

**COLLIERS INTERNATIONAL
GROUP INC.**

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Third Quarter

September 30, 2020

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

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Revenues (note 20)	\$ 692,307	\$ 736,883	\$ 1,873,141	\$ 2,117,523
Cost of revenues (exclusive of depreciation and amortization shown below)	426,031	477,365	1,197,736	1,382,933
Selling, general and administrative expenses	172,956	179,640	491,660	527,773
Depreciation	10,369	7,957	28,098	24,446
Amortization of intangible assets	25,912	14,878	59,013	44,835
Acquisition-related items (note 6)	4,965	8,867	11,499	18,765
Operating earnings	52,074	48,176	85,135	118,771
Interest expense, net	8,864	7,298	22,627	22,775
Other income, net (note 7)	(509)	(663)	(1,479)	(985)
Earnings before income tax	43,719	41,541	63,987	96,981
Income tax expense (note 18)	11,740	12,868	19,066	27,270
Net earnings	31,979	28,673	44,921	69,711
Non-controlling interest share of earnings	6,264	6,069	13,906	13,900
Non-controlling interest redemption increment (note 15)	4,548	(7,043)	15,572	919
Net earnings attributable to Company	\$ 21,167	\$ 29,647	\$ 15,443	\$ 54,892
Net earnings per common share (note 16)				
Basic	\$ 0.53	\$ 0.75	\$ 0.39	\$ 1.39
Diluted	\$ 0.52	\$ 0.74	\$ 0.38	\$ 1.37

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

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

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Net earnings	\$ 31,979	\$ 28,673	\$ 44,921	\$ 69,711
Foreign currency translation gain (loss)	3,812	(3,847)	(6,716)	(3,901)
Unrealized gain (loss) on interest rate swaps, net of tax	802	(598)	(3,294)	(4,883)
Pension liability adjustments, net of tax		-	-	(4)
Comprehensive earnings	36,593	24,228	34,911	60,923
Less: Comprehensive earnings attributable to non-controlling interests	6,722	2,707	28,016	18,336
Comprehensive earnings attributable to Company	\$ 29,871	\$ 21,521	\$ 6,895	\$ 42,587

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

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

	September 30, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 129,190	\$ 114,993
Restricted cash	118,543	-
Accounts receivable, net of allowance of \$22,248 (December 31, 2019 - \$9,131)	339,970	393,945
Contract assets (note 20)	50,146	42,772
Warehouse receivables (note 14)	190,720	-
Income tax recoverable	10,163	10,435
Prepaid expenses and other current assets	176,256	145,171
Real estate assets held for sale (note 5)	-	10,741
	1,014,988	718,057
Other receivables	14,561	16,678
Contract assets (note 20)	4,689	6,162
Other assets	62,289	69,510
Fixed assets	126,628	107,197
Operating lease right-of-use assets	285,123	263,639
Deferred income tax, net	48,743	37,420
Intangible assets (note 8)	622,288	477,454
Goodwill	1,069,881	949,221
Real estate assets held for sale (note 5)	78,159	247,376
	2,312,361	2,174,657
	\$ 3,327,349	\$ 2,892,714
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued expenses	\$ 364,341	\$ 261,910
Accrued compensation	370,268	495,374
Income tax payable	19,687	15,756
Contract liabilities (note 20)	22,945	24,133
Long-term debt - current (note 9)	11,635	4,223
Contingent acquisition consideration - current (note 14)	7,517	16,813
Warehouse lines of credit (note 11)	181,216	-
Operating lease liabilities	74,613	69,866
Liabilities related to real estate assets held for sale (note 5)	7,112	36,191
	1,059,334	924,266
Long-term debt - non-current (note 9)	632,222	607,181
Contingent acquisition consideration (note 14)	80,674	68,180
Operating lease liabilities	250,827	229,224
Other liabilities	41,831	31,693
Deferred income tax, net	50,091	28,018
Convertible notes (note 10)	223,658	-
Liabilities related to real estate assets held for sale (note 5)	25,129	127,703
	1,304,432	1,091,999
Redeemable non-controlling interests (note 15)	431,184	359,150
Shareholders' equity		
Common shares	451,843	442,153
Contributed surplus	64,664	60,706
Retained earnings	87,801	77,181
Accumulated other comprehensive loss	(75,712)	(67,164)
Total Company shareholders' equity	528,596	512,876
Non-controlling interests	3,803	4,423
Total shareholders' equity	532,399	517,299
	\$ 3,327,349	\$ 2,892,714

Commitments (note 19)

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

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

Nine months ended September 30, 2020

	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, 2019	39,845,211	\$ 442,153	\$ 60,706	\$ 77,181	\$ (67,164)	\$ 4,423	\$ 517,299
Cumulative effect adjustment:							
Current expected credit losses, net of tax (note 3)	-	-	-	(2,824)	-	-	(2,824)
Net earnings	-	-	-	44,921	-	-	44,921
Foreign currency translation loss	-	-	-	-	(6,716)	-	(6,716)
Unrealized loss on interest rate swaps, net of tax	-	-	-	-	(3,294)	-	(3,294)
Other comprehensive earnings attributable to NCI	-	-	-	-	1,462	(429)	1,033
NCI share of earnings	-	-	-	(13,906)	-	1,067	(12,839)
NCI redemption increment	-	-	-	(15,572)	-	-	(15,572)
Distributions to NCI	-	-	-	-	-	(1,200)	(1,200)
Acquisition of businesses, net	-	-	-	-	-	(58)	(58)
Subsidiaries' equity transactions	-	-	(6)	-	-	-	(6)
Subordinate Voting Shares:							
Stock option expense	-	-	6,056	-	-	-	6,056
Stock options exercised	203,600	9,690	(2,092)	-	-	-	7,598
Dividends	-	-	-	(1,999)	-	-	(1,999)
Balance, September 30, 2020	40,048,811	\$ 451,843	\$ 64,664	\$ 87,801	\$ (75,712)	\$ 3,803	\$ 532,399

Three months ended September 30, 2020

	Common shares		Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Non-controlling interests	Total shareholders' equity
	Issued and outstanding shares	Amount					
Balance, June 30, 2020	39,998,811	\$ 449,789	\$ 63,305	\$ 66,632	\$ (84,416)	\$ 3,700	\$ 499,010
Net earnings	-	-	-	31,979	-	-	31,979
Foreign currency translation gain	-	-	-	-	3,812	-	3,812
Unrealized gain on interest rate swaps, net of tax	-	-	-	-	802	-	802
Other comprehensive earnings attributable to NCI	-	-	-	-	4,090	78	4,168
NCI share of earnings	-	-	-	(6,264)	-	394	(5,870)
NCI redemption increment	-	-	-	(4,547)	-	-	(4,547)
Distributions to NCI	-	-	-	-	-	(363)	(363)
Subsidiaries' equity transactions	-	-	(11)	-	-	-	(11)
Subordinate Voting Shares:							
Stock option expense	-	-	1,832	-	-	-	1,832
Stock options exercised	50,000	2,054	(462)	-	-	-	1,592
Dividends	-	-	-	1	-	-	1
Balance, September 30, 2020	40,048,811	\$ 451,843	\$ 64,664	\$ 87,801	\$ (75,712)	\$ 3,803	\$ 532,399

