

COLLIERS INTERNATIONAL GROUP INC.

Management's discussion and analysis

For the six months ended June 30, 2021

(in US dollars)

August 6, 2021

The following management's discussion and analysis ("MD&A") should be read together with the Unaudited interim consolidated financial statements and the accompanying notes (the "Consolidated Financial Statements") of Colliers International Group Inc. ("we," "us," "our," the "Company" or "Colliers") for the three and six months ended June 30, 2021 and the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2020. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). All financial information herein is presented in United States dollars.

The Company has prepared this MD&A with reference to National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators (the "CSA"). Under the U.S./Canada Multijurisdictional Disclosure System, the Company is permitted to prepare this MD&A in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. This MD&A provides information for the three and six months ended June 30, 2021 and up to and including August 6, 2021.

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

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

Consolidated review

Our consolidated revenues for the second quarter ended June 30, 2021 were \$946.0 million, an increase of 72% versus the prior year period (64% in local currency). The increase was primarily attributable to strong Capital Markets and Leasing activity, the impact of recent acquisitions, and continued strength in recurring revenues versus prior year quarter results which were materially impacted by the COVID-19 pandemic. The diluted loss per share was \$10.53 and included the impact of the settlement of the Long-Term Incentive Arrangement ("LTIA") (see below) versus a diluted loss per share of \$0.26 in the prior year quarter. Adjusted earnings per share, which exclude the settlement of the LTIA, restructuring costs, non-controlling interest redemption increment and amortization of intangible assets (see "Reconciliation of non-GAAP financial measures" below) were \$1.58, up 126% from \$0.70 in the prior year period. Adjusted earnings per share and GAAP net earnings per share for the six months ended June 30, 2021 would have been approximately \$0.10 and \$0.11 lower, respectively, excluding the impact of changes in foreign exchange rates.

On April 16, 2021, after receiving approval from 95% of disinterested shareholders, the Company completed the previously announced transaction (the "Transaction") to settle the Management Services Agreement, including the LTIA, between Colliers, Jay S. Hennick (the Company's Chairman & CEO) and Jayset Management CIG Inc., a corporation controlled by Mr. Hennick. The Transaction also established a timeline for the orderly elimination of Colliers' dual class voting structure by no later than September 1, 2028. The completion of the Transaction resulted in the issuance of 3.6 million Subordinate Voting Shares from treasury and a cash payment of \$96.2 million funded from the Company's revolving credit facility, which were recorded as an expense of \$471.9 million on the statement of earnings during the second quarter of 2021.

During the six months ended June 30, 2021, the Company completed two acquisitions in the Americas (Miami, Florida; Ontario, Canada).

For the three and six-month periods ended June 30, 2021, local currency revenue growth relative to pandemic-impacted prior year periods was driven by a rebound in Capital Markets and Leasing activity and the positive impact of recent acquisitions. Compared to 2019 pre-pandemic levels, Capital Markets internal revenues were significantly higher while Leasing partially recovered and remained below 2019 levels.

<i>(in thousands of US\$)</i> <i>(LC = local currency)</i>	Three months ended				Six months ended			
	June 30		Change in US\$	Change in LC%	June 30		Change in US\$	Change in LC%
	2021	2020			2021	2020		
Outsourcing & Advisory	\$ 388,661	\$ 257,044	51%	43%	\$ 728,777	\$ 534,334	36%	30%
Investment Management	50,477	41,389	22%	21%	95,104	87,214	9%	9%
Leasing	241,257	136,768	76%	69%	420,917	301,278	40%	35%
Capital Markets	265,599	115,005	131%	119%	476,110	258,008	85%	76%
Total revenues	\$ 945,994	\$ 550,206	72%	64%	\$ 1,720,908	\$ 1,180,834	46%	40%

Results of operations - three months ended June 30, 2021

For the quarter ended June 30, 2021, revenues were \$946.0 million, 72% higher than the comparable prior year quarter (64% in local currency). Internally generated revenues were up 47% on a rebound in Capital Markets and Leasing activity as compared to prior year results which were impacted by the COVID-19 pandemic. Acquisitions contributed 17% to local currency revenue growth.

