

**COLLIERS INTERNATIONAL
GROUP INC.**

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

First Quarter

March 31, 2021

COLLIERS INTERNATIONAL GROUP INC.
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

(in thousands of US dollars, except per share amounts)

	Three months ended March 31	
	2021	2020
Revenues (note 18)	\$ 774,914	\$ 630,628
Cost of revenues (exclusive of depreciation and amortization shown below)	467,731	416,358
Selling, general and administrative expenses	210,603	168,092
Depreciation	10,439	8,878
Amortization of intangible assets	27,338	16,013
Acquisition-related items (note 5)	18,847	2,750
Operating earnings	39,956	18,537
Interest expense, net	8,284	7,585
Equity earnings from unconsolidated investments	(1,406)	(555)
Other income, net	(576)	(149)
Earnings before income tax	33,654	11,656
Income tax expense (note 15)	8,847	5,198
Net earnings	24,807	6,458
Non-controlling interest share of earnings	7,780	3,377
Non-controlling interest redemption increment (note 12)	12,540	(1,505)
Net earnings attributable to Company	\$ 4,487	\$ 4,586
Net earnings per common share (note 13)		
Basic	\$ 0.11	\$ 0.12
Diluted	\$ 0.11	\$ 0.11

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 March 31	
	2021	2020
Net earnings	\$ 24,807	\$ 6,458
Foreign currency translation loss	(1,875)	(16,389)
Unrealized gain (loss) on interest rate swaps, net of tax	929	(4,225)
Comprehensive earnings (loss)	23,861	(14,156)
Less: Comprehensive earnings attributable to non-controlling interests	22,482	6,805
Comprehensive earnings (loss) attributable to Company	\$ 1,379	\$ (20,961)

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)

	March 31, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 118,470	\$ 156,614
Restricted cash	27,646	20,919
Accounts receivable, net of allowance of \$21,927 (December 31, 2020 - \$25,632) (note 10)	362,904	372,149
Contract assets (note 18)	73,873	61,101
Warehouse receivables (note 16)	115,854	232,207
Income tax recoverable	9,739	15,041
Prepaid expenses and other current assets	180,372	177,780
	888,858	1,035,811
Other receivables	15,185	14,989
Contract assets (note 18)	8,606	5,335
Other assets	79,726	74,355
Fixed assets	140,249	129,221
Operating lease right-of-use assets	330,118	288,134
Deferred tax assets, net	48,252	45,008
Intangible assets (note 6)	593,424	610,330
Goodwill	1,081,864	1,088,984
	2,297,424	2,256,356
	\$ 3,186,282	\$ 3,292,167
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued expenses	\$ 273,168	\$ 297,766
Accrued compensation	364,593	450,894
Income tax payable	29,565	26,783
Contract liabilities (note 18)	17,707	21,076
Long-term debt - current (note 7)	9,445	9,024
Contingent acquisition consideration - current (note 16)	79,505	5,802
Warehouse credit facilities (note 9)	105,937	218,018
Operating lease liabilities	80,687	78,923
	960,607	1,108,286
Long-term debt - non-current (note 7)	513,955	470,871
Contingent acquisition consideration (note 16)	49,466	109,841
Operating lease liabilities	309,961	251,680
Other liabilities	44,878	48,525
Deferred tax liabilities, net	44,404	50,523
Convertible notes (note 8)	224,266	223,957
	1,186,930	1,155,397
Redeemable non-controlling interests (note 12)	440,000	442,375
Shareholders' equity		
Common shares	468,145	457,993
Contributed surplus	67,689	66,971
Retained earnings	123,908	119,421
Accumulated other comprehensive loss	(65,087)	(61,979)
Total Company shareholders' equity	594,655	582,406
Non-controlling interests	4,090	3,703
Total	\$ 3,186,282	\$ 3,292,167

Commitments and subsequent events (note 17 and note 20)

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)

