INSIGNIA FINANCIAL GROUP INC /DE/
Form 8-K/A
March 04, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT: December 19, 2001
(Date of earliest event reported)

INSIGNIA FINANCIAL GROUP, INC.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	COMMISSION FILE NUMBER	56-20
(State of Incorporation)	(1-14373)	(I.R.S. Employer I

200 PARK AVENUE, NEW YORK, NEW YORK	10
(Address of Principal Executive Officers)	(Zip

(212) 984-8033
(Registrant's Telephone Number, Including Area Code)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

The undersigned registrant hereby amends the following items, financial statements, exhibits or other portions of its Report on Form 8-K dated December 19, 2001 and filed on December 28, 2001 as set forth in the pages attached hereto:

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(a) Financial Statements of Businesses Acquired:

(i) Consolidated Financial Statements for Insignia Bourdais Holding (formerly Societe Financiere Bourdais) as of March 31, 2001 and March 31, 2000 and for the years then ended, with Report of Independent Auditors, and the six month periods ended September 30, 2001 and 2000 (unaudited).

(b) Pro Forma Financial Information:

(i) Unaudited Pro Forma Condensed Consolidated Statements of Income for the nine months ended September 30, 2001 and the year ended December 31, 2000.

(ii) Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2001.

(iii) Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

(c) Exhibits

The following are furnished as exhibits to this report:

Exhibit No.

10.1 Share Purchase Agreement, dated as of December 16, 2001, between Jean Claude Bourdais and others listed therein as sellers, Insignia Financial Group, Inc. and Insignia France SARL as buyer.*

23.1 Consent of ERNST & YOUNG Audit.

99.1 Press release dated December 19, 2001. *

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* Previously filed.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to be signed on its behalf by the undersigned hereunto duly authorized.

INSIGNIA FINANCIAL GROUP, INC.

By: /s/ Adam B. Gilbert

Adam B. Gilbert
Executive Vice President

DATE: March 4, 2002

REPORT OF ERNST & YOUNG AUDIT, INDEPENDENT AUDITORS

ON INSIGNIA BOURDAIS HOLDING

(FORMERLY SOCIETE FINANCIERE BOURDAIS)

PREPARED AS OF MARCH 31, 2001

We have audited the accompanying consolidated balance sheets of Insignia Bourdais Holding (formerly Societe Financiere Bourdais) as of March 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Insignia Bourdais Holding (formerly Societe Financiere Bourdais) as at March 31 2001 and March 31, 2000, and the consolidated results of its operations and its cash-flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Paris, February 15, 2002

ERNST & YOUNG Audit

Jean Louis ROBIC

1. FINANCIAL STATEMENTS

1.1 CONSOLIDATED BALANCE SHEETS

	MARCH 31 2001	2000	
	(IN FRENCH FRANCS)		
ASSETS	AUDITED	AUDITED	UN
Cash and cash equivalents	FF 115,398,239	FF 101,894,995	FF 8
Receivables, net of allowance	56,543,434	39,492,764	6
Prepaid expenses	1,428,970	320,021	
Restricted cash	26,270,495	31,726,681	2
Property and equipment	49,257,366	49,666,203	4
Costs in excess of net assets of acquired businesses net of amortization of FF 4,425,258 (March 2001) and of FF 1,640,387 (March 2000)	24,441,325	9,295,523	2
Deferred taxes	7,844,067	6,193,300	
Other assets	9,300,222	8,182,825	
TOTAL ASSETS	FF 290,484,118	FF 246,772,312	FF 25
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Accounts payable	FF 49,622,204	FF 47,309,302	FF 2
Commissions payable	6,158,883	6,567,898	
Accrued employee profit sharing	11,745,129	6,934,369	
Accrued and sundry liabilities	16,186,103	10,348,705	1
Restricted cash	26,270,495	31,726,681	2
Deferred taxes	505	264,288	
Borrowings	1,148,876	6,645,567	
Obligations under Finance Leases	42,105,582	45,520,620	4
Contingencies and litigation	5,478,526	3,067,450	
TOTAL LIABILITIES	FF 158,716,303	FF 158,384,880	FF 11
MINORITY INTEREST	6,950,226	9,782,551	
STOCKHOLDERS' EQUITY			
Common Stock, par value FF 10 per share	5,601,400	5,601,400	

- authorized 560,140 shares			
Additional paid-in capital	319,584	319,584	
Retained earnings	118,896,605	72,683,897	12
TOTAL STOCKHOLDERS' EQUITY	FF 124,817,589	FF 78,604,881	FF 13
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	FF 290,484,118	FF 246,772,312	FF 25

See accompanying notes.