The operating loss for the second quarter was \$385.8 million and included the impact of the settlement of the LTIA. Excluding the settlement of the LTIA, second quarter operating earnings were \$86.2 million, relative to \$14.5 million in the prior year period. The operating earnings margin was 9.1%, excluding the settlement of the LTIA, versus 2.6% in prior year with the increase attributable to higher revenues and a lower cost base from measures taken during the pandemic. Adjusted EBITDA (see "Reconciliation of non-GAAP financial measures" below) was \$136.6 million up 128% versus \$60.0 million reported in the prior year quarter. Adjusted EBITDA margin improved by 350 bps to 14.4% of revenues as compared to 10.9% in the prior year quarter.

Depreciation expense was \$11.0 million relative to \$8.9 million in the prior year quarter with the increase attributable to increased investments in office leaseholds and the impact of recent business acquisitions.

Amortization expense was \$23.6 million, versus \$17.1 recorded in the prior year quarter, with the increase attributable mainly to recent acquisitions, including those of Colliers Mortgage and Colliers Engineering & Design.

Net interest expense was \$7.9 million, versus \$6.2 million recorded in the prior year quarter. The current quarter income expense included the full quarter impact of the Convertible Notes which were issued on May 19, 2020 during the comparative prior year quarter. The average interest rate on debt during the period was 3.4%, relative to 2.9% in the prior year quarter.

Earnings from equity investments, including other income, for the second quarter was \$2.0 million as compared to \$0.3 million in the prior year quarter.

Consolidated income tax expense for the quarter was \$20.9 million, relative to \$2.1 million in the prior year quarter. The current quarter's rate was impacted by the settlement of the LTIA. The settlement and its related costs are not tax deductible. The effective tax rate for the quarter would be 26%, after excluding the impact from the settlement of the LTIA, relative to 25% in the prior year quarter.

The net loss for the quarter was \$412.6 million, which includes the impact of the settlement of the LTIA, versus earnings of \$6.5 million in the prior year comparative quarter.

Revenues in the Americas region totalled \$582.8 million for the second quarter, up 89% (84% in local currency) versus \$308.9 million in the prior year quarter. Revenue growth was driven by strong Capital Markets and Leasing activity across most major markets and the incremental impact of recent acquisitions, versus prior year results which were impacted by the pandemic. Foreign exchange tailwinds positively impacted revenue growth by 5%. Adjusted EBITDA was \$78.9 million, up 224% from \$24.4 million in the prior year quarter. The increase was driven by higher revenues and reduced costs from measures implemented during the pandemic. GAAP operating earnings were \$63.2 million, relative to \$3.4 million in the prior year quarter.

Revenues in the EMEA region totalled \$158.6 million for the second quarter compared to \$99.6 million in the prior year quarter, up 59% (45% in local currency). Revenue growth was strong across all service lines, particularly Capital Markets, relative to reduced levels in the prior year quarter impacted by the pandemic. Foreign exchange tailwinds positively impacted revenue growth by 14%. Adjusted EBITDA was \$20.6 million, up 226% from \$6.3 million in the prior year on higher revenues and cost savings from measures implemented during the pandemic. The GAAP operating earnings were \$14.4 million versus a loss of \$3.3 million in the prior year quarter.

Revenues in the Asia Pacific region totalled \$154.0 million for the second quarter compared to \$100.1 million in the prior year quarter, up 54% (38% in local currency). Revenue growth was robust across all service lines and geographies, particularly in Australia and New Zealand, versus pandemic-impacted prior year quarter results. Foreign exchange tailwinds positively impacted revenue growth by 16%. Adjusted EBITDA was \$20.7 million, up 69% from \$12.3 million in the prior year quarter with the improvement in margin attributable to operating leverage and a lower cost base from measures implemented during the pandemic. GAAP operating earnings were \$16.7 million, versus \$5.1 million in the prior year quarter.

