COLLIERS INTERNATIONAL GROUP INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019
(in US dollars)
May 3, 2019

The following Management's Discussion and Analysis ("MD&A") should be read together with the unaudited interim consolidated financial statements of Colliers International Group Inc. (the "Company" or "Colliers") for the three month period ended March 31, 2019 and the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2018. The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). All financial information herein is presented in United States dollars.

The Company has prepared this MD&A with reference to National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators (the "CSA"). Under the US/Canada Multijurisdictional Disclosure System, the Company is permitted to prepare this MD&A in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. This MD&A provides information for the three month period ended March 31, 2019 and up to and including May 3, 2019.

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

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

Consolidated review

We reported solid revenue growth for the seasonally slow first quarter ended March 31, 2019 due to a combination of recent acquisitions and internal growth. Consolidated revenue growth was 15% relative to the same quarter in the prior year (19% measured in local currencies). Diluted net earnings per common share was $0.04, relative to $0.13 in the prior year quarter. Adjusted earnings per share (see "Reconciliation of non-GAAP measures" below) for the first quarter was $0.51, up 13% from $0.45 in the prior year quarter, largely attributable to increased contributions from our Investment Management segment and a lower effective tax rate. Both GAAP earnings per share and adjusted earnings per share for the first quarter of 2019 would have been $0.01 higher excluding foreign exchange impacts.

During the first quarter of 2019, the Company acquired a majority interest in a commercial real estate services firm operating in central and southeast Virginia. The total initial cash consideration for this acquisition, net of cash acquired, was $12.7 million.

On April 4, 2019, we extended the credit agreement for our multi-currency revolving credit facility (the "Revolving Credit Facility") with a new 5-year term maturing in April 2024. The prior agreement had a maturity of April 2023 (see "Liquidity and capital resources" below).

On April 12, 2019, we established a structured accounts receivable facility (the "AR Facility") to further diversify our capital structure and reduce borrowing costs. The AR Facility has committed availability of $125 million and includes selected US and Canadian trade accounts receivable, with an initial term of 364 days. Proceeds from the AR Facility in the amount of $117.2 million were used to repay outstanding indebtedness under our Revolving Credit Facility (see "Liquidity and capital resources" below).

Also during April 2019, we acquired two Colliers International affiliates, one operating in Charlotte, North Carolina and one operating in Sweden.

For the quarter ended March 31, 2019, revenue growth was led by our Investment Management segment, with a significant contribution from Harrison Street Real Estate Capital, LLC ("Harrison Street"), acquired in July 2018, as well as Outsourcing and Advisory services in in the EMEA and Asia Pacific regions.

(in thousands of US$) (LC = local currency)	Three months ended March 31 2019	 2018	Growth in US$ %	Growth in LC %
Outsourcing & Advisory	**$ 258,384**	$ 239,771	8%	13%
Lease Brokerage	**181,783**	167,691	8%	11%
Sales Brokerage	**151,865**	142,277	7%	10%
Investment Management	**43,091**	2,734	NM	NM
Total revenues	**$ 635,123**	$ 552,473	15%	19%

Results of operations - three months ended March 31, 2019

Revenues for our first quarter were $635.1 million, 15% higher than the comparable prior year quarter (19% measured in local currencies). Recent acquisitions, including Harrison Street, contributed 10% to revenue growth. Internally generated revenues measured in local currencies were 8%, led by strong growth in Outsourcing and Advisory in the EMEA and Asia Pacific regions.

The operating earnings for the quarter were $13.4 million, versus operating earnings of $15.7 million in the prior year period. The operating earnings margin was 2.1% versus 2.8% in the prior year quarter. The decline in margins was attributable to (i) investments in incremental revenue producers in several markets in the Americas and EMEA; (ii) amortization of intangible assets related to the acquisition of Harrison Street; (iii) partially offset by incremental earnings from Harrison Street and other recent acquisitions. Adjusted EBITDA (see "Reconciliation of non-GAAP measures" below) for the first quarter was $43.6 million versus $36.1 million reported in the prior year quarter. Our Adjusted EBITDA margin was 6.9% of revenues versus 6.5% of revenues in the prior year quarter.

Depreciation expense was $7.9 million, versus $7.3 million recorded in the prior year quarter, with the increase largely attributable to increased investments in office leaseholds and the impact of recent business acquisitions.