COLLIERS INTERNATIONAL GROUP INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

(in thousands of US dollars, except share information)

Nine months ended September 30, 2019

	Common shares		Contributed surplus	Deficit	Accumulated other comprehensive loss	Non-controlling interests	Total shareholders' equity
	Issued and outstanding shares	Amount					
Balance, December 31, 2018	39,213,136	\$ 415,805	\$ 54,717	\$ (21,751)	\$ (61,218)	\$ 4,420	\$ 391,973
Net earnings	-	-	-	69,711	-	-	69,711
Pension liability adjustment, net of tax	-	-	-	-	(4)	-	(4)
Foreign currency translation loss	-	-	-	-	(3,901)	-	(3,901)
Unrealized loss on interest rate swaps, net of tax	-	-	-	-	(4,883)	-	(4,883)
Other comprehensive earnings attributable to NCI	-	-	-	-	(3,517)	54	(3,463)
NCI share of earnings	-	-	-	(13,900)	-	1,705	(12,195)
NCI redemption increment	-	-	-	(919)	-	-	(919)
Distributions to NCI	-	-	-	-	-	(1,553)	(1,553)
Acquisition of businesses, net	-	-	-	-	-	(187)	(187)
Subsidiaries' equity transactions	-	-	2,568	-	-	-	2,568
Subordinate Voting Shares:							
Stock option expense	-	-	5,198	-	-	-	5,198
Stock options exercised	490,675	20,004	(3,290)	-	-	-	16,714
Dividends	-	-	-	(1,979)	-	-	(1,979)
Balance, September 30, 2019	39,703,811	\$ 435,809	\$ 59,193	\$ 31,162	\$ (73,523)	\$ 4,439	\$ 457,080

Three months ended September 30, 2019

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

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

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

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Cash provided by (used in)				
Operating activities				
Net earnings	\$ 31,979	\$ 28,673	\$ 44,921	\$ 69,711
Items not affecting cash:				
Depreciation and amortization	36,281	22,835	87,111	69,281
Gains attributable to mortgage servicing rights	(6,888)	-	(7,397)	-
Gains attributable to the fair value of mortgage premiums and origination fees	(14,303)	-	(16,113)	-
Deferred income tax	(2,977)	(2,941)	(16,974)	(9,985)
Earnings from equity method investments (note 7)	(482)	(480)	(1,451)	(1,220)
Stock option expense (note 17)	1,832	1,558	6,056	5,199
Allowance for credit losses	4,000	3,272	12,602	5,490
Amortization of advisor loans	5,246	5,216	15,666	15,282
Contingent consideration	22	7,883	(1,447)	15,483
Other	2,062	(6,592)	5,857	1,265
(Increase) decrease in accounts receivable, prepaid expenses and other assets	4,867	(11,425)	80,722	268
(Decrease) increase in accounts payable, accrued expenses and other liabilities	93,998	4,693	59,744	(52,256)
(Decrease) increase in accrued compensation	34,890	35,923	(146,371)	(107,315)
Contingent acquisition consideration paid	-	(499)	(15,684)	(5,712)
Proceeds from sale of mortgage loans	391,155	-	481,134	-
Origination of mortgage loans	(539,103)	-	(626,202)	-
Increase in warehouse lines of credit	156,629	-	156,366	-
Sale proceeds from AR Facility, net of repurchases (note 12)	(2,005)	(1,730)	(14,290)	117,695
Net cash provided by operating activities	197,203	86,386	104,250	123,186
Investing activities				
Acquisitions of businesses, net of cash acquired (note 4)	(66,975)	-	(203,916)	(23,677)
Purchases of fixed assets	(10,501)	(7,245)	(29,530)	(31,309)
Advisor loans issued	(2,166)	(4,292)	(8,778)	(15,198)
Purchase of held for sale real estate assets (note 5)	(45,918)	-	(45,918)	-
Proceeds from sale of held for sale real estate assets (note 5)	-	-	94,222	-
Collections of AR facility deferred purchase price (note 12)	11,673	7,827	38,132	15,164
Other investing activities	222	(19)	7,638	(4,715)
Net cash used in investing activities	(113,665)	(3,729)	(148,150)	(59,735)
Financing activities				
Increase in long-term debt	172,378	74,982	526,534	394,595
Repayment of long-term debt	(179,395)	(145,106)	(508,407)	(443,295)
Issuance of convertible notes	-	-	230,000	-
Purchases of non-controlling interests' subsidiary shares, net	5,417	(4,063)	(18,978)	(10,828)
Contingent acquisition consideration paid	(332)	(302)	(11,075)	(8,696)
Proceeds received on exercise of stock options	3,129	4,564	7,587	16,714
Dividends paid to common shareholders	(1,999)	(1,979)	(3,991)	(3,940)
Distributions paid to non-controlling interests	(7,076)	(8,294)	(29,062)	(27,851)
Financing fees paid	(146)	114	(7,499)	(1,243)
Net cash provided by (used in) financing activities	(8,024)	(80,084)	185,109	(84,544)
Effect of exchange rate changes on cash	5,981	(2,989)	(8,469)	(4,263)
Net change in cash, cash equivalents and restricted cash	81,495	(416)	132,740	(25,356)
Cash, cash equivalents and restricted cash, beginning of period	166,238	102,092	114,993	127,032
Cash, cash equivalents and restricted cash, end of period	\$ 247,733	\$ 101,676	\$ 247,733	\$ 101,676

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

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

1. Description of the business

Colliers International Group Inc. (“Colliers” or the “Company”) provides commercial real estate services to corporate and institutional clients in 36 countries around the world (68 countries including affiliates and franchisees). Colliers’ primary services are Outsourcing & Advisory services, Leasing, Capital Markets and Investment Management. Operationally, Colliers is organized into four distinct segments: Americas; Europe, Middle East and Africa (“EMEA”); Asia and Australasia (“Asia Pacific”) and Investment Management.

2. Summary of presentation

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 management 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, 2019.

In the opinion of management, the Financial Statements contain all adjustments necessary to a fair statement of the financial position of the Company as at September 30, 2020 and the results of operations and its cash flows for the three and nine month periods ended September 30, 2020 and 2019. All such adjustments are of a normal recurring nature. The results of operations for the nine month period ended September 30, 2020 are not necessarily indicative of the results to be expected for the year ending December 31, 2020.

The Company has revised the name of its Sales Brokerage revenue line to Capital Markets.

