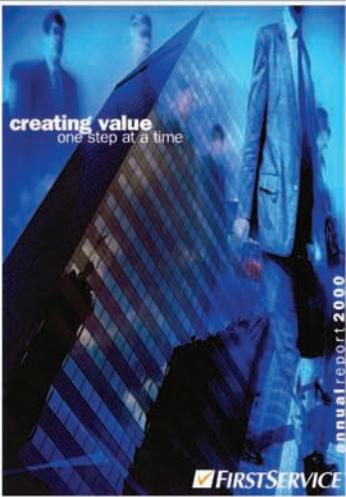




**FirstService**

Creating value one step at a time



FirstService



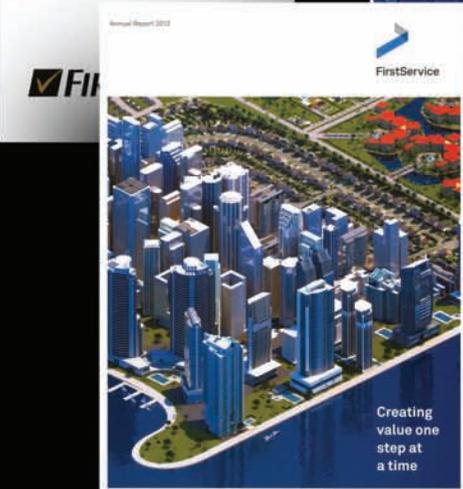
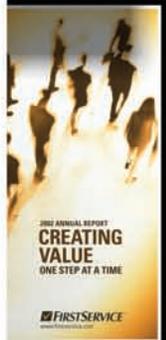
20%  
20 YRS

2001  
annual report

creating  
value  
one step  
at a time



COMPOUND ANNUAL RETURN



2014 Annual Report



## About FirstService Corporation

FirstService Corporation is a global leader in the rapidly growing real estate services sector, one of the largest markets in the world. FirstService manages more than 2.5 billion square feet of residential and commercial properties through its three industry-leading service platforms:

- Colliers International - one of the largest global players in commercial real estate services;
- FirstService Residential - North America's largest manager of residential communities; and
- FirstService Brands - one of North America's largest providers of essential property services delivered through individually branded franchise systems and company-owned operations.

FirstService generates more than US\$2.7 billion in annual revenues and has more than 24,000 employees world-wide. With significant insider ownership and an experienced management team, FirstService has a long-term track record of creating value and superior returns for shareholders since becoming a publicly listed company in 1993. The subordinate voting shares of FirstService trade on the NASDAQ under the symbol "FSRV" and on the TSX under the symbol "FSV". More information is available at [www.firstservice.com](http://www.firstservice.com).



2.5B Square Feet  
Commercial &  
Residential Property  
Under Management



Global Leader in  
Commercial  
Real Estate



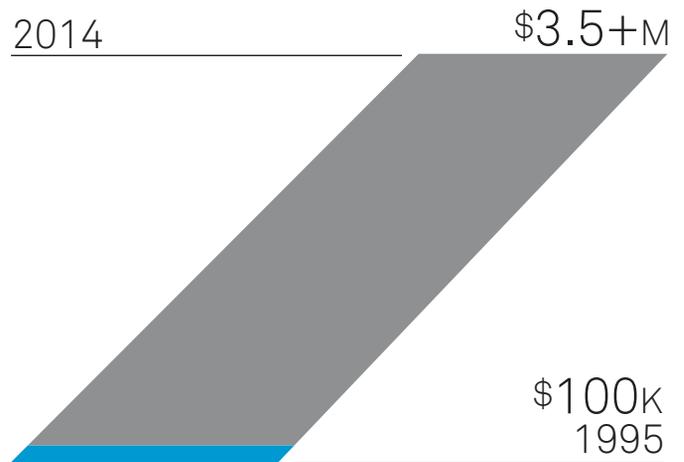
#1 Residential  
Property Manager  
in North America



24K+ Employees  
Worldwide

20%  
20 YRS

COMPOUND ANNUAL RETURN



\$100K Invested  
in 1995 is now  
worth \$3.5+M

### FirstService had a record year in 2014.

We achieved new milestones in operating performance with revenues of \$2.7 billion, EBITDA of \$222 million, EPS of \$2.73 per share and cash flow from operations of \$159 million. Perhaps more importantly for our shareholders, our shares appreciated by more than 18% during the year. Since then, our shares were up a further 17% closing at \$59.31 per share on March 13, 2015.