Amortization expense was $14.7 million, versus $8.6 million recorded in the prior year quarter, with the increase primarily attributable to the acquisition of Harrison Street.

Net interest expense was $7.2 million, versus $2.9 million recorded in the prior year quarter, attributable to increased borrowings over the past year to fund business acquisitions, in particular Harrison Street and an increase in floating reference rates. The average interest rate on debt during the quarter was 3.8%, relative to 3.1% in the prior year quarter.

Consolidated income tax expense for the quarter was $1.2 million, relative to $4.7 million the prior year quarter, reflecting effective tax rates of 18% and 36%, respectively impacted by the earnings mix, with an increase in earnings before income tax in certain low tax rate jurisdictions. The effective tax rate for the full year is expected to be approximately 29% to 30%.

Net earnings for the quarter were $5.5 million, relative to $8.5 million in the prior year quarter.

The Americas region generated $358.8 million of revenues during the first quarter, an increase of 9% from the prior year quarter (11% measured in local currencies). Revenue growth was comprised of 7% contribution from recent acquisitions and 4% internal growth concentrated in the Lease Brokerage and Outsourcing & Advisory service lines. Adjusted EBITDA was $26.2 million, relative to $26.5 million in the prior year quarter, with the margin impacted by investments in recruiting relative to the prior year, as well as revenue mix. GAAP operating earnings were $16.2 million, relative to $20.0 million in the prior year quarter.

The EMEA region generated $120.5 million of revenues during the first quarter, up 7% from the prior year quarter (up 15% measured in local currencies) comprised of 13% growth in internal revenues and 2% from recent acquisitions. Outsourcing & Advisory, especially project management, as well as Sales Brokerage, contributed significantly to internal revenue growth, measured in local currencies. Foreign exchange headwinds negatively impacted revenue growth by 9%. Adjusted EBITDA was a loss of $2.5 million, versus breakeven in the prior year quarter, impacted by incremental planned investments in additional revenue producers. The GAAP operating loss was $10.1 million for the quarter, relative to a loss of $9.1 million in the prior year quarter.

The Asia Pacific region generated $112.3 million of revenues during the first quarter, an increase of 4% from the prior year quarter (an increase of 11% measured in local currencies). Revenue growth was comprised of 9% internal growth primarily in recurring Outsourcing & Advisory services measured in local currencies, and 2% growth from recent acquisitions. Foreign exchange headwinds negatively impacted revenue growth by 7%. Adjusted EBITDA was $10.9 million versus $11.2 million in the prior year quarter, with the margin impacted by revenue mix favouring lower margin recurring services. GAAP operating earnings were $9.2 million for the first quarter, relative to $9.4 million in the prior year quarter.

The Investment Management segment is comprised of Harrison Street which was acquired in July 2018, and the Company's existing European investment management business which was previously reported within the EMEA segment prior to the Harrison Street acquisition. Investment Management revenues for the first were $43.1 million, of which $11.2 million represented pass-through revenue from historical carried interest. The carried interest recognized during the quarter was payable to former owners of Harrison Street and certain long-serving employees, affecting reported margin but having no impact on earnings. Adjusted EBITDA was $10.2 million. Operating earnings were $3.6 million in the quarter because of the significant increase in acquisition-related intangible asset amortization. Assets under management were $26.7 billion as of March 31, 2019.

The global Corporate operating loss for the first quarter was $5.5 million, relative to $4.1 million in the prior period, primarily on account of higher acquisition costs as well as performance-based incentive compensation accruals. Corporate costs as presented in adjusted EBITDA were $1.3 million for the first quarter, relative to $1.1 million in the comparable prior year period.