Investment Management revenues for the second quarter were \$50.5 million compared to \$41.4 million in the prior year quarter, up 22% (21% in local currency). Revenue growth was driven by management fee growth from increased AUM. Neither the current year quarter nor the prior year quarter included carried interest revenues. Adjusted EBITDA was \$21.3 million, relative to \$17.4 million in the prior year quarter, up 23%. GAAP operating earnings were \$14.2 million in the quarter, versus \$10.6 million in the prior year quarter. Assets under management were \$44.5 billion at June 30, 2021, up 13% from \$39.5 billion at December 31, 2020 and up 25% from \$35.7 billion at June 30, 2020.

Unallocated global corporate costs as reported in Adjusted EBITDA were \$5.0 million in the second quarter, relative to \$0.3 million in the prior year quarter, with the change primarily attributable to incentive compensation accruals recorded in the current year period. The corporate GAAP operating loss for the quarter was \$494.3 million. Excluding the impact of the LTIA, corporate GAAP operating loss was \$22.3 million, relative to a loss of \$1.4 million in the second quarter of 2020 attributable to an increase in the fair value of contingent acquisition consideration on strong operating performance of recently acquired businesses as well as incentive compensation accruals.

Results of operations – six months ended June 30, 2021

For the six months ended June 30, 2021, revenues were \$1.72 billion, up 46% compared to the prior year period (40% in local currency). Internally generated revenues were up 23% with growth across all service lines, especially Capital Markets and Leasing as compared to the prior year period, which was impacted by the pandemic beginning in March 2020. Acquisitions contributed 6% to local currency revenue growth versus the prior year period.

The operating loss was \$345.8 million and included the impact of the settlement of the LTIA. Excluding the settlement of the LTIA, operating earnings were \$126.1 million versus \$33.1 million in the prior year period. The operating earnings margin, excluding the LTIA, was 7.3% versus 2.8% in the prior year period with the increase attributable to (i) operating leverage from higher revenues across all services lines; (ii) the year-to-date impact of higher margin acquisitions of Colliers Mortgage and Colliers Engineering & Design; and (iii) measures taken to reduce costs due to the pandemic. Adjusted EBITDA (see “Reconciliation of non-GAAP financial measures” below) was \$228.7 million, up 100% versus \$114.4 million in the prior year. Adjusted EBITDA margin increased by 360 basis points to 13.3% as compared to 9.7% in the prior year period.

Depreciation expense was \$21.5 million relative to \$17.7 million in the prior year period, with the increase attributable to the impact of recent acquisitions and increased investments in office leaseholds.

Amortization expense was \$50.9 million relative to \$33.1 million in the prior year period, with the increase attributable mainly to intangible assets recognized in connection with recent business acquisitions.

Net interest expense was \$16.2 million, up from \$13.8 million in the prior year period and included the year to date interest from our Convertible Notes. The average interest rate on our debt during the period was 3.4%, versus 2.8% in the prior year period.

Consolidated income tax expense for the six months ended June 30, 2021 was \$29.7 million, relative to \$7.3 million in the prior year period. The current year's rate was impacted by the settlement of the LTIA. The settlement and its related costs are not tax deductible. The effective tax rate would be 26%, after excluding the impact from the settlement of the LTIA, as compared to 36%

in the prior year period, which was impacted by the reversal of a \$2.0 million tax benefit recorded in 2019 due to a change in tax law applied retroactively. The effective tax rate for the full year (excluding LTIA) is expected to be 25% to 28%.

The net loss was \$387.8 million, which includes the impact of the LTIA, versus earnings of \$12.9 million in the prior year period.

Revenues in the Americas region totalled \$1.06 billion for the six months ended June 30, 2021, up 56% (53% in local currency) versus \$678.9 million in the prior year period. Revenue growth was driven by year to date impact of recent acquisitions and a rebound in Capital Markets and Leasing activity. Foreign exchange tailwinds positively impacted revenue growth by 3%. Adjusted EBITDA was \$135.8 million, up 145% from \$55.5 million in the prior year quarter driven by the impact of recent acquisitions, higher revenues and reduced costs from measures implemented due to the pandemic. GAAP operating earnings were \$106.1 million, relative to \$26.1 million in the prior year quarter.