Let me touch on some highlights:

- Colliers increased revenue and EBITDA by 25% and 38% respectively in 2014, while further increasing margins by 110 basis points to 9.9%.
- Acquisitions were a major focus for Colliers with notable additions in the UK, Australia and New Zealand. Late in the year, it acquired a controlling interest in AOS Group, a leading commercial real estate and workplace consulting firm in France with additional operations in The Netherlands, Belgium, Spain and Morocco. AOS has now been rebranded as Colliers International in all markets giving us added strength and opportunity in Europe.
- Colliers received numerous awards and distinctions including:
  - Ranked #5 in the top 100 global outsourcing firms by the International Association of Outsourcing Professionals
  - Ranked #1 commercial real estate advisory firm in Australasia, Canada, Latin America, China and Singapore by Euromoney
  - 2nd most recognized commercial real estate brand in the world by The Lipsey Company for the 10th consecutive year
- FirstService Residential continued to grow internally and through acquisition with revenues up 9%. It completed several smaller tuck-under acquisitions in California, Texas, Minnesota and Arizona that increased its scale and geographic presence.

# In February we announced plans to separate FirstService into two independent public companies.

- FirstService Residential completed its first full year under its national brand, which continues to gain traction and visibility throughout North America.
- FirstService Brands increased revenue and EBITDA by 11% and 13% respectively as royalties from increasing system wide sales continued to drive performance.
- FirstService Brands completed three acquisitions during the year including the important acquisition of Paul Davis Restoration Canada. Bringing our master franchise in Canada together with our US operations allows us to realize synergies and strengthen our leadership position in North America.

In February, we announced plans to separate FirstService into two independent public companies: Colliers International, one of the top three global leaders in commercial real estate; and a new FirstService Corporation, the largest North American residential property manager and a leading provider of property services. The new FirstService Corporation will be comprised of our FirstService Residential and FirstService Brands operating units. The spin-off will be structured as a tax-free distribution to shareholders and will create two compelling investment opportunities for shareholders.

Creating two independent publicly traded companies is the logical next step in our evolution and I am extremely enthusiastic about the long-term prospects for both companies. Both Colliers International and new FirstService Corporation will be leaders in their markets, and will have their own distinct brand and operating characteristics. The separation enables each to intensify its focus while having the flexibility and capital structure to pursue independent value creation strategies. Finally, the spin-off will attract additional investors to our existing shareholder base while offering easier comparability with publicly traded peers. We expect the transaction to be completed by the end of the second quarter, subject to regulatory, court and shareholder approvals.

The spin-off transaction represents a breakthrough in the history of our company. Since our public listing in 1993, our management team has followed a disciplined approach to growth, carefully managing operations and prudently allocating

capital, while always standing ready to take bold steps when opportunities presented themselves. This culture of performance is deeply woven into the fabric of FirstService and it will flourish in both organizations in the future. I have no reservations about taking this next bold step to create more value for our shareholders; I intend to continue holding my shares in both entities for the long term. Investments like Colliers International and FirstService Corporation – companies with abundant growth opportunities, exceptional management teams and long histories of delivering value to shareholders – are not easily found.

“Creating value one step at a time” has always been our motto and it describes perfectly the “FirstService Way” of operating. For more than 20 years, our shareholders have enjoyed compound annual returns of more than 20%, an impressive track record by any measure. A \$100,000 investment when we first listed would be worth more than \$3.5 million today. We intend to maintain our principles and discipline, so I fully expect this record of performance to continue creating value for our shareholders for many years to come.