Summary of quarterly results (unaudited)

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

Quarter	Q1	Q2	Q3	Q4
(in thousands of US$, except per share amounts)				
YEAR ENDING DECEMBER 31, 2019				
Revenues	$ 635,123			
Operating earnings	13,398			
Net earnings	5,463			
Diluted net earnings per common share	0.04			
YEAR ENDED DECEMBER 31, 2018				
Revenues	$ 552,473	$ 667,350	$ 715,721	$ 889,883
Operating earnings	15,745	45,569	41,956	98,128
Net earnings	8,541	28,804	25,382	65,847
Diluted net earnings per common share	0.13	0.60	0.41	1.33
YEAR ENDED DECEMBER 31, 2017				
Revenues	$ 466,263	$ 586,233	$ 618,798	$ 763,905
Operating earnings	12,840	41,229	34,458	78,849

Net earnings	6,800	25,958	20,361	40,955
Diluted net earnings per common share	0.04	0.29	0.16	0.82
OTHER DATA (see "Reconciliation of non-GAAP measures")				
Adjusted EBITDA - 2019	$ 43,571			
Adjusted EBITDA - 2018	36,140	$ 69,427	$ 72,665	$ 133,203
Adjusted EBITDA - 2017	31,252	$ 60,258	$ 55,281	$ 96,033
Adjusted EPS - 2019	0.51			
Adjusted EPS - 2018	0.45	0.95	0.92	1.77
Adjusted EPS - 2017	0.36	0.77	0.66	1.36

Seasonality and quarterly fluctuations

The Company generates peak revenues and earnings in the month of December followed by a low in January and February as a result of the timing of closings on sales brokerage transactions. Revenues and earnings during the balance of the year are relatively even. These sales brokerage operations comprise approximately 30% of our annual consolidated revenues. Variations can also be caused by business acquisitions or dispositions which alter the consolidated service mix.

Reconciliation of non-GAAP measures

In this MD&A, we make reference to "adjusted EBITDA" and "adjusted earnings per share", which are financial measures that are not calculated in accordance with GAAP.

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

(in thousands of US$)	Three months ended March 31	
	2019	2018
Net earnings	**$ 5,463**	$ 8,541
Income tax	**1,215**	4,716
Other income, net	**(501)**	(427)
Interest expense, net	**7,221**	2,915
Operating earnings	**13,398**	15,745
Depreciation and amortization	**22,668**	15,858
Acquisition-related items	**4,635**	2,253
Restructuring costs	**39**	70
Stock-based compensation expense	**2,831**	2,214
Adjusted EBITDA	**$ 43,571**	$ 36,140

Adjusted earnings per share is defined as diluted net earnings (loss) per common share, adjusted for the effect, after income tax, of: (i) the non-controlling interest redemption increment; (ii) amortization expense related to intangible assets recognized in connection with acquisitions; (iii) acquisition-related items; (iv) restructuring costs and (v) stock-based compensation expense. We believe this measure is useful to investors because it provides a supplemental way to understand the underlying operating performance of the Company and enhances the comparability of operating results from period to period. Adjusted earnings per share is not a recognized measure of financial performance under GAAP, and should not be considered as a substitute for diluted net earnings per share, as determined in accordance with GAAP. Our method of calculating this non-GAAP measure may differ from other issuers and, accordingly, this measure may not be comparable to measures used by other issuers. A reconciliation of net earnings to adjusted net earnings and of diluted net earnings (loss) per share to adjusted earnings per share appears below.

(in thousands of US$)	Three months ended March 31	
	2019	2018
Net earnings	**$ 5,463**	$ 8,541
Non-controlling interest share of earnings	**(1,244)**	(670)
Amortization of intangible assets	**14,720**	8,588
Acquisition-related items	**4,635**	2,253
Restructuring costs	**39**	70
Stock-based compensation expense	**2,831**	2,214
Income tax on adjustments	**(4,004)**	(2,423)
Non-controlling interest on adjustments	**(2,246)**	(844)
Adjusted net earnings	**$ 20,194**	$ 17,729

(in US$)	Three months ended March 31	
	2019	2018
Diluted net earnings per common share	**$ 0.04**	$ 0.13
Non-controlling interest redemption increment	**0.07**	0.07
Amortization of intangible assets, net of tax	**0.23**	0.14
Acquisition-related items	**0.10**	0.05
Restructuring costs, net of tax	**-**	-
Stock-based compensation expense, net of tax	**0.07**	0.06
Adjusted earnings per share	**$ 0.51**	$ 0.45

We believe that the presentation of adjusted EBITDA and adjusted earnings per share, which are non-GAAP financial measures, provides important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations. We use these non-GAAP financial measures when evaluating operating performance because we believe that the inclusion or exclusion of the items described above, for which the amounts are non-cash or non-recurring in nature, provides a supplemental measure of our operating results that facilitates comparability of our operating performance from period to period, against our business model objectives, and against other companies in our industry. We have chosen to provide this information to investors so they can analyze our operating results in the same way that management does and use this information in their assessment of our core business and the valuation of the Company. Adjusted EBITDA and adjusted earnings per share are not calculated in accordance with GAAP, and should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Non-GAAP financial measures have limitations in that they do not reflect all of the costs or benefits associated with the operations of our business as determined in accordance with GAAP. As a result, investors should not consider these measures in isolation or as a substitute for analysis of our results as reported under GAAP.