1.2.CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED MARCH 31 2001	2000	SIX MONTH P 2001
	(IN FRENCH FRANCS) AUDITED	AUDITED	UNAUDITE
REVENUES			
REAL ESTATE SERVICES	FF 329,829,816	FF 280,864,421	FF 113,499,
COSTS AND EXPENSES			
Real estate services	(145,112,963)	(122,814,625)	(46,627,
Provision for retirement indemnities	(1,081,076)	(329,061)	
Administrative	(96,513,034)	(76,334,788)	(54,075,
Depreciation	(5,682,339)	(5,042,988)	(3,284,
	(248,389,412)	(204,521,462)	(103,987,
OPERATING INCOME	81,440,404	76,342,959	9,512,
OTHER INCOME AND EXPENSES			
Gain (loss) on sales of investments	3,652,148	(559,175)	2,909,
Provisions for losses and contingencies	(2,543,905)	(230,000)	(300,
Capital gains on marketable securities	4,059,097	1,278,357	1,480,
Interest income on Restricted cash	1,377,795	694,035	603,
Equity earnings	1,084,938	1,293,530	1,652,
Interest expense	(2,391,264)	(2,149,476)	(1,248,
Other income	1,974,970	2,423,239	730,
Amortization of goodwill	(2,784,871)	(1,640,387)	(2,886,
Minority interests	(4,278,956)	(5,379,148)	(658,
INCOME BEFORE INCOME TAXES (GROUP SHARE)	81,590,356	72,073,934	11,795,

Provision for income taxes	(32,760,010)	(29,476,893)	(4,702,
NET INCOME	FF 48,830,346	FF 42,597,041	FF 7,093,

See accompanying notes.

1.3 CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in French Francs)	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	R EAR
Balances at March 31, 1999	FF 5,601,400	FF 319,584	FF 30
Dividends paid	-	-	
Net income (April 1, 1999 through March 31, 2000)	-	-	42
Balances at March 31, 2000	5,601,400	319,584	72
Dividends paid	-	-	(2
Net income (April 1, 2000 through March 31, 2001)	-	-	48
Balances at March 31, 2001	FF 5,601,400	FF 319,584	FF 118

1) Of which restricted retained earnings FF 559,846 (March 2001) and FF 556 862 (March 2000).

See accompanying notes.

POST BALANCE SHEET EVENTS :

SHARE AND WARRANT ISSUES:

On December 19, 2001 the shareholders approved a 37,702 shares issue with par value of 10 FF and issue premiums of FF 447,36 FF per share. The shares were issued in the context of the buyback of all minority interests in Insignia Bourdais Holdings's subsidiaries.

On the same date, the Company issued 87,080 warrants with the following conditions:

(1) Warrant issue price: FF 24,11 per warrant totaling 87,080 XFF24, 11 = 2,099,499 (the Company granted loans to each warrant holder so that no cash was collected as a result of the issue).

(2) Exercisable from January 1st 2004 to January 31st 2004

(3) Each warrant entitles the holder to acquire one newly issued share for a price corresponding to the "market value" of Insignia Bourdais Holding (determination of "market value" in purchase agreement with Insignia Financial Group) at a minimum price of FF 241,13 per share.

(4) Warrants are pledged to guarantee the FF 2,099,499 loans to holders

(5) Call and put options between Insignia Financial Group and warrant holders.

1.4. CONSOLIDATED STATEMENTS OF CASH FLOWS

In French Francs	YEAR ENDED MARCH 31 2001	 2000	S
	Audited	Audited	
OPERATING ACTIVITIES			
NET (LOSS) INCOME	FF 48,830,346	FF 42,597,041	FF
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Allocation to minority interests	4,278,956	5,379,148	
Depreciation of tangible & intangible assets	5,682,339	5,042,988	
Amortization of additional acquired businesses	2,784,871	1,640,387	
Net gain (loss) on sale of investments	(3,652,148)	559,175	
Provision for losses and contingencies	2,543,905	(230,000)	
Provisions for pensions costs	1,081,076	329,061	
Deferred income taxes	(1,914,553)	2,672,906	
Other	229,075	-	
CHANGE IN OPERATING ASSETS AND LIABILITIES :			
Receivables	(18,938,935)	(7,746,031)	
Prepaid expenses	(1,108,949)	149,440	