To our employees, associates and directors, I would like to thank you for your support and encouragement over the years, but especially for your confidence in us as managers and stewards of your capital.

With sincere best wishes as we take the next step together.

**Jay S. Hennick**  
Founder & Chief Executive Officer

## Key Excerpts and Highlights From Prior Annual Reports

2014

2013

“In residential property management, we took the bold step of rebranding to FirstService Residential, opening a new chapter in the story of North America’s largest manager of residential communities.”

2012

“A key achievement was the acquisition of Colliers UK adding a total of 13 offices, 700 employees and about \$100 million in annual revenue.”

2011

FirstService finishes the year with more than \$2.2 billion in revenues, exceeding the \$2 billion mark for the first time in its history.

2008

FirstService further refines its focus on global real estate services with the sale of our Integrated Security platform. Sale proceeds represent an annual return of 22% over the 15 year period of ownership.

2007

“FirstService hit another milestone this year – our market capitalization exceeded one billion dollars.”

2006

“We exceeded \$1 billion in revenues for the first time in our history.”

FirstService refines its focus on real estate services with divestiture of Resolve Corporation through an IPO. Sale proceeds represent an annual return of 18% over the 11 year period of ownership.

2005

“The highlight of the year was our acquisition of Colliers Macaulay Nicholls International. Colliers establishes a new commercial real estate platform under the “Colliers International” brand and extends our reach throughout North America, Asia Pacific, Central Europe and Latin America, making FirstService a truly global player.”

2001

“We are also pleased with the performance of our shares as they have appreciated by more than 20% over the past year. Part of the reason may be that investors have returned to companies like FirstService with strong growth fundamentals and excellent growth prospects. But we also think our proven track record is beginning to be recognized by the market.”

1998

“During the 1st quarter, FirstService became the largest manager of community associations in America by acquiring the Continental Group, the leading full service property management company in South Florida.”

1995

FirstService lists on the NASDAQ.

1993

“Among the more notable fiscal 1993 highlights was the successful completion of a public offering of 1.8 million Subordinate Voting Shares. The June public share offering was followed by the listing of FirstService on the Toronto Stock Exchange, where the shares have consistently traded well above the issue price of \$3.50 and \$4.00 (adjusted for stock split).”

Initial Public Offering

IPO on TSX raises \$10 million.

1989

Founder and CEO, Jay Hennick launches FirstService with Superior Pools, the swimming pool management business he started as a teenager.

20 YEARS OF  
GROWTH,  
LEADERSHIP  
AND VALUE

Revenue

1993



(including affiliates \$2.3B)

Colliers International is a global leader in commercial real estate, offering comprehensive commercial property services to investors and occupiers worldwide. Colliers has more than 16,300 professionals worldwide, united by a spirit of enterprise. 2014 was its best year in history. Organic and acquisitive expansion of our global platform enabled Colliers to deliver innovative and expanded services for its clients, leading to record revenues and a significant increase in average revenue per professional.

**Highly Regarded International Leader with Global Coverage**

- 219 offices in 41 countries (502 offices in 67 countries including affiliates)
- Greater than \$97 billion in transactions
- 1.70+ billion square feet managed

**Growth Strategy**

- Increase local market share in our core business
- Improve operational efficiency
- Pursue strategic acquisitions
- Geographic and service line expansion
- Leverage the “Colliers International” brand

**Institutional Reputation**

- Top-tier global player based on revenues and market coverage
- Fastest growing industry player based on revenue growth
- One of the top 100 global outsourcing companies for 10 consecutive years by the International Association of Outsourcing Professionals, more than any other real estate services firm
- Founding global partner of the World Green Building Council & Regenerative Network
- Ranked second among the top 25 global commercial real estate brands based on a 2015 survey conducted by The Lipsey Company



**FirstService**



FirstService Residential is the largest residential property manager in North America. Its mission is to deliver exceptional service and solutions that enhance the value of every property and the lifestyle of every resident in the communities it manages. FirstService Residential also provides its clients with other complementary services, including: on-site staffing, urban residential lifestyle management and amenity services, unique banking and insurance products, and energy conservation and management solutions.