These Financial Statements follow the same accounting policies as the most recent audited consolidated financial statements of Colliers, except for the adoption of ASC 326 in the first quarter of 2020 (see note 3), accounting policies and related disclosures relating to the Company’s issuance of Convertible Notes in May 2020 (see below and note 10) and to disclose the accounting policies applicable for businesses acquired within the year. Specifically, the accounting policies for revenue have been expanded to incorporate accounting policies applicable to new revenue streams associated with the newly acquired Colliers Mortgage and Colliers Securities businesses (see note 4).

The updated accounting policies are included in the summary below.

Revenue

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

(a) Leasing

Leasing includes landlord and tenant representation services. Landlord representation provides real estate owners with services to strategically position properties and to secure appropriate tenants. Tenant representation focuses on assisting businesses to assess their occupancy requirements and evaluating and negotiating leases and lease renewals.

(b) Capital Markets

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

(c) Outsourcing & Advisory

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

Valuation services consist of helping customers determine market values for various types of real estate properties. Such services may involve appraisals of single properties or portfolios of properties which may span multiple property types and geographic locations. These appraisals may be utilized for a variety of customer needs including acquisitions, dispositions, financing or for tax purposes. In addition to valuation services, the Company provides consulting services to assist customers with specialized real estate needs.

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

(d) Investment Management

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

Revenue recognition and unearned revenues

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

(a) Nature of services

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

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

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

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

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

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

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

(b) Significant judgments

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

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

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

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

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

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

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

Receivables and allowance for credit losses

Accounts receivable are recorded when the Company has a right to payment within customary payment terms or it recognizes a contract asset if revenue is recognized prior to when payment is due. From the point of initial recognition, the carrying value of such receivables and contract assets, net of allowance for doubtful accounts, represents their estimated net realizable value after deducting for potential credit losses. The Company's expected loss allowance methodology uses historical collection experience, the current status of customers' accounts receivable and considers both current and expected future economic and market conditions. Due to the short-term nature of such receivables, the estimate of accounts receivable that may be collected is based on the aging of the receivable balances and the financial condition of customers. Additionally, specific allowance amounts are established to record the appropriate provision for customers that have a higher probability of default. The allowances are then reviewed on a quarterly basis to ensure that they are appropriate. After all collection efforts have been exhausted by management, the outstanding balance

considered not collectible is written off against the allowance. In providing for credit losses as at September 30, 2020, the Company considered the current and expected future economic and market conditions surrounding the novel coronavirus (“COVID-19”) pandemic and determined to adjust its historical loss rates for the increased credit risk with an associated credit loss expense included in Selling, general and administrative expenses.

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

Cash and cash equivalents

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

Restricted cash

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

Financial guarantees and allowance for loss sharing

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

When the Company commits to making a loan to a borrower, it recognizes a liability equal to the estimated fair value of this guarantee obligation, which reduces the gain on sale of the loan reported in capital markets revenue. Upon sale of the loan, a liability for the fair value of the guarantee obligation is recognized and included in other liabilities on the Consolidated Balance Sheets. Subsequently, this initial liability is amortized over the estimated life of the loan in line with collection of loan principal and recorded as an increase in capital markets revenue on the consolidated statements of earnings.

Additionally, in accordance with ASC 326, the Company estimates the credit losses expected over the life of the credit exposure and has recorded a loss reserve for this risk. The Company evaluates the loss reserve on an individual loan basis. The evaluation models consider the specific details of the underlying property used as collateral, such as occupancy and financial performance. The models also analyze historical losses, current and expected economic conditions, and reasonable and supportable forecasts. For the period ended September 30, 2020, the analysis incorporated specific economic conditions related to the COVID-19 pandemic. As at September 30, 2020, the loan loss guarantee reserve was \$17,295 and was included within Other liabilities on the consolidated balance sheets. See note 19 for further information on the DUS Program and the loss-sharing guarantee obligation.

Convertible notes

The Company issued Convertible Notes in May 2020 (see note 10). The Convertible Notes are accounted for entirely as debt as no portion of the proceeds is required to be accounted for as attributable to the conversion feature. Interest on the Convertible Notes is recorded as interest expense. Financing fees are amortized over the life of the Convertible Notes as additional non-cash interest expense utilizing the effective interest method.

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

Warehouse receivables

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

Mortgage servicing rights (“MSRs”)

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

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

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

Impairment is evaluated quarterly through a comparison of the carrying amount and fair value of the MSRs, and recognized with the establishment of a valuation allowance. Other than write-offs due to prepayments of sold Warehouse receivables where servicing rights have been retained, there have been no instances of impairment since acquiring Colliers Mortgage.

Financial instruments and derivatives

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

From time to time, the Company may use interest rate swaps to hedge a portion of its interest rate exposure on long-term debt. Hedge accounting is applied and swaps are carried at fair value on the consolidated balance sheets, with gains or losses recognized in interest expense. The carrying value of the hedged item is adjusted for changes in fair value attributable to the hedged interest rate risk; the associated gain or loss is recognized currently in earnings and the unrealized gain or loss is recognized in other comprehensive income. If swaps are terminated and the underlying item is not, the resulting gain or loss is deferred and recognized over the remaining life of the underlying item using the effective interest method. In addition, the Company may enter into short-term foreign exchange contracts to lower its cost of borrowing, to which hedge accounting is not applied.

Derivative financial instruments are recorded on the consolidated balance sheets as other assets or other liabilities and carried at fair value. See note 14 for additional information on derivative financial instruments.

Goodwill and intangible assets

The impact of the COVID-19 pandemic, with its combined health toll and sharp decline in global economic output, is unprecedented and the full extent of the impact will depend on future developments. These developments are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning its severity, its duration and actions by government authorities to contain the outbreak or manage its impact.

As a result of the changes in the current economic environment related to the COVID-19 pandemic, management has performed asset impairment testing across the Company's reporting units. Management has concluded that no impairment loss is required to be recognized as of September 30, 2020. The testing considered a range of scenarios, but is subject to significant estimation uncertainty given the factors noted above. If there are future adverse developments, impairment losses may be required to be recognized.

Government assistance related to the COVID-19 pandemic

The Company received \$13,640 and \$23,874 of wage subsidies from governments in several countries around the world during the three month and nine month periods ended September 30, 2020, respectively. In the nine-month period ending September 30, 2020, \$17,539 of the wage subsidies were recorded as reduction to cost of revenues and \$6,335 were recorded as a reduction to selling, general and administrative expenses in the Consolidated Statements of Earnings. In the three-month period ending September 30, 2020, \$9,568 of the wage subsidies were recorded as reduction to cost of revenues and \$4,072 were recorded as a reduction to selling, general and administrative expenses in the Consolidated Statements of Earnings.

3. Impact of recently issued accounting standards

Recently adopted accounting guidance

Current Expected Credit Losses

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

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

Goodwill impairment testing

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

Capitalization of implementation costs in relation to hosting arrangements

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40)*. This ASU aligns the capitalizing of implementation costs incurred in relation to a hosting arrangement with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. It also requires these capitalized costs to be expensed over the term of the

hosting arrangement and to the same line as the hosting arrangement. As this ASU clarifies the previously existing ambiguity related to capitalization, it was determined that the guidance under the ASU is consistent with the Company's existing capitalization process for development costs related to hosting arrangements without any impact on the financial statements.