Revenues in the EMEA region totalled \$284.7 million for the six months ended June 30, 2021 compared to \$216.7 million in the prior year period, up 31% (21% in local currency). Revenue growth was driven by growth across all services lines, particularly in transactional services. Foreign exchange tailwinds positively impacted revenue growth by 10%. Adjusted EBITDA was \$25.1 million, versus \$2.7 million in the prior year with the improvement primarily attributable to operating leverage from higher revenues and cost savings from measures implemented due to the pandemic. The GAAP operating earnings were \$13.3 million compared to a loss of \$16.7 million in the prior year period.

Revenues in the Asia Pacific region totalled \$282.3 million for the six months ended June 30, 2021 compared to \$197.5 million in the prior year period, up 43% (29% in local currency). Revenue growth was driven by a rebound in activity across all service lines relative to the prior year period, which was impacted by pandemic. Foreign exchange tailwinds positively impacted revenue growth by 14%. Adjusted EBITDA was \$36.2 million compared to \$17.5 million in the prior year period with the improvement in margin attributable to operating leverage and a lower cost base. GAAP operating earnings were \$28.4 million, versus \$6.3 million in the prior year period.

Investment Management revenues were \$95.1 million compared to \$87.2 million in the prior year period, up 9% (9% in local currency) on solid management fee growth. No pass-through revenue from historical carried interest was recognized in the current period relative to \$2.3 million in the prior year period. Adjusted EBITDA was \$39.1 million, relative to \$35.8 million in the prior year period. GAAP operating earnings were \$24.1 million versus \$22.4 million in the prior year period.

Unallocated global corporate costs as reported in Adjusted EBITDA were \$7.6 million for the six months ended June 30, 2021, relative to a recovery of \$2.9 million in the prior year period, with the change primarily attributable to incentive compensation accruals recorded in the current year period. The corporate GAAP operating loss for the quarter was \$517.7 million and included the impact of the settlement of the LTIA. Operating loss, excluding the impact of the settlement of the LTIA, was \$45.8 million relative to \$5.1 million in the prior year period attributable to an increase in the fair value of contingent acquisition consideration on strong operating performance of recently acquired businesses as well as incentive compensation accruals.

Summary of quarterly results (unaudited)

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

**Summary of quarterly results - years ended December 31, 2021, 2020 and 2019
(in thousands of US\$, except per share amounts)**

	Q1		Q2		Q3		Q4	
Year ended December 31, 2021								
Revenues	\$	774,914	\$	945,994				
Operating earnings		39,956		(385,777)				
Net earnings		24,807		(456,117)				
Basic net earnings per common share		0.11		(10.53)				
Diluted net earnings per common share		0.11		(10.53)				
Year ended December 31, 2020								
Revenues	\$	630,628	\$	550,206	\$	692,307		913,716
Operating earnings		18,537		14,523		52,074		79,443
Net earnings		6,458		6,483		31,979		49,568
Basic net earnings per common share		0.12		(0.26)		0.53		0.84
Diluted net earnings per common share		0.11		(0.26)		0.52		0.80
Year ended December 31, 2019								
Revenues	\$	635,123	\$	745,517	\$	736,883	\$	928,288
Operating earnings		13,397		57,198		48,175		99,428
Net earnings		5,463		35,575		28,672		67,877
Basic net earnings per common share		0.04		0.60		0.75		1.21
Diluted net earnings per common share		0.04		0.60		0.74		1.20
Other data*								
Adjusted EBITDA - 2021	\$	92,128	\$	136,558				
Adjusted EBITDA - 2020		54,454		59,962	\$	92,120	\$	154,906
Adjusted EBITDA - 2019		43,571		87,323		84,262		144,320
Adjusted EPS - 2021	\$	1.04	\$	1.58				
Adjusted EPS - 2020		0.54		0.70	\$	1.08	\$	1.79
Adjusted EPS - 2019		0.51		1.10		1.04		2.01

*(See reconciliation of non-GAAP financial measures)

Impact of COVID-19 pandemic

The COVID-19 pandemic resulted in a sharp reduction in Leasing and Capital Markets transaction activity beginning in March 2020 as governments around the world implemented lockdowns and other measures to contain the virus. During 2020, the Company took significant measures to maintain business continuity across all service lines, including steps to optimize the level of all critical functions across our business. Certain of these measures remained in place during the first half of 2021 and to the present date.