	Common shares		Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Non-controlling interests	Total shareholders' equity
	Issued and outstanding shares	Amount					
Balance, December 31, 2020	40,189,436	\$ 457,993	\$ 66,971	\$ 119,421	\$ (61,979)	\$ 3,703	\$ 586,109
Net earnings	-	-	-	24,807	-	-	24,807
Foreign currency translation loss	-	-	-	-	(1,875)	-	(1,875)
Unrealized gain on interest rate swaps, net of tax	-	-	-	-	929	-	929
Other comprehensive earnings attributable to NCI	-	-	-	-	(2,162)	(137)	(2,299)
NCI share of earnings	-	-	-	(7,780)	-	862	(6,918)
NCI redemption increment	-	-	-	(12,540)	-	-	(12,540)
Distributions to NCI	-	-	-	-	-	(311)	(311)
Acquisition of businesses, net	-	-	-	-	-	(27)	(27)
Subordinate Voting Shares:							
Stock option expense	-	-	2,925	-	-	-	2,925
Stock options exercised	169,200	10,152	(2,207)	-	-	-	7,945
Balance, March 31, 2021	40,358,636	\$ 468,145	\$ 67,689	\$ 123,908	\$ (65,087)	\$ 4,090	\$ 598,745

	Common shares		Contributed surplus	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	-	-	-	(2,824)	-	-	(2,824)
Net earnings	-	-	-	6,458	-	-	6,458
Foreign currency translation loss	-	-	-	-	(16,389)	-	(16,389)
Unrealized loss on interest rate swaps, net of tax	-	-	-	-	(4,225)	-	(4,225)
Other comprehensive earnings attributable to NCI	-	-	-	-	(4,933)	(571)	(5,504)
NCI share of earnings	-	-	-	(3,377)	-	157	(3,220)
NCI redemption increment	-	-	-	1,505	-	-	1,505
Distributions to NCI	-	-	-	-	-	(834)	(834)
Acquisition of businesses, net	-	-	-	-	-	(52)	(52)
Subsidiaries' equity transactions	-	-	(333)	-	-	-	(333)
Subordinate Voting Shares:							
Stock option expense	-	-	2,253	-	-	-	2,253
Stock options exercised	56,350	2,805	(534)	-	-	-	2,271
Balance, March 31, 2020	39,901,561	\$ 444,958	\$ 62,092	\$ 78,943	\$ (92,711)	\$ 3,123	\$ 496,405

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 March 31	
	2021	2020
Cash provided by (used in)		
Operating activities		
Net earnings	\$ 24,807	\$ 6,458
Items not affecting cash:		
Depreciation and amortization	37,777	24,891
Gains attributable to mortgage servicing rights	(9,075)	-
Gains attributable to the fair value of mortgage premiums and origination fees	(11,578)	-
Deferred tax	(9,431)	(7,158)
Earnings from equity method investments	(1,406)	(555)
Stock option expense (note 14)	2,925	2,253
Non-cash lease expense	18,058	1,382
Allowance for credit losses	315	3,619
Amortization of advisor loans	5,505	5,001
Contingent consideration (note 5)	16,378	1,002
Other	116	738
(Increase) decrease in accounts receivable, prepaid expenses and other assets	(23,787)	59,837
Decrease in accounts payable, accrued expenses and other liabilities	(12,552)	(28,759)
Decrease in accrued compensation	(84,476)	(163,406)
Contingent acquisition consideration paid	(7,475)	(14,330)
Proceeds from sale of mortgage loans	837,917	-
Origination of mortgage loans	(706,785)	-
Increase in warehouse credit facilities	(112,081)	-
Repurchases from AR Facility, net of sales (note 10)	(3,291)	(11,009)
Net cash used by operating activities	(38,139)	(120,036)
Investing activities		
Acquisitions of businesses, net of cash acquired (note 4)	(3,841)	(3,101)
Purchases of fixed assets	(22,093)	(8,739)
Advisor loans issued	(11,081)	(3,590)
Collections of AR facility deferred purchase price (note 10)	10,908	11,390
Other investing activities	(12)	5,498
Net cash (used in) / provided by investing activities	(26,119)	1,458
Financing activities		
Increase in long-term debt	203,522	240,409
Repayment of long-term debt	(149,730)	(97,263)
Purchases of non-controlling interests' subsidiary shares, net	(8,133)	(4,676)
Contingent acquisition consideration paid	(2,977)	(10,743)
Proceeds received on exercise of stock options	7,945	2,270
Dividends paid to common shareholders	(2,009)	(1,992)
Distributions paid to non-controlling interests	(13,923)	(7,693)
Net cash provided by financing activities	34,695	120,312
Effect of exchange rate changes on cash	(1,854)	(13,637)
Net change in cash, cash equivalents and restricted cash	(31,417)	(11,903)
Cash, cash equivalents and restricted cash, beginning of period	177,533	114,993
Cash, cash equivalents and restricted cash, end of period	\$ 146,116	\$ 103,090