Rent Security Deposits	(283,033)	(288,419)	
Accounts payable	2,312,902	6,652,849	
Commissions payable	(409,015)		
Accrued employee profit sharing	4,810,760		
Accrued and sundry liabilities	5,837,398	10,875,278	
Cash provided by (used in) operating activities	52,084,995	67,633,823	
INVESTING ACTIVITIES			
Additions to property and equipment	(7,765,717)	(3,732,101)	
Proceeds from capital lease financings	1,137,258	165,396	
Acquisitions of investments	(2,951,631)	(109,434)	
Proceeds from sale of investments	7,580,976	-	
Cash provided by (used in) investing activities	(1,999,114)	(3,676,139)	
FINANCING ACTIVITIES			
Dividends paid	(6,699,078)	(1,490,906)	
Principal repayments on Finance Lease obligations	(3,415,038)	(3,295,966)	
Borrowings	(5,496,691)	5,116,369	
Purchase of minority interests in consolidated companies	(20,971,830)	(14,489,373)	
Cash used in financing activities	(36,582,637)	(14,159,876)	
Net increase in cash and cash equivalents	13,503,244	49,797,808	
Cash and cash equivalents at the beginning of the year	101,894,995	52,097,187	
Cash and cash equivalents at the end of the year	FF 115,398,239	FF101,894,995	FF

See accompanying notes

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION

The Bourdais group (or the "Group"), incorporated and headquartered in Paris, is a real estate services company with operations throughout France. The Group provides diversified real estate services including brokerage, appraisal, property management, investment sales, development, redevelopment and consulting services and other services to owners and users of real estate.

The consolidated financial statements include the accounts of the entities listed below:

(1) Insignia Bourdais Holding SAS (formerly Societe Financiere Bourdais)
(2) Insignia Bourdais SAS (formerly Bourdais SA)
(3) Insignia Bourdais Gerance SAS (formerly Bourdais Gerance)

(4) Insignia Bourdais Mediterranee SARL
(5) Insignia Bourdais Rhones Alpes SAS (formerly Bourdais Rhones Alpes SA)
(6) Insignia Bourdais Expertises SAS (formerly Bourdais Expertises SA)
(7) Insignia Bourdais Consultants SARL

All significant intercompany balances and transactions have been eliminated.

REVENUE RECOGNITION

Real estate services revenue includes commercial leasing, property management, investment sales, consulting, and commission revenue related to real estate sales.

Such revenues are recorded when the related services are performed or at closing in the case of real estate sales. Leasing commissions that are payable upon tenant occupancy, payment of rent or other specified events are recognized upon the occurrence of such events.

OTHER COMPREHENSIVE INCOME

The Company has no other comprehensive income.

2.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following

[OBJECT OMITTED]

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

	MARCH 31		SEPTEMBER 30
	2001	2000	2001
	(In French Francs)		(In French Fr
	AUDITED	AUDITED	UNAUDITED
Cash in bank	FF 103,308,305	FF 100,432,781	FF 2,049,610
Cash in hand	10,754	3,843	-
Money market investments	12,079,180	1,458,371	84,602,674
	FF 115,398,239	FF 101,894,995	FF 86,652,284

2.3 RECEIVABLES

Accounts receivable consist primarily of property management fees and cost reimbursements. Commissions receivable consist primarily of brokerage and leasing commissions from users of the Company's real estate services.

Receivables, which are all due within one year, consist of the following:

	MARCH 31		
	2001	2000	
	(IN FRENCH FRANCS)		
	AUDITED	AUDITED	U
Fees receivable	FF 19,241,719	FF 19,073,227	FF 2
Refurbishment expenses to be reimbursed by lessors	18,847,347	-	1
Property management fees receivable	1,235,502	1,038,457	
Corporate Tax (instalements paid in excess of expense)			
Receivable with non-consolidated affiliated companies :			
SPGI	6,301,985	6,696,637	
Martel & Bourdais	4,354,506	6,430,557	
Engerand & Gardy	2,259,849	1,655,715	
FDS	1,900,764	-	
Belvar	1,501,339	1,001,339	
SCI 160 Haussmann	683,918	742,101	
Easy Buro	-	-	
Miscellaneous	1,929,829	2,999,423	1
	58,256,758	39,637,456	6
Less : provision for losses	(1,713,324)	(144,692)	(
	FF 56,543,434	FF 39,492,764	FF 6

2.4 INTANGIBLE ASSETS

The Company's intangible assets consist of property management contracts and costs paid in excess of net assets of acquired businesses.

Property management contracts are fully amortized as of March 31, 2001. These contracts were amortized using the straight-line method over 5 years.

Costs in excess of net assets of acquired businesses are also amortized by the straight-line method, over 5 years. They are comprised of the excess of purchase price paid by the Company in successive acquisitions of minority interests in Bourdais SA in 1999 and 2001.

2.5 RESTRICTED CASH

Restricted cash consisted of FF 26,270,495 at March 31, 2001 and FF 31,726,681 at March 31, 2000, corresponding to bank accounts opened for clients of the property management line of service. The same balance is shown on the asset and on the liability sides.