2021 outlook

Given stronger than anticipated operating results for the second quarter, the Company is increasing its previously provided financial outlook. However, a number of uncertainties remain which could impact our outlook, including: (i) the emergence of COVID-19 variants around the world; and (ii) certain operating costs, reduced in light of the pandemic, are expected to increase in the second half of the year as restrictions ease which may temper margin expansion. The outlook for the full year 2021 (relative to 2020), including the impact of completed acquisitions, is as follows:

Full Year 2021 Outlook

	Updated	Previous
Revenue	+20% to +30%	+15% to +30%
Adjusted EBITDA	+25% to +35%	+15% to +30%

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

The Company received wage subsidies totalling \$5.0 million on a year to date basis in 2021, relative to \$10.2 million in the prior year period from governments in several countries. These subsidies were recorded in earnings as an offset to employment costs.

Seasonality and quarterly fluctuations

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

Liquidity and capital resources

Net cash provided by operating activities for the six-month period ended June 30, 2021 was \$18.5 million, versus \$93.0 million used in the prior year period. The prior year period was impacted by significant working capital usage in our Capital Markets and Leasing operations. We believe that cash from operations and other existing resources, including our \$1.0 billion multi-currency revolving credit facility (the "Revolving Credit Facility"), will continue to be adequate to satisfy the ongoing working capital needs of the Company.

For the six months ended June 30, 2021, capital expenditures were \$32.6 million. Capital expenditures for the year ending December 31, 2021 are expected to be \$65-\$75 million relative to \$40.4 million in 2020, with the increase primarily attributable to investments in office space in major markets, some of which were deferred from 2020.

Net indebtedness as at June 30, 2021 was \$392.6 million, versus \$323.3 million at December 31, 2020, which excludes the Convertible Notes and warehouse credit facilities. Net indebtedness is calculated as the current and non-current portion of long-term debt less cash and cash equivalents. As of June 30, 2021, the Company's financial leverage ratio expressed in terms of net debt to pro forma Adjusted EBITDA was 0.9x (1.0x as of December 31, 2020), relative to a maximum of 3.5x permitted under its debt agreements. Including the Convertible Notes, our net indebtedness as at June 30, 2021 would have been \$617.2 million. We are in compliance with the covenants contained in our agreements relating to our debt agreements as at June 30, 2021 and, based on our outlook for 2021, we expect to remain in compliance with these covenants.

The Convertible Notes, due 2025, are unsecured and subordinated to all of the existing and future senior and/or secured indebtedness, and are treated as equity for financial leverage calculations under our existing debt agreements. The Convertible Notes are convertible into 3.97 million subordinate voting shares or, if not converted, may be settled at maturity with subordinate voting shares or cash at the option of the Company.

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

On April 26, 2021, we renewed and extended our structured accounts receivable facility (the "AR Facility") with a third-party financial institution. The AR Facility has committed availability of \$125 million with a term of 364 days extending to April 25, 2022 and includes selected US and Canadian trade accounts receivable (the "Receivables").

On May 13, 2021, the Company's Board of Directors declared a semi-annual dividend of \$0.05 per share to shareholders of record on June 30, 2021. This dividend amounting to \$2.0 million was paid on July 14, 2021.

As of the June 30, 2021, the Company had \$701.4 million of unused credit under its committed revolving credit facility maturing in April 2024.