**Largest Player In North America**

- 7,000 communities with 1.6+ million residential units
- 100 offices across North America
- High, medium and low-rise condominiums, co-op's
- Large-scale and lifestyle homeowner associations
- 90% recurring revenues with 95%+ retention rate
- \$7+ billion in client budgets

**Growth Strategy**

- Leverage scale advantages to drive new business through differentiated value-added services and reduced client costs
- Further increase customer retention and target referral opportunities
- Continue to expand ancillary service offerings
- Improve operational efficiency
- Expand geographic footprint through selective acquisitions



FirstService Brands is a leading North American operator and provider of property services, with extensive franchise and contractor networks comprising over 1,900 franchises and 11 company-owned locations in all U.S. states and ten Canadian provinces. In 2014, FirstService Brands serviced more than 500,000 customers and generated aggregate system-wide revenues of more than US\$1.4 billion. Services are delivered through seven well-known brands, each of which is the #1 or #2 player in its respective market.

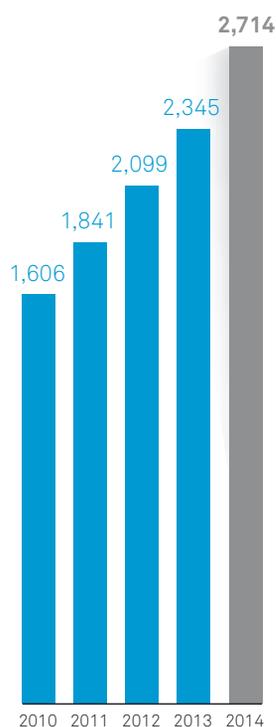
**FirstService Brands**

- Paul Davis Restoration
- CertaPro Painters
- California Closets
- College Pro Painters
- Pillar to Post Home Inspectors
- Floorcoverings International
- Service America

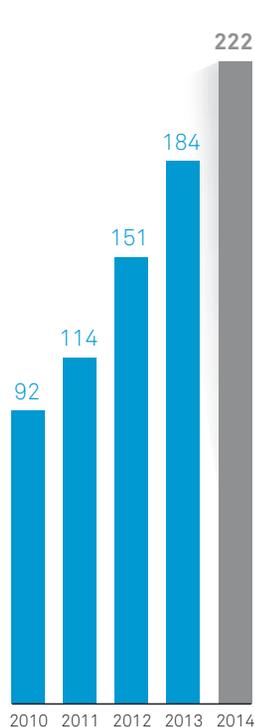
**Growth Strategy**

- Expand same store capacity in the areas of sales, design and field service
- Continue to drive repeat business and referral leads from its customers through service excellence and market-leading brands
- Strategically add company-owned operations
- Leverage best-in-class franchising capabilities to acquire other property services franchise models

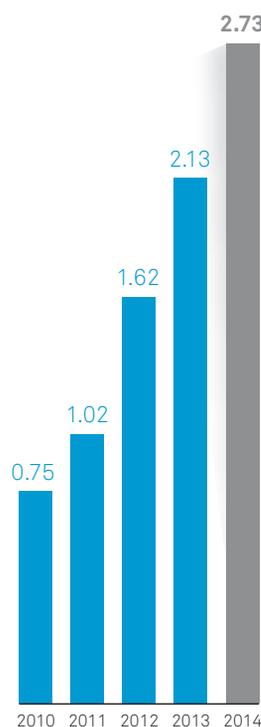
## Financial Highlights



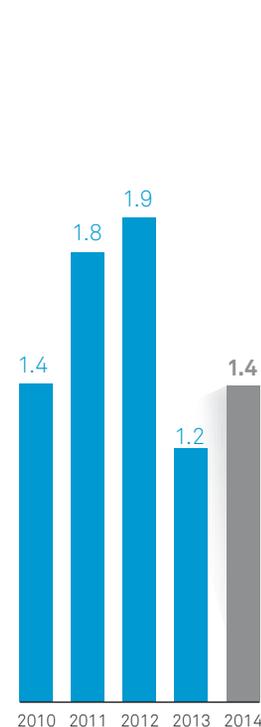
**Revenues**  
(US\$ millions)