2.6 PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, typically ranging from 3 years (IT equipment) to 25 years (headquarters property disposed of in December 2001)

Property and equipment consist of the following:

	MARCH 31		SEPTEMBER	
	2001	2000	2001	
	(In French Francs)		(In French Fra	
	AUDITED	AUDITED	UNAUDITED	U
Property (held under Finance lease)	FF 60,560,000	FF 60,560,000	FF 60,560,000	
IT equipment	10,165,039	8,480,290	10,517,629	
Commercial softwares	2,556,051	2,015,331	2,566,811	
Furniture and fixtures	5,709,609	3,447,974	5,800,413	
Leasehold improvements	1,285,026	7,884,229	2,850,092	
Other equipment	2,397,334	787,025	99,049	
	82,673,059	83,174,849	82,393,994	
Less : Accumulated depreciation	(33,415,693)	(33,508,646)	(36,699,953)	
	FF 49,257,366	49,666,203	FF 45,694,041	

2.7 MINORITY INTEREST

Minority interests consist of:

	MARCH 31		SEPTEMBER 30	
	2001	2000	2001	2000
	AUDITED	AUDITED	UNAUDITED	UNAUDIT
BOURDAIS SA	8.60%	11.99%	8.60%	11.99
BOURDAIS RHONE ALPES	8.92%	12.28%	8.92%	12.28
BOURDAIS MEDITERRANEE	9.51%	12.87%	9.51%	12.87
BOURDAIS EXPERTISES	16.06%	19.17%	16.06%	19.17
BOURDAIS GERANCE	0.67%	0.50%	0.67%	0.50
BOURDAIS CONSULTANTS ASSOCIES	13.05%	16.28%	13.05%	16.28

2.8 ACQUISITIONS

At March 31, 2000, cost in excess of net assets amount to FF 9,295,523 and refer to Societe Financiere Bourdais' stake in Bourdais SA.

During the year ended March 31, 2001, Societe Financiere Bourdais increased its stake in Bourdais SA; a consolidated subsidiary. Cost in excess of net assets in connection with this acquisition amounted to FF 17,930,673 and is included in "Cost in excess of net assets of acquired businesses" in the accompanying balance sheet.

During the six month period ended September 30, 2001, Insignia Bourdais Holding SAS (formerly Societe Financiere Bourdais) increased its stake in Insignia Bourdais SAS (formerly Bourdais SA). Cost in excess of net assets in connection with this acquisition amounted to FF 727 947.

2.9 FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, restricted cash, receivables and payables approximate their respective fair values due to the short term nature of these accounts.

The carrying value of capital lease obligations approximate their fair value as such obligations bear interest which is based upon a floating rate which re-prices quarterly.

The carrying value of borrowings/current accounts with shareholders approximate fair value because such borrowings bear interest at market rates.

2.10 ACCOUNTS PAYABLE

Accounts payable consist of the following:

	MARCH 31		SEPTEMBER 30	
	2001	2000	2001	
	(In French Francs)		(In French Fran	
	AUDITED	AUDITED	UNAUDITED	U
Suppliers payable	FF 10,949,613	FF 7,928,914	FF 913,793	FF
Employee compensation and benefits	18,873,236	16,096,240	14,379,357	1
Corporate tax payable	8,989,355	13,405,185	-	
VAT payable	10,667,825	9,719,697	6,501,842	
Other accounts payable	142,175	159,266	182,948	
	FF 49,622,204	FF 47,309,302	FF 21,977,940	FF 2

2.11 ACCRUED AND SUNDRY LIABILITIES

Accrued and sundry liabilities consist of the following:

	MARCH 31 2001	2000	
	(In French Francs) AUDITED	AUDITED	U
Accrued paid holidays	FF 4,889,504	FF 4,635,141	FF
Accrued taxes (training, Organic, professional tax)	4,172,081	3,114,494	
Deferred revenue	3,150,876	144,656	
Accrued fees to be retroceded	1,427,000	1,321,000	
Payable on refurbishment Haussmann building	1,200,000	-	
Other accrued and sundry liabilities	1,346,642	1,133,414	
	FF 16,186,103	FF 10,348,705	FF1

2.12 CONTINGENCIES AND LITIGATION

Accruals of contingencies and litigations consist of the following:

	MARCH 31 2001	2000	SEPTE 2001
	(In French Francs) AUDITED	AUDITED	(In Fre UNAUDITED
Pension costs	FF 3,828,526	FF 2,747,450	FF 3,828,526
Provisions for litigations	1,650,000	320,000	1,650,000
	FF 5,478,526	FF 3,067,450	FF 5,478,526

Net allowances to provisions for litigations amount to FF 1,330,000. The amount is included in "Provision for losses and contingencies" in the Statement of Income. Other allowances relate to current accounts and receivables.