On July 28, 2021 the Company entered into a note purchase agreement to issue US dollar and Euro fixed rate senior unsecured notes (the "Senior Notes"), consisting of US\$150 million of 3.02% Notes due 2031 and €125 million of 1.52% Notes due 2031. The Senior Notes were placed privately and rank equally with Colliers' senior unsecured revolving credit facility and existing senior unsecured Euro notes due 2028. The proceeds of the issuances are expected to be drawn on or about October 7, 2021. The Company intends to use the proceeds for general corporate purposes and to reduce outstanding borrowings under its revolving credit facility.

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 \$196.0 million as at June 30, 2021 (December 31, 2020 - \$208.6 million). 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 June 30, 2021 was \$140.3 million (December 31, 2020 - \$115.6 million). 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 June 30, 2021 was \$10.1 million (December 31, 2020 - \$17.6 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 July 2026. We estimate that approximately 85% of the contingent consideration outstanding as of June 30, 2021 will ultimately be paid.

The following table summarizes our contractual obligations as at June 30, 2021:

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	\$ 538,505	\$ 1,283	\$ 289,294	\$ -	\$ 247,928
Warehouse credit facilities	55,566	55,566	-	-	-
Convertible Notes	224,578	-	-	224,578	-
Interest on long-term debt and Convertible Notes	106,262	26,129	50,337	19,199	10,597
Finance lease obligations	1,593	859	732	2	-
Contingent acquisition consideration	140,296	86,868	48,485	4,649	294
Operating leases obligations	470,944	93,955	145,775	90,170	141,044
Purchase commitments	25,411	13,748	5,219	3,175	3,269
Co-investment Commitments	24,911	24,911	-	-	-
Total contractual obligations	\$ 1,588,066	\$ 303,319	\$ 539,842	\$ 341,773	\$ 403,132

At June 30, 2021, we had commercial commitments totaling \$19.0 million comprised of letters of credit outstanding due to expire within one year.

Redeemable non-controlling interests

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

least one year after the date of our initial acquisition of the business or the date the non-controlling shareholder acquired their interest, as the case may be.

The total value of the RNCI (the “redemption amount”), as calculated in accordance with shareholders’ agreements, was \$420.5 million as of June 30, 2021 (December 31, 2020 - \$415.1 million). The amount recorded on our balance sheet under the caption “redeemable non-controlling interests” is the greater of (i) the redemption amount (as above) or (ii) the amount initially recorded as RNCI at the date of inception of the minority equity position. As at June 30, 2021, the RNCI recorded on the balance sheet was \$448.3 million (December 31, 2020 - \$442.4 million). The purchase prices of the RNCI may be paid in cash or in Subordinate Voting Shares of Colliers. If all RNCI were redeemed in cash, the pro forma estimated accretion to diluted net earnings per share for the six months ended June 30, 2021 would be \$1.35, and the accretion to adjusted EPS would be \$0.26.

Reconciliation of non-GAAP financial measures

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

Adjusted EBITDA is defined as net earnings, adjusted to exclude: (i) income tax; (ii) other expense (income); (iii) interest expense; (iv) the settlement of the LTIA; (v) depreciation and amortization, including amortization of mortgage servicing rights (“MSRs”); (vi) gains attributable to MSRs; (vii) acquisition-related items (including contingent acquisition consideration fair value adjustments, contingent acquisition consideration-related compensation expense and transaction costs); (viii) restructuring costs and (ix) 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.

<i>(in thousands of US\$)</i>	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Net earnings	\$ (412,601)	\$ 6,483	\$ (387,794)	\$ 12,942
Income tax	20,872	2,127	29,719	7,326
Other income, including equity earnings from non-consolidated investments	(1,964)	(266)	(3,946)	(970)
Interest expense, net	7,916	6,179	16,200	13,763
Operating earnings	(385,777)	14,523	(345,821)	33,061
Settlement of LTIA	471,928	-	471,928	-
Depreciation and amortization	34,574	25,940	72,351	50,830
Gains attributable to MSRs	(5,841)	(509)	(14,916)	(509)
Equity earnings from non-consolidated investments	1,732	414	3,138	969
Acquisition-related items	16,695	3,784	35,542	6,534
Restructuring costs	650	13,839	943	19,307
Stock-based compensation expense	2,597	1,971	5,522	4,224
Adjusted EBITDA	\$ 136,558	\$ 59,962	\$ 228,687	\$ 114,416