Recently issued accounting guidance, not yet adopted

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

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

4. Acquisitions

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

Colliers Mortgage is licensed as a U.S. Department of Housing and Urban Development ("HUD") title II non-supervised mortgagee, a Government National Mortgage Association ("Ginnie Mae") issuer, and a Federal National Mortgage Association ("Fannie Mae") approved DUS lender for multifamily affordable and market rate housing and senior housing mortgage loans. Colliers Mortgage is also an approved lender in the United States Department of Agriculture ("USDA") Community Facilities Guaranteed Loan Program. Ginnie Mae and Fannie Mae together are referred to as government sponsored enterprises ("GSEs").

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

During the nine months ended September 30, 2020 the Company acquired controlling interests in two Colliers International affiliates operating in the Americas segment (Austin, Texas and Nashville, Tennessee).

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

	Colliers Mortgage	Maser	Other	Aggregate Acquisitions
Current assets, excluding cash	\$ 77,792	\$ 57,533	\$ 3,662	\$ 138,987
Non-current assets	9,021	36,489	529	46,039
Current liabilities	(81,731)	(32,742)	(3,607)	(118,080)
Long-term liabilities	(6,266)	(53,552)	(423)	(60,241)
	<u>\$ (1,184)</u>	<u>\$ 7,728</u>	<u>\$ 161</u>	<u>\$ 6,705</u>
Cash consideration, net of cash acquired of \$50,331	\$ (134,204)	\$ (57,726)	\$ (11,986)	\$ (203,916)
Acquisition date fair value of contingent consideration	(9,250)	(12,045)	(2,529)	(23,824)
Total purchase consideration	<u>\$ (143,454)</u>	<u>\$ (69,771)</u>	<u>\$ (14,515)</u>	<u>\$ (227,740)</u>
Acquired intangible assets				
Indefinite life	\$ 29,600	\$ -	\$ -	\$ 29,600
Finite life	\$ 105,225	\$ 51,100	\$ 10,415	\$ 166,740
Goodwill	\$ 53,055	\$ 54,087	\$ 8,929	\$ 116,071
Redeemable non-controlling interest	\$ 43,242	\$ 43,144	\$ 4,990	\$ 91,376

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

As of September 30, 2020, the Company has not completed its analysis to assign fair values to all of the identifiable intangible and tangible assets acquired and, therefore, the purchase price allocation may be refined during the measurement period.

During the prior year nine months ended September 30, 2019, the Company acquired controlling interests in three businesses for cash consideration of \$22,875 (net of cash acquired of \$3,571).

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

Unless it contains an element of compensation, contingent consideration is recorded at fair value each reporting period. The fair value recorded on the consolidated balance sheet as at September 30, 2020 was \$88,191 (December 31, 2019 - \$84,993). See note 14 for discussion on the fair value of contingent consideration. Contingent consideration with a compensatory element is revalued at each reporting period and recognized on a straight-line basis over the term of the contingent consideration arrangement. The liability recorded on the balance sheet for the compensatory element of contingent consideration arrangements as at September 30, 2020 was \$15,880 (December 31, 2019 - \$23,014). The estimated range of outcomes (undiscounted) for all contingent consideration arrangements, including those with an element of compensation is determined based on the formula price and the likelihood of achieving specified earnings levels over the contingency period, and ranges from \$185,842 to a maximum of \$210,001. These contingencies will expire during the period extending to December 2024.

5. Real estate assets held for sale

In December 2019, the Company's Investment Management segment acquired a controlling interest in a portfolio of real estate assets (the "Portfolio") from an unrelated party. The acquisition was accounted for by

the acquisition method of accounting for asset purchases that do not constitute the acquisition of a business. The Portfolio consists of land and buildings located in the United Kingdom and associated liabilities. The Portfolio was acquired in connection with the establishment of a new closed-end Investment Management fund (the “Fund”). In May 2020, the Company sold the Portfolio to the Fund without gain or loss.

On July 17, 2020, the Company’s Investment Management segment acquired a controlling interest in a real estate asset (the “RE Asset”) from an unrelated party. The acquisition was accounted for by the acquisition method of accounting for asset purchases that do not constitute the acquisition of a business. The RE Asset consists of an undeveloped parcel of land located in the United Kingdom and associated liabilities. The Company expects to sell the RE Asset to the Fund, without gain or loss, during the fourth quarter of 2020.

The Fund is managed by the Company and as is customary for closed-end funds, the Company has a limited partner equity interest of between 1% and 2%.

During the nine months ended September 30, 2020, the Portfolio and RE Asset generated \$2,427 of net earnings which was included in Company’s consolidated net earnings.

The following table summarizes the real estate assets and associated liabilities held for sale.

	<u>September 30, 2020</u>
Real estate assets held for sale	
Real estate assets held for sale - non-current	\$ 78,159
Total real estate assets held for sale	<u>\$ 78,159</u>
Liabilities related to real estate assets held for sale	
Liabilities related to real estate assets held for sale - current	\$ 7,112
Liabilities related to real estate assets held for sale - non-current	\$ 25,129
Total liabilities related to real estate assets held for sale	<u>\$ 32,241</u>
Net real estate assets held for sale	<u>\$ 45,918</u>

6. Acquisition-related items

Acquisition-related expense comprises the following:

	Three months ended September 30		Nine months ended September 30	
	<u>2020</u>	2019	<u>2020</u>	2019
Transaction costs	\$ 4,942	\$ 984	\$ 12,945	\$ 3,282
Contingent consideration fair value adjustments	(1,504)	5,248	(6,356)	6,106
Contingent consideration compensation expense	1,527	2,635	4,910	9,377
	<u>\$ 4,965</u>	<u>\$ 8,867</u>	<u>\$ 11,499</u>	<u>\$ 18,765</u>

7. Other income, net

	Three months ended September 30		Nine months ended September 30	
	<u>2020</u>	2019	<u>2020</u>	2019
Loss (gain) on investments	\$ 78	\$ 4	\$ 131	\$ (88)
Fair value adjustment on DPP (note 12)	45	6	113	461
Equity earnings from non-consolidated investments	(482)	(480)	(1,451)	(1,220)
Other	(150)	(193)	(272)	(138)
	<u>\$ (509)</u>	<u>\$ (663)</u>	<u>\$ (1,479)</u>	<u>\$ (985)</u>

