\$ -	\$ 221,706
Sales brokerage	104,983	39,951	40,737	-	-	185,671
Property management	54,941	23,190	33,141	-	-	111,272
Valuation and advisory	36,736	24,201	16,556	-	-	77,493
Project management	27,107	24,175	8,438	-	-	59,720
IM - Advisory	-	-	-	2,174	-	2,174
IM - Transaction and Other	-	-	-	361	-	361
Other	3,766	1,872	2,932	-	383	8,953
<b>Total Revenue</b>	<b>\$ 388,607</b>	<b>\$ 147,029</b>	<b>\$ 128,796</b>	<b>\$ 2,535</b>	<b>\$ 383</b>	<b>\$ 667,350</b>
<b>Six months ended June 30</b>						
<b>2019</b>						
Lease brokerage	\$ 328,039	\$ 57,662	\$ 49,207	\$ -	\$ 250	\$ 435,158
Sales brokerage	181,706	71,691	62,071	-	-	315,468
Property management	129,272	38,581	69,936	-	-	237,789
Valuation and advisory	73,060	44,088	30,041	-	-	147,189
Project management	59,358	58,005	21,105	-	-	138,468
IM - Advisory	-	-	-	73,313	-	73,313
IM - Incentive Fees	-	-	-	15,508	-	15,508
IM - Transaction and Other	-	-	-	1,171	-	1,171
Other	8,776	2,032	5,056	-	712	16,576
<b>Total Revenue</b>	<b>\$ 780,211</b>	<b>\$ 272,059</b>	<b>\$ 237,416</b>	<b>\$ 89,992</b>	<b>\$ 962</b>	<b>\$ 1,380,640</b>
<b>2018</b>						
Lease brokerage	\$ 281,448	\$ 57,481	\$ 50,469	\$ -	\$ -	\$ 389,398
Sales brokerage	193,586	62,808	71,554	-	-	327,948
Property management	110,232	46,265	65,815	-	-	222,312
Valuation and advisory	69,529	45,404	27,837	-	-	142,770
Project management	53,119	45,448	15,296	-	-	113,863

IM - Advisory	-	-	-	4,130	-	4,130
IM - Transaction and Other	-	-	-	1,139	-	1,139
Other	9,194	2,607	5,660	-	802	18,263
Total Revenue	<u>\$ 717,108</u>	<u>\$ 260,013</u>	<u>\$ 236,631</u>	<u>\$ 5,269</u>	<u>\$ 802</u>	<u>\$ 1,219,823</u>

**Contract balances**

As at June 30, 2019, the Company had contract assets totaling \$112,872 of which \$100,116 was current (as at December 31, 2018 - \$111,432 of which \$99,468 was current). During the six months ended June 30, 2019, approximately 70% of the current contract assets were moved to accounts receivable.

As at June 30, 2019, the Company had contract liabilities (all current) totaling \$33,590 (As at December 31, 2018 - \$28,773). Revenue recognized for the three months ended June 30, 2019 totaled \$2,450 (2018 - \$1,047) and the six months ended June 30, 2019 totaled \$25,496 (2018 - \$13,205) 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 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>
<b>Three months ended June 30</b>						
<b>2019</b>						
Revenues	\$ 421,385	\$ 151,595	\$ 125,099	\$ 46,902	\$ 536	\$ 745,517
Depreciation and amortization	9,019	5,759	1,436	6,629	935	23,778
Operating earnings (loss)	25,619	10,842	12,539	12,249	(4,051)	57,198
<b>2018</b>						
Revenues	\$ 388,607	\$ 147,029	\$ 128,796	\$ 2,535	\$ 383	\$ 667,350
Depreciation and amortization	7,797	6,059	1,693	9	725	16,283
Operating earnings (loss)	26,800	14,727	13,471	(777)	(8,652)	45,569
	<u>Americas</u>	<u>EMEA</u>	<u>Asia Pacific</u>	<u>Investment Management</u>	<u>Corporate</u>	<u>Consolidated</u>
<b>Six months ended June 30</b>						
<b>2019</b>						
Revenues	\$ 780,211	\$ 272,059	\$ 237,416	\$ 89,992	\$ 962	\$ 1,380,640
Depreciation and amortization	17,280	11,341	2,894	13,239	1,693	46,447
Operating earnings (loss)	41,787	696	21,755	15,886	(9,529)	70,595
<b>2018</b>						

Revenues	\$ 717,108	\$ 260,013	\$ 236,631	\$ 5,269	\$ 802	\$ 1,219,823
Depreciation and amortization	14,820	12,701	3,250	21	1,349	32,141
Operating earnings (loss)	46,806	5,581	22,845	(1,202)	(12,716)	61,314

**GEOGRAPHIC INFORMATION**

	Three months ended		Six months ended	
	June 30		June 30	
	2019	2018	2019	2018
<b>United States</b>				
Revenues	\$ 363,535	\$ 291,924	\$ 675,577	\$ 532,682
Total long-lived assets				
Long-lived assets excluding operating lease right-of-use assets			954,687	300,678
Operating lease right-of-use assets			126,553	-
<b>Canada</b>				
Revenues	\$ 85,917	\$ 84,677	\$ 160,065	\$ 159,358
Total long-lived assets				
Long-lived assets excluding operating lease right-of-use assets			66,282	63,499
Operating lease right-of-use assets			23,657	-
<b>Euro currency countries</b>				
Revenues	\$ 82,859	\$ 82,233	\$ 155,014	\$ 150,486
Total long-lived assets				
Long-lived assets excluding operating lease right-of-use assets			260,842	279,421
Operating lease right-of-use assets			40,676	-
<b>Australia</b>				
Revenues	\$ 54,918	\$ 59,683	\$ 98,323	\$ 105,511
Total long-lived assets				
Long-lived assets excluding operating lease right-of-use assets			46,990	47,467
Operating lease right-of-use assets			36,582	-
<b>United Kingdom</b>				
Revenues	\$ 39,364	\$ 42,525	\$ 70,885	\$ 73,953
Total long-lived assets				
Long-lived assets excluding operating lease right-of-use assets			68,373	72,325
Operating lease right-of-use assets			16,823	-
<b>Other</b>				
Revenues	\$ 118,924	\$ 106,308	\$ 220,776	\$ 197,833
Total long-lived assets				
Long-lived assets excluding operating lease right-of-use assets			88,867	58,760
Operating lease right-of-use assets			30,566	-
<b>Consolidated</b>				
Revenues	\$ 745,517	\$ 667,350	\$ 1,380,640	\$ 1,219,823
Total long-lived assets			-	-
Long-lived assets excluding operating lease right-of-use assets			1,486,041	822,150
Operating lease right-of-use assets			274,857	-