Percentage revenue variances presented on a local currency basis are calculated by translating the current period results of our non-US dollar denominated operations to US dollars using the foreign currency exchange rates from the periods against which the current period results are being compared. Percentage revenue variances presented on an internal growth basis are calculated assuming acquired entities were owned for the entire current period as well as the entire prior period. Revenue from acquired entities is estimated based on the operating performance of each acquired entity for the year prior to the acquisition date. Revenue from pass-through carried interest is excluded. We believe that these revenue growth rate methodologies provide a framework for assessing the Company's performance and operations excluding the effects of foreign currency exchange rate fluctuations, acquisitions and pass-through carried interest. The consolidated local currency internal revenue growth rate for the quarter ended March 31, 2019 would have been 9% if carried interest were included. Since these revenue growth rate measures are not calculated under GAAP, they may not be comparable to similar measures used by other issuers.

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

Liquidity and capital resources

Net cash used in operating activities for the three month period ended March 31, 2019 was $106.2 million, versus $80.2 million used in the prior year period. Cash from operations in both periods was impacted by significant seasonal working capital usage in our brokerage operations. Cash flow from operating activities is expected to be flat in the second quarter and positive in the third and fourth quarters of the year, consistent with historical patterns. We believe that cash from operations and other existing resources will continue to be adequate to satisfy the ongoing working capital needs of the Company.

For the three months ended March 31, 2019, capital expenditures were $10.4 million. Based on our current operations, capital expenditures for the year ending December 31, 2019 are expected to be $42 - $45 million.

Net indebtedness as at March 31, 2019 was $686.2 million, versus $545.1 million at December 31, 2018. Net indebtedness is calculated as the current and non-current portion of long-term debt less cash and cash equivalents. The change in indebtedness was attributable to seasonal working capital usage, the purchase price for recent acquisitions and capital expenditures. We are in compliance with the covenants contained in our financing agreements as at March 31, 2019 and, based on our outlook for the balance of the year, we expect to remain in compliance with these covenants. We had $423.3 million of available unused credit as of March 31, 2019.

On April 4, 2019, we extended the credit agreement for our Revolving Credit Facility of $1.0 billion with a new 5-year term maturing on April 30, 2024 (from April 30, 2023) and certain amendments were made to increase the flexibility of the Company's debt capital structure.

On April 4, 2019, we amended our Euro-denominated 2.23% senior unsecured notes due 2028 (the "Senior Notes") to make certain amendments to increase the flexibility of our debt capital structure. These amendments were similar to the amendments made to our Revolving Credit Facility, which ranks equal in seniority to the Senior Notes.

On April 12, 2019, we established the AR Facility to further diversify our capital structure. The AR Facility has committed availability of $125 million and includes selected US and Canadian trade accounts receivable, with an initial term of 364 days. Initial proceeds from the facility were used to repay outstanding indebtedness under our Revolving Credit Facility.

On December 6, 2018, the Company's Board of Directors declared a semi-annual dividend of $0.05 per share to shareholders of record on December 31, 2018. This dividend amounting to $2.0 million was paid on January 9, 2019.

In relation to acquisitions completed during the past three years, we have outstanding contingent consideration, assuming all contingencies are satisfied and payment is due in full, totalling $213.6 million as at March 31, 2019 (December 31, 2018 - $206.9 million). The contingent consideration liability is recognized at fair value upon acquisition and is updated to fair value each quarter, unless it contains an element of compensation, in which case such element is treated as compensation expense over the contingency period. The fair value of contingent consideration recorded on the consolidated balance sheet as at March 31, 2019 was $90.1 million (December 31, 2018 - $93.9 million). The contingent consideration is based on achieving specified earnings levels, and is paid or payable after the end of the contingency period, which extends to March 2023. We estimate that approximately 85% of the contingent consideration outstanding as of March 31, 2019 will ultimately be paid.