Adjusted EPS is defined as diluted net earnings per share as calculated under the “if-converted” method, adjusted for the effect, after income tax, of: (i) the non-controlling interest redemption increment; (ii) the settlement of the LTIA; (iii) amortization expense related to intangible assets recognized in connection with acquisitions and MSRs; (iv) gains attributable to MSRs; (v) acquisition-related items; (vi) restructuring costs and (vii) stock-based compensation expense. We believe this measure is useful to investors because it provides a supplemental way to understand the underlying operating performance of the Company and enhances the comparability of operating results from period to period. Adjusted EPS is not a recognized measure of financial

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

Adjusted EPS is calculated using the "if-converted" method of calculating earnings per share in relation to the Convertible Notes, which were issued on May 19, 2020. As such, the interest (net of tax) on the Convertible Notes is added to the numerator and the additional shares issuable on conversion of the Convertible Notes are added to the denominator of the earnings per share calculation to determine if an assumed conversion is more dilutive than no assumption of conversion. The "if-converted" method is used if the impact of the assumed conversion is dilutive. For the three months and six months ended June 30, 2021 and June 30, 2020, the "if-converted" method is anti-dilutive for the GAAP diluted EPS calculation but dilutive for the adjusted EPS calculation.

<i>(in thousands of US\$)</i>	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Net earnings	\$ (412,601)	\$ 6,483	\$ (387,794)	\$ 12,942
Non-controlling interest share of earnings	(11,745)	(4,265)	(19,525)	(7,642)
Interest on Convertible Notes	2,300	1,059	4,600	1,059
Settlement of LTIA	471,928	-	471,928	-
Amortization of intangible assets	23,533	17,089	50,871	33,101
Gains attributable to MSRs	(5,841)	(509)	(14,916)	(509)
Acquisition-related items	16,695	3,784	35,542	6,534
Restructuring costs	650	13,839	943	19,307
Stock-based compensation expense	2,597	1,971	5,522	4,224
Income tax on adjustments	(8,517)	(7,442)	(18,183)	(13,247)
Non-controlling interest on adjustments	(3,460)	(2,447)	(6,795)	(4,597)
Adjusted net earnings	\$ 75,539	\$ 29,562	\$ 122,193	\$ 51,172

<i>(in US\$)</i>	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Diluted net earnings per common share ⁽¹⁾	\$ (9.53)	\$ (0.25)	\$ (9.75)	\$ (0.14)
Interest on Convertible Notes, net of tax	0.04	0.02	0.07	0.02
Non-controlling interest redemption increment	0.67	0.30	0.96	0.27
Settlement of LTIA	9.86	-	10.19	-
Amortization expense, net of tax	0.29	0.25	0.66	0.49
Gains attributable to MSRs, net of tax	(0.07)	(0.01)	(0.18)	(0.01)
Acquisition-related items	0.26	0.10	0.56	0.17
Restructuring costs, net of tax	0.01	0.24	0.01	0.35
Stock-based compensation expense, net of tax	0.05	0.05	0.12	0.10
Adjusted EPS	\$ 1.58	\$ 0.70	\$ 2.64	\$ 1.25
Diluted weighted average shares for Adjusted EPS (thousands)	47,846	41,901	46,303	41,021

⁽¹⁾ Amounts shown reflect the "if-converted" method's dilutive impact on the adjusted EPS calculation for the three and six months ended June 30, 2021 and 2020.