8. Intangible assets

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

September 30, 2020	Gross carrying amount	Accumulated amortization	Net
Indefinite life intangible assets:			
Licenses	\$ 29,600	\$ -	\$ 29,600
Trademarks and trade names	23,894	-	23,894
	<u>\$ 53,494</u>	<u>\$ -</u>	<u>\$ 53,494</u>
Finite life intangible assets:			
Customer lists and relationships	\$ 359,570	\$ 134,774	\$ 224,796
Investment management contracts	270,600	54,650	215,950
Mortgage servicing rights	105,657	6,507	99,150
Franchise rights	5,254	4,869	385
Trademarks and trade names	15,530	4,172	11,358
Management contracts and other	20,676	11,584	9,092
Backlog	16,240	8,177	8,063
	<u>\$ 793,527</u>	<u>\$ 224,733</u>	<u>\$ 568,794</u>
	<u>\$ 847,021</u>	<u>\$ 224,733</u>	<u>\$ 622,288</u>
December 31, 2019			
	Gross carrying amount	Accumulated amortization	Net
Indefinite life intangible assets:			
Trademarks and trade names	\$ 23,810	\$ -	\$ 23,810
	<u>\$ 23,810</u>	<u>\$ -</u>	<u>\$ 23,810</u>
Finite life intangible assets:			
Customer lists and relationships	\$ 310,856	\$ 115,987	\$ 194,869
Investment management contracts	270,600	36,434	234,166
Franchise rights	5,163	4,505	658
Trademarks and trade names	12,435	2,398	10,037
Management contracts and other	16,088	9,306	6,782
	<u>\$ 623,700</u>	<u>\$ 170,056</u>	<u>\$ 453,644</u>
	<u>\$ 647,510</u>	<u>\$ 170,056</u>	<u>\$ 477,454</u>

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

	<u>2020</u>
Balance, January 1	\$ -
Recognized on business acquisitions	99,900
Additions, following the sale of loan	5,757
Amortization expense	(4,838)
Prepayments and write-offs	(1,669)
Balance, September 30	<u>\$ 99,150</u>

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

	MSRs	Other	Total
2020 (remaining three months)	\$ 3,472	20,291	\$ 23,763
2021	12,907	67,672	80,579
2022	12,201	60,885	73,086
2023	11,015	57,273	68,288
2024	9,995	49,428	59,423
2025	8,666	41,024	49,690
Thereafter	40,894	173,071	213,965
	<u>\$ 99,150</u>	<u>469,644</u>	<u>\$ 568,794</u>

9. Long-term debt

The Company has a multi-currency senior unsecured revolving credit facility (the “Revolving Credit Facility”) of \$1,000,000. The Revolving Credit Facility has a 5-year term ending April 30, 2024 and bears interest at an applicable margin of 1.25% to 3.0% over floating reference rates, depending on financial leverage ratios. The weighted average interest rate at September 30, 2020 was 3.1% (2019 – 3.4%). The Revolving Credit Facility had \$605,734 of available undrawn credit as at September 30, 2020. As of September 30, 2020, letters of credit in the amount of \$12,861 were outstanding (\$9,836 as at December 31, 2019). The Revolving Credit Facility requires a commitment fee of 0.25% to 0.6% of the unused portion, depending on certain leverage ratios. At any time during the term, the Company has the right to increase the Revolving Credit Facility by up to \$250,000 on the same terms and conditions.

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

The Revolving Credit Facility and the Senior Notes rank equally in terms of seniority and have similar financial covenants. The Company is required to maintain financial covenants including leverage and interest coverage. The Company was in compliance with these covenants as of September 30, 2020. The Company is limited from undertaking certain mergers, acquisitions and dispositions without prior approval.

10. Convertible notes

On May 19, 2020, the Company issued \$230,000 aggregate principal of 4.0% Convertible Senior Subordinated Notes (the “Convertible Notes”) at par value. The Convertible Notes will mature on June 1, 2025 and bear interest of 4.0% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2020. See note 2 for further details. The Convertible Notes are unsecured and subordinated to all of the Company’s existing and future secured indebtedness, and are treated as equity for financial leverage calculations under the Company’s Revolving Credit Facility and Senior Notes.

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

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

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

In connection with the issuance of the Convertible Notes, the Company incurred financing costs of \$6,795 which are being amortized over five years using the effective interest rate method. For the quarter ended September 30, 2020 there was \$453 of financing fee amortization included in interest expense within the accompanying Consolidated Statements of Earnings. The effective interest rate on the Convertible Notes is approximately 4.3%.

11. Warehouse lines of credit

The following table summarizes the Company's mortgage warehouse lines of credit as at September 30, 2020:

	September 30, 2020	
	Maximum Capacity	Carrying Value
LIBOR plus 1.60%, expires January 11, 2021	\$ 125,000	\$ 140,889
LIBOR plus 1.60%	125,000	40,327
	\$ 250,000	\$ 181,216

Colliers Mortgage has warehouse lines of credit established with financial institutions exclusively for the purpose of funding warehouse mortgages receivable. The warehouse lines of credit are revolving and are secured by warehouse mortgages originated, if any.

On October 13, 2020 Colliers Mortgage increased the borrowing capacity on one of the warehouse lines of credit from \$125,000 to \$275,000, increasing the total borrowing capacity to \$400,000.

12. AR Facility

On April 12, 2019, the Company established a structured accounts receivable facility (the "AR Facility") with committed availability of \$125,000 and an initial term of 364 days, unless extended or an earlier termination event occurs. On April 27, 2020, the Company extended the term of AR Facility for another 364 days. Under the AR Facility, certain of the Company's subsidiaries continuously sell trade accounts receivable and contract assets (the "Receivables") to wholly owned special purpose entities at fair market value. The special purpose entities then sell 100% of the Receivables to a third-party financial institution (the "Purchaser"). Although the special purpose entities are wholly owned subsidiaries of the Company, they are separate legal entities with their own separate creditors who will be entitled, upon their liquidation, to be satisfied out of their assets prior to any assets or value in such special purpose entities becoming available to their equity holders and their assets are not available to pay other creditors of the Company. As of September 30, 2020, the Company had drawn \$111,138 under the AR Facility.

All transactions under the AR Facility are accounted for as a true sale in accordance with ASC 860, *Transfers and Servicing* ("ASC 860"). Following the sale and transfer of the Receivables to the Purchaser, the Receivables are legally isolated from the Company and its subsidiaries, and the Company sells, conveys, transfers and assigns to the Purchaser all its rights, title and interest in the Receivables. Receivables sold are derecognized from the consolidated balance sheet. The Company continues to service, administer and collect the Receivables on behalf of the Purchaser, and recognizes a servicing liability in accordance with ASC 860. The Company has elected the amortization method for subsequent measurement of the servicing liability, which is assessed for impairment or increased obligation at each reporting date. As of September 30, 2020, the servicing liability was nil.