2.13 INCOME TAX

Deferred income tax assets and liabilities are recorded to reflect the tax consequences on future years of temporary differences of revenue and expense items for financial statement and income tax purposes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the deferred tax assets are as follows:

	MARCH 31 2001	2000
	(In thousands of French Francs) AUDITED	AUDITED
Employee profit sharing (tax deductible when paid)	FF 4,237,136	FF 2,972,673
Retirement indemnities accrued (tax deductible when paid)	1,356,447	1,007,490
Fees and expenses deferred on account of SAB 101	431,335	315,277
Amortization of acquired contracts	816,317	844,887
Finance leases capitalized - Head-office office building	576,305	584,588
Finance leases capitalized - other (IT)	46,554	37,299
Other	379,973	431,086
	FF 7,844,067	FF 6,193,300

For financial reporting purposes, income before income taxes includes the following components:

	MARCH 31 2001	2000	2
	(IN FRENCH FRANCS) AUDITED	AUDITED	UNA
Pretax income (loss) group share	FF 81,590,356	FF 72,073,934	FF 11
Minority interest	4,278,956	5,379,148	
TOTAL PRETAX INCOME	FF 85,869,312	FF 77,453,082	FF 12

Significant components of the provision for income taxes are as follows :

	MARCH 31 2001	2000	SEPTEMBER 30 2001	
	(In French Francs) AUDITED	AUDITED	UNAUDITED	(In French Fran
Current	FF (34,674,563)	FF (26,803,987)	FF (642,000)	FF
Deferred	1,914,553	(2,672,906)	(4,060,000)	

FF (32,760,010)	FF (29,476,893)	FF (4,702,000)	FF

Reconciliation of income tax computed at the French statutory rate to income tax expense for last two fiscal years is shown below (In FF):

	March 31, 2001		
	(In French Francs)		(I
	AMOUNT	PERCENT	AMOUNT
	AUDITED		
Tax at French statutory rates	FF 31,291,223	36.44%	FF 28,446,8
Effect of change in tax rates	97,500	0.11%	
Effect of non-deductible goodwill amortization	1,014,528	1.18%	601,5
Other	356,759	0.42%	428,4
	FF 32,760,010	38.15%	FF 29,476,8

Income tax payments were approximately FF 38,974,000 in the year ended March 31, 2001 and FF 54,191,000 in the year ended March 31, 2000.

2.14 COMMITMENTS, CONTINGENCIES AND OTHER MATTERS

The group employees benefit from the real-estate industry bargaining Agreement (Convention Collective de l'Immobilier). The applicable collective bargaining agreement that was negotiated between employers' and employees' unions contain provisions regarding the status of employees, and address the following matters: duration of trial period and notice of termination; termination and retirement entitlements; indemnification for absence due to illness, maternity or injury; exceptional holidays for family reasons; seniority bonus; and additional retirement benefits.

Total retirement benefits accrued and included in accounts payable in the accompanying a balance sheets as at March 31, 2001 amount to FF 3,828,526 and FF 2,747,450 as at March 31, 2000.

Total retirement benefits accrued and included in accounts payable in the accompanying unaudited balance sheets as at September 30, 2000 amount to FF 3,828,526 and FF 3,216,255 as at September 30, 2000.

Additionally, the group employees benefit from the French legal compulsory regime for interested salaried employees. In this context, the amount of the benefit is calculated each year, based on the legal compulsory formula and accrued.

Total commitments accrued and included in accounts payable in the accompanying balance sheet amount to FF 11,745,129 and FF 6,934,369 as at March 31, 2000).

Total commitments accrued and included in accounts payable in the accompanying balance sheet amount to FF 259,497 as at September 30, 2001 and FF 4,914,464 as at September 30, 2000.

2.15 OPERATING LEASES

The Company leases office space under non-cancelable operating leases. Minimum annual rentals under operating leases for the five fiscal years ending after March 31, 2001 and thereafter are as follows (In French Francs):

	MARCH 31 2001	MARCH 31 2000
	(In French Francs)	
	AUDITED	AUDITED
March 31, 2002	FF 9,183,022	FF 9,490,458
March 31, 2003	6,985,639	9,183,022
March 31, 2004	3,873,984	6,985,639
March 31, 2005	2,962,008	3,873,984
March 31, 2006	2,962,008	2,962,008
Thereafter	2,962,008	5,924,016
TOTAL MINIMUM PAYMENTS	FF 28,928,669	FF 38,419,127

Rental expense, which is recorded on a straight-line basis, was approximately FF 9,490,000 in fiscal year 2001 and FF 5,067,000 in fiscal year 2000.

All the leases are subject to renewal options and annual escalation based on the National Construction Price Index.