**Adjusted EBITDA**  
(US\$ millions)



**Adjusted EPS**  
(US\$)



**Financial Leverage**  
(Expressed in terms of net debt/EBITDA)

(US\$ thousands, except per share amounts)

	Year ended December 31				
	2014	2013	2012	2011	2010
<b>Results From Operations</b>					
Revenues	\$ 2,714,273	\$ 2,344,625	\$ 2,098,987	\$ 1,841,406	\$ 1,606,462
Adjusted EBITDA <sup>1</sup>	221,745	183,893	151,047	114,440	92,169
Operating earnings	134,427	88,780	79,248	55,486	46,461
Net earnings from continuing operations	89,399	46,601	41,393	76,495	17,330
Net earnings (loss) from discontinued operations	1,537	(5,183)	(671)	25,248	30,570
Net earnings	90,936	41,418	40,722	101,743	47,900
<b>Financial Position</b>					
Total assets	\$ 1,639,427	\$ 1,443,511	\$ 1,317,910	\$ 1,233,718	\$ 1,129,541
Long-term debt	493,348	372,794	337,205	316,415	240,740
Convertible debentures	-	-	77,000	77,000	77,000
Shareholders' equity	233,215	249,049	244,153	246,522	201,331
<b>Earnings Per Share Data</b>					
Adjusted EPS <sup>2</sup>	\$ 2.73	\$ 2.13	\$ 1.62	\$ 1.02	\$ 0.75
Diluted net earnings (loss) per common share from continuing operations	1.15	(0.48)	(0.10)	1.34	(0.72)
Diluted weighted average common shares outstanding (thousands)	36,309	33,262	30,376	30,551	30,367
Cash dividends per common share	\$ 0.40	\$ 0.20	\$ -	\$ -	\$ -
<b>Preferred Share Data</b>					
Number outstanding (thousands)	-	-	5,231	5,623	5,772
Cash dividends per preferred share	\$ -	\$ 0.4375	\$ 1.75	\$ 1.75	\$ 1.75

### Notes

- Adjusted EBITDA is defined as net earnings from continuing operations before income tax, interest, depreciation, amortization, other (income) expense, acquisition-related items, stock-based compensation expense and reorganization charges.
- Adjusted earnings per share is defined as diluted net earnings (loss) per common share from continuing operations, adjusted for the effect, after income tax, of non-controlling interest redemption increment, amortization, acquisition-related items, stock-based compensation expense, reorganization charges and deferred income tax asset valuation allowances.



# FirstService

## Corporate Information

### Head Office, Canada

1140 Bay Street, Suite 4000  
Toronto, Ontario  
M5S 2B4

Phone: 416.960.9500

### Head Office, United States

1855 Griffin Road  
Dania Beach, Florida  
33004

### Registrar and Transfer Agent

Canada - TMX Equity Transfer Services

Phone: 1.866.393.4891

E-mail: [TMXInvestorServices@tmx.com](mailto:TMXInvestorServices@tmx.com)

U.S. co-transfer agent - Registrar and  
Transfer Company

Phone: 1.800.368.5948

E-mail: [info@rtco.com](mailto:info@rtco.com)

### Stock Exchange Listing

NASDAQ Global Select Market - FSRV  
Toronto Stock Exchange - FSV

FirstService common shares are included  
in the S&P/TSX Composite Dividend Index

[www.FirstService.com](http://www.FirstService.com)

## Notice of Shareholders' Meeting

The annual meeting of the shareholders will be held on Tuesday, April 21, 2015 at 4:00 p.m. ET at The Design Exchange, 234 Bay Street, Toronto-Dominion Centre, Toronto, Ontario.