Under the AR Facility, the Company receives a cash payment and a deferred purchase price ("Deferred Purchase Price" or "DPP") for sold Receivables. The DPP is paid to the Company in cash on behalf of the

Purchaser as the Receivables are collected; however, due to the revolving nature of the AR Facility, cash collected from the Company's customers is reinvested by the Purchaser monthly in new Receivable purchases under the AR Facility. For the nine months ending September 30, 2020, Receivables sold under the AR Facility were \$786,691 and cash collections from customers on Receivables sold were \$798,303, all of which were reinvested in new Receivables purchases and are included in cash flows from operating activities in the consolidated statement of cash flows. As of September 30, 2020, the outstanding principal on trade accounts receivable, net of Allowance for Doubtful Accounts, sold under the AR Facility was \$106,947; and the outstanding principal on contract assets, current and non-current, sold under the AR Facility was \$76,935. See note 14 for fair value information on the DPP.

For the nine months ended September 30, 2020, the Company recognized a loss related to Receivables sold of \$113 (2019 - \$461 loss) that was recorded in other expense in the consolidated statement of earnings. Based on the Company's collection history, the fair value of the Receivables sold subsequent to the initial sale approximates carrying value.

The non-cash investing activities associated with the DPP for the nine months ended September 30, 2020 were \$12,269.

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

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Investments in unconsolidated subsidiaries	\$ 3,820	\$ 1,981
Co-investment commitments	<u>16,930</u>	<u>7,969</u>
Maximum exposure to loss	<u>\$ 20,750</u>	<u>\$ 9,950</u>

14. Fair value measurements

The following table provides the financial assets and liabilities carried at fair value measured on a recurring basis as of September 30, 2020:

	Carrying value at September 30, 2020	<u>Fair value measurements</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Cash equivalents	\$ 11,199	\$ 11,199	\$ -	\$ -
Equity securities	3,255	3,228	26	-
Debt securities	13,416	-	13,416	-
Mortgage derivative assets	19,742	-	19,742	-
Warehouse receivables	190,720	-	190,720	-
Deferred Purchase Price on AR	72,109	-	-	72,109
Total assets	<u>\$ 310,441</u>	<u>\$ 14,427</u>	<u>\$ 223,904</u>	<u>\$ 72,109</u>
Liabilities				
Mortgage derivative liability	\$ 11,530	\$ -	\$ 11,530	\$ -
Interest rate swap liability	9,097	-	9,097	-
Contingent consideration liability	88,191	-	-	88,191
Total liabilities	<u>\$ 108,818</u>	<u>\$ -</u>	<u>\$ 20,627</u>	<u>\$ 88,191</u>

Cash equivalents

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

Financial instruments and other inventory positions owned

The Company records financial instruments and other inventory positions owned at fair value on the Consolidated Balance Sheets. These financial instruments are valued based on observable market data that may include quoted market prices dealer quotes, market spreads, cash flows, the U.S. treasury yield curve, trading levels, market consensus prepayment speeds, credit information and the instruments' terms and conditions and are classified as Level 2 of the fair value hierarchy.

Certain investments in equity securities where quoted prices are readily available are classified as Level 1 in the fair value hierarchy. The Company increases or decreases its investment each reporting period by the change in the fair value of the investment reported in net earnings on the Consolidated Statements of Earnings.

Warehouse receivables

As at September 30, 2020, all of the Company's mortgage warehouse receivables were under commitment to be purchased by a GSE or by a qualifying investor. These assets are classified as Level 2 in the fair value hierarchy as a substantial majority of the inputs are readily observable.

Interest rate swaps

In April 2017, the Company entered into interest rate swap agreements to convert the LIBOR floating interest rate on \$100,000 of US dollar denominated debt into a fixed interest rate of 1.897% plus the applicable margin. The swaps have a maturity of January 18, 2022. The swaps are being accounted for as cash flow hedges and are measured at fair value on the balance sheet. Gains or losses on the swaps, which are determined to be effective as hedges, are reported in other comprehensive income.

In December 2018, the Company entered into additional interest rate swap agreements to convert the LIBOR floating interest rate on \$100,000 of US dollar denominated debt into a fixed interest rate of 2.7205% plus the applicable margin. The swaps have a maturity of April 30, 2023. The swaps are being accounted for as cash flow hedges and are measured at fair value on the balance sheet. Gains or losses on the swaps, which are determined to be effective as hedges, are reported in other comprehensive income.

Mortgage-related derivatives

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

AR Facility deferred purchase price ("DPP")

The Company recorded a DPP under its AR Facility. The DPP represents the difference between the fair value of the Receivables sold and the cash purchase price and is recognized at fair value as part of the sale transaction. The DPP is remeasured each reporting period in order to account for activity during the period, including the seller's interest in any newly transferred Receivables, collections on previously transferred Receivables attributable to the DPP and changes in estimates for credit losses. Changes in the DPP attributed to changes in estimates for credit losses are expected to be immaterial, as the underlying Receivables are short-term and of high credit quality. The DPP is valued using Level 3 inputs, primarily discounted cash

flows, with the significant inputs being discount rates ranging from 2.5% to 4.0% depending upon the aging of the Receivables. See note 12 for information on the AR Facility.

	<u>2020</u>
Balance, January 1	\$ 69,873
Additions to DPP	37,108
Collections on DPP	(38,132)
Fair value adjustment	(113)
Foreign exchange and other	<u>3,373</u>
Balance, September 30	<u>\$ 72,109</u>

Contingent acquisition consideration

The inputs to the measurement of the fair value of contingent consideration related to acquisitions are Level 3 inputs. The fair value measurements were made using a discounted cash flow model; significant model inputs were expected future operating cash flows (determined with reference to each specific acquired business) and discount rates (which range from 2.1% to 9.5%, with a weighted average of 4.9%). 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 4.5% levels. A 2% increase in the weighted average discount rate would reduce the fair value of contingent consideration by \$3,000.

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

	<u>2020</u>
Balance, January 1	\$ 84,993
Amounts recognized on acquisitions	23,824
Fair value adjustments (note 6)	(6,356)
Resolved and settled in cash	(14,603)
Other	<u>334</u>
Balance, September 30	<u>\$ 88,191</u>
Less: current portion	<u>\$ 7,517</u>
Non-current portion	<u>\$ 80,674</u>

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

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

	September 30, 2020		December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Other receivables	\$ 14,561	\$ 14,561	\$ 16,678	\$ 16,678
Advisor loans receivable (non-current)	41,234	41,234	48,283	48,283
Long-term debt (non-current)	386,164	386,164	372,281	372,281
Senior Notes	245,258	261,666	234,901	254,858
Convertible Notes	223,658	230,000	-	-

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

15. 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>2020</u>
Balance, January 1	\$ 359,150
RNCI share of earnings	12,839
RNCI redemption increment	15,572
Distributions paid to RNCI	(29,459)
Purchase of interests from RNCI, net	(18,294)
RNCI recognized on business acquisitions	91,376
Balance, September 30	<u>\$ 431,184</u>

The Company has shareholders' agreements in place at each of its non-wholly owned subsidiaries. These agreements allow the Company to "call" the RNCI at a price determined with the use of a formula price, which is usually equal to a fixed multiple of average annual net earnings before income taxes, interest, depreciation, and amortization. The agreements also have redemption features which allow the owners of the RNCI to "put" their equity to the Company at the same price subject to certain limitations. The formula price is referred to as the redemption amount and may be paid in cash or in Subordinate Voting Shares. The redemption amount as of September 30, 2020 was \$401,416 (December 31, 2019 - \$333,064). The redemption amount is lower than that recorded on the balance sheet as the formula price of certain RNCI is lower than the amount initially recorded at the inception of the minority equity position. If all put or call options were settled with Subordinate Voting Shares as at September 30, 2020, approximately 6,100,000 such shares would be issued.