The following table summarizes our contractual obligations as at March 31, 2019:

Contractual obligations (in thousands of US$)	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term debt	$ 802,527	$ 457	$ 81	$ 567,126	$ 234,863
Interest on long-term debt	137,870	27,366	54,701	34,417	21,386
Finance lease obligations	970	588	382	-	-
Contingent acquisition consideration	90,117	27,420	58,903	3,794	-
Operating lease obligations	358,142	79,452	127,896	81,115	69,679
Purchase commitments	16,597	9,933	5,289	1,375	-
Total contractual obligations	$ 1,406,224	$ 145,217	$ 247,252	$ 687,827	$ 325,929

At March 31, 2019, we had commercial commitments totaling $7.7 million comprised of letters of credit outstanding due to expire within one year.

Redeemable non-controlling interests

In most operations where managers are also minority owners, the Company is party to shareholders' agreements. These agreements allow us to "call" the minority position at a value determined with the use of a formula price, which is in most cases equal to a multiple of trailing two-year average earnings, less debt. Minority owners may also "put" their interest to the Company at the same price, with certain limitations including (i) the inability to "put" more than 33.3% or 50% of their holdings in any twelve-month period and (ii) the inability to "put" any holdings for at least one year after the date of our initial acquisition of the business or the date the minority shareholder acquired the stock, as the case may be. The total value of the minority shareholders' interests (the "redemption amount"), as calculated in accordance with the shareholders' agreements as of March 31, 2019, was $310.0 million (December 31, 2018 - $316.0 million).

The amount recorded on our balance sheet under the caption "Redeemable non-controlling interests" ("RNCI") is the greater of: (i) the redemption amount (as above) and (ii) the amount initially recorded as RNCI at the date of inception of the minority equity position. As at March 31, 2019, the RNCI recorded on the balance sheet was $345.4 million. The purchase prices of the RNCI may be satisfied in cash or in Subordinate Voting Shares of Colliers. If all RNCI were redeemed with cash on hand and borrowings under the Facility, the estimated accretion to diluted net earnings per share for the three months ended March 31, 2019 would be $0.03 and the dilution to adjusted EPS would be $0.04.

Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial performance or financial condition other than the payments which may be required to be made under the sale of control arrangement contained in the restated management services agreement with Colliers, Jayset Management CIG Inc. and Jay S. Hennick, a description of which is set out in Note 14 to the March 31, 2019 unaudited consolidated financial statements.

Critical accounting estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions with respect to the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. These estimates and assumptions are based upon management's historical experience and are believed by management to be reasonable under the circumstances. Such estimates and assumptions are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ significantly from these estimates. Our critical accounting estimates have been reviewed and discussed with our Audit & Risk Committee. There have been no material changes to our critical accounting estimates from those disclosed in our MD&A for the year ended December 31, 2018.

Quarterly income tax provision

Each quarter, we estimate our income tax on the interim consolidated financial statements using an estimate of the effective tax rate for the full year which is based on forecasted earnings by country, expected enacted statutory tax rates, and estimated tax adjustments. We evaluate our annual effective tax rate estimate on a quarterly basis to reflect changes in forecasted earnings, geographical mix of earnings, and legislative actions on statutory tax rates and other relevant matters effective in the quarter and which legislation is enacted.

The tax effect of discrete items occurring in the quarter also impacts our effective tax rate.

Impact of recently adopted accounting standards

On January 1, 2019, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standard Codification Topic 842, *Leases* ("ASC 842"). ASC 842 requires the recognition of operating lease right-of-use assets and lease liabilities for virtually all premises and equipment leases on the consolidated balance sheet, with no impact on earnings. The Company adopted ASC 842 effective January 1, 2019 without adjusting comparative periods and recorded a $278.7 million right-of-use asset and corresponding $316.9 million lease liability as of March 31, 2019. The recognition of the lease liability did not impact the Company's financial covenants under its revolving credit facility or its senior notes, since the underlying debt agreements include provisions that nullify the impact of changes in accounting standards.

On January 1, 2019, the Company adopted Accounting Standards Update ("ASU") No. 2017-12 *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, with no material impact on its consolidated financial statements.