CAPITAL LEASE

As at March 31, 2001 and 2000, finance lease obligations are as follows :

	MARCH 31 2001	MARCH 31 2000
	(In French Francs)	
Companies headquarters building	FF 40,874,085	FF 42,774,985
IT Equipment	1,231,497	2,745,635
	FF 42,105,582	FF 45,520,620

The Company's headquarters in Paris is held through a floating rate capital lease that started in December 1989 and will end on March 31, 2008. The contract is indexed on the EURIBOR rate.

The lease provides for a transfer of title of the property at the end of the lease term for a payment of FF 25,000,001.

Lease payments made under that lease were FF 4,008,159 in 2001 and FF 3,572,614 in 2000. Principal repayments for the companies headquarters lease obligations for the next five years are as follows :

	MARCH 31	
	2001	2000
	(In French Francs)	
March 31, 2002	FF 2,005,339	FF 1,900,900
March 31, 2003	2,115,582	2,005,339
March 31, 2004	2,231,956	2,115,582
March 31, 2005	2,354,806	2,231,956
March 31, 2006	2,484,497	2,354,806
Thereafter	29,681,905	32,166,402
TOTAL PRINCIPAL REPAYMENTS	FF 40,874,085	FF 42,774,985

Amortization of the capital lease asset is included in depreciation.

(b) PRO FORMA FINANCIAL INFORMATION

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following Unaudited Pro Forma Condensed Consolidated Statements of Income for the nine months ended September 30, 2001 and the year ended December 31, 2000 and Unaudited Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2001 give effect to the acquisition of Societe Financiere Bourdais ("Groupe Bourdais" or "Bourdais") and related borrowings under Insignia's revolving credit facility, as if effected at that date, in the case of the pro forma consolidated balance sheet, or on January 1, 2000, in the case of the pro forma consolidated statements of income. The pro forma consolidated statement of income for the year ended December 31, 2000 includes the results of Bourdais for its fiscal year ended March 31, 2001.

Insignia, through its subsidiary Insignia France SARL, acquired all of the outstanding share capital of Groupe Bourdais on December 19, 2001. Headquartered in Paris, France and founded in 1954, Bourdais is one of France's premier commercial real estate services companies with operations in eight offices in Greater Paris (Ile de France region), Lyon, Aix and Marseille. The base purchase price for Bourdais was approximately $21.4 million, comprised of $17.4 million paid in cash and the issuance of 402,645 shares of Insignia's common stock (valued at approximately $4 million). The cash portion of the purchase was funded by borrowings on Insignia's revolving credit facility and cash on hand at closing. Additional purchase consideration of up to approximately $25 million is contingent on the future performance of Bourdais over the three years ending December 31, 2004. The acquisition has been accounted for as a purchase and is substantially comprised of goodwill and other intangibles. Group Bourdais adopted the name Insignia Bourdais from the date of closing.

The pro forma statements have been prepared by management of Insignia and are based on the historical financial statements of Insignia and Bourdais, giving effect to the transaction under the purchase method of accounting and to the assumptions and adjustments in the accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements. These pro forma statements may not be indicative of the actual results that may have occurred if the combinations had been in effect on the dates indicated or which may be experienced in the future. These pro forma financial statements should be read in conjunction with the historical financial statements and footnote disclosures of (i) Insignia included on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 28, 2001 and Form 10-Q filed with the SEC on November 14, 2001, incorporated herein by reference, and (ii) Insignia Bourdais Holding (formerly Societe Financiere Bourdais), included elsewhere herein.

INSIGNIA FINANCIAL GROUP, INC.
(i) UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001
(In thousands, except per share data)

	HISTORICAL			
	INSIGNIA	BOURDAIS	OTHER ADJUSTMENTS	
	(Unaudited)			
REVENUES				
Real estate services	$ 569,486	$ 27,084	$ --	
Property operations	3,189			
	572,675	27,084	--	
COSTS AND EXPENSES				
Real estate services	526,408	23,037	428	(
			195	(
Property operations	2,376			
Indemnity settlement	1,500			
Administrative	8,781			
Depreciation	13,971	651	(202)	(
Property depreciation	810			
Amortization of intangibles	20,020	560	(560)	(
			105	(
	573,866	24,248	(34)	
Operating Income	(1,191)	2,836	34	
OTHER INCOME AND EXPENSES				
Provisions for loss on Internet investments	(8,920)			
Provisions for losses and contingencies		(391)	190	(
Gain on sales of investments		1,092	(1,092)	(
Interest and other income	4,919	811	87	(
			(310)	(
Interest expense	(10,681)	(270)	245	(
			(675)	(
Foreign currency gains	356			
Equity earnings	1,288	318	(318)	(
Minority interests		(292)	292	(