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

COLLIERS INTERNATIONAL GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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 oriented professional services and investment management to corporate and institutional clients in 36 countries around the world (67 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, 2020.

These Financial Statements follow the same accounting policies as the most recent audited consolidated financial statements of Colliers, except as noted in Note 3. 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 March 31, 2021 and the results of operations and its cash flows for the three months ended March 31, 2021 and 2020. All such adjustments are of a normal recurring nature. The results of operations for the three-month period ended March 31, 2021 are not necessarily indicative of the results to be expected for the year ending December 31, 2021.

Government assistance related to the COVID-19 pandemic

The Company received \$2,472 of wage subsidies from governments in several countries around the world during the three-month period ended March 31, 2021 (2020 - nil). In the three-month period ending March 31, 2021, \$1,650 of the wage subsidies were recorded as reduction to cost of revenues (2020 - \$nil) and \$822 were recorded as a reduction to selling, general and administrative expenses (2020 - \$nil) in the Consolidated Statements of Earnings.

3. Impact of recently issued accounting standards

Recently adopted accounting guidance

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 the Company’s 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") expected 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.

4. Acquisitions

During the three months ended March 31, 2021, the Company acquired a controlling interest in one business operating in the Americas (Miami, Florida). The acquisition date fair value of consideration transferred consisted of \$3,841 in cash (net of cash acquired of \$387). The Company acquired \$929 of net assets, excluding cash, and recognized goodwill of \$2,595 and intangible assets of \$2,595 in its preliminary purchase price allocation.

During the three months ended March 31, 2020, the Company acquired a controlling interest in one business for cash consideration of \$3,101 (net of cash acquired of \$754).

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 March 31, 2021 was \$128,971 (December 31, 2020 - \$115,643). See note 16 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 March 31, 2021 was \$11,654 (December 31, 2020 - \$17,646). 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 \$172,550 to a maximum of \$193,869. These contingencies will expire during the period extending to February 2025.

5. Acquisition-related items

	Three months ended March 31	
	2021	2020
Transaction costs	\$ 2,469	\$ 1,748
Contingent consideration fair value adjustments	14,787	(509)
Contingent consideration compensation expense	1,591	1,511
	\$ 18,847	\$ 2,750

6. 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:

March 31, 2021

	Gross carrying amount	Accumulated amortization	Net
Indefinite life intangible assets:			
Licenses	\$ 29,200	\$ -	\$ 29,200
Trademarks and trade names	23,930	-	23,930
	\$ 53,130	\$ -	\$ 53,130
Finite life intangible assets:			
Customer lists and relationships	\$ 342,894	\$ 129,581	\$ 213,313
Investment management contracts	270,600	66,795	203,805
Mortgage servicing rights ("MSRs")	125,812	20,126	105,686
Franchise rights	5,565	5,360	205
Trademarks and trade names	14,787	5,265	9,522
Management contracts and other	20,639	12,918	7,721
Backlog	16,289	16,247	42
	\$ 796,586	\$ 256,292	\$ 540,294
	\$ 849,716	\$ 256,292	\$ 593,424

December 31, 2020

	Gross carrying amount	Accumulated amortization	Net
Indefinite life intangible assets:			
Licenses	\$ 29,200	\$ -	\$ 29,200
Trademarks and trade names	24,096	-	24,096
	\$ 53,296	\$ -	\$ 53,296
Finite life intangible assets:			
Customer lists and relationships	\$ 345,511	\$ 123,368	\$ 222,143
Investment management contracts	270,600	60,723	209,877
Mortgage servicing rights ("MSRs")	114,909	13,121	101,788
Franchise rights	5,630	5,322	308
Trademarks and trade names	14,803	4,355	10,448
Management contracts and other	20,813	12,406	8,407
Backlog	16,307	12,244	4,063
	\$ 788,573	\$ 231,539	\$ 557,034
	\$ 841,869	\$ 231,539	\$ 610,330