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

16. Net earnings per common share

Diluted EPS is calculated using the "if-converted" method of calculating earnings per share in relation to the Convertible Notes, which were issued on May 19, 2020. As such, the interest (net of income tax) on the Convertible Notes is added to the numerator and the additional shares issuable on conversion of the Convertible Notes are added to the denominator of the earnings per share calculation to determine if an assumed conversion is more dilutive than no assumption of conversion. The "if-converted" method is used if the impact of the assumed conversion is dilutive. The "if-converted" method is dilutive for the three-month period ended September 30, 2020 and anti-dilutive for the nine-month period ended September 30, 2020.

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

(in thousands)	Three months ended		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Net earnings (loss) attributable to Company	\$ 21,167	\$ 29,647	\$ 15,443	\$ 54,892
After-tax interest on Convertible Notes	1,701	-	-	-
Adjusted numerator under the If-Converted Method	\$ 22,868	\$ 29,647	\$ 15,443	\$ 54,892
Weighted average common shares - Basic	40,027	39,608	39,944	39,481
Exercise of stock options	186	421	192	457
Conversion of Convertible Notes	3,968	-	-	-
Weighted average common shares - Diluted	44,181	40,029	40,136	39,938

17. Stock-based compensation

The Company has a stock option plan for certain officers, key full-time employees and directors of the Company and its subsidiaries, other than its Chairman & CEO who has a Long Term Arrangement as described in note 19. Options are granted at the market price for the underlying shares on the day immediately prior to the date of grant. Each option vests over a four-year term, expires five years from the date granted and allows for the purchase of one Subordinate Voting Share. All Subordinate Voting Shares issued are new shares. As at September 30, 2020, there were 825,250 options available for future grants.

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

There were 60,000 stock options granted during the nine months ended September 30, 2020 (2019 - 515,000). Stock option activity for the nine months ended September 30, 2020 was as follows:

	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Shares issuable under options - December 31, 2019	2,001,600	\$ 58.96		
Granted	60,000	60.53		
Exercised	(203,600)	37.27		
Shares issuable under options - September 30, 2020	1,858,000	\$ 61.39	2.76	\$ 14,407
Options exercisable - September 30, 2020	477,250	\$ 41.02	1.11	\$ 11,483

The amount of compensation expense recorded in the statement of earnings for the nine months ended September 30, 2020 was \$6,056 (2019 - \$5,199). As of September 30, 2020, there was \$8,890 of unrecognized compensation cost related to non-vested awards which is expected to be recognized over the next 4 years. During the nine month period ended September 30, 2020, the fair value of options vested was \$4,978 (2019 - \$5,606).

18. Income tax

The provision for income tax for the nine months ended September 30, 2020 reflected an effective tax rate of 29.8% (2019 - 28.1%) relative to the combined statutory rate of approximately 26.5% (2019 - 26.5%). The current year's rate was impacted by the reversal of a \$2,030 tax benefit related to a cross-border financing structure pursuant to a change in tax law applied retroactively to 2019.

19. Commitments and 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 "Long Term Arrangement"), the Company agreed that it will make payments to Jay S. Hennick, its Chairman & Chief Executive Officer ("CEO"), that are contingent upon the arm's length acquisition of control of the Company or upon a distribution of the Company's assets to shareholders. The payment amounts will be determined with reference to the price per Subordinate Voting Share received by shareholders upon an arm's length sale or upon a distribution of assets. The right to receive the payments may be transferred among members of the Chairman & CEO's family, their holding companies and trusts. The agreement provides for the Chairman & CEO to receive each of the following two payments. The first payment is an amount equal to 5% of the product of: (i) the total number of Subordinate and Multiple Voting Shares outstanding on a fully diluted basis at the time of the sale and (ii) the per share consideration received by holders of Subordinate and Multiple Voting Shares minus a base price of C\$3.324. The second payment is an amount equal to 5% of the product of (i) the total number of shares outstanding on a fully diluted basis at the time of the sale and (ii) the per share consideration received by holders of Subordinate Voting Shares minus a base price of C\$6.472. Assuming an arm's length acquisition of control of the Company took place on September 30, 2020, the amount required to be paid to the Chairman & CEO, based on a market price of C\$88.67 per Subordinate Voting Share, would be US\$280,756.

In May 2020, the Company acquired a controlling interest in Colliers Mortgage, a lender in the Fannie Mae DUS Program. Commitments for the origination and subsequent sale and delivery of loans to Fannie Mae represent those mortgage loan transactions where the borrower has locked an interest rate and scheduled closing and the Company has entered into a mandatory delivery commitment to sell the loan to Fannie Mae. As discussed in note 14, the Company accounts for these commitments as derivatives recorded at fair value.

Colliers Mortgage is obligated to share in losses, if any, related to mortgages originated under the DUS Program. These obligations expose the Company to credit risk on mortgage loans for which the Company is providing underwriting, servicing, or other services under the DUS Program. Net losses on defaulted loans are shared with Fannie Mae based upon established loss-sharing ratios, and typically, the Company is subject to sharing up to one-third of incurred losses on loans originated under the DUS Program. As of September 30, 2020, the Company has funded and sold loans subject to such loss-sharing arrangements with an aggregate unpaid principal balance of approximately \$3,800,000.

For all DUS Program loans with loss-sharing obligations, the Company records a liability equal to the estimated fair value of the guarantee obligations undertaken upon sale of the loan, which reduces the gain on sale of the loan. Subsequently, the liability is amortized over the estimated life of the loan and recorded as an increase in revenue on the Consolidated Statements of Earnings. The Company performs a quarterly analysis of the loans subject to loss-sharing to determine expected credit losses and records a liability for loan loss guarantee reserve. Changes to the loan loss guarantee reserve are recognized as an expense. The loan loss guarantee reserve is included in other liabilities on the Consolidated Balance Sheets. As at September 30, 2020 the loan loss guarantee reserve was \$17,295.

Pursuant to the Company's licenses with Fannie Mae, Ginnie Mae and HUD the Company is required to maintain certain standards for capital adequacy which include minimum net worth and liquidity requirements. If it is determined at any time that the Company fails to maintain appropriate capital adequacy, the licensor reserves the right to terminate the Company's servicing authority for all or some of the portfolio. At September 30, 2020, the licensees were in compliance with all such requirements.