Impact of recently issued accounting standards

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 U.S. federal corporate income tax rate in (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 that these capitalized costs are 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.

Impact of IFRS

On January 1, 2011, many Canadian companies were required to adopt IFRS. In 2004, in accordance with the rules of the CSA, our predecessor, FirstService Corporation ("Old FSV"), elected to report exclusively using US GAAP and further elected not to adopt IFRS on January 1, 2011. Under the rules of the CSA, we are permitted to continue preparing financial statements in accordance with US GAAP going forward.

Financial instruments

We use financial instruments as part of our strategy to manage the risk associated with interest rates and currency exchange rates. We do not use financial instruments for trading or speculative purposes. On April 11, 2017 we entered into interest rate swap agreements to convert the LIBOR floating interest rate on $100.0 million of US dollar denominated debt into a fixed interest rate of 1.897%. In December 2018, the Company entered into interest rate swap agreements to convert the LIBOR floating interest rate on $100 million of US dollar denominated debt into a fixed interest rate of 2.7205% plus the applicable margin. Hedge accounting is being applied to these interest rate swaps.

Transactions with related parties

As at March 31, 2019, the Company had $5.1 million of loans receivable from non-controlling shareholders (December 31, 2018 - $6.5 million). The majority of the loans receivable represent amounts assumed in connection with acquisitions and amounts issued to non-controlling interests to finance the sale of non-controlling interests in subsidiaries to senior managers. The loans are of varying principal amounts and interest rates which range from nil to 4.0%. These loans are due on demand or mature on various dates up to 2026, but are open for repayment without penalty at any time.

Outstanding share data

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

As of the date hereof, the Company has outstanding 38,157,117 Subordinate Voting Shares and 1,325,694 Multiple Voting Shares. In addition, as at the date hereof 2,107,750 Subordinate Voting Shares are issuable upon exercise of options granted under the Company's stock option plan.

On July 16, 2018, the Company announced a Normal Course Issuer Bid ("NCIB") effective from July 18, 2018 to July 17, 2019. The Company is entitled to repurchase up to 2,800,000 Subordinate Voting Shares on the open market pursuant to the NCIB. Any shares purchased under the NCIB will be cancelled.

Canadian tax treatment of dividends

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

Changes in internal controls over financial reporting

There have been no changes in our internal controls over financial reporting during the three month period ended March 31, 2019 that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

Legal proceedings

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

Spin-off risk

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

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

Forward-looking statements and risks

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

- Economic conditions, especially as they relate to commercial and consumer credit conditions and business spending, particularly in regions where our operations may be concentrated.
- Commercial real estate property values, vacancy rates and general conditions of financial liquidity for real estate transactions.
- Trends in pricing and risk assumption for commercial real estate services.
- The effect of significant movements in average cap rates across different property types.
- The impact of changes in the market value of assets under management on the performance of our Investment Management business.
- A reduction by companies in their reliance on outsourcing for their commercial real estate needs, which would affect our revenues and operating performance.
- Competition in the markets served by the Company.
- Integration of the recently acquired Harrison Street operations and any further Investment Management acquisitions.
- The ability to attract new clients and to retain major clients and renew related contracts.
- The ability to retain and incentivize advisors.
- Increases in wage and benefit costs.
- The effects of changes in interest rates on our cost of borrowing.

- Unexpected increases in operating costs, such as insurance, workers' compensation and health care.
- Changes in the frequency or severity of insurance incidents relative to our historical experience.
- The effects of changes in foreign exchange rates in relation to the US dollar on the Company's Euro, Canadian dollar, Australian dollar and UK pound sterling denominated revenues and expenses.
- Our ability to identify and make acquisitions at reasonable prices and successfully integrate acquired operations.
- The ability to execute on, and adapt to, information technology strategies and trends.
- The ability to comply with laws and regulations related to our global operations, including real estate licensure, labour and employment laws and regulations, as well as the anti-corruption laws and trade sanctions.
- Political conditions, including political instability, elections, referenda, trade policy changes, immigration policy changes and any outbreak or escalation of hostilities or terrorism and the impact thereof on our business.
- Changes in government laws and policies at the federal, state/provincial or local level that may adversely impact our businesses.

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

Additional information

Additional information about Colliers, including our Annual Information Form for the year ended December 31, 2018, is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Further information about us can also be obtained at www.colliers.com.