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 MSR assets are evaluated quarterly for impairment by stratifying the servicing portfolio according to predominant risk characteristics, primarily investor type and interest rate. An impairment is recorded if the carrying value of an individual stratum exceeds its estimated fair value. Based upon the impairment analysis for the period ended March 31, 2021, the Company recorded a valuation allowance of \$804. The associated impairment expense was recorded to amortization of intangible assets on the consolidated statement of earnings.

The following table summarizes activity related to the Company's mortgage servicing rights for the quarter ending March 31, 2021.

	2021
Balance, January 1	\$ 101,788
Additions, following the sale of loan	10,903
Amortization	(4,150)
Prepayments and write-offs	(2,051)
Total	106,490
Increase in valuation allowance	(804)
Balance, March 31	\$ 105,686

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:

For the year ended December 31,	MSRs	Other	Total
2021 (remaining nine months)	\$ 11,018	48,235	\$ 59,253
2022	13,428	61,797	75,225
2023	12,255	58,171	70,426
2024	11,254	50,229	61,483
2025	10,205	41,465	51,670
2026	8,974	40,062	49,036
Thereafter	38,552	134,649	173,201
	\$ 105,686	434,608	\$ 540,294

7. 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 March 31, 2021 was 3.5% (2020 – 3.0%). The Revolving Credit Facility had \$723,576 of available undrawn credit as at March 31, 2021 (\$777,322 as at December 31, 2020). As of March 31, 2021, letters of credit in the amount of \$17,967 were outstanding (\$15,663 as at December 31, 2020). 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 March 31, 2021. The Company is limited from undertaking certain mergers, acquisitions and dispositions without prior approval.

8. Convertible notes

In May 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. 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. 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, at the time, 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 March 31, 2021 there was \$309 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 4.7%.

9. Warehouse credit facilities

The following table summarizes the Company's mortgage warehouse credit facilities as at March 31, 2021:

	Current Maturity	March 31, 2021		December 31, 2020	
		Maximum Capacity	Carrying Value	Maximum Capacity	Carrying Value
Facility A - LIBOR plus 1.60%	October 20, 2021	\$ 175,000	\$ 82,784	\$ 275,000	\$ 167,004
Facility B - SOFR plus 1.70%	On demand	125,000	23,153	125,000	51,014
		\$ 300,000	\$ 105,937	\$ 400,000	\$ 218,018

Colliers Mortgage Holdings LLC ("Colliers Mortgage") has warehouse credit facilities which are used exclusively for the purpose of funding warehouse mortgages receivable. The warehouse credit facilities are recourse only to Colliers Mortgage, are revolving and are secured by warehouse mortgages financed on the facilities, if any.

On January 11, 2021 Colliers Mortgage entered into an amendment to the financing agreement for Facility A modifying the borrowing capacity to \$175,000 and extending the maturity date to October 20, 2021. On January 15, 2021 Colliers Mortgage entered into an additional amendment for Facility A temporarily increasing the borrowing capacity to \$250,000 through March 31, 2021; The borrowing capacity will decrease to \$125,000 on October 20, 2021. (See note 20 for subsequent events related to warehouse facilities.)

10. AR Facility

In April 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. (See note 20 for subsequent events related to the AR Facility.) 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 March 31, 2021, the Company had drawn \$95,126 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 changes in the obligation at each reporting date. As of March 31, 2021, 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 three months ending March 31, 2021, Receivables sold under the AR Facility were \$310,510 and cash collections from customers on Receivables sold were \$326,949, 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 March 31, 2021, the outstanding principal on trade accounts receivable, net of Allowance for Doubtful Accounts, sold under the AR Facility was \$113,491; and the outstanding principal on contract assets, current and non-current, sold under the AR Facility was \$61,522. See note 16 for fair value information on the DPP.

For the three months ended March 31, 2021, the Company recognized a loss related to Receivables sold of \$4 (2020 - \$8 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 three months ended March 31, 2021 were \$1,984.