(Loss) income before income taxes	(14,229)	4,104	(1,547)	
Benefit (provision) for income taxes	5,780	(1,642)	619	(
Net (loss) income	(8,449)	2,462	(928)	
Preferred stock dividends	(750)	--	--	
Net (loss) income available to common shareholders	$ (9,199)	$ 2,462	$ (928)	
EARNINGS PER COMMON SHARE:				
Basic	$ (0.42)			
Assuming dilution	$ (0.42)			
Weighted average common shares and assumed conversions:				
Basic	21,932		403	(
Assuming dilution	21,932		403	(

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

INSIGNIA FINANCIAL GROUP, INC.
(i) UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2000
(In thousands, except per share data)

	HISTORICAL				PR
	INSIGNIA	BOURDAIS	OTHER ADJUSTMENTS		I ST
	(Audited)				
REVENUES					
Real estate services	$ 875,151	$45,809	$ --		
Property operations	5,212				
	880,363	45,809	--		
COSTS AND EXPENSES					
Real estate services	776,505	33,709	571	(a)	
			260	(b)	
Property operations	4,214				
Internet based businesses	17,168				
Administrative	16,355				
Depreciation	13,679	789	(268)	(a)	
Property depreciation	1,623				
Amortization of intangibles	25,894	387	(387)	(c)	
			140	(c)	

	855,438	34,885	316	
Operating Income	24,925	10,924	(316)	
OTHER INCOME AND EXPENSES				
Provisions for loss on Internet investments	(18,435)			
Provisions for losses and contingencies		(353)	169	(d)
Life insurance proceeds	19,100			
Gain on sale of marketable securities	811			
Gain on sales of investments		507	(507)	(d)
Interest and other income	8,454	1,029	122	(b)
			(338)	(d)
Interest expense	(13,061)	(332)	293	(a)
			(1,125)	(e)
Foreign currency gains	1,365			
Equity earnings	1,455	151	(151)	(d)
Minority interests	900	(594)	594	(f)
Income before income taxes and cumulative effect of a change in accounting principle	25,514	11,332	(1,259)	
Provision for income taxes	(3,727)	(4,550)	504	(g)
Income before cumulative effect of a change in accounting principle	21,787	6,782	(755)	
Cumulative effect of a change in accounting principle, net of applicable taxes	(30,420)	--	--	
Net (loss) income	(8,633)	6,782	(755)	
Preferred stock dividends	(890)	--	--	
Net (loss) income available to common shareholders	$ (9,523)	$ 6,782	$ (755)	

EARNINGS PER COMMON SHARE:		
Basic		
Income before cumulative effect of a change in accounting principle	$ 0.99	$
Net loss	$ (0.45)	$
Assuming dilution		

Income before cumulative effect of a change in accounting principle	$ 0.89		$
Net loss	$ (0.35)		$
Weighted average common shares and assumed conversions:			
Basic	21,200	403 (e)	
Assuming dilution	24,428	403 (e)	

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

INSIGNIA FINANCIAL GROUP, INC.
(ii) UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2001
(In thousands)

	HISTORICAL		
	INSIGNIA	BOURDAIS	NET ASSET ADJUSTMENTS
ASSETS	(Unaudited)		(h)
Cash and cash equivalents	$ 50,086	$ 12,016	$ (9,603)
Receivables	137,302	8,704	(1,868)
Mortgage loans held for sale	14,458		
Restricted cash	26,651	3,069	(3,069)
Property and equipment	71,500	6,336	(5,910)
Real estate interests	70,390		
Investments	5,332		
Property management contracts	17,302		
Costs in excess of net assets acquired	319,226	3,090	(3,090)
Other assets	61,831	1,788	407
TOTAL ASSETS	$ 774,078	$ 35,003	$ (23,133)
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities:			
Accounts payable	$ 11,093	$ 3,048	$ --
Commissions payable	43,285	1,058	
Accrued incentives	35,381	36	
Accrued and sundry liabilities	85,339	2,780	
Restricted cash	--	3,069	(3,069)
Mortgage warehouse line of credit	12,527		
Obligations under finance lease	--	5,596	(5,487)
Notes payable	167,671	128	
Real estate mortgage notes payable	15,796		

TOTAL LIABILITIES	371,092	15,715	(8,556)
Minority interests	--	996	(996)
Stockholders' Equity:			
Common stock	224	777	(777)
Preferred stock	3	--	
Additional paid-in capital	417,755	44	(44)
Notes receivable for Common Stock	(1,932)		
Retained earnings	(6,603)	17,471	(12,760)
Accumulated other comprehensive income loss	(6,461)		
TOTAL STOCKHOLDERS' EQUITY	402,986	18,292	(13,581)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 774,078	$ 35,003	$ (23,133)

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

INSIGNIA FINANCIAL GROUP, INC.
(iii) NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PRO FORMA ADJUSTMENTS

(a) As a condition precedent to closing, a capital lease arrangement (together with the associated debt obligations) on the head office location of Bourdais was assumed by a company owned by the seller with the consent of the finance lessor. Such entity subleased the premises to the acquired entity under an operating lease that expires in December 2010. The removal of historical depreciation and interest charges related to the capital lease and the provision for rental expense under terms of the operating lease are reflected as adjustments to pro forma earnings.