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

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

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

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

Impact of recently adopted accounting standards

Accounting for Income Taxes

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting of Income Taxes to simplify the accounting for income taxes. The guidance eliminates certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences related to changes in ownership of equity method investments and foreign subsidiaries. The guidance also simplifies aspects of accounting for enacted changes in tax laws or rates, and clarifies the accounting for transactions that result in step-up in tax basis of goodwill. The Company adopted the guidance effective January 1, 2021. The Company's processes and disclosures have been updated to incorporate the new standard. The adoption of the standard did not have a material impact on our consolidated financial statements.

Recently issued accounting guidance, not yet adopted

Reference Rate Reform

The FASB has issued two ASU related to reference rate reform. 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* and in January 2021 the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848): Scope*. With reference rates like the London Interbank Offered Rates ("LIBOR") expecting to be discontinued 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 for a limited time for all entities through December 31, 2022. The Company has certain debt and hedging arrangements which may qualify for use of the practical expedients permitted under the guidance. The Company has evaluated and will continue to evaluate arrangements subject to rate reform and the options under the ASU to facilitate an orderly transition to alternative reference rates and their potential impacts on its consolidated financial statements and disclosures.

Debt with Conversion Options

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. The standard can be applied using the modified retrospective method of transition or a fully retrospective method of transition. The Company is currently assessing the options available under this ASU and their potential impacts on its consolidated financial statements.

Impact of IFRS

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

Financial instruments

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

Off-balance sheet arrangements

As of June 30, 2021, the Company did 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 AR Facility. As of June 30, 2021, the Company had drawn \$110.6 million under the AR Facility. The AR Facility is recorded as a sale of accounts receivable, and accordingly sold Receivables are derecognized from the consolidated balance sheet. The AR Facility results in a significant decrease to our borrowing costs.

Transactions with related parties

On April 16, 2021, the Company completed the Transaction to settle the Management Services Agreement, including the LTIA, between Colliers, Jay S. Hennick (the Company's Chairman & CEO) and Jayset Management CIG Inc., a corporation controlled by Mr. Hennick.

As at June 30, 2021, the Company had \$2.9 million of loans receivable from non-controlling shareholders (December 31, 2020 - \$3.4 million). The majority of the loans receivable represent amounts assumed in connection with acquisitions and amounts issued to non-controlling interests to finance the sale of non-controlling interests in subsidiaries to senior managers. The loans are of varying principal amounts and interest rates which range from nil to 4.0%. These loans are due on demand or mature on various dates up to 2028, 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 42,658,300 Subordinate Voting Shares and 1,325,694 Multiple Voting Shares. In addition, as at the date hereof 1,996,125 Subordinate Voting Shares are issuable upon exercise of options granted under the Company's stock option plan.

On July 16, 2021, the Company announced a Normal Course Issuer Bid ("NCIB") effective from July 20, 2021 to July 19, 2022. The Company is entitled to repurchase up to 3,200,000 Subordinate Voting Shares on the open market pursuant to the NCIB. Any shares purchased under the NCIB will be cancelled.

Canadian tax treatment of common share dividends

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

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted by us under U.S. and Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules, and include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted by us under U.S. and Canadian securities legislation is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to permit timely decisions regarding required disclosure. Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in the rules of the U.S. Securities and Exchange Commission and the Canadian Securities Administrators, as at June 30, 2021. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as at June 30, 2021.

Changes in internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well-designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework to evaluate the effectiveness of our internal control over financial reporting. Based on this assessment, management has concluded that as at June 30, 2021, our internal control over financial reporting was effective.

During the three months ended June 30, 2021, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Legal proceedings

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

Risks associated with COVID-19 pandemic

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

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

- a reduction in commercial real estate transactions and decreases in expenditure at our clients and therefore a reduction in the demand for the services the Company provides;
- a decrease in property values and vacancy rates, which could negatively impact Leasing and Capital Markets commissions;
- liquidity challenges, including impacts related to delayed customer payments and payment defaults associated with customer liquidity issues and bankruptcies;

- inability to access capital or financing at favorable terms due to possible adverse effect on our liquidity and financial position; and
- the occurrence of asset impairment losses.

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

Risks associated with Colliers Mortgage

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

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

Forward-looking statements and risks

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

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

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

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

Additional information

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