11. Variable interest entities

The Company holds variable interests in certain Variable Interest Entities ("VIE") in its Investment Management segment which are not consolidated as it was determined that the Company is not the primary beneficiary. The Company's involvement with these entities is in the form of advisory fee arrangements and equity co-investments (typically 1%-2%).

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

	March 31, 2021	December 31, 2020
Investments	\$ 7,292	\$ 6,158
Co-investment commitments	25,809	14,345
Maximum exposure to loss	\$ 33,101	\$ 20,503

12. 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:

	2021
Balance, January 1	\$ 442,375
RNCI share of earnings	6,919
RNCI redemption increment	12,540
Distributions paid to RNCI	(13,729)
Purchase of interests from RNCI, net	(8,105)
Balance, March 31	\$ 440,000

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 March 31, 2021 was \$413,264 (2020 - \$415,141). The redemption amount is lower than that recorded on the balance sheet as the formula price of certain RNCI are lower than the amount initially recorded at the inception of the minority equity position. If all put or call options were settled with Subordinate Voting Shares as at March 31, 2021, approximately 4,000,000 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.

13. 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 anti-dilutive for the three months ended March 31, 2021.

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

(in thousands)	Three months ended	
	March 31	
	2021	2020
Net earnings (loss) attributable to Company	\$ 4,487	\$ 4,586
After-tax interest on Convertible Notes	-	-
Adjusted numerator under the If-Converted Method	\$ 4,487	\$ 4,586
Weighted average common shares - Basic	40,257	39,874
Exercise of stock options	513	293
Conversion of Convertible Notes	-	-
Weighted average common shares - Diluted	40,770	40,167

14. 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. 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 March 31, 2021, there were 344,800 options available for future grants.

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

There were 10,000 stock options granted during the three months ended March 31, 2021 (2020 - 10,000). Stock option activity for the three months ended March 31, 2021 was as follows:

	Number of options	Weighted average exercise price	Weighted remaining contractual life (years)	Aggregate intrinsic value
Shares issuable under options - December 31, 2020	2,190,125	\$ 69.22		
Granted	10,000	103.90		
Exercised	(169,200)	46.95		
Forfeited	(2,300)	85.82		
Shares issuable under options - March 31, 2021	2,028,625	\$ 71.23	3.1	\$ 54,852
Options exercisable - March 31, 2021	836,650	\$ 63.10	2.2	\$ 29,398

The amount of compensation expense recorded in the statement of earnings for the three months ended March 31, 2021 was \$2,925 (2020 - \$2,253). As of March 31, 2021, there was \$16,488 of unrecognized compensation cost related to non-vested awards which is expected to be recognized over the next 4 years. During the three-month period ended March 31, 2021, the fair value of options vested was \$4,422 (2020 - \$4,202).

15. Income tax

The provision for income tax for the three months ended March 31, 2021 reflected an effective tax rate of 26.3% (2020 - 44.6%) relative to the combined statutory rate of approximately 26.5% (2020 - 26.5%). The prior 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.

16. Financial instruments*Fair values of financial instruments*

The following table provides the financial assets and liabilities carried at fair value measured on a recurring basis as of March 31, 2021:

	Carrying value at March 31, 2021	Fair value measurements		
		Level 1	Level 2	Level 3
Assets				
Cash equivalents	\$ 12,196	\$ 12,196	\$ -	\$ -
Equity securities	4,126	3,990	136	-
Debt securities	9,255	-	9,255	-
Mortgage derivative assets	16,280	-	16,280	-
Warehouse receivables	115,854	-	115,854	-
Deferred Purchase Price on AR Facility	79,033	-	-	79,033
Total assets	\$ 236,744	\$ 16,186	\$ 141,525	\$ 79,033
Liabilities				
Mortgage derivative liability	\$ 7,447	\$ -	\$ 7,447	\$ -
Interest rate swap liability	6,681	-	6,681	-
Contingent consideration liability	128,971	-	-	128,971
Total liabilities	\$ 143,099	\$ -	\$ 14,128	\$ 128,971

There were no significant non-recurring fair value measurements recorded during the quarter ended March 31, 2021.