20. Revenue**Disaggregated revenue**

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

OPERATING SEGMENT REVENUES

	Americas	EMEA	Asia Pacific	Investment Management	Corporate	Consolidated
Three months ended September 30						
2020						
Leasing	\$ 129,804	\$ 23,241	\$ 16,611	\$ -	\$ 32	\$ 169,688
Capital markets	110,191	27,552	27,820	-	-	165,563
Property services	133,004	40,057	49,279	-	-	222,340
Valuation and advisory	38,663	25,227	14,954	-	-	78,844
IM - Advisory and other	-	-	-	39,774	-	39,774
IM - Incentive Fees	-	-	-	1,930	-	1,930
Other	10,975	1,273	1,813	-	107	14,168
Total Revenue	\$ 422,637	\$ 117,350	\$ 110,477	\$ 41,704	\$ 139	\$ 692,307
2019						
Leasing	\$ 159,543	\$ 29,989	\$ 29,184	\$ -	\$ 38	\$ 218,754
Capital markets	117,169	41,609	41,737	-	-	200,515
Property services	99,049	41,698	42,462	-	-	183,209
Valuation and advisory	43,879	24,626	17,352	-	-	85,857
IM - Advisory and other	-	-	-	39,343	-	39,343
IM - Incentive Fees	-	-	-	530	-	530
Other	4,618	897	2,777	-	383	8,675
Total Revenue	\$ 424,258	\$ 138,819	\$ 133,512	\$ 39,873	\$ 421	\$ 736,883
Nine months ended September 30						
2020						
Leasing	\$ 360,585	\$ 64,183	\$ 46,166	\$ -	\$ 32	\$ 470,966
Capital markets	276,047	82,533	64,991	-	-	423,571
Property services	326,928	117,096	145,055	-	-	589,079
Valuation and advisory	113,508	66,853	44,640	-	-	225,001
IM - Advisory and other	-	-	-	124,728	-	124,728
IM - Incentive Fees	-	-	-	4,190	-	4,190
Other	24,444	3,381	7,164	-	617	35,606
Total Revenue	\$ 1,101,512	\$ 334,046	\$ 308,016	\$ 128,918	\$ 649	\$ 1,873,141
2019						
Leasing	\$ 487,582	\$ 87,651	\$ 78,391	\$ -	\$ 288	\$ 653,912
Capital markets	298,876	113,300	103,807	-	-	515,983
Property services	287,679	138,283	133,503	-	-	559,465
Valuation and advisory	116,939	68,714	47,393	-	-	233,046
IM - Advisory and other	-	-	-	113,827	-	113,827
IM - Incentive Fees	-	-	-	16,038	-	16,038
Other	13,396	2,929	7,832	-	1,095	25,252
Total Revenue	\$ 1,204,472	\$ 410,877	\$ 370,926	\$ 129,865	\$ 1,383	\$ 2,117,523

Revenue associated with the Company's debt finance and loan servicing operations are outside the scope of ASC 606. In the three months ended September 30, 2020, \$29,490 of revenue was excluded from the scope of ASC 606. In the nine months ended September 30, 2020, \$34,608 of revenue was excluded from the scope of ASC 606. These revenues were included entirely within the Americas segment within capital markets and loan servicing revenue.

Contract balances

As at September 30, 2020, the Company had contract assets totaling \$54,835 of which \$50,146 was current (\$48,934 as at December 31, 2019 - of which \$42,772 was current). During the nine months ended September 30, 2020, approximately 84% of the current contract assets were moved to accounts receivable or sold under the AR Facility (Note 12).

As at September 30, 2020, the Company had contract liabilities (all current) totaling \$22,945 (\$24,133 as at December 31, 2019). Revenue recognized for the three months ended September 30, 2020 totaled \$1,075 (2019 - \$59) and for the nine months ended September 30, 2020 totaled \$21,116 (2019 - \$25,555) 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. Typically, less than 5% of brokerage revenue recognized in a period had previously been constrained and substantially all investment management incentive fees, including carried interest, recognized in the period were previously constrained.

21. Segmented information

Operating segments

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

OPERATING SEGMENTS

	<u>Americas</u>	<u>EMEA</u>	<u>Asia Pacific</u>	<u>Investment Management</u>	<u>Corporate</u>	<u>Consolidated</u>
Three months ended September 30						
2020						
Revenues	\$ 422,637	\$ 117,350	\$ 110,477	\$ 41,704	\$ 139	\$ 692,307
Depreciation and amortization	18,710	5,486	3,563	7,330	1,192	36,281
Operating earnings (loss)	40,412	(1,353)	8,548	7,921	(3,454)	52,074
2019						
Revenues	\$ 424,258	\$ 138,819	\$ 133,512	\$ 39,873	\$ 421	\$ 736,883
Depreciation and amortization	8,496	5,595	1,316	6,623	805	22,835
Operating earnings (loss)	26,490	5,132	17,241	9,295	(9,982)	48,176
	<u>Americas</u>	<u>EMEA</u>	<u>Asia Pacific</u>	<u>Investment Management</u>	<u>Corporate</u>	<u>Consolidated</u>

Nine months ended September 30

2020

Revenues	\$1,101,512	\$ 334,046	\$ 308,016	\$ 128,918	\$ 649	\$ 1,873,141
Depreciation and amortization	36,128	16,146	10,680	20,650	3,507	87,111
Operating earnings (loss)	66,537	(18,071)	14,867	30,347	(8,545)	85,135

2019

Revenues	\$1,204,472	\$ 410,877	\$ 370,926	\$ 129,865	\$ 1,383	\$ 2,117,523
Depreciation and amortization	25,776	16,936	4,210	19,862	2,497	69,281
Operating earnings (loss)	68,278	5,828	38,996	25,181	(19,512)	118,771

Geographic information

Revenues in each geographic region are reported by customer locations.

GEOGRAPHIC INFORMATION

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
United States				
Revenues	\$ 385,433	\$ 353,918	\$ 973,995	\$ 1,029,495
Total long-lived assets			1,387,430	1,068,241
Canada				
Revenues	\$ 67,658	\$ 91,345	\$ 212,203	\$ 251,411
Total long-lived assets			81,827	88,582
Euro currency countries				
Revenues	\$ 61,532	\$ 70,938	\$ 180,793	\$ 225,952
Total long-lived assets			299,202	284,142
Australia				
Revenues	\$ 47,073	\$ 58,420	\$ 124,866	\$ 156,743
Total long-lived assets			81,077	79,023
United Kingdom				
Revenues	\$ 32,749	\$ 41,615	\$ 92,420	\$ 112,500
Total long-lived assets			77,446	81,114
Other				
Revenues	\$ 97,862	\$ 120,647	\$ 288,864	\$ 341,422
Total long-lived assets			176,938	112,904
Consolidated				
Revenues	\$ 692,307	\$ 736,883	\$ 1,873,141	\$ 2,117,523
Total long-lived assets			2,103,920	1,714,006