(b) As a part of the Bourdais acquisition, the present value of future other lease obligations of Bourdais pertaining to the difference between the rental rates pursuant to that lease and current market rents is recorded as an asset. Adjustments are made to reflect the applicable market rent and interest on the favorable lease asset.

(c) Under purchase accounting, adjustments are made to eliminate amortization expense of pre-acquisition goodwill of Bourdais and to include estimated amortization of purchase price allocated to property management contracts. The portion of purchase price allocated to goodwill is not amortized in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets. The amortization provisions of SFAS No. 142 apply to goodwill acquired after June 30, 2001. Amortization is not provided for other acquired intangibles, consisting of backlog, trademarks and franchises, as valuations of these present intangibles are not complete at the date of this report. Further, the amount of such other intangibles existing and their recognition's during the pro forma periods presented is unknown.

(d) Bourdais was a family owned business that held investments, including excess working capital, which Insignia did not wish to acquire. During the periods prior to closing, the identified investments were sold and the proceeds therefrom, together with the excess cash calculated pursuant to the terms of the purchase agreement, were segregated into a restricted cash account at closing.

These proceeds will be paid to the sellers as soon as practical after closing. To the extent the identified investments had not been sold at closing, such investments were transferred to the sellers. All income or loss associated with such investments, together with earnings on the excess cash determined under the purchase agreement, is excluded from pro forma earnings.

(e) Insignia paid the initial purchase price from borrowings of $15 million on its revolving credit facility, cash on hand and the issuance of 402,645 shares of its common stock (valued at approximately $4 million). Interest on the borrowed funds is at LIBOR plus 2.25% for the periods presented [estimated at 7.5% for the year ended March 31, 2001 and 6% for the nine months ended September 30, 2001]. A 1/8 of a percent change in interest rates would change pro forma interest by less than $20,000 for each of the periods presented.

(f) Under the terms of the purchase agreement, all historical minority equity of consolidated subsidiaries was acquired. An adjustment is made to eliminate such minority interest from pro forma earnings.

(g) Income taxes are provided on pro forma adjustments at the effective tax rate of 40%.

(h) Represents the purchase adjustments to historical assets and liabilities of Bourdais under the terms of the purchase agreement and under purchase accounting. See also Notes (a) and (d) above with respect to excluded assets and liabilities of Bourdais pursuant to the terms of the purchase agreement.

(i) Represents the adjustments to reflect Insignia's funding of the acquisition and the related allocation of purchase consideration under purchase accounting. Purchase price allocated to goodwill and other acquired intangibles is as follows:

[ ]	Goodwill	$12,527,000
[ ]	Property management contracts	1,035,000
[ ]	Favorable lease	2,126,000
[ ]	Other	1,000,000
	Total	16,688,000

Other intangibles present in the Bourdais purchase include backlog, trademarks and franchises. Tentative estimates of value of such intangibles approximate an aggregate $1 million. Insignia's evaluation of these intangibles has not been finalized as of the date of this report.

OTHER NOTES

NOTE 1

The financial statements of Insignia Bourdais Holding have been translated from French Francs to US Dollars using exchange rates of 7.20 for the statements of income for the nine months ended September 30, 2001 and year ended December 31, 2000 and 7.21 for the September 30, 2001 balance sheet. The exchange rates represent the estimated average rate of exchange between the French Franc and US Dollar for each period, in the case of the statements of income, and the end of period exchange rate, in the case of the balance sheet.

NOTE 2

Certain items in this report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and, as such, may involve known and unknown risks, uncertainties and other factors which may cause these pro forma financial statements to be materially different from future results, performance, or achievements expressed or implied by such forward-looking statements. You can identify such statements by the fact that they do not relate strictly to historical or current facts. Actual results will be affected by a variety of risks and factors, including, without limitation, the valuation and allocation of intangibles acquired in the Bourdais transaction, economic conditions, real estate risks and financing risks.

Such forward-looking statements speak only as of the date of this report. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances upon which any such statement is based.

(c) EXHIBITS

23.1   Consent of ERNST & YOUNG Audit

CONSENT OF INDEPENDENT AUDITORS

We consent to the use of our report dated February 15, 2002, with respect to the financial statements of Insignia Bourdais Holdings (formerly Societe Financiere Bourdais) included in Form 8-K/A of Insignia Financial Group, Inc. dated March 4th 2002.

ERNST & YOUNG Audit

Paris, France
March 1, 2002