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.

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.

Warehouse receivables

As at March 31, 2021, 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.

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 5.0% depending upon the aging of the Receivables. See note 10 for information on the AR Facility.

Changes in the fair value of the DPP comprises the following:

	2021
Balance, January 1	\$ 87,957
Additions to DPP	3,287
Collections on DPP	(10,908)
Fair value adjustment	(4)
Foreign exchange and other	(1,299)
Balance, March 31	\$ 79,033

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.

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 4.5%). 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. A 2% increase in the weighted average discount rate would reduce the fair value of contingent consideration by \$3,300.

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

	2021
Balance, January 1	\$ 115,643
Amounts recognized on acquisitions	1,891
Fair value adjustments (note 5)	14,787
Resolved and settled in cash	(3,095)
Other	(255)
Balance, March 31	\$ 128,971
Less: current portion	\$ 79,505
Non-current portion	\$ 49,466

The carrying amounts for cash, restricted cash, accounts receivable, accounts payable, advisor loans, other receivables and accrued liabilities approximate their estimated fair values due to the short-term nature of these instruments, unless otherwise indicated. The carrying value of the Company's Revolving Credit Facility and other short-term borrowings approximate their estimated fair value due to their short-term nature and variable interest rate terms. 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:

	March 31, 2021		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Senior Notes	\$ 245,683	269,936	\$ 255,790	\$ 275,928
Convertible Notes	224,266	389,783	223,957	353,638

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

17. Commitments and Contingencies

Claims and Litigation

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.

Long Term Incentive Arrangement

Pursuant to an agreement approved in February 2004 and restated on June 1, 2015 (the "Long Term Incentive Arrangement" or "LTIA"), 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 March 31, 2021, the amount required to be paid to the Chairman & CEO, based on a market price of C\$123.48 per Subordinate Voting Share, would be US\$437,159. See note 20 for subsequent events related to the settlement of the LTIA.

Contingencies associated with US government sponsored enterprises

Colliers Mortgage is 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 16 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 March 31, 2021, the Company has funded and sold loans subject to such loss sharing obligations with an aggregate unpaid principal balance of approximately \$4,162,000. As at March 31, 2021, the Loss Reserve was \$15,662 (December 31, 2020 - \$15,194) and was included within Other liabilities on the Consolidated Balance Sheets.

Pursuant to its licenses with Fannie Mae, Ginnie Mae and HUD, Colliers Mortgage 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 Colliers Mortgage 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 March 31, 2021, Colliers Mortgage was in compliance with all such requirements.

18. 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 Mgmt	Corporate	Consolidated
Three months ended March 31,						
2021						
Leasing	\$ 134,204	\$ 25,589	\$ 19,868	\$ -	\$ -	\$ 179,661
Capital Markets	142,101	35,590	32,819	-	-	210,510
Property services	147,061	38,276	55,551	-	-	240,888
Valuation and advisory	38,432	25,093	17,384	-	-	80,909
IM - Advisory and other	-	-	-	44,627	-	44,627
IM - Incentive Fees	-	-	-	-	-	-
Other	13,979	1,565	2,629	-	146	18,319
Total Revenue	\$ 475,777	\$ 126,113	\$ 128,251	\$ 44,627	\$ 146	\$ 774,914
2020						
Leasing	\$ 128,367	\$ 21,057	\$ 15,086	\$ -	\$ -	\$ 164,510
Capital Markets	94,241	31,937	16,825	-	-	143,003
Property services	99,817	41,244	49,611	-	-	190,672
Valuation and advisory	41,882	21,726	13,033	-	-	76,641
IM - Advisory and other	-	-	-	43,565	-	43,565
IM - Incentive Fees	-	-	-	2,260	-	2,260
Other	5,683	1,118	2,879	-	297	9,977
Total Revenue	\$ 369,990	\$ 117,082	\$ 97,434	\$ 45,825	\$ 297	\$ 630,628

Revenue associated with the Company's debt finance and loan servicing operations are outside the scope of ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). In the period ended March 31, 2021, \$32,235 of revenue was

excluded from the scope of ASC 606. These revenues were included entirely within the Americas segment within Capital Markets and Other revenue.

Contract balances

As at March 31, 2021, the Company had contract assets totaling \$82,479 of which \$73,873 was current (\$66,436 as at December 31, 2020 - of which \$61,101 was current). During the three months ended March 31, 2021, approximately 59% of the current contract assets were moved to accounts receivable or sold under the AR Facility (Note 10).

As at March 31, 2021, the Company had contract liabilities (all current) totaling \$17,707 (\$21,076 as at December 31, 2020). Revenue recognized for the three months ended March 31, 2021 totaled \$16,606 (2020 - \$18,105) that was included in the contract liability balance at the beginning of the year.

Certain constrained brokerage 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. 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.

19. 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

	Americas	EMEA	Asia Pacific	Investment Mgmt	Corporate	Consolidated
Three months ended March 31						
2021						
Revenues	\$ 475,777	\$ 126,113	\$ 128,251	\$ 44,627	\$ 146	\$ 774,914
Depreciation and amortization	20,678	5,705	3,754	6,731	909	37,777
Operating earnings (loss)	42,853	(1,089)	11,708	9,931	(23,447)	39,956
2020						
Revenues	\$ 369,990	\$ 117,082	\$ 97,434	\$ 45,825	\$ 297	\$ 630,628
Depreciation and amortization	8,070	5,443	3,603	6,635	1,140	24,891
Operating earnings (loss)	22,709	(13,451)	1,228	11,778	(3,727)	18,537

Geographic information

Revenues in each geographic region are reported by customer locations.

GEOGRAPHIC INFORMATION

	March 31	
	2021	2020
United States		
Revenues	\$ 417,239	\$ 317,079
Total long-lived assets	1,429,553	1,053,410
Canada		
Revenues	\$ 90,500	\$ 81,196
Total long-lived assets	81,316	82,967
Euro currency countries		
Revenues	\$ 64,208	\$ 68,332
Total long-lived assets	289,633	284,162
Australia		
Revenues	\$ 53,933	\$ 38,883
Total long-lived assets	81,418	72,492
United Kingdom		
Revenues	\$ 33,994	\$ 29,723
Total long-lived assets	77,266	78,782
Other		
Revenues	\$ 115,040	\$ 95,415
Total long-lived assets	186,469	170,671
Consolidated		
Revenues	\$ 774,914	\$ 630,628
Total long-lived assets	2,145,655	1,742,484

20. Subsequent events*Settlement of Long Term Incentive Arrangement*

On February 26, 2021, the Company entered into an agreement with Jay S. Hennick, the Company's Chairman & Chief Executive Officer and largest voting shareholder, pursuant to which disinterested holders of Subordinate Voting Shares were given an opportunity to approve a transaction (the "Transaction") to settle the Management Services Agreement (the "MSA"), including the Long Term Incentive Arrangement (the "LTIA") (see note 17), originally entered into on February 1, 2004, between the Company, Mr. Hennick and Jayset Management CIG Inc., a corporation controlled by Mr. Hennick. In addition, the Transaction established an orderly timeline for the elimination of the Company's dual class voting structure by no later than September 1, 2028. As part of the Transaction, the Company agreed to (a) pay US\$96,200 in cash and (b) issue a total of 3,572,858 Subordinate Voting Shares to an entity controlled by Mr. Hennick. The total purchase price was determined by applying the formula provided in the existing MSA for the LTIA using a price of US\$106.40 per share (which is the volume weighted average price of the Subordinate Voting Shares on the Toronto Stock Exchange for the period from February 11, 2021 through to and including February 25, 2021, converted to US dollars).

On April 14, 2021, disinterested shareholders approved the Transaction. The Transaction was completed on April 16, 2021.

AR Facility extension

On April 26, 2021, the Company renewed its AR Facility with a third-party financial institution. The AR Facility has committed availability of \$125,000 with a term of 364 days extending to April 25, 2022 and includes selected US and Canadian trade accounts receivable.

Addition of new warehouse credit facility

On April 28, 2021, Colliers Mortgage entered into an additional warehouse credit facility with a borrowing capacity of \$150,000 and an initial maturity date of April 27, 2022. The facility bears interest of LIBOR plus